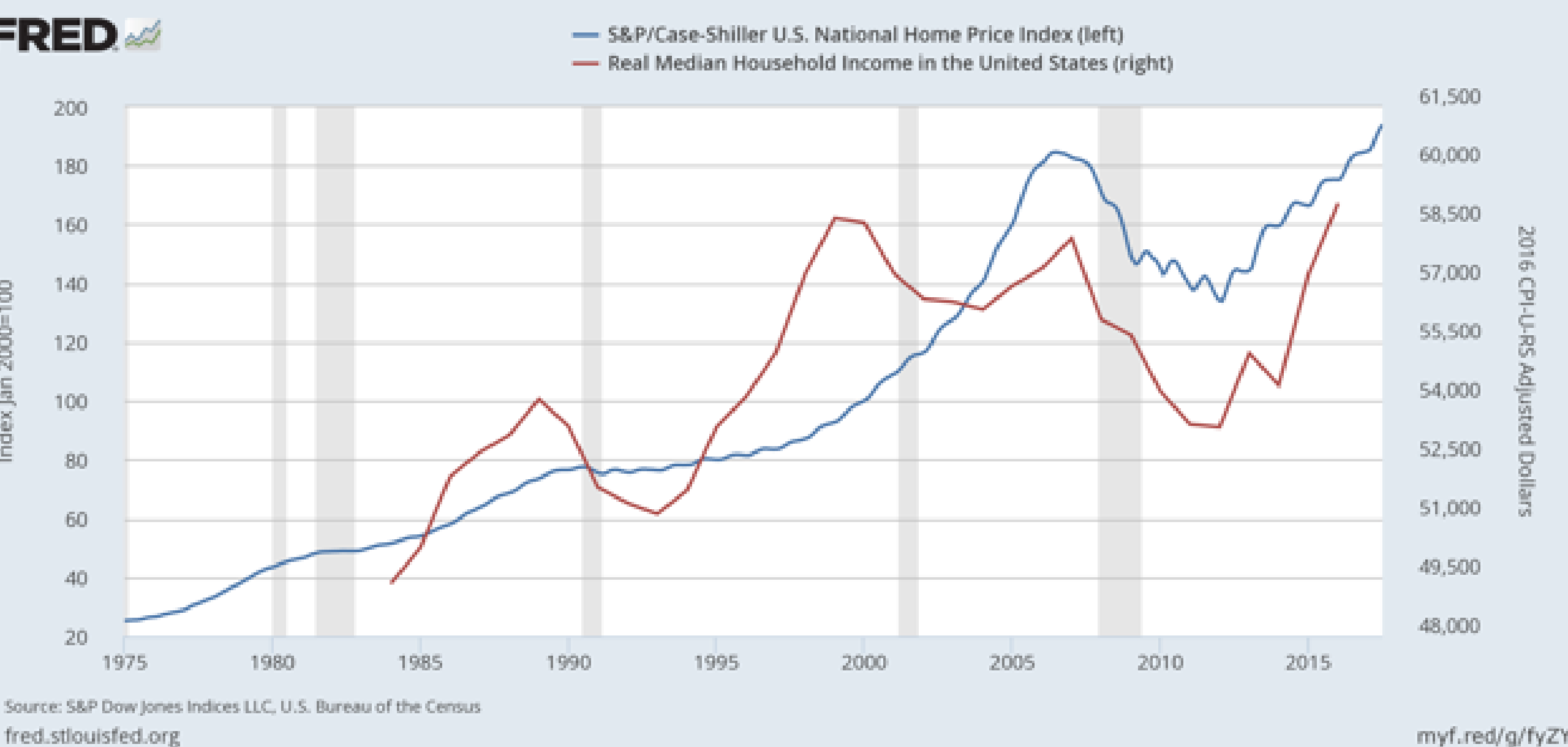


Housing Trust Funds, Community Land Trusts and Land Banks—

What are these tools?
Are they appropriate for my
community?

The affordable housing problem....



2018 KANSAS HOUSING PROFILE

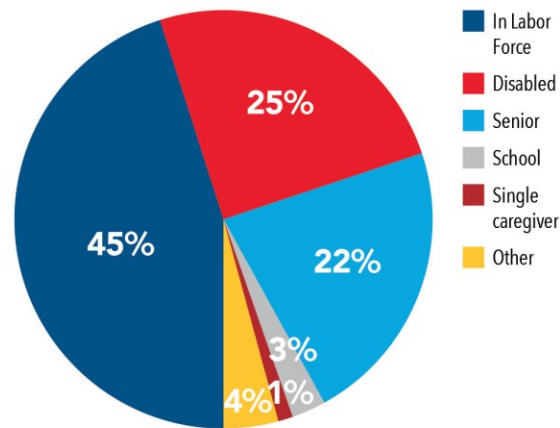


Across Kansas, there is a shortage of rental homes affordable and available to extremely low income households (ELI), whose incomes are at or below the poverty guideline or 30% of their area median income (AMI). Many of these households are severely cost burdened, spending more than half of their income on housing. Severely cost burdened poor households are more likely than other renters to sacrifice other necessities like healthy food and healthcare to pay the rent, and to experience unstable housing situations like evictions.

SENATORS: Pat Roberts and Jerry Moran

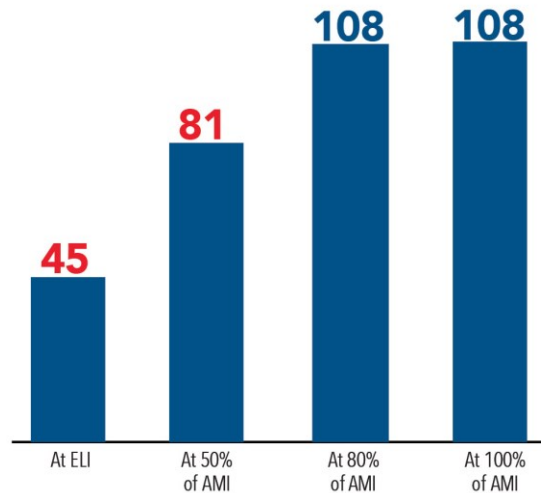


EXTREMELY LOW INCOME RENTER HOUSEHOLDS



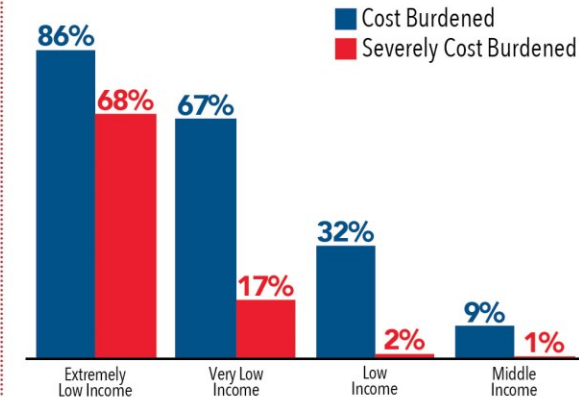
Note: Mutually exclusive categories applied in the following order: senior, disabled, in labor force, enrolled in school, 1-adult caregiver of a child under 7 or a person with a disability, and other. Nationally, 10.5% of extremely low income renter householders are a non-disabled/non-senior adult caregiver of a young child or disabled person, more than three-quarters of whom are in the labor force and 2% of whom are in school. Source: 2016 ACS PUMS.

AFFORDABLE AND AVAILABLE HOMES PER 100 RENTER HOUSEHOLDS



Source: NLIHC tabulations of 2016 ACS PUMS

HOUSING COST BURDEN BY INCOME GROUP



Renter households spending more than 30% of their income on housing costs and utilities are cost burdened; those spending more than half of their income are severely cost burdened. Source: NLIHC tabulations of 2016 ACS PUMS.

Updated: 06/26/2018

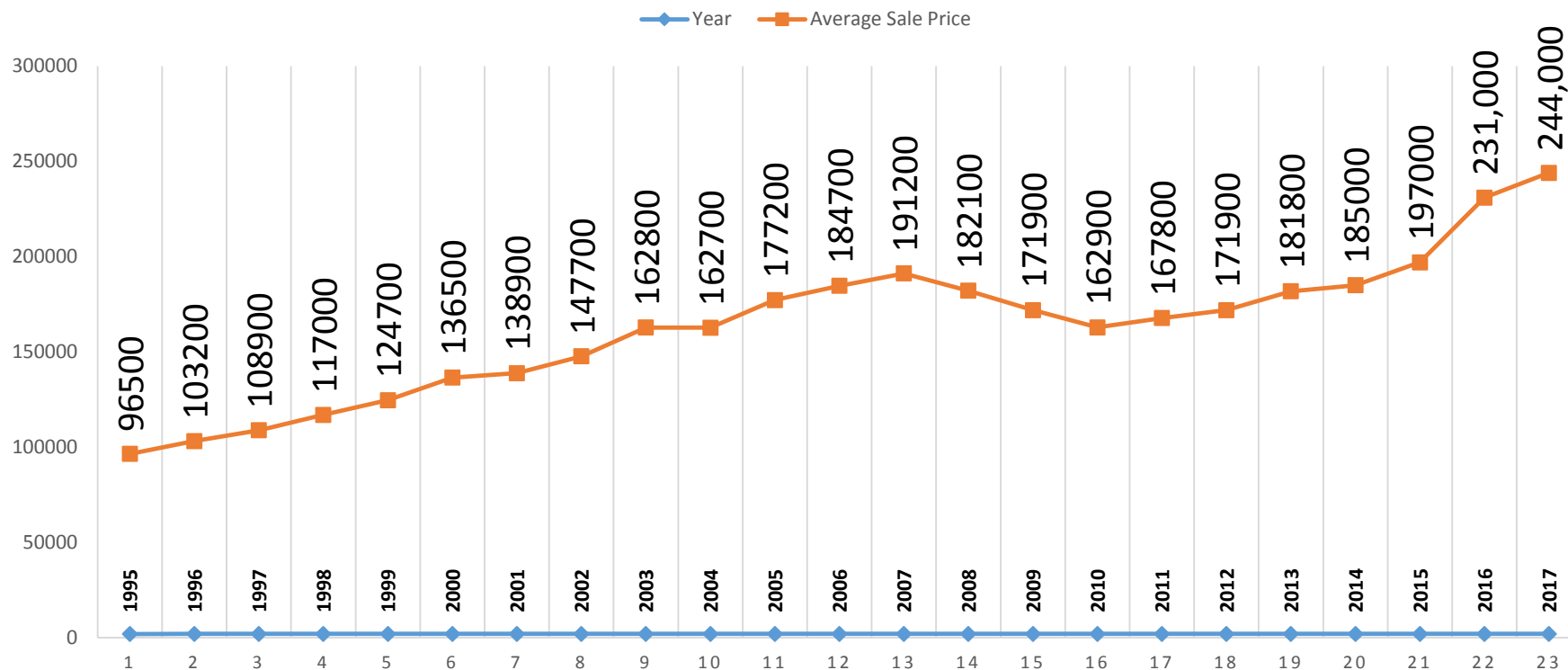
1000 Vermont Avenue, NW, Suite 500, Washington, DC 20005 WWW.NLIHC.ORG

Extremely Low Income = 0-30%* of AMI
Low Income = 51-80% of AMI
Note:*Or poverty guideline, if higher.

Very Low Income = 31%-50% of AMI
Middle Income = 81%-100% of AMI

Lawrence Price Growth

AVERAGE SALE PRICE IN LAWRENCE 1995-2017



Although appreciation stopped in 2007 at 191,200, in 2010 the average sale's price was still \$162,900 and has gone up every year since then. The 2016 average was \$231,000, which is a \$1600 payment at 4.125% IR that requires a \$65,000 income with 0 debt.

Lawrence Income Guidelines

LCHT serves families under 80% of the median income of Lawrence
Average % of MFI since 2005 is 63% (34.9K for 1, 46K for 4)

LCHT 2018 MAXIMUM INCOME GUIDELINES

1	\$44,350
2	\$50,650
3	\$57,000
4	\$63,300
5	\$68,400
6	\$73,450

Largest Employers in DG County	# of Employees
Kansas University (landscaping, dining, housekeeping, administrative)	9,881
Lawrence Public Schools (teacher starts at	1,800
City of Lawrence	1,455
Lawrence Memorial Hospital	1,322
Berry Plastics	739
Hallmark Cards	525
Baker University	496

Affordable Housing Requires Subsidy



Housing Trust Fund—Local, regional, state and now federal funding mechanism.

Community Housing (Land) Trust—Mechanism to control how that subsidy is protected—a long term strategy to use subsidy most efficiently and create permanent affordability.

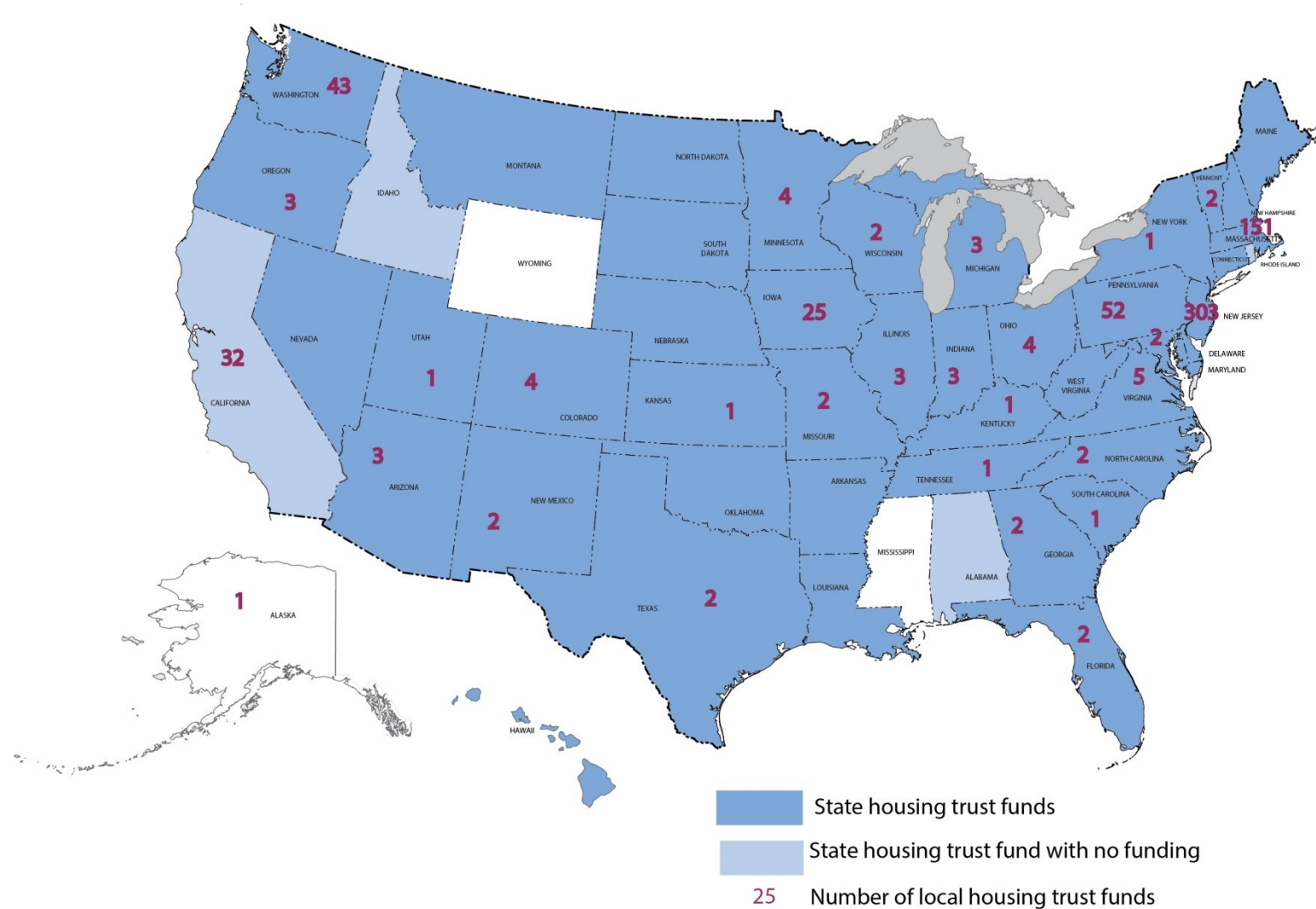
Land Bank—Mechanism to put abandoned, blighted or unused land back into its best use for a community.

Housing Trust Fund Definition

Housing trust funds are established sources of funding for affordable housing construction and other related purposes created by governments.

Housing Trust Funds (HTF) began as a way of funding affordable housing in the late 1970s. Since then, elected government officials from all levels of government (national, state, county and local) in the U.S. have established housing trust funds to support the construction, acquisition, and preservation of affordable housing and related services to meet the housing needs of low-income households.

More than 700 City, County and State Housing Trust Funds Exist in 47 States and the District of Columbia



Best Practices of Housing Trust Funds

- Created by a jurisdiction that passes an ordinance establishing a revenue source, how it will be allocated and for what purpose.
- Inherent flexibility is why they are so popular. Must be specific enough to be effective, but flexible enough to adjust.
- Effective funds have a dedicated source of revenue.
- Most HTFs are administrated by a government agency with a community oversight board.
- Variety of award types—grants, loans, housing assistance, some require leverage, add bond funding to stretch dollar—creative
- Most HTFs award to a variety, but some limit to not-for-profits
- More than 50% HTFs target families under 60% MFI or prioritize lower %

Best Practices of Housing Trust Funds (cont.)

- **Funding Sources**—40 different ones used in HTFs across the country—be creative and don't be scared to add a few different sources.
- **Permanent Housing**—If there is one lesson communities have learned about housing policy, it is that no length of time is long enough when it comes to meeting the need for affordable housing.

For More Info. on every aspect of HTFs and the process of establishing one in your community—

<https://housingtrustfundproject.org/>

Lawrence Trust Fund Example

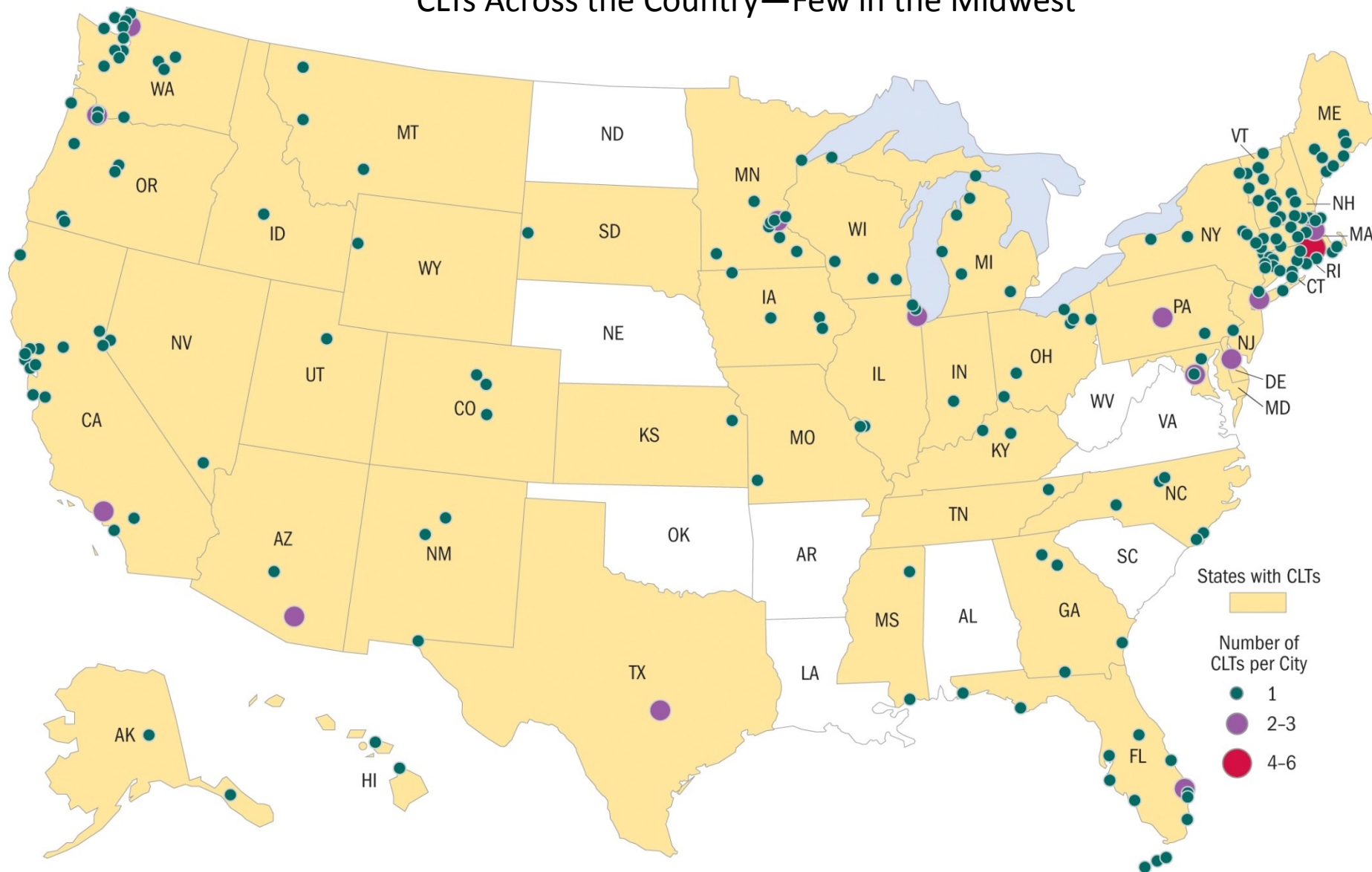
- Created a HTF in 1995, but NO dedicated revenue source
- 20 years later grew the political will to fund it
 - Justice Matters
 - Affordable Housing Advisory Board—with 4 of 9 seats held by housing organizations initially
 - Opportunity with renewal of a sun setting tax, so not a new tax
 - Under pressure, city funded with \$300K/ year
 - 2019 will have approx. 1 million per year for land acquisition, construction, rent subsidies and supportive services for affordable housing.
 - AHAB still creating funding strategy based on a market study completed now



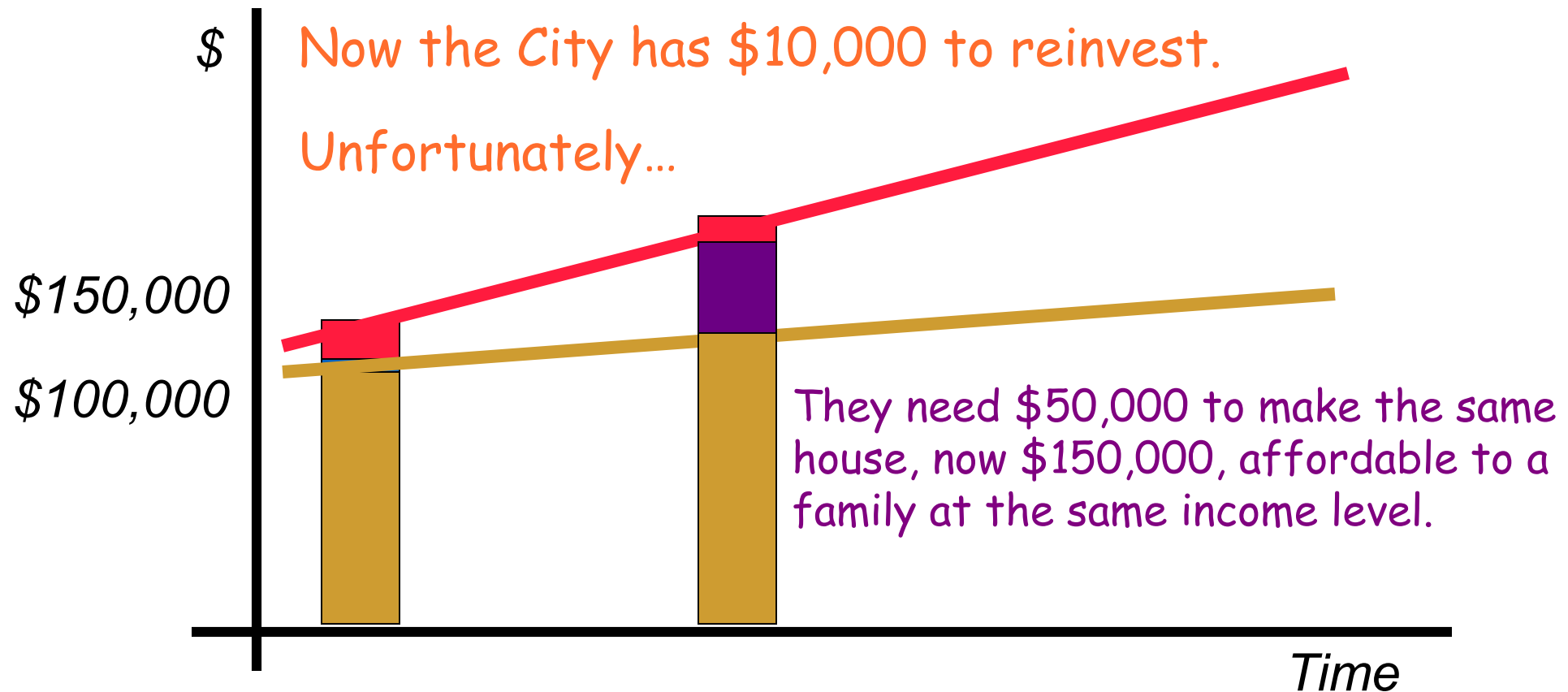
Community Land Trust Definition

A **community land trust (CLT)** is a nonprofit corporation that develops and stewards affordable housing, community gardens, civic buildings, commercial spaces and other community assets on behalf of a community. “CLTs” balance the needs of individuals to access land and maintain security of tenure with a community’s need to maintain affordability, economic diversity and local access to essential services.

CLTs Across the Country—Few in the Midwest



The Problem with Subsidy Recapture



Understanding Subsidy Retention

Subsidy Recapture

What is a Lawrence Community Housing Trust Home?

How Does it Work?

In exchange for a reduced purchase price:

- homebuyer has title to the improvements and has the right to use the land like any other homeowner
- LCHT has title to the land
- 99 year ground lease is the legal instrument that governs this relationship
- Homebuyer pays nominal lease fee \$25/mo.
- Homebuyer agrees to resell the property affordably based on a formula price

Why is LCHT a Good Option?

- Unlike renting, an LCHT homeowner gets equity and 25% appreciation when they sell
- Allows a lower-income family to finance more than they could conventionally
- Stability: homebuyer has rights to use that land for 99 years and can extend it
- Independence: You can paint the house pink 😊



LCHT's Resale Formula:

Initial sales price to buyer + **25%** of overall appreciation (final market appraisal value - initial market appraisal value) = Resale Price

EQUITY 1 — This means a family that purchases a housing trust home gets all of the money they put down and paid on their first mortgage

EQUITY 2 — Plus 25% of the overall market appreciation of their home while they lived there

They also get to live in a home that is valued
\$50,000

more than they could afford on their own. This often means an extra bedroom, less maintenance, and energy efficiency.

How do we explain LCHT ownership?

Long term ground lease different than month to month lease of home and land

You own house and can paint it pink

Not much you can do to hurt value of the land...few restrictions

We care about passing affordability on so we limit what you can sell it for. If you can buy what you need on the open market without restrictions you don't need us.

Market comparison in Lawrence



- 2 bdrm, 1 bath
- Built in 1978
- 760 square feet
- no garage
- Price \$99,900

Comparable Housing Trust Home:

1647 Bullene Ave.

- ✓ 3 BR, 2 Bath
- ✓ 1,474 ft²
- ✓ 2 car garage
- ✓ Energy Star Rated All Electric
- ✓ Built by TTH in 2007
- ✓ Close to Burroughs Creek Trail



LCHT Price: \$100,000
\$775/mo. including taxes,
insurance and lease fee at
4.75% IR

C of CLT (CHT) in Lawrence



LCHT Homeowners represented on BOD

Advocacy for fair tax evaluation

Maintenance Workshops, Referrals and Assessments

Tool Lending Library

Resale help (seller does not pay commission)

Maintenance Savings Account and Emergency Loans

Refinance Help

= NO FORECLOSURES

LCHT in 2018

81



- We just put our 81st home in trust. (56 new construction built by TTH, 7 acquisition rehabs by TTH, 6 HOOT recaptures, and 12 buyer-initiated acquisitions).
- We have a majority of single family and townhomes where TTH retains title to the land and provides the buyer with a long term ground lease. 8 properties are condo/townhome units where there are covenant restrictions instead of a ground lease.
- The average sale price to the buyer of these 81 examples is \$108,000 in a market where the ave. price of a home is \$244,000. Most of these homes are under 10 years old and energy efficient. The ave. appraisal value of these homes is \$153,000 with an ave. subsidy of \$45,000.
- Since 2005 there have been 39 successful resales. 85% used their equity to buy in the unrestricted market. LCHT - provides the efficient use of shrinking affordable housing dollars to create the biggest impact for the community.

Definition of Land Bank

Land banks are not financial institutions. They are public or community-owned entities created for a single purpose: to acquire, manage, maintain, and repurpose vacant, abandoned, and foreclosed properties –the worst abandoned houses, forgotten buildings, and empty lots.

There are approximately 170 land banks across the country as of August 2018.

Although land banks are most often associated with communities with large-scale blight and abandonment, many communities now see the benefit of implementing land banking as a means of preventing blight.

Land banks replace an antiquated system of tax foreclosure and property disposition that allows communities to determine what they want to do with abandoned properties in a manner consistent with community needs.

--Dan Kildee

4 critical elements of successful land banks:

1. Connect the Land Bank to the tax collection and foreclosure system
2. Scale the land bank at the metropolitan level, or around the most diverse real estate market possible.
3. Ensure a Land Bank is policy driven – and transparent in policies and transactions.
4. Emphasize community engagement and participation.

What Can A Land Bank Do?

- Sell or convey property through locally developed policies that reflect the community's priorities
- Sell through negotiated sales
- Convey property for other than monetary consideration
- Sell, lease, manage property with terms deemed to be in the interest of the Land Bank
- Utilize land bank financing tools for tax foreclosed and other targeted properties
- Support local planning decisions by adhering to local priorities as to use and transferee of land bank owned properties

Sample Land Bank Programs

- Demolition
- Property maintenance
- Rental management
- Land Use Planning
- Sales
- Real Estate Development and Rehabilitation
- Land assembly for development

Unified Government of Wyandotte Land Bank

How does property get into the Wyandotte County Land Bank?

The Wyandotte County Land Bank acquires its property through tax foreclosure. The land bank also reserves the right to accept land through private donation that is deemed necessary or beneficial to Wyandotte County's community building efforts.

What types of property are in the Wyandotte County Land Bank?

The Land Bank is divided into (3) types of parcels, which are determined by the Unified Government Planning and Zoning Department.

Non-Buildable Parcels: Parcels where houses or other large buildings cannot be built, but garages, fencing, paving, or similar structures can be built.

Buildable Parcels: Parcels of land without any free-standing structures before purchase where structures such as houses or other large buildings can be built.

Parcels with a Structure: Parcels of land with structures already on them (including homes, garages, and businesses).

Who controls the property in the Land Bank, and what power do they have?

The Land Bank Manager operates the Land Bank and serves at the direction of the Land Bank Board of Trustees. Under state law (**K.S.A. 19-26,109**), the board assumes possession and control of any property it acquires and has the power to hold and administer such property.

<https://www.wycokck.org/LandBank/Properties.aspx>

WYANDOTTE COUNTY LAND BANK INVENTORY REPORT FOR SALE LISTING

The Wyandotte County Land Bank, shall in accordance w/K.S.A. 12-5907(b) - compile and maintain a written inventory of all such property. The inventory shall be available for public inspection and distribution at all times; attached is the current inventory of record. Per the Wyandotte County Land Bank policy. 16 pages

Hold Areas. The WCLB shall work with the UG Economic Development Department and the WCLB BOT to identify geographical areas that are contemplated for development. After approval by the BOT, any Land Bank parcels in such areas shall be held for designated partnering developers and may not be available for other interested parties. 23 pages

For More Info. on Land Banks

- <https://www.communityprogress.net/land-banking-faq-pages-449.php>
- <https://www.hudexchange.info/resources/documents/LandBankingBasics.pdf>
- <https://www.wycokck.org/LandBank/FAQ.aspx>

What communities need these tools?

Housing Trust Fund—Any community that wants more resources for affordable housing solutions.

Community Housing Trusts—Any community that wants a mechanism to more efficiently use limited community resources for affordable housing and ensure that it stays in the community over time.

Land Banks—Any community that has abandoned or tax foreclosed property that they would like to get back into the community for its highest and best community purpose.

Thank you!

Rebecca Buford

Executive Director

The Lawrence Community
Housing Trust

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785-760-2058

