



City of Columbia

701 East Broadway, Columbia, Missouri 65201

Department Source: Community Development - CDBG/Home

To: City Council

From: City Manager & Staff

Council Meeting Date: December 19, 2016

Re: Agreement for Transfer of Real Estate, Establishment of Funding Account, and Provision of Administrative Services for Community Land Trust Organization

Executive Summary

Approval of the attached ordinance will authorize the City Manager to enter into an agreement to transfer real estate, establish a funding account, and provide provisions for administrative services to the Columbia Community Land Trust, Inc.

Discussion

City Council approved the implementation of a Community Land Trust organization at its September 6, 2016 Council meeting. City Council also appointed the initial Columbia Community Land Trust (CCLT) board at its November 21, 2016 Council meeting. City staff has drafted and filed Articles of Incorporation with the Missouri Secretary of State and Columbia Community Land Trust, Inc. is currently recognized as a non-profit corporation. The attached ordinance will allow further progress in fully implementing the CCLT by providing funds, provisions for administrative services and land for the first CCLT development at Lynn Street Cottages.

The City Council approved the purchase of land located on Lynn Street for the purpose of developing affordable housing under the community land trust model in August of 2015. \$200,000 in FY 2014 General Fund Savings was also appropriated within the FY 2016 City Budget for the purpose of developing four energy efficient and universally designed affordable homes on Lynn Street. Council also approved an amendment to the PUD for the Lynn Street Cottages development in December of 2015. Site clearance and grading has been completed on the Lynn Cottages properties, and sewer infrastructure will be installed prior to December 31, 2016. Water and Light staff have also completed electrical design work for Lynn Street Cottages and the properties will be ready for development by January 2017.

While Council was discussing the approval of the CLT implementation ordinance at its September 6, 2016 meeting, interest was expressed in utilizing another funding source for the CLT's first year operations, due to Council interest in utilizing its reserves to fund job training through Job Point. City staff expressed the desire to utilize a portion of the \$200,000 set aside for the development of Lynn Street Cottages to fund the CCLT's first year of operations. City staff is proposing utilizing up to \$10,000 of the \$200,000 set-aside for the Lynn Street Cottages for the CCLT first year operations, which is included within the attached agreement. City staff worked with Mike Brown of Burlington Associates to provide an estimated first year operations budget for CCLT. City staff anticipates first year operation expenses to be \$16,200. The dollar value of staff time donated is estimated to be \$6,200; therefore, staff



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anticipates \$10,000 to cover the remaining first year operating costs. A detailed CCLT first year operations budget is included with this packet.

City staff estimates development costs for the four homes at the Lynn Street Cottages to total \$591,000. A detailed budget estimate spreadsheet is included with the packet. The development sources and uses totals are as follows:

Development Uses Estimate	
Development Costs	Amount
Construction	\$ 591,000

Development Sources Estimate	
Sources	Amount
City surplus	\$ 190,000
CDBG Solar	\$ 40,000
Development financing	\$ 361,000
Total Sources	\$ 591,000

The original approach to obtaining development financing from Providence Bank included the City guaranteeing the development financing. Upon further discussions with Providence Bank, a loan guarantee is no longer being requested for this project. City staff is in agreement with Providence Bank of depositing an additional \$10,000 in equity per home that will be returned upon sale of each home. These funds will be available to cover contingency costs if the homes do not sell within 18 months of closing on the construction loan. City staff anticipates the homes to sell prior to the 18 month deadline due to current market conditions, level of interest and previous experience with nearby projects.

The attached agreement also details City staff's role in assisting the CCLT. The agreement states that City staff will provide administrative services to the CCLT for a period of three years at no cost. Services will include, but not be limited to: supervision of daily operations, determining eligibility of program participants; homebuyer orientation, stewardship of the properties in the program marketing of organization and program to the community, education of local banks, lenders, realtors and appraisers about the land trust model and operations, and providing staff support to monthly Land Trust Board meeting.

The agreement authorizes the transfer of the Lynn Street Cottages property, provides funding for the CCLT and identifies staff's role in providing administrative support to the CLT. City staff recommends approval of the ordinance.

Fiscal Impact

Short-Term Impact: \$200,000 in City surplus funds, \$80,000 in CDBG.

Long-Term Impact: Minimum of \$6,200 in staff time per year.



Vision & Strategic Plan Impact

Vision Impacts:

Primary Impact: Health, Social Services & Affordable Housing, Secondary Impact: Secondary, Tertiary Impact: Tertiary

Strategic Plan Impacts:

Primary Impact: Social Equity, Secondary Impact: Secondary, Tertiary Impact: Tertiary

Comprehensive Plan Impacts:

Primary Impact: Livable & Sustainable Communities, Secondary Impact: Secondary, Tertiary Impact: Tertiary

Legislative History

Date	Action
02/18/2008	The Affordable Housing Policy Committee Report completed and identified the need for a Housing Trust fund and organization.
10/5/2009	2010-2014 Consolidated Plan Approved, which included the goals of establishing a Housing Trust Fund and business plan for an administering organization.
8/17/2015	Council approved the purchase of 109, 111 and 113 Lynn for the development of Lynn Street Cottages.
9/21/2015	Council approved appropriating \$200,000 in FY 2014 General Fund Savings for the development of the Lynn Street Cottages.
12/4/2015	Final session of Affordable Housing Symposium concluded with final public input resulting in the formation of a housing trust as the highest priority for further affordable housing in Columbia.
12/7/2015	Council approved an amendment to the PUD for the development of Lynn Street Cottages.
2/1/2016	Council approved transferring \$19,000 from the Council Reserve account to the Community Development Department for the purpose of procuring a Community Land Trust Consultant.
9/6/2016	Council approved the CLT implementation ordinance to establish a community land trust organization and retain Mike Brown of Burlington Associates for Phase II implementation.



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Suggested Council Action

Approve the ordinance authorizing the City Manager to enter into an agreement transferring real estate, establishing a funding account and providing administrative services to CCLT.