



Founded in response to the 2011 flood, Minot Area CLT produces quality, affordably-priced homes for sale to:

- households impacted by 2011 flood
- households otherwise unable to purchase a home in Minot or Ward County

Current focus on acquisition/rehab in “resilient” neighborhoods (as determined by City of Minot)

MACLT also created a “lease to own” incentive program to improve prospective buyers’ likelihood of qualifying (not a contract-for-deed program).



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- Current portfolio:
 - 3 homes owned by CLT member homeowners
 - 7 homes leased through lease-to-own program
- Origin of lease to own program
 - Created as a solution to faulty construction after flood
 - (MACLT covering costs rather than low-income homeowners)
 - Allowed MACLT to connect with prospective buyers earlier to work on potential homeownership barriers.
 - Credit, DTI, lack of credit, inadequate income or savings

Major Decision Points

- Board Composition
 - Size, Homeowner Representation
- Charitable Restrictions (IRS 501(c)3)
 - Income, Geographic Restrictions
- Ground Lease
 - Resale Formula
- Partnerships
 - Stewardship, lending, land acquisition
- Financial Viability & Subsidy
 - What resources are available?
 - How are these resources restricted?
 - Can you maintain charitable status and meet restrictions?
- Homebuyer Qualifications
 - Maximum subsidy, minimum credit, minimum downpayment, etc.
 - First Time Homebuyers?

Board Composition

- **Tripartite Format**
 - Homeowner Reps
 - Technical Reps
 - Community Reps
- ***MACLT is currently seeking additional board members***
 - *minotclt.org (bottom of home page)*

Charitable Restrictions

■ IRS Commitments

- Income Levels Served
 - *MACLT sales are restricted to households earning under 80% area median income*
- Affordability of Homes
 - *IRS may ask for a limit on the eventual price of homes*
 - *MACLT is not specifically limited by IRS, but HOME and CDBG (subsidy sources) have home value limits.*
- Geographic Area Served
 - *MACLT is currently only offering homes in the City of Minot, but can work throughout Ward County.*

Current Ward County Limits

FY 2019 Income Limits Summary

Selecting any of the buttons labeled "Explanation" will display detailed calculation steps for each of the various parameters.

| FY 2019 Income Limit Area | Median Family Income Explanation | FY 2019 Income Limit Category | Persons in Family | | | | | | | |
|---------------------------|---|--|-------------------|--------|--------|---------------|--------|--------|--------|--------|
| | | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Ward County, ND | \$82,400 | Very Low (50%) Income Limits (\$) Explanation | 29,000 | 33,150 | 37,300 | 41,400 | 44,750 | 48,050 | 51,350 | 54,650 |
| | | Extremely Low Income Limits (\$)* Explanation | 17,400 | 19,900 | 22,400 | 25,750 | 30,170 | 34,590 | 39,010 | 43,430 |
| | | Low (80%) Income Limits (\$) Explanation | 46,400 | 53,000 | 59,650 | 66,250 | 71,550 | 76,850 | 82,150 | 87,450 |

MACLT Ground Lease Restrictions

- Roommates - Allowed but owner must be primary occupant.
- Inspections - 1/10 of homes can be inspected annually. MACLT can also inspect with cause (ex. disarray in yard).
- Improvements - Anything requiring permit should be approved by MACLT.
- Insurance Requirements
- RESALE FORMULA
 - Minot: Index Based (2.5% per annum)

Index Based Resale Formula

- Buyer purchases home for \$134,000
- Minot: 2.5% per annum Index Based Resale Formula
- Buyer sells after 2 years
 - 2.5% compounded annually
 - $\$134,000 \times 1.025 = \$137,350$ after Year 1
 - $137,350 \times 1.025 = \$140,784$ after Year 2
- **Formula/Resale Price - \$140,784**

Critical Stakeholders

- City &/or Landowners
- Developers
- Lenders - NDHFA, local lenders
- Appraisers
- Closing Officers
- Homebuyer Education
 - eHome America
- Partner Agencies
 - Referral sources, IDA programs, etc.

Financial Viability & Subsidy

- What resources are available to make homes affordable?
 - Federal
 - HOME, CDBG, CDBG-DR (Resilience Fund)
 - MACLT allocated over \$2 million in CDBG-DR
 - State
 - Minot - Disaster Recovery Funds
 - *MACLT received \$2 million*
 - Economies of Scale
- What restrictions are tied to these resources?
 - HOME restricted to under 80% AMI

Eligibility Criteria

Eligibility Criteria

- Family is purchasing first home in Minot
 - *This definition is loose, ask for more info*
- Family agrees to sign & follow MACLT Ground Lease
- Lender chosen by family must be a MACLT approved lender or willing to participate in MACLT programming
 - Seeking additional lenders!
- Family must meet income guidelines as set by HUD and calculated by Lender
- Family must have credit scores, debt to income ratio, and other factors allowing them to qualify for a standard mortgage, which will likely be held by the ND Housing Finance Agency.

Style of Homes

- Engage Future Buyers in Design Process
 - Remember that interests of target market may vary significantly from desires of your board.
- Build Homes for Affordability and Durability
- Quality Finishes, not “High End” Finishes
- Consider Homeowner’s Immediate Needs and Ability to Afford Updates
 - Example: Grand Forks leaves basement mostly unfinished but finishes 2nd bathroom in basement
- Marketability: Affordable does not mean less desirable.



Current CDBG-DR (Disaster Resilience) Project

- **\$2,068,000 allocated toward:**
 - **6 acquisition/rehab homes**
 - **4 acquired by early 2020**
 - **2 acquired during winter 2020/2021**
 - **4 new construction**
 - **Plans not yet determined, will vary depending upon initial acquisition/rehab homes**
 - **Construction estimated for summer 2020**



Current CDBG-DR (Disaster Resilience) Project

■ Buyer Requirements

- Buyers will need to meet all MACLT requirements and earn under 80% area median income
- Buyers must qualify to pay a minimum of \$75,000 for their home
 - Monthly payment must be between 22-30% of gross monthly income
- Current NDHFA DTI ratios:
 - Front-End: 25%, Back-End: 36%

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AREA COMMUNITY LAND TRUST



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Contact Information

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Minot Area Community Land Trust
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