Strategies for Equitable Housing Opportunities
• Housing more than units and $$ - platform for health and equity and opportunity
  • Stable, affordable, safe, healthy, diverse, mixed-income housing in high-opportunity neighborhoods

• How create/preserve affordable housing in areas receiving major investments (such as transit)?

• How improve quality of existing housing in neighborhoods without displacement?

• Local innovation and flexibility because Federal/State $$
Market Realities

- When significant new investments occur, can lead to displacement and loss of neighborhood character.
- Thousands of working families in Milwaukee pay way too much for lower-quality housing.
  - About 50,000 renter households earning less than 50% median income pay over 50% of income in rent.
City and Non-Profit Toolbox

• Community Land Trusts (CLTs)
• Land Banking
• Land Acquisition (Pre-Development) Funds

• Direct Funds for Acquisition/Rehab/Preservation
• Direct Loans to Homeowners
Community Land Trusts (CLT)

• Approx. 250 CLTs in US
• Community-controlled organization which aims to create permanently affordable housing through community ownership of land
  • Separate the cost of land from the cost of housing
• CLTs own the land and lease the land to homeowners or affordable rental-housing providers.
• One of many “shared equity” approaches to affordable homeownership.
• In “hot” markets – work to take land costs out of housing.
Community Land Trusts (CLT)

• In “cold” markets – much lower foreclosure rates.
• Usually combine homeowner/tenant governance with education, training, downpayment assistance, etc.
• Can be scattered site
• Not just new construction – acquisition/rehab
• Targeted to low-moderate income households
Land Banking

• About 170 land banking programs in US
• Can be city/county or a non-profit – but usually a city/county
• Land Banks acquire parcels with intent to *hold, develop, sell*
  • Long-term perspective, community benefits, responsible sale
• Often has affordability restrictions (but not always)
• Cities usually acquire land 3 ways:
  • Tax foreclosure
  • “First Look” for real-estate owned (bank-owned/foreclosure)
  • Purchase – usually in areas likely to see investment (transit)
Land Acquisition (Pre-Development) Funds

• Designed to provide *low-cost, longer-term financing* to qualified non-profits and/or affordable housing developers to acquire land for affordable housing or community facilities

• Substantial financial partnership including banks and foundations

• Best model is Denver’s
<table>
<thead>
<tr>
<th></th>
<th>COMMUNITY LAND TRUSTS</th>
<th>LAND BANKING</th>
<th>LAND ACQUISITION FUND</th>
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</thead>
<tbody>
<tr>
<td>LEAD AGENCY</td>
<td>Non-profit, Community Based</td>
<td>Usually City/County</td>
<td>City or Non-profit</td>
</tr>
<tr>
<td>OWNS LAND?</td>
<td>Yes, permanent</td>
<td>Yes, temporary</td>
<td>Not usually</td>
</tr>
<tr>
<td>INITIAL SOURCE $$</td>
<td>Foundation Grants, Fundraising, City/State Grants</td>
<td>City $, Federal (NSP)</td>
<td>City/State First Loss Position, Banks and Foundations</td>
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<tr>
<td>OPERATING $$</td>
<td>Grants, shared equity, ground leases</td>
<td>Land sales, dedicated sources of city revenues</td>
<td>Loan payments</td>
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</tbody>
</table>
Denver Land Acquisition Fund

• Denver Regional Transit-Oriented Development Fund
• Has lent over $20 million ➔ over 1000 affordable housing units and 100,000 ft² of community space near transit
• Goal is 2000 affordable units by 2024
• Can be used for affordable rental development or affordable homeownership opportunities
• Used within ½ mile of transit station or ¼ mile of high-frequency bus service
• Loans up to $5 million for 5 years
• Partnership: City, state, Urban Land Conservancy, foundations
Denver Land Acquisition Fund

• Capital Structure of Fund ➔ Most structured as investments
• City and State (CHFA) take first-loss positions (this reduces the risk to other investors allowing for lower interest-rate loans)
• Foundations invest in fund as “patient equity” – return of capital without much gain
•
Structure: A Blend of Risk/Return | The Denver Model

Non Profit Equity
$1.5 Million

Urban Land Conservancy

First Tier Capital
$2.5 Million

City & County of Denver -
(0% Return, Non-Recourse)

Enterprise Community Partners
MacArthur Foundation

Second/Third Tier Capital
$5.5 Million

Colorado Housing and Finance
Authority
Rose Community Foundation
(<2% Return, Non-Recourse)

Senior/CDFI Capital
$5.5 Million

Enterprise Community Loan Fund
US Bank
Wells Fargo
First Bank
The Denver Results

- **Borrower Equity**: $1.5 Million
- **First Tier Capital**: $2.5 Million
- **Second/Third Tier Capital**: $5.5 Million
- **Senior/CDFI Capital**: $5.5 Million

- Acquisition Loans
- 3-5 Year Term
- 3.4% Interest Only
- 60% Non-Recourse
- Expedited Approval