

LAND TRUST HOMEOWNERSHIP INITIATIVE

GES Affordable Housing Collaborative
Elevation Community Land Trust, LLC

Safety, Housing, Education &
Homelessness Committee

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DENVER
HOUSING STABILITY

LONG TERM AFFORDABILITY COMMITMENT

Median sale prices for single family homes was \$515,000, and \$415,000 for condos/townhomes in March 2020. 35% of Denver homeowner households are cost burdened or severely cost burdened.

Benefits of long term affordability:

- Stability for working households
- Multiple generations of homeownership
- Wealth building
 - Stable housing costs over time allows for planning and saving
 - Acquiring equity in the home – may be used for future market rate purchase

BACKGROUND ON LAND TRUSTS

- Key recommendation of *Housing an Inclusive Denver*
 - “Explore tools to promote long-term affordability of housing, including land trusts, throughout Denver communities”
- Provides path to more deeply affordable housing by separating cost of land from vertical improvements
- Community participation supports accountability and stewardship for residents
- Can be used for rental or for-sale housing



LAND TRUST STRATEGIES

- Balance of investments into land trusts in Denver
 - Project-specific investments (both home ownership and rental)
 - Long-term partnerships for scattered site acquisition, rehab, or construction to promote portfolio growth and geographic disbursement of affordable units

- City has invested in two homeownership land trust projects since 2018
 - Boulevard One – Colorado Community Land Trust
 - \$700,000, 14 units all sold and occupied
 - La Tela – Elevation Community Land Trust
 - \$3,675,000, 92 units, completion in 2022

LESSONS LEARNED

- Gaining Land Trust Experience
 - Boulevard One (2018) - Colorado Community Land Trust
 - La Tela (2020) - Elevation Community Land Trust

- Developing systems for long term contracts
 - Securing the City's investment for 90+ years
 - Lender requirements
 - Developing compliance policies and procedures



Conceptual image



Brothers Redevelopment, Inc.

Approve a loan agreement with Brothers Redevelopment, Inc. for a \$2,000,000 performance loan to support the following activities in the Globeville, Elyria, and Swansea (GES) neighborhoods:

- Creation of nine units for affordable homeownership through new construction or acquisition/rehabilitation of existing units
- Acquisition of land for homeownership development
- Associated administrative costs

PROJECT DETAILS

- Brothers Redevelopment, Inc. (Brothers) is partnering with Colorado Community Land Trust, LLC (CCLT) and the GES Coalition to increase homeownership opportunities throughout GES
- Brothers will develop nine units, either detached single family or duplex, triplex, or fourplex units
- When complete, Brothers will sell the land to CCLT and improvements to buyers with incomes at or below 80% of the Area Median Income (AMI)
- CCLT will lease the land to the buyers with a 99-year term with resale restrictions that maintain affordability
- Brothers will acquire a parcel of land for future townhouse or condo homeownership project
- Brothers will act as fiscal agent for administrative costs



FINANCING

- Funding is structured as a \$2,000,000 performance loan
- Additional funding is provided by CDOT grant and other sources, such as CDOH
- Brothers will assign loan documents to CCLT at completion of the agreement
- CCLT may transfer land and assign loan documents to the future GES Land Trust

BUDGET

Acquisition, rehab, or construction	\$1,008,000
Land acquisition for townhouse development	792,000
Administrative	<u>200,000</u>
Total	\$2,000,000

City Loan Terms

- 0% interest rate
- 99-year term secured by a Deed of Trust recorded on the land
- No payments are required
- Loan will be forgiven provided that CCLT remains in compliance

PROJECT CONTEXT

- Sale price must be affordable for buyers based on their income levels
- Maximum sale prices may not exceed City published levels
- Brothers will develop properties in the Globeville, Elyria, and Swansea neighborhoods
- Elevation will acquire properties throughout the City, *excluding* the Globeville, Elyria, and Swansea neighborhoods

AMI Level	2020 Income Limits			
	1 Person	2 Persons	3 Persons	4 Persons
60%	\$42,000	\$48,000	\$54,000	\$60,000
80%	\$54,950	\$62,800	\$70,650	\$78,500
100%	\$70,000	\$80,000	\$90,000	\$100,000

AMI Level	2019 Maximum Sale Prices			
	1BR	2BR	3BR	4BR
80%	\$184,233	\$237,592	\$277,172	\$300,102
95%	\$227,338	\$291,200	\$335,307	\$362,400

Elevation Community Land Trust

Approve a \$3,000,000 loan agreement with Elevation Community Land Trust, LLC to support the acquisition, rehabilitation, or construction of 60 housing units to be sold to households at or below 100% of the Area Median Income (AMI). The average median income of the portfolio must remain at 80% of the AMI.

PROJECT DETAILS – ELEVATION

- Elevation Community Land Trust, LLC (Elevation) will acquire, renovate, or construct 60 units for homeownership
- Properties may be attached or detached units or multifamily properties with fewer than 10 units
- Elevation will maintain ownership of the land and sell the improvements to an income-qualified buyer
- Elevation will lease the land to the buyers for a 99-year term with resale restrictions that maintain affordability
- Buyers must have household income at or below 100% of the AMI; average AMI of the portfolio must remain at 80% AMI



**Homebuyers own
the improvements**

**Elevation owns the land, and
homebuyers lease the land**

FINANCING - ELEVATION

- Funding is structured as a \$3,000,000 performance loan
- Elevation will provide all initial funding for acquisition
- City will reimburse \$50,000 per unit for 60 units

Typical Structure

Elevation Acquisition Cost	\$300,000
Rehabilitation Cost	<u>\$10,000</u>
Total Unit Cost	\$310,000
City Reimbursement	<u>(\$50,000)</u>
Unit Sale Price	\$260,000

City Loan Terms

- 0% interest rate
- 99-year term secured by a Deed of Trust recorded on the land
- No payments are required
- Loan will be forgiven provided that Elevation remains in compliance

FIVE YEAR HOUSING PLAN AND 2020 ACTION PLAN

Creating affordable housing in vulnerable areas and areas of opportunity is a core component of *Housing an Inclusive Denver*

- The 2020 Annual Action Plan allocates 17% of annual housing funds toward the development and preservation of homeownership opportunities.
- Meets a 2020 Key Action by supporting *long term affordability* through investment in land trusts.

Five Year Plan Goals

HOMEOWNERSHIP
20-30% of funds

31-80% RENTAL
20-30% of funds

<30% AMI RENTAL
20-25% of funds

HOMELESSNESS
20-25% of funds

2020

Planned Investments

HOMEOWNERSHIP
17% of funds

31-80% RENTAL
27% of funds

<30% AMI RENTAL
15% of funds

HOMELESSNESS
41% of funds

ACTION REQUESTED TODAY

Staff request your support for the following bill numbers:

- 20-0491 – Brothers Redevelopment, Inc.
- 20-0509 – Elevation Community Land Trust

DISCUSSION