



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: August 15, 2016

Re: Authorizing the Establishment of a Community Land Trust Organization and Transferring Council Reserves to the Community Development Department for Start-up Costs.

Executive Summary

Approval of the attached resolution will authorize the City Manager to draft and file with the Missouri Secretary of State the documents necessary to establish a community land trust organization (CLT), retain Michael Brown of Burlington Associates for assistance with the Phase II implementation of a CLT, and transfer funds from the Council Reserve account to the Community Development Department for associated first year start-up costs.

Discussion

The community land trust model allows for long-term affordability where the structure is sold to a qualified buyer, while the land trust entity maintains ownership of the land. This model is a proven method for ensuring long-term affordability, preserving neighborhoods, providing additional homeownership opportunities and protecting public investments in affordable housing. This model creates homeownership opportunities for households that otherwise would not be able to afford homeownership and creates a path to traditional homeownership. There are approximately 10,000 community land trust housing units nationwide, and CLTs exist in 42 states.

The City of Columbia has also received a significant level of support for implementing a community land trust for our community. The following organizations have provided letters of support for implementing a community land trust organization in Columbia, MO:

Heart of Missouri United Way
Columbia Board of Realtors
Columbia Chamber of Commerce
Columbia Housing Authority
Central Missouri Community Action
Job Point
JES Dev Co, Inc.
Services for Independent Living

City Council approved the procurement of Michael Brown of Burlington Associates to assist with planning efforts to determine the feasibility of starting a CLT in the City of Columbia. The City Manager appointed a CLT Steering Committee to assist in determining the feasibility of a CLT in Columbia. The CLT Steering Committee membership included the following persons:



City of Columbia

701 East Broadway, Columbia, Missouri 65201

Dan Cullimore, North Central Neighborhood Association
Pat Kelley, Ridgeway Neighborhood Association
Kara Linnemeyer, Columbia Home Builders Association
Allan Moore, Moore and Shryock Appraisals
Eric Morrison, Providence Bank
Andrea Tapia, Columbia Housing Authority
Mike Trapp, City Council

The CLT feasibility analysis included the following subjects:

1. The mission of the organization.
2. Service area.
3. Corporate structure.
4. Competition and partnerships.
5. Types of housing to be developed.
6. Targeting households to be served.
7. Level of subsidy needed to achieve affordability.
8. Market demand.
9. Scale.
10. Organizational capacity and budget.
11. Point at which the organization can be self-sustaining.

The CLT Steering Committee voted to recommend Council approve the implementation of a CLT in Columbia in the following manner:

1. *The City should start a new 501c3 CLT organization.*

The CLT Steering Committee discussed three different options for corporate structure including placing the CLT in an existing non-profit entity, keeping the CLT within the City, or creating a new 501c3 organization. The Steering Committee determined it be most advantageous to create a new 501c3 staffed by the City until the organization can reach a level to be self-sustaining. This approach avoids creating an unfair advantage between existing non-profit affordable housing organizations and ensures adequate capacity during the start-up phase. Creating a separate 501c3 also removes City control of property and empowers the community to take ownership of the development and stewardship of affordable housing.

2. *Council should appoint and maintain appointment of board members.*

The Steering Committee agreed that Council should have the role of appointing board members to ensure accountability in the appointment of members. Approval of the attached ordinance authorizes the City Council to appoint the first CLT board members and maintain appointments thereafter.



- 3. Board should consist of one-third community and business leaders, one-third neighborhood members from the CDBG eligible area, and one-third program participants, upon the completion of seven homes.*

This balanced board structure is recognized by the National Community Land Trust Organization and Michael Brown of Burlington Associates as a best practice in ensuring the organization meets the needs of the community. This board structure ensures all groups with a stake in the success and function of the CLT are represented. This structure also allows for the access to additional operating costs through HOME and CDBG funding by being easily adaptable to the HOME Community Housing Development Organization (CHDO) and CDBG Community Based Development Organization (CBDO) board requirements.

- 4. Authorize Phase II implementation planning with Michael Brown of Burlington Associates.*

The CLT Steering Committee recommends retaining Michael Brown of Burlington Associates to continue working with the City of Columbia in implementing a community land trust organization. An agreement for implementation of a community land trust organization is included as attachment A.

The City Council approved the purchase of land located on Lynn Street for the purpose of developing affordable housing under the land trust model. \$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. City staff intends for the Lynn Street Cottages development to be the first community land trust development in Columbia. It is intended that organizational planning and formation of the community land trust entity will coincide with the development of the four homes. City staff anticipates completion of construction and formation of the land trust entity by summer of 2017.

Community Development Department staff has toured other land trust entity organizations and operations located in Lawrence, KS, Lexington, KY and Springfield, MO. Staff also attended the National Community Land Trust Conference in October of 2015 and gained additional information from a variety of community land trust entities across the nation. Several entities recommended procuring additional assistance during the planning phase, due to the complexity of the organizational function and importance of the organizational structure. City staff spoke with several additional community land trust entities and found that many land trust organizations focused more attention to the development of homes, rather than their organizational structure, resulting in the need to retroactively amend by-laws and operational plans to ensure their corresponding communities are best served by the function and corporate structure of their land trust entity.

City Council approved the procurement of Michael Brown of Burlington and Associates for a feasibility assessment as part of Phase I. A contract for Phase II and scope of services for



City of Columbia

701 East Broadway, Columbia, Missouri 65201

both Phase I and Phase II is included with this packet, as a part of Exhibit A. Phase I pertained to feasibility and organizational structure planning, while Phase II will include the development of a strategic plan and plan for operations. If the City Council approves, City staff can then retain Michael Brown's Phase II services and complete implementation of the community land trust entity.

The Community Development Department maintained \$6,114.85 in funds remaining from the Affordable Housing Symposium and City Council allocated an additional \$19,000 for the purpose of procuring Michael Brown's services, for a total of \$25,114.85. There was \$10,718.21 in costs incurred for Phase I of Michael Brown's services, leaving \$14,396.64 in funds available for Phase II. Total Phase II expenses are estimated to be \$14,040, which includes travel and technical assistance.

At the last CLT Steering Committee meeting, Michael Brown presented a draft budget for startup costs and the first year operations. Startup costs and first year operations are estimated to be \$22,860 and are based upon Michael Brown's experience with starting up other CLTs and assuming the completion of 2-4 homes per year. Budget revenues include a donation of Community Development Department staff time at 208 hours over the first year, and \$16,660 from the Council Reserve account. The ordinance includes City Council approval of this transfer.

City staff recommends the City Council approve the attached ordinance authorizing the City Manager to establish a community land trust organization, retaining Michael Brown of Burlington Associates for Phase II implementation and transferring \$16,660 in Council reserves for startup costs.

Fiscal Impact

Short-Term Impact: \$16,660

Long-Term Impact: \$0

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.

Suggested Council Action

Approve the ordinance authorizing the City Manager to establish a community land trust organization, retaining Michael Brown of Burlington Associates for Phase II CLT implementation and transferring funds from Council Reserves to the Community Development Department for community land trust organization startup costs.