

Local Housing Incentives Account

PROJECT PROFILE

City of Lakes CLT Minneapolis, Minnesota



Two newly constructed homes to be sold at below market prices

PROJECT SUMMARY

Through 5 different funding rounds, Met Council LHIA funding has provided \$725,000 in support to the CLCLT and its Homebuyer Initiated Program. These funds were often the final funding needed to create 38 permanently affordable homes in Minneapolis (funding required that only 28 homes, but 38 were created with the LHIA support). At time of purchase, CLCLT households who purchased homes with LHIA support earned \$33,936 (or 47.3% AMI adjusted by family size), 55% are single female head of households, and 50% are Community of Color households.

HOW THIS PROJECT SUPPORTS LIVABLE COMMUNITIES

AFFORDABILITY → Every CLCLT is created and maintained to serve households earning less than 80% of Area Median Income. At time of purchase, CLCLT households who purchased homes with LHIA support earned \$33,936 (or 47.3% AMI adjusted by family size).

LOCATION → Buyers can choose the home of their choice anywhere within the Minneapolis city limits. Of the 38 households who purchased homes funded with LHIA funding, 21 homeowners purchased in North Minneapolis, 15 in South Minneapolis, 1 in Southeast Minneapolis, and one in Southwest Minneapolis for a total of 22 different Minneapolis neighborhoods.

IMPACT → The total market impact of these 38 LHIA funded homes is over \$5.6 million in real estate value to the community. Met Council funds were leveraged by a factor of 3x to 4x in each of the homes brought into the CLCLT.

LHIA GRANT INFORMATION

Applicant:	City of Minneapolis
Funding Cycle:	2014
Grant Amount:	\$150,000
Other LCA Funding:	\$425,000 – LHIA 2006, 2008, 2011

FAST FACTS

Developer: CLCLT	Total Housing Units: 39
Estimated Total Development Cost: \$11.2 million	Affordable Units: 39 (all at 30% AMI)
Project Type: Single family, land trust model	Anticipated # of Bedrooms: 39

RISKS AND OUTCOMES

FROM PROJECT DEVELOPER

Every LHIA dollar invested into the affordability of each CLCLT home not only is leveraged significantly at the time of creating each CLCLT home, but it is also leveraged over time as the CLCLT ensures that if/when homeowners go to sell, the homes will remain permanently affordable without having to invest new funding into the home to keep it affordable.

One continued and significant challenge that faces the CLCLT with funding that comes through the Met Council, is that it costs the CLCLT 3% of any funds awarded to pay the City of Minneapolis to administer the funding. These funds are not taken from the award itself, but rather directly out of the operations of the CLCLT. For example, an award of \$150,000 from the Met Council to the CLCLT would cost the CLCLT \$4,500 in operational funds that it has to pay to the City of Minneapolis in order to use the funds as affordability assistance for low-income buyers.

FROM CITY STAFF

In establishing or preserving long term/permanent affordability, rising home prices in the Twin Cities in addition to soil conditions or changes in construction history pose many challenges.

In CLCLT's case, there is an equity sharing provision based on a change in consumer price index or AMI. The change in appraised value supports affordability gap assistance, which helps residents maintain permanent affordability in addition to increasing the equity of residents' homes.

The City of Minneapolis cites CLCLT as a great example of consumer education and overcoming challenges of keeping residents informed and engaged. Despite the foreclosure crisis and market conditions, which took time to overcome, CLCLT has flourished as a permanent affordability model in the Twin Cities, on par with successful CLTs across the nation.

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Two newly constructed/rehabilitated homes to be sold below market rate

ABOUT LHIA

The 1995 Livable Communities Act (LCA) funds community investment that revitalizes economies, creates affordable housing, and links different land uses and transportation. The council awards 4 types of grants to communities. LHIA funding helps preserve and expand lifecycle and affordable rental and ownership housing in the metropolitan area. Grants assist in preserving existing affordable housing stock, providing workforce housing choices, increasing homeownership opportunities for underserved populations, and exhibiting strong implementation partnerships.

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LEARN MORE

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