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).
● 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.
## FY 2019 Income Limits Summary

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

<table>
<thead>
<tr>
<th>FY 2019 Income Limit Area</th>
<th>Median Family Income</th>
<th>FY 2019 Income Limit Category</th>
<th>Persons in Family</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ward County, ND</td>
<td>$82,400</td>
<td>Very Low (50%) Income Limits ($)</td>
<td>29,000 33,150 37,300 <strong>41,400</strong> 44,750 48,050 51,350 54,650</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Extremely Low Income Limits ($)</td>
<td>17,400 19,900 22,400 <strong>25,750</strong> 30,170 34,590 39,010 43,430</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Low (80%) Income Limits ($)</td>
<td>46,400 53,000 59,650 <strong>66,250</strong> 71,550 76,850 82,150 87,450</td>
</tr>
</tbody>
</table>
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

- 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%
Contact Information

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Minot Area Community Land Trust
www.minotclt.org

@MinotCLT