

APPENDIX A.

Program Discussion Chapters

This appendix contains all of the program chapters, discussion questions and accompanying presentations that were presented to the Affordable Housing Ad Hoc Committee throughout its strategic planning meetings. They are arranged by program topic and include:

- Land banking;
- Community loan funds/community development financial institutions;
- Inclusionary zoning;
- Community land trusts;
- Housing trust funds; and
- Development incentives and issues.



LAS CRUCES AFFORDABLE HOUSING

POLICY AND PROGRAM DEVELOPMENT—PROGRAM REVIEW MEETING 1

Presented to:



**Affordable Housing
Ad HOC Committee**

Presented by:



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Williams Demographics

August 12, 2008

WHY ARE WE HERE TODAY?

Project Goal: Put the right tools in place to address affordable housing needs in Las Cruces.

**Thank you for your commitment
to this very important issue!!**

WHO IS THE CONSULTANT TEAM?

BBC Research & Consulting

- Two Las Cruces housing market studies
- Las Cruces homeless counts and surveys
- Recent housing studies in:
 - Santa Fe and Albuquerque, New Mexico
 - Boulder and Fort Collins, Colorado;
 - Coeur d’Alene and Driggs, Idaho
 - Yuma and Glendale, Arizona
 - Southern Ute Reservation in Colorado

Clarion Associates

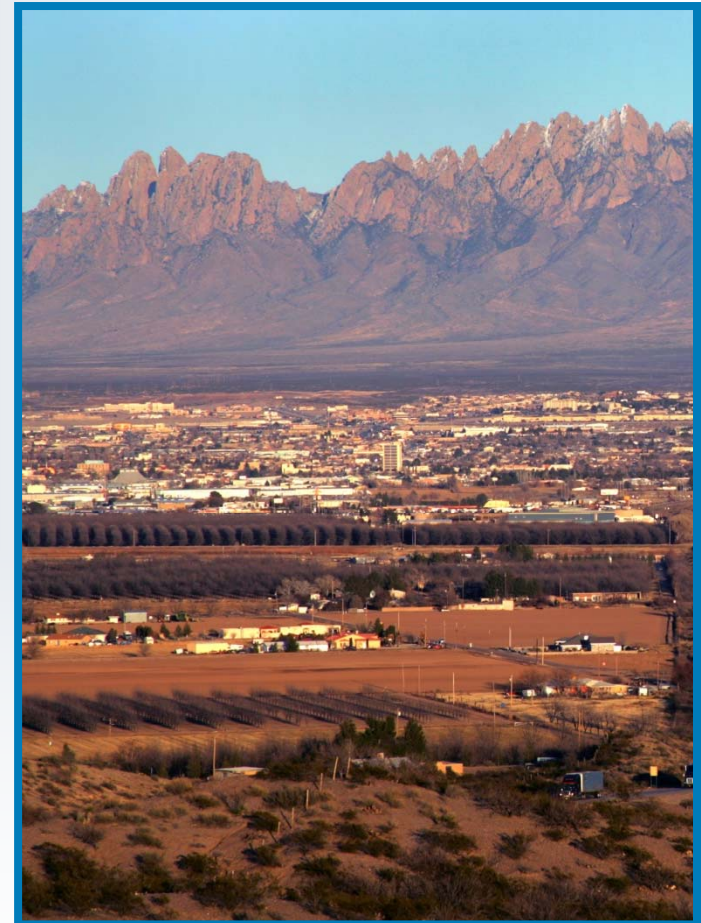
- Colorado Department of Local Affairs – Regulatory Barriers to Affordable Housing
- Aurora Colorado, Small Lot Development/Mix Standards
- Denver, Colorado, Affordable Housing Barrier Analysis
- Civic Results, “The Art of the Deal” Workshops
- Arvada, Colorado, Affordable Housing Zoning Regulations
- Detroit, Michigan, Small Lot Infill Development Zone
- Winnipeg, Manitoba, Lot Dimension Flexibility Reforms
- Pitkin County, Colorado, Affordable Housing PUD Reforms

Williams Demographics

- Local demographer
- Professor at New Mexico State University
- Surveys with farm workers
- Border population estimates
- Las Cruces homeless counts and surveys

WORKSCOPE

- Gaps analysis of existing programs and policies (needs v. resources)
- Review of existing barriers to affordable housing development
- Best practices analysis of peer communities
- Public input, stakeholder interviews
- Recommendations
- Implementation plan



AGENDA FOR DISCUSSION TODAY

- Introduction of three programs you will help us assess:
 - Land banking
 - Community loan funds/community development financial institutions
 - Inclusionary zoning
- Group analysis of pros and cons of programs in Las Cruces
- Full committee GO/NO GO decisions

LAND BANKING

Definition: Acquisition of land and/or infill parcels, generally by a public entity, for community and/or affordable housing development.

Land banking programs are usually either:

- 1) Acquisition of land for future affordable housing development (Eugene, Oregon and Fort Collins, Colorado); or
- 2) Acquisition of vacant parcels, substandard housing, properties in tax default and foreclosed residential properties for redevelopment. More common use of land banking.

LAND BANKING (CONT'D)

Land banking for affordable housing—How it works:

- Potential parcels are identified by city planning organization. Offers are made to owners. City might also engage a broker to identify potential parcels.
- Committee overseeing the program makes the decision to purchase and at what cost.
- Land might also be donated by public entities or private sector (tax benefits. Idaho recently established trust to facilitate such transactions).
- Land is held for a time period (Dallas < 3 years, Fort Collins, 5-7 years).
- Usually, an RFP is issued for development of affordable housing on the parcel. Oversight committee helps select developer; Council approves.

LAND BANKING (CONT'D)

Land banking for community development—How it works:

- Parcels are usually acquired through foreclosure. Might also be purchased. Eminent domain uncommon.
- Land might be held, but goal is to develop.
- Usually, an RFP is issued for commercial and residential development on the parcel. Oversight committee helps select developer; Council approves. (Dallas sells at a fixed price with first right of refusal to housing nonprofits).

LAND BANKING (CONT'D)



Funding mechanisms:

- General fund seed
- Revenues from sales of properties (usually higher than cost and less than market)
- CDBG
- Recapture of tax revenues

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS

Definition: Lending institutions with a specific purpose of serving a particular community by increasing the amount of loan capital in an underserved area.

CDFIs are usually either:

- 1) Similar to traditional banks, offering consumer and commercial products and loans to target markets (best example is South Shore Bank in Chicago)
- 2) Loan funds only, offering below-market rate loans to support affordable housing, small business development and/or community development
- 3) Non-governmental entity. May be private or nonprofit.

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS (CONT'D)

CDFIs typically have one or two areas of focus:

- **Microenterprise lending (common in New Mexico)—Small loans to entrepreneurs for business purposes**
- **Community development/community facilities—Below market loans for development of child care centers, schools, community centers for special needs groups, nonprofit office space**
- **Housing development—Below market loans for land acquisition, predevelopment financing, short term construction for affordable housing developments**

CDFIs are fairly new to the western U.S.

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS (CONT'D)



Funding:

- Interest on loans, fees on products
- Grants and donations
- Equity equivalent (EQ2) investments from banks
- Opportunities for other real estate sectors to become investors?

INCLUSIONARY ZONING

Definition: The integration (mandatory or voluntary) of affordable housing into an otherwise market rate residential development plan.

Requirement: Usually residential developments of a certain size (e.g., 25 units and more) are required to have a percentage of the units set aside as affordable housing. Percentages generally range from 10 percent to 30 percent. Some communities base the percentage on the overall square feet of the development.

Affordability: Determined by the municipality, and is usually tied to the Area Median Income.

Alternatives: Some communities allow developers to pay “cash in lieu” of the development of units. Formula is determined by the municipality.

Some communities allow offsite development or donation of land in lieu of development.

INCLUSIONARY ZONING (CONT'D)

Specifications: Municipalities often dictate tenure (breakdown of rental/for sale units); minimum unit size; sometimes level of finish.

Preservation: Deed-restrictions, shared equity, community land trusts, first right of refusal upon sale and residency requirements.

Developer “Incentives”: Fee waivers, density bonuses, reduced parking/landscaping requirements, fast track approval.

Legality varies from state to state.

PROGRAMS DISCUSSION



- What do you like about the program?
- What do you dislike?
- Would this program work in Las Cruces? Why? Why not?
- Discuss your vision of the program if it were available in Las Cruces.
- “Go” / “No Go” decision and reasons for.

NEXT STEPS

- **September meeting:** Three more programs to consider
- Outside of meetings, project team will be engaging community leaders and industry to build support for potential solutions. Interviews with Mayor and City Council, affordable housing developers. Meetings with private developers, lenders and title companies.
- **October meeting:** Land use barriers presentation. Peer cities presentation.
- Recommendations and implementation plan.



LAS CRUCES AFFORDABLE HOUSING

POLICY AND PROGRAM DEVELOPMENT—PROGRAM REVIEW MEETING 2

Presented to:



Affordable Housing
Ad HOC Committee

Presented by:



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WHERE WE LEFT OFF

- **Conclusions and areas for more research:**
 - **Community Loan Funds/CDFIs—**Unsure if there is a market for in Las Cruces. Explore interest with key funders (lenders, title)
 - **Inclusionary Zoning—**Like the idea of a voluntary program or IZ “light.” Explore feasibility with developers/builders.
 - **Land Banking—**Worth keeping on the table despite concern about tying up much needed funds with land purchases. Since Las Cruces has land, land banking is more viable than in other high-cost communities.

AGENDA FOR DISCUSSION TODAY

- Introduction of three programs you will help us assess:
 - Community land trusts
 - Housing trust funds
 - Development issues
- Group analysis of pros and cons of programs in Las Cruces
- Full committee GO/NO GO decisions

COMMUNITY LAND TRUST

Definition: Affordable housing development where land is owned by a nonprofit and leased to the buyer of the housing unit structure.

How a land trust works:

- 1) A land trust is formed as a nonprofit. May be a stand-alone organization or part of a broader nonprofit.
- 2) Land is acquired through public and private donation and purchase.
- 3) The land trust develops housing on the trust land. The housing is marketed and sold to low- and moderate-income buyers.

COMMUNITY LAND TRUST (CONT'D)

How a land trust works (cont'd):

- 4) The buyers have a lease on the land (usually 99 years) for a modest monthly fee (\$20 per month).
- 5) When an owner wants to sell their housing unit, they notify the trust of their intent. The trust has the option to buy the unit. The price of the unit is usually capped by a certain percentage gain and the trust shares in the equity gain (usually the trust gets 75 percent and the owner gets 25 percent).

COMMUNITY LAND TRUST (CONT'D)

Sawmill Community Land Trust (Albuquerque)

- Land obtained in 1995 by the city. Land trust formed to oversee the development.
- Three phases of development; mostly residential with some commercial and community amenities.
- Parcels are deeded to the land trust when developed.
- Homebuyers pay \$19/month for the land lease and \$31 to the homeowners association.
- Resale restrictions include a price cap. Owners get 30 percent of the total equity gain.

HOUSING TRUST FUND

Definition: Local or state fund created to fund a variety of affordable housing activities. Growing in popularity with reductions in federal funding for housing.

Revenue sources:

- Cash-in-lieu payments required as part of IZ ordinances
- Fees and taxes on new development (residential and commercial): permit, impact, linkage, excise
- Property taxes
- General fund contributions
- General obligation bonds (Albuquerque)
- Real estate transfer taxes (Santa Fe, maybe)
- Sales taxes
- User taxes
- Document recording fees

DEVELOPMENT ISSUES

Definition: Developer incentives to encourage developers/builders to build affordable housing. Also help offset inclusionary zoning requirements.

Common incentives:

- Fast track development approval
- Planning advocate
- Density bonuses
- Building variances
- Fee waivers
- Mobile home redevelopment
- Challenges in implementation: Incentives must be “meaningful.”
Neighborhood opposition can water down incentives.

NEXT STEPS

- Outside of meetings, project team will continue engaging community leaders and industry to build support for potential solutions. Interviews with Mayor and City Council, affordable housing developers. Meetings with private developers, Realtors, lenders and title companies.
- **October meeting:** State and local policy initiatives discussion.
- **November meeting:** Land use barriers presentation.
- **December meeting:** Peer cities presentation and begin recommendations discussion.
- **2009:** Recommendations and implementation plan.

LAND BANKING

Las Cruces Affordable Housing Study

Land banking is a program whereby land is acquired by a division of government or nonprofit with the purpose of developing affordable/workforce housing or engaging in revitalization activities. After a holding period, the land is sold to a nonprofit or private developer, often at a price lower than market, who agrees to the land use conditions (e.g., creation of affordable/workforce housing).

Land bank programs can serve dual purposes. While some programs are created solely for the acquisition of land for future affordable housing development, others have broader long-term community planning goals. In distressed communities, land banking programs allow cities to acquire vacant and underperforming parcels, be a catalyst for redevelopment, and to benefit from increased tax revenues from the properties. In communities with rapidly rising land costs, land banking programs promise a long-term savings to taxpayers: When public buildings need to be constructed, they can be built at less than the current market cost due to the earlier acquisition of the property by the land bank.

Interest in land bank programs is growing, particularly in areas with high foreclosures. San Diego formed a task force in February to study how to implement such a program, and Fairfax County, Virginia set up such a program on July 1, 2008. In addition, on July 26, 2008 the U.S. Congress passed a housing rescue bill that contained a budget for federal grants made to states for the land banking of foreclosed properties.

Case studies of land banking programs follow.

Eugene, Oregon

Eugene has one of the oldest land banking programs in the country. In 1968, city council adopted a broad platform to address housing needs, including directions to purchase and land bank sites for lower-income housing. The city's current Land Banking for Affordable Housing program was formally adopted in 1983, when the city was in an economic downturn. When the economy recovered, the city was uniquely positioned to offer banked land parcels to developers. The first development using a land banked parcel was completed in 1990.

Forty years later, almost 90 acres have been purchased for affordable housing. This acquisition has resulted in 510 units of affordable housing, mostly multifamily units (25 single family detached units have been created). More than 200 units are in the pipeline for development. The vast majority of units serve very-low income households (those earning less than 50 percent of the AMI).

The city's goal is to maintain 10 acres of land in the bank for future development. City staff take the lead in identifying and analyzing the feasibility of potential sites. Site selection is overseen by the Intergovernmental Housing Policy Board (IHPB), comprised of elected officials and citizens, although city council has the final say in land purchases.

Land has been purchased from private individuals and businesses as well as schools (lower and higher educational institutions). Several parcels were already owned by the city and were transferred to the land bank at no cost.

The assessment process for purchasing land parcels examines the following factors:

- 1) Location related to jobs, services, amenities and public transportation;
- 2) Dispersal of affordable housing;
- 3) Site environmental conditions;
- 4) Cost;
- 5) Allowed density (ideally, zoned multifamily with the capacity of 40 to 80 units);
- 6) Existing on-site structures and improvements; and
- 7) Existing utility and street infrastructure.

The city offers land bank sites, one at a time, for development through a Request for Proposals (RFP) process. The proposals are evaluated by city staff and the HPB. City Council makes the final decision, choosing the development application that best meets the goals of the program and is most appropriate for the particular land parcel.

Fort Collins, Colorado

Fort Collins established its land banking program 5 years ago, with a general fund contribution of \$1 million. The city's program is specifically designed to acquire property for development of affordable housing units—it is basically a hedge against rising land costs. Under the program, the city acquires property and holds it long-term (a minimum of 5 years, but more likely in the realm of 7-10 years). After a holding period, the city issues an RFP for property development. However, the city is not permitted to use the land bank as an investment vehicle (e.g., to generate monies to fund affordable housing development).

As of 2008, no units have been produced as a result of the program. According to city officials, when properties are sold they will be sold for more than the city paid for the land—enabling the city to realize a small profit—but for less than market value.

Dallas, Texas

In 2003, the State of Texas passed the Urban Land Bank Demonstration Act. The act enables large metropolitan areas in the state to establish pilot land banking organizations.

The land banks have the authority to take ownership of unimproved tax-foreclosed properties, which they must sell within 3 years for the purpose of affordable housing development. The developers that can buy the properties must meet certain eligibility requirements, and the number of properties they can buy is limited based on their recent housing production experience. The developer must apply for a building permit, and construction financing must be in place within 24 months of acquiring the property or it reverts back to the land bank.

The properties sold by the land bank must be deed restricted for the development of affordable housing and the occupants of the developed housing have income restrictions. If the property is sold for development of rental housing, the rental property owner must file annual occupancy reports. Nonprofit community housing development organizations have the first right of refusal on the purchase of the properties, as long as they provide housing within the same area as the land bank's properties.

The land banks created are required to adopt an annual plan—and subject to a public hearing—for the program's operation. In addition, the state bill requires the land bank to comply with open meetings and open records requirements for governmental bodies and to meet certain recordkeeping and reporting requirements.

The City of Dallas recently used its authority under the 2003 Act to create its own Urban Land Bank Demonstration Program. The stated purpose of its program is to acquire unproductive, vacant, and developable lots and/or substandard homes to be “banked” for affordable housing development in the future. The goal of the lot acquisitions is to enable new single family development to house low- and moderate-income homeowners, in addition to stabilizing distressed communities.

At least 25 percent of land bank properties in Dallas must be deed restricted for sale to households with gross household incomes less than 60 percent of the AMI, and not more than 30 percent of land bank properties may be deed restricted for sale to households with gross household incomes greater than 80 percent of the AMI.

The City of Dallas' Urban Land Bank program has a goal of selling up to 250 properties per year to benefit low- and moderate-income families of the metro area. The properties are offered for sale at \$3,000 for the first 7,500 square feet of land plus \$0.133 for each additional square foot plus any regulatory and contractual costs (e.g., maintenance, post foreclosure property taxes). Buyers are required to submit development plans for the parcels along with their requests for purchase.

Flint, Michigan

The Genesee County Land Bank Authority (LBA) was formed in 2002, a result of an inter-local agreement between Genesee County and Flint, Michigan.

The Genesee County LBA was enacted prior to the actual passing of the State of Michigan's Land Bank “Fast Track” Act in 2004. The Act enables local governments to create land bank authorities with independent powers to acquire, hold, and distribute vacant, abandoned, and tax-delinquent properties.

The Genesee County LBA uses its land banked properties first for residential redevelopment, secondly for park and open space, and lastly for retail, commercial and industrial purposes. The main goal of the Genesee County Landbank is to get properties back on the tax roll, through both affordable housing and commercial development and redevelopment. The Landbank is not a developer; it partners with local nonprofits for construction of affordable housing.

Since its inception, the Genesee County LBA has acquired over 4,400 properties into its land bank holdings and transferred 200 of the properties to nonprofits for revitalization.

The Genesee County LBA acquires most of its property through tax foreclosure. It also accepts gifted properties and purchases for redevelopment.

To fund its operations, the LBA received an initial injection of land reutilization funds from the treasurer's office. For its ongoing operations, the Genesee County Land Bank is funded through three main mechanisms:

1. Revenues generated through the sale of Landbank properties;
2. 5 year/50 percent tax capture of Landbank properties returned to the tax roll; and
3. Monies given to the Landbank by the County Treasurer. This amount is a percentage of the amount taken in for the increased fees generated through the changes from the enabling legislation.

Other sources of funding include appropriations, sales of properties, and grants. No general fund dollars are appropriated for the Landbank.

One of the biggest challenges of the Landbank is maintenance of the sites. The LBA has found that properties that are publicly labeled and marked as Landbank properties become public dumping sites due to the apparent lack of private ownership. In response to this challenge, the LBA has stopped publicizing the locations of their properties and has tried to establish several "Clean and Green" programs which emphasize community assistance in the maintenance and redevelopment of these properties. The LBA has generally found wide support in the community.

Cary, North Carolina

This city near the Research Triangle, very recently established a land banking program with a \$23 million seed to reserve land for future public uses, including schools, post offices, parks, greenways, open space, community centers and fire stations. The current plan is to purchase 700 acres for public use, including up to 500 acres for parks, 250 acres for public schools, 12 acres for a post office and 3 to 4 acres for a fire station. The motivation for the program is to "insulate...taxpaying citizens...from rising land costs." Development in Cary consumes as much as 1,000 acres per year.

The city is mostly looking at acquiring large, un- or under-developed parcels that are ideal for "community uses in the future."

The sites will be acquired through purchase by the town solely or with a partner agency. Land might also be acquired through donations, developer set asides or preservation easements.

Land Banking Group Discussion Questions

1. List the pros and cons of establishing a land banking program in Las Cruces.
2. If the City of Las Cruces were to establish a land banking program, what would be the program's purpose—affordable housing creation, community revitalization, neighborhood stabilization/foreclosure mitigation? A combination of all?

What would be the criteria for the purchase of land?

3. Outline a vision for how such a program in Las Cruces might be structured:
 - How long would the city hold property?
 - What organizations would get first right of refusal to purchase the property?
 - At what cost would the city sell the parcels—cost plus a small profit? Deep discount? Cost plus carrying costs?
4. Who would manage such a program? The city, the downtown redevelopment organization, or someone else?
5. Do you see an opportunity to match such a program with the city's current home rehabilitation program and/or downtown revitalization efforts?
6. Think about the tradeoff of buying land and restricting funds v. allocating funds to develop affordable housing now. Would this be a major barrier to passing such a program in Las Cruces?
7. Given the challenges faced by other land banking programs (small amounts of funding, delay in developing units, maintenance of property), do you think these challenges can be overcome in Las Cruces?
8. Do you have follow-up questions for BBC to research to help you make a decision about land banking as a program to recommend in Las Cruces?

What is your recommendation for continuing to explore this potential program at this point?

GO or NO GO

Community Loan Funds

Las Cruces Affordable Housing Study

Community Development Financial Institutions (CDFIs) are lending institutions with a specific purpose of serving a particular community by increasing the amount of loan capital in an underserved area. The services offered by CDFIs differ—some operate much like a traditional bank or credit union and offer consumer as well as commercial products; others operate only to make loans for creation of affordable housing.

According to the general definition by the U.S. Department of the Treasury, a CDFI has a primary mission of community development, serves a target market, is a financing entity, remains accountable to its community and is a nongovernment entity. CDFIs can be regulated institutions, such as community development banks, or unregulated institutions, such as community loan funds, community development venture funds or micro-enterprise funds. CDFIs can be for-profit or non-profit entities.

Depending on the type of institution, CDFIs generate revenue in different ways. In many cases, CDFIs make money much like traditional banks do—by charging a higher interest rate on the money they lend than what they pay for the funds. They might also receive contributions from the private sector and government (see CDFI Fund below).

Nonprofit CDFIs are limited by their ability to raise capital, since they do not issue stock like for-profit companies. The ability to have a strong capital base allows CDFIs to better reach their target markets by allowing them to make higher-risk and longer-term loans. To address this issue, in 1995, Citibank and the National Community Capital collaboration invented an investment product called an equity equivalent investment, or EQ2. An EQ2 is a long-term, deeply subordinated loan with some equity features (carrying interest rates of between 2 and 4 percent). Regulated banks can receive community development credit for compliance with the Community Reinvestment Act (CRA) if they invest in EQ2s.

The U.S. Department of the Treasury has a CDFI Fund with the mission of expanding the capacity of financial institutions to provide credit, capital, and financial services to underserved populations and communities in the U.S. The Fund provides monetary awards for financial assistance and technical assistance to support economic development (job creation, business development, and commercial real estate development); affordable housing (housing development and homeownership); and community development financial services (provision of basic banking services to underserved communities, financial literacy training, and predatory lending alternatives).

CDFIs in New Mexico

New Mexico has a handful of CDFIs, the vast majority of which are dedicated to micro-business and small business development through access to credit. New Mexico's CDFIs include:

ACCION New Mexico (Albuquerque). ACCION is a nonprofit organization that makes loans to small businesses and provides training to emerging entrepreneurs. ACCION New Mexico offers loans ranging from \$200 to \$150,000 to support self-employed individuals who have limited or no access to traditional business credit. ACCION New Mexico uses a "stepped lending" model in which many clients start with a smaller first-time loan and, once they establish a strong repayment history, apply for larger loans.

Wells Fargo Bank in Las Cruces is a partner bank to ACCION. For more information, see <http://www.accionnewmexico.org/>

Homewise, Inc. (Santa Fe). Homewise is dedicated to helping New Mexicans become homeowners by offering home purchase, home improvement and education programs. Through a partnership with the Santa Fe School District called Teacherwise, Homewise offers a special program designed to help teachers and other school employees buy or repair homes in Santa Fe, through downpayment assistance and low-interest mortgage loans. Homewise also operates as a housing developer and recently developed an 80-unit affordable homeownership development in Santa Fe. For more information, see <http://www.homewise.org/>.

The Loan Fund. The New Mexico Community Loan Fund, located in Albuquerque, is a nonprofit that provides financing and business consulting for entrepreneurs, business owners and nonprofit organizations.

The loan fund receives low-interest loans from traditional financial institutions, units of local governments, individuals and nonprofit organizations. The interest rate on these loans range from 0 to 4 percent; the notes are secured by loans receivables. The loan fund uses these monies to provide below-market rate loans to entrepreneurs and business owners.

The Loan Fund has also received Community Development Block Grant (CDBG) funds from the City of Santa Fe to operate the city's Revolving Loan Fund (RLF). The RLF provides loans to start up and existing businesses to begin/expand their activities, particularly for low and moderate income and minority persons in Santa Fe.

See <http://www.loanfund.org/index.htm> for more information about The Loan Fund.

New Mexico Community Capital. This organization is a community development venture capital fund. The objective of the organization is to promote economic development in New Mexico communities—particularly outside the Albuquerque/Santa Fe/Los Alamos areas—while generating returns for the fund's investors.

The fund typically invests \$500,000 to \$1,000,000 in qualified companies in exchange for preferred stock. Industry preferences include artisan and tourism related products and services, consumer and business services and products, food processing, light manufacturing and sustainable energy and environmental remediation. See www.nmccap.org for more information.

Case studies of other CDFIs follow.

Low Income Investment Fund

The primary goal of the Low Income Investment Fund (LIIF) is to alleviate poverty. The organization aims to do this by providing capital and technical assistance to low-income communities to finance and build facilities for education, affordable and supportive housing, childcare and other community revitalization programs.

LIIF has three market areas: Northern California, Southern California and New York.

LIIF has several lending products:

- **Predevelopment.** Organizations can get short-term (up to 2 years) predevelopment loans and lines of credit for affordable and supportive housing, childcare centers and educational facilities.
- **Acquisition, construction loans and mini-perm loans.** These loans are a maximum of \$750,000 (unsecured) and can be used for site/building acquisition and construction of affordable and supportive housing developments, childcare centers and educational facilities and permanent financing for up to 10 years.
- **Permanent loans.** These loans must be a minimum of \$500,000 and a maximum of \$7 million and are fully amortizing, up to 30 years.

LIIF also provides operating and facility grants to childcare centers and technical assistance to housing, childcare and educational organizations.

LIIF is a very large organization, with assets exceeding \$135 million in 2007. LIIF gets the money it loans and grants from individuals, religious organizations, banks, mutual funds, foundations and corporations. Its list of donors is extensive and includes many high-profile organizations such as Citigroup and the Annie E. Casey Foundation.

To date, LIIF has achieved the following:

- **Childcare.** LIIF has provided \$51 million in loans, grants and technical assistance to child care providers, supporting nearly 52,000 childcare spaces to-date.
- **Education.** To date, LIIF's education program has provided 117 education loans to benefit students in low income neighborhoods totaling nearly \$210 million; this activity created 46,000 quality classroom spaces for low income children.
- **Housing.** Nearly 80 percent of the 55,000 affordable housing units LIIF has financed since 1984 are occupied by very low-income households.

Mile High Community Loan Fund

The Mile High Community Loan Fund (formerly the Mile High Housing Fund) was established in Denver, Colorado in 1999. The fund was an outgrowth of a joint initiative of the City and County of Denver, Fannie Mae Foundation, Enterprise Foundation and U.S. Bank. These four founders provided the initial capital including \$3 million in grant funds from the City of Denver.

MHCLF provides loans to nonprofit and private sector developers to support the development of affordable housing and community facilities.

MHCLF is capitalized through equity investments, low-interest loans and grants from local, regional and national funders including U.S. Bank, Wells Fargo Bank, Key Bank, the Community Development Financial Institutions Fund of U.S. Treasury Department, Enterprise Foundation, Fannie Mae Foundation, the Colorado Housing and Finance Authority, and the cities of Denver, Arvada, Boulder, Englewood, and Lakewood. The fund has approximately \$10 million in assets.

To date, MHCLF has made 97 loans totaling more than \$33 million and has helped finance more than 3,000 units of affordable housing and more than 50,000 square feet of nonprofit community facilities space in the metro area. MHCLF recently entered into an agreement with Habitat for Humanity to service the organization's loan portfolio.

Funding Partners

Funding Partners for Housing Solutions (Funding Partners), located in Fort Collins, Colorado, is a nonprofit that was incorporated in 1996. It became a CDFI in 1999.

Funding Partners has several programs:

- **Mammel Affordable Housing Loan Fund.** This fund provides loans for acquisition of property, predevelopment work, construction and gap financing for affordable residential and mixed-use developments. The loan terms are usually 24 months or less and carry a below market interest rate; the loan terms might also include deferred interest and/or principal repayments.
- **House to Homeownership (H2O).** This program provides downpayment and closing cost assistance to qualified first-time homebuyers—up to 5 percent of the purchase price. It was introduced as a private sector alternative to governmental downpayment assistance programs. The program is marketed through mortgage and real estate professionals.
- **Employee Homeownership Program.** An employer-sponsored downpayment assistance program, this program is offered by employers (through Funding Partners) to their employees. Funding Partners works with specific employers to define the objectives they would like to achieve, key staff positions to target, eligibility requirements and program procedures. The employer ultimately determines what the program offers and which employees are eligible to use the program.

The organization also provides third-party loan servicing and program and policy implementation for clients.

Funding Partners has a capital base of \$8 million. Its loan capital is provided by 27 organizations, 56 percent of which are financial institutions, 36 percent governmental units, with the remainder from the private sector.

Since its inception, the organization has financed 53 housing projects, creating or preserving 1,900 affordable units and financed 951 downpayment assistance loans.

Housing Development Project

Although not a CDFI, the Housing Development Project (HDP) in Denver functioned somewhat like a loan fund, except that it provided grants rather than loans. The HDP was developed in Denver, Colorado by Enterprise Community Partners (formerly The Enterprise Foundation). The purpose of the HDP was to support the development and preservation of affordable housing in the Denver metro area. The HDP was made up of a collaborative of funding organizations, including The Enterprise Foundation, the City and County of Denver, the United Way, financial institutions and construction companies, who provided annual grants to the program. Funders had representatives on the HDP Board who oversaw the administration of the program and evaluated the organizations that would receive funding.

There were two parts to the program:

- Three year funds provided to four nonprofit housing developers for operations and technical assistance. The organizations received \$100,000 for operations and an average of \$25,000 each year for technical assistance.
- One-year funds provided to nonprofits for special, one-time projects such as roof repairs on affordable rental developments, staff training and software system implementation.

During its existence, the HDP supported the development, rehabilitation and preservation of more than 5,000 affordable housing units and helped more than 1,400 families achieve homeownership through counseling, financial education and down payment assistance. Together, HDP funders have provided more than \$8 million in operating support and technical assistance to nonprofit developers in metro Denver. The program was active until 2008, when Enterprise began a new green initiative and reallocated funding.

University National Bank

This CDFI in St. Paul, Minnesota has a unique program called “Houses to Homes.” The program was created in May 2000 with the goal of financing the rehabilitation of 1,000 homes in the Twin Cities in five years. The goal was achieved over a year ahead of schedule. To date, more than 1,500 homes have been revitalized through the program.

The program operates like this:

- University Bank finances renovators with a successful track record of buying, fixing and selling homes in distressed communities;
- The bank lends 100 percent of the home's acquisition price. Renovation work is completed within a reasonable period of time; and
- Homes are targeted to first-time homebuyers or low- to moderate-income homebuyers.

The program is funded through the bank's social responsible deposit program, in which consumers and businesses can invest.

CDFI/Loan Fund Group Discussion Questions

1. Is there a role for a CDFI in Las Cruces?

2. If a CDFI were established, what type do you feel is most needed in Las Cruces?

- Community development bank or credit union
- Loan fund for affordable housing development
- Loan fund for small business development
- Loan fund for nonprofit facilities (childcare centers, special needs centers, nonprofit offices)
- A combination of the above (what type of combination?)

3. Would the CDFI cover a market area larger than Las Cruces?

What would the market area be? The county? Regional/multi-county?

4. Would local financial institutions and other private sector businesses be interested in investing in a local or regional CDFI?

What businesses would be the most likely investors? Why? Any guess of how much capital might be raised?

5. What is your vision for how such a program in Las Cruces might be structured?

6. Do you have follow-up questions for BBC to research to help you make a decision about CDFIs as a program to recommend in Las Cruces?

What is your recommendation for continuing to explore this potential program at this point?

GO or NO GO

Inclusionary Zoning

Las Cruces Affordable Housing Study

Inclusionary zoning (IZ) is a very common tool for affordable housing development in high cost communities¹. In general, inclusionary zoning is the integration of affordable housing into an otherwise market rate residential development plan. The primary goal for inclusionary zoning is to increase the supply and economic integration of affordable housing in a community.

Inclusionary zoning programs may be voluntary or mandatory; most are mandatory (as a condition of permit approval) and have specific ordinances governing the program². The absence of an ordinance does not mean that developers are exempt from inclusionary zoning: Municipal governments without inclusionary zoning ordinances sometimes require affordable housing as part of subdivision approvals.

Most inclusionary zoning ordinances specify that a share of the units in developments of a certain size be affordable. Affordability, unit type and size, level of integration, allowance of offsite development of the affordable units and the option to pay cash-in-lieu or donate land to satisfy the IZ requirement are generally specified in the ordinances.

It is estimated that there are more than 200 inclusionary zoning programs in the U.S. The primary reason for the popularity of IZ is its relatively efficient and quick way of developing affordable housing. There are significant economies of scale realized by building affordable housing and market rate housing together. The units share land, infrastructure, construction costs, and predevelopment costs. Inclusionary zoning also has desirable social benefits, since (when onsite development is required) mixed-income communities are created.

However, inclusionary zoning can be a controversial tool for affordable housing production. Advocates for IZ argue that a casual relationship exists between the development of market rate housing and the increased for affordable housing in a community. As such, developers of market rate housing (and the buyers of market rate housing, since some or all of the cost is likely to be passed on to them) have an obligation to participate in the creation of affordable housing.

Builders/developers and Realtors are often opposed to inclusionary zoning, since they view this method for creating affordable housing as an undue burden on them. A recent quote from an article on inclusionary zoning summed up the concern well: “Isn’t the affordability problem the responsibility of all of us as citizens? The lack of public funding for affordable housing is a significant public policy issue that should concern more than Realtors and developers.” That is, since affordable and workforce housing is a community asset, the cost should be more widely borne by the members of a community (employers, general citizenry).

² Some communities start with voluntary programs and later convert to mandatory programs. Cambridge, Massachusetts converted its voluntary program to a mandatory program after it failed to produce any units over 10 years. The success of a voluntary program depends on how difficult it is to produce market rate v. affordable housing.

Successful IZ programs balance stakeholder interests and offer developers some assistance in fulfilling their IZ obligation. For example, inclusionary zoning programs need to have ways of adjusting to market conditions, so the units stay in demand even when the market is soft.

It is common for units developed under IZ programs to have some controls in place to ensure affordability. Some communities use deed restrictions, under which IZ units are limited to a certain amount of appreciation each year to preserve affordability over time. A modified approach is a shared equity model, where the owner of the IZ unit and the municipality overseeing the program share in the appreciation on the home, the amount of which varies depending upon the length of occupancy.

This section describes the IZ programs in key communities—programs in New Mexico communities, programs in similarly sized towns with universities, and programs in communities with other similarities to Las Cruces.

Santa Fe, New Mexico

Santa Fe's inclusionary zoning program, established in 2005, is called Santa Fe Homes. It requires that 30 percent of housing units developed as part of a new residential development be affordable. The program applies to all residential subdivisions with 10 or more lots. Fifteen percent of the units developed must be rental units.

Pricing of the constructed homes and manufactured homes lots developed through Santa Fe Homes must be as follows:

- 10 percent of the total units or lots must be sold at a price of between \$74,500 and \$122,000 per unit, depending upon family size, or \$27,250 per lot (pricing at the time the ordinance was created);
- 10 percent must be sold at a price of between \$100,500 to \$158,000 per unit or \$35,500 per lot; and
- 10 percent must be sold at a price of between \$125,500 and \$194,000 per unit or \$43,750 per lot.

Santa Fe's ordinance also specifies the minimum number of bathrooms and square feet by unit size (e.g., studios must have 750 square feet and 1 bathroom). Twenty-five percent of the units must be studios, 1 or 2 bedroom; 50 percent, 3 bedroom; and 25 percent 4 bedroom.

The ordinance also provides pricing for rental units and minimum sizes per unit type.

Preserving affordability. Units created through the inclusionary requirement of Santa Fe Homes are deed-restricted for affordability. Santa Fe Homes uses a shared equity approach when the deed-restricted units are sold. The city's share of appreciation is equal to the proportion of subsidy (difference between market and affordable price) divided by the initial market value. Proceeds from the sale of the home are placed in a housing trust fund.

Development incentives. Developers are provided with a number of options to offset the cost of the program, including:

- Density bonuses—15 percent over allowable density in a district;
- Fee waivers—Development review and building permit fees are reduced proportionate to the number of Santa Fe Home units developed.
- Nonprofit developers may also request waivers from impact fees and utility expansion charges (private sector developers can request reimbursements).

Other specifications. Units that are exempt from the program include those that were agreed to before the adoption of Santa Fe Homes in 2005 and dwelling units or manufactured home lots that are used exclusively by employees of a school, hospital or similar institution.

In the case of an annexation, the city and entity proposing the annexation negotiate the number and type of affordable units, which are included in the annexation agreement. The annexation must contain at least the same number of units or cash-in-lieu amount required under Santa Fe Homes.

Prior to enacting the Santa Fe Homes program, the city had a program called the Housing Opportunity Program (HOP). The HOP used a more complex formula than Santa Fe Homes to determine the inclusionary requirement; the Santa Fe Homes legislation is much more transparent. According to the city, Santa Fe Homes was adopted because the city felt that HOP had “limited effectiveness in stemming the growing affordable housing crisis” in the city.

Boulder, Colorado

Boulder’s IZ ordinance requires that 20 percent of a residential development be affordable. All sizes of residential developments are included. The 20 percent requirement can be met by onsite or offsite development, land donation or cash-in-lieu payments. For-sale developments must provide at least half of the requirement onsite. Rental projects may fulfill the requirement through for sale units only, onsite or offsite development³.

The sales prices for the affordable units are set by the City on a quarterly basis. The units must be affordable to low-income households as defined by HUD.

A developer who wishes to fulfill their IZ requirement “offsite” has a number of options:

- Contribute to the City’s affordable housing fund through a cash-in-lieu payment;
- Dedicate land within the City of Boulder to the city. The value of the land must be equivalent to the cash-in-lieu payment plus an additional 50 percent (to cover the carrying costs associated with the land) or of equivalent value to the land upon which the units would have otherwise been constructed to satisfy the IZ requirement.
- Restricting existing dwelling units as affordable. The units must be equivalent to the units that would have otherwise been constructed to satisfy the IZ requirement.

³ This is due to Colorado law, which inhibits the creation of rental units under IZ programs due to a prohibition of rent-controlled units. Developers do have an option of forming not-for-profit corporations to develop and manage rental units in satisfaction of their IZ requirement.

Detached IZ units must be equal to 48 percent of the average size of the market rate units, up to a maximum average of 1,200 sq. ft. per affordable unit. Attached IZ units must be equal to 80 percent of the average size of the market rate units, up to a maximum average of 1,200 sq. ft. per affordable unit. The type of IZ units must resemble the distribution of market rate units (e.g., if all of the market rate units are single family detached, all of the IZ units must be single family detached).

To keep the units affordable, the IZ units are deed-restricted in appreciation, the amount of which is determined by the city. Sellers of IZ units must make a good faith effort to select another low-income household to purchase the unit. The City maintains a list of eligible households if needed by the seller.

Burlington, Vermont

Home to the University of Vermont, this community of about 40,000, adopted inclusionary zoning in 1990. It was the first community to adopt an IZ program with requirements that are indexed to the price of market rate housing.

Burlington's IZ requirement applies to all new market rate developments of five or more units and to any converted nonresidential structures that result in 10 homes or more. The percentage of units required to be affordable varies depending on the pricing of the market rate units in a development, and ranges between 15 and 25 percent (higher percentages are required of the most expensive developments). The for sale units are targeted to households earning 75 percent or less of the AMI; rental units are targeted at 65 percent or less.

Burlington's ordinance does not allow cash-in-lieu payments or land donations to fulfill a developers IZ obligation. However, developers are allowed to provide the required affordable housing offsite if they provide 125 percent of their onsite obligation.

Developers required to comply with the IZ ordinance are eligible to receive fee waivers and a 15 to 25 percent density and lot coverage bonus.

The units created through the IZ ordinance are sold through the Burlington Community Land Trust and carry a 99-year land lease to preserve affordability.

Burlington's website offers the following "advice on inclusionary zoning: Make the program mandatory, but offer real incentives/bonuses/waivers that mitigate the impact to developers. Having a nonprofit partner to steward the covenant and leverage other subsidies to get the target population into the home is key."

Inclusionary Zoning Group Discussion Questions

1. List the pros and cons of establishing an inclusionary zoning program in Las Cruces.
2. Which would work better—a voluntary program, mandatory program or a mix?
3. Specify the program details:

- Threshold at which developments would qualify (e.g., developments of 30 units or more)
- Percentage of units required to be affordable (e.g., 15 percent of all units)
- Incentives/concessions developers would get for complying with the program (if any). For example, reduced parking requirements, density bonuses, reduced landscaping requirements.
- Requirement to build units onsite v. offsite
- Minimum square footage requirements, if required
- Tenure (renter/owners) split, if required
- Option for cash-in-lieu payment or land donation instead of constructing affordable units
- Option for acquisition and rehab of existing housing instead of constructing affordable units

4. How would the affordability of the units be preserved? Deed-restriction? Equity share?

5. In your judgment, would a mandatory IZ program drive development outside of the city, into the county?

6. Given the challenges faced by other communities with inclusionary zoning programs (fairness issues, resistance by the development community, market response to product), do you think these challenges can be overcome in Las Cruces?

7. Do you have follow-up questions for BBC to research to help you make a decision about inclusionary zoning as a program to recommend in Las Cruces?

What is your recommendation for continuing to explore this potential program at this point?

GO or NO GO

COMMUNITY LAND TRUSTS

Las Cruces Affordable Housing Study

Community land trusts are affordable homeownership programs that are becoming more common in communities throughout the United States¹. Land trust programs keep housing affordable by taking the rising cost of land out of the housing cost equation. The homeowner owns the home while a nonprofit owns the land upon which the home is built. The homeowner leases the land from the nonprofit for a small monthly or quarterly fee.

In addition to lowering the purchase price of a home, the land trust model helps the homeowner create equity by allowing the homeowner to realize a certain amount of appreciation when the home is sold. The amount of appreciation allowed is restricted, however, so that the home can be preserved as affordable for future low-income buyers.

Community land trusts can also be used for broader purposes, including acquiring and holding land to facilitate workouts for foreclosures.

Ten features of land trusts. The Institute for Community Economics defines the “classic” land trust model as having the following ten features (based on the federal definition of a land trust):

1. **Nonprofit.** A land trust is an independent, nonprofit corporation.
2. **Dual ownership.** The properties managed by the land trust have dual ownership, with the land trust owning the land and another entity (i.e., homeowner, land developer/ builder) owning the structures on the land.
3. **Leased land.** Land trusts never intend to sell their land (in contrast to a land bank). Land trusts provide long-term land leases to the homeowners who purchase the structures on their land.
4. **Perpetual affordability.** The land trust retains the option to repurchase any structures located upon its land should their owners sell. The resale price is set by a formula, documented in the deed-of-trust that typically shares the equity gain on the structure between the current owner and the land trust. That is, the land trust is structured to achieve perpetual affordability.
5. **Perpetual responsibility.** The ground lease requires owner-occupancy and responsible use of premises. If the owners of a home or commercial structure on land owned by the land trust do not keep up their property, the land trust can step in and force upkeep or repairs. Should property owners default on their mortgages, the land trust can step in and cure the default, avoiding foreclosure.

¹ A review of land trust lists on websites suggests that as many as 200 programs currently exist in the United States.

6. **Community base.** The land trust operates in a designated geographic area. Residents on land trust properties may be voting members of the land trust.
7. **Resident control.** In most trust models, the majority of the board of directors are elected by and/or comprised of residents of the land trust.
8. **Tripartite governance.** One-third of board members represent residents of the land trust; one-third represents residents of communities adjacent to the trust; and one-third is made up of public officials, nonprofit housing providers and other individuals presumed to speak for the public interest.
9. **Expansionist acquisition.** Land trusts operate to increase their holdings of land and the supply of affordable housing. They are not focused only on a single project.
10. **Flexible development.** Land trusts can be used to accommodate a wide range of income levels and housing types (e.g., single family and multifamily housing) and can provide land for community purposes (playgrounds, gardens) in addition to housing.

Land trusts in practice. A typical land trust model works as follows:

- A land trust organization is created as a nonprofit. A land trust may be a stand-alone organization or part of a larger affordable housing nonprofit.
- Land is acquired by the nonprofit through public or private donation or purchase. In the case of large land donation, the board members of the land trust might include a representative of the donating entity.
- The land trust develops housing (and perhaps community facilities or spaces) on the land. The housing is developed with a specific pricing strategy in mind, affordable to households in a low- to moderate-income range.
- The housing is marketed and sold to low- or moderate-income homebuyers. The terms of the sale include a ground lease agreement, which is a contract between the land trust and the homebuyers. The agreement specifies the terms of the lease including: the length (usually 99 years); use of the property (e.g., owner occupancy); amount of the ground lease fee; allowed improvements; and the “credit” the homeowner can receive upon resale, required insurance coverage and resale provisions.
- Once all of the units have been sold, the land trust continues to operate, acquiring property and developing housing in other geographic areas, as well as managing existing trusts.
- When a homeowner wants to sell, they must notify the land trust of their intent. The homeowner and the trust review the provisions of resale, so the homeowner has a full understanding of the process.

Land Trusts in New Mexico

We identified three land trust programs in New Mexico—two of the programs are pure land trusts and one (Santa Fe’s) is a nonprofit that has used the land trust model to create deeply affordable for sale housing.

Sawmill Community Land Trust (Albuquerque). The Sawmill Community Land Trust was formed as a community development effort to protect low-income residents living in a downtown Albuquerque neighborhood as well as to strengthen their role in redevelopment of the area. The stated vision of the organization is to “be a New Mexico and national model of revitalization.”

According to the organization’s mission statement, the Sawmill Land Trust is a “community-based development corporation whose principal purpose is to promote community ownership, long-term affordability and economic opportunity through the community land trust model.”

The cornerstone of the Land Trust’s efforts is Arbolera de Vida, a mixed-use, master planned community in the center of the Sawmill neighborhood. This 27-acre parcel was purchased by the city of Albuquerque in 1995 and rezoned for mixed, compatible uses, including affordable housing, community amenities, open space and commercial/retail space. The Sawmill Advisory Council (SAC)—which is a neighborhood advisory group—assisted with the development vision for the parcel.

Parcels are deeded from the city to the Land Trust as each phase of the development is built. The city sells the land to the Land Trust for \$1.05 per square foot (well below market value. Total cost of the 27-acre parcel at \$1.05 per square foot will be approximately \$1.2 million).

The development phases include:

Phase I: 3.74 acres with 23 single family homes and a three-quarter acre neighborhood plaza. Twelve of the homes are detached single family homes; 11 are townhomes. Phase I was completed in 2001 and all homes are currently occupied. Ninety-percent of the households in the community earn less than 60 percent of the AMI.

Phase II: Currently being developed in two components, IIA and IIB. Phase IIA has 30 units and was completed in 2007, including a 2-acre park designed by the community. Phase IIB is the next phase to be completed. When built out, the total units constructed in this phase will be 170 and will include homeownership units, rental units and senior housing.

Phase III: Is planned to include commercial/industrial sites, a community center and a neighborhood park, as well as a community garden.

Homebuyers. People who purchase homes rent the land from Sawmill Community Land Trust. The fee for homeownership units is \$19 per month (the ownership units are basically on the same size lots). The Trust reports that demand for the homeownership units is high, but that it is difficult for residents to qualify for purchasing the units. The Land Trust has a relationship with several local financial institutions who underwrite the loans for homebuyers. Buyers of the Land Trust units are restricted on how much appreciation they can gain when they sell the unit. The gain is pro-rated according to how long they have occupied the unit, and is capped at 30 percent of the total appreciation.

Renters. All of the rentals are live/work units; residents of these units earn between 40 and 60 percent of AMI. The units are in high demand and have a waiting list.

The Arbolera de Vida development has developed a Property Owners Association (POA), which represents the homeowners and manages the common areas in the community. Residents pay \$31 per month for POA activities, including upkeep of common properties. Three representatives of the POA serve on the Sawmill Land Trust's Board of Directors, and the Land Trust appoints representatives to the POA Board.

Funding for the project has been contributed by the City of Albuquerque, the State of New Mexico in addition to federal CDBG and HOME monies.

In addition to its role developing Arbolera de Vida, the Sawmill Land Trust has been working with the Wells Park community, located near the Arbolera de Vida project, to revitalize the neighborhood. Specifically, the Land Trust plans to acquire and rehabilitate 30 scattered site homes for low- and moderate-income homebuyers and renters. The Land Trust has also taken a lead role in working with the city and residents on a master redevelopment plan for Sawmill area neighborhoods.

Santa Fe Community Housing Trust. The Santa Fe Community Housing Trust was formed in 1991. The organization started as a land trust and over time, has evolved into a certified Community Housing Development Organization (CHDO) and recently became a Community Development Financial Institution (CDFI).

The Santa Fe Housing Trust typically uses the land trust model to integrate for sale units affordable to very low-income homebuyers (50 percent of the area median income and less) into its mixed-income developments. The organization has developed 95 land trust units within the city and county, which is equivalent to about 19 percent of the 500 units developed by the Santa Fe Housing Trust.

Staff of the Trust said that although the land trust component to their developments has been very important in getting very low-income buyers into homes, it is not without its challenges. These include:

- There has been a stigma with some of the Trust homes, particularly when they are grouped together. The Housing Trust has faced some upkeep issues with residents, which has had a negative effect in the neighborhood. Since the Santa Fe Housing Trust owns the land upon which the homes are placed, it has a strong incentive to ensure that the units are well

maintained. The Housing Trust has a policy that they will only do land trusts with homes they build themselves.

- Some appraisers and lenders do not understand the land trust model and require education to be comfortable with the program.
- People who occupy the trust homes sometimes forget they do not own the land and that there is a lien against their home (e.g., they are surprised when they apply for a home equity loan that they have an outstanding lien).

The biggest issue with the land trust model, however, is that it “ties up resources...the subsidy is in the ground and you can’t get it back.” The Housing Trust prefers to use second mortgages to reduce the cost of housing for low-income homebuyers. With a second mortgage, when the home is sold and/or the loan is paid off, the “subsidy” comes back to the Housing Trust in cash, which can be reinvested in other housing programs as needed. Land trusts are less flexible than a revolving loan program.

That said, the Santa Fe Housing Trust recently used a land trust on a rural project that was an “ideal use” of the land trust model. Two affordable homes were built on an existing large parcel of land with a residential home and a historic working farm. The land was subdivided and two additional homes were built on the farm as land trust properties. This achieved higher density and preserved the farm as well as adding some conservation easements for wildlife.

The Santa Fe Housing Trust is unique in that it has a broader role than just a trust fund: the organization was founded, in part, to be an umbrella organization to bring together parties to obtain land, raise funds and facilitate more affordable housing production in Santa Fe. The Housing Trust was instrumental in establishing the Santa Fe Affordable Housing Roundtable and the Santa Fe Affordable Housing Trust Fund, which is a multi-million dollar fund used to enhance nonprofit housing production.

The trust also provides homeownership counseling and rental assistance for persons who are homeless and persons with disabilities, including people with HIV/AIDS. It recently became a CDFI in an effort to help potential homebuyers with very low-incomes purchase homes when they cannot qualify for traditional loan products. They offer first mortgages to homebuyers who have been denied loans using more traditional underwriting criteria.

Tierra Madre (Sunland Park). Tierra Madre is a nonprofit that provides a mix of self-help housing, straw-bale construction as well as a community land trust to develop affordable properties. The development is on land that is leased from the State of New Mexico.

Families build homes in groups of five and they must build these units at the same time. Tierra Madre provides all of the materials to build the homes (using straw bale construction methods), along with construction support (e.g., electrician, construction supervisor). Once the home is built and passes inspection, the families must get a mortgage (USDA finances all of their mortgages). The amount of each mortgage is equivalent to the cost of the materials and professional time spent on the home (usually \$60,000 to \$70,000). As the loan is paid down, Tierra Madre is reimbursed for their investment in each of the homes.

Tierra Madre has 32 buildings constructed and will build a total of 47. The infrastructure for the development was provided by a water and sewer grant.

Shared Equity

Land trust programs use a shared equity model to give homeowners an opportunity to share in any appreciation of their home while they occupy it. The model that most trusts use is simple: Upon the sale of the home, the difference between the current appraised value and the appraised value at the time of purchase is divided between the land trust and the homeowner/seller. Usually the homeowner/seller gets 25 to 30 percent of the equity gain plus the principal paid and the downpayment. The land trust keeps 70 to 75 percent of the equity gain.

In most land trust programs, the land trust has first right of refusal on the sale of land trust homes.

Rehabilitation Model

A land trust in Minneapolis has a program that enables homebuyers to choose an existing home to add to the land trust. Homeowners find qualifying properties, receive grant money to rehabilitate the home, up to \$65,000 in assistance to purchase the home and downpayment/closing cost coverage. The home then operates just like a newly constructed trust home, where the homebuyer owns the property and the trust owns the land.

The land trust also acquires and rehabilitates homes and then sells them as part of their trust portfolio.

Land Trust Group Discussion Questions

1. The land trust model seems to work best when it is applied to a specific development opportunity—something as large as the Sawmill Community Land Trust or as small as the Santa Fe working farm described above. Does Las Cruces have such opportunities? Where are they?
2. Do you think low- to moderate-income renters would be willing to purchase a home on leased land? In your opinion, how inexpensive would the homes need to be for people to make the trade-off between buying a market rate home without any restrictions v. a land trust home? For example, if the cheapest, decent quality market rate home they could find was \$180,000, how much less would a comparable land trust home need to be?
3. Who would be the likely homebuyers of a land trust home? Identify family type, income level and types of occupation.
4. Are rising property taxes an issue for low- to moderate-income households in Las Cruces? In a land trust model, the homeowner typically pays all of the property taxes (despite not owning the land). This could dampen the affordability of the land trust product. Would there need to be some type of program to adjust property taxes to retain affordability of the trust product?
5. What is your vision for how such a program in Las Cruces might be structured?
6. Do you have follow-up questions for BBC to research to help you make a decision about land trusts as a program to recommend in Las Cruces?

What is your recommendation for continuing to explore this potential program at this point?

GO or NO GO

HOUSING TRUST FUNDS

Las Cruces Affordable Housing Study

Housing trust funds are specific funds that are developed by legislation, ordinance or resolution to dedicate a source of public revenues to affordable housing activities. There are more than 275 housing trust funds at the local and state level.

Housing trust funds determine how the funds generated will be used (e.g., downpayment assistance v. new construction). The trust funds are usually governed by a board of directors, which has a role in determining the allocation process.

The Center for Community Change (CCC)'s definition of a housing trust fund is tied to the revenue source: CCC says that a true trust fund should receive *on-going* revenues from a dedicated source such as taxes, fees or loan repayments. In reality, however, trust funds differ in their approaches to raising revenue for housing activities.

The following section first discusses the typical revenue sources for trust funds and, then, provides case studies of local housing trust funds.

Revenue Sources

There are a number of revenue sources that are used to fund housing trust funds. This section provides an overview of the most common types of revenue sources and is organized by the type of contributor.

Taxes imposed on Private Sector

- **Cash-in-lieu payments**—Made by developers to satisfy inclusionary zoning requirements on new development. Usually, the per unit amount paid is equal to the subsidy required to “buy down” a market rate unit to make it affordable. This is multiplied by the number of units the developer is required to include in its development plan. For example, if 10 percent of units were required to be affordable and the developer built a 200 unit development, he/she would pay 20 * the cash-in-lieu amount per unit.
- **Permit fees on development/development impact fees**—Lump sum fees paid on a per unit basis by developers of new residential housing. Often waived for affordable units.
- **Linkage impact fees**—Fees paid by construction of new commercial property to mitigate the housing needs of the employees that will be needed when the commercial property is built. Usually applied on an employee per square feet of commercial space basis. Requires a “nexus” study, or a demonstrated connection between the construction of the commercial property and the need for employee housing.

- **Property tax**—A dedication of residential and commercial property taxes to trust fund revenues.
- **Excise tax**—A tax on a commodity (usually the construction of residential or commercial property).

Taxes imposed on Public Sector (including taxpayers)

- **General fund contributions**—Annual contributions from a local or state general fund.
- **General obligation bonds**—General obligation bonds (GO bonds) are bonds issued by municipalities that are repaid through a variety of revenue sources, mostly tax revenues. The benefit of GO bonds for affordable housing projects (rather than revenue bonds) is that the projects they fund are not expected to generate the revenue necessary to repay the debt. Therefore, the funds raised through a GO bond issue can be used for grants to develop affordable housing, enabling greater subsidies.
- **Property tax**—A dedication of residential and commercial property taxes to trust fund revenues.
- **Real estate transfer tax**—A percentage imposed on the sale of real estate, sometimes only imposed on high-cost homes. For example, a ¼ of a percent fee would mean that \$1,250 is added to closing costs of a \$500,000 home. Who pays the fee (buyer or seller) is usually negotiated as part of the sale.
- **Sales tax**—A dedication of a portion of sales tax to trust fund revenues.
- **Use fees** (parking garage, hotel)—Fees tacked on to parking or lodging costs.
- **Document recording fees**—Fees tacked on to the recording of real estate documents (e.g., deed of trust).

Local Examples

Albuquerque, New Mexico. In 2006, the City Council in Albuquerque passed a bill that authorized a set aside of up to \$10 million in general obligation bonds issued by the city to be used for affordable housing activities. The set aside was required by the bill to be presented as a separate bond question for Capital Improvement Program (CIP) bond issues; the bill was approved by voters in 2007. The set aside expires in 6 years unless reauthorized by council.

The enabling legislation contains a number of requirements, which include:

- A housing needs assessment be conducted and updated every 5 years to demonstrate the city's housing needs.
- An Affordable Housing Committee is established to serve as the advisory committee for development of the housing needs assessment and conduct an annual review of the progress of meeting housing needs.

- Affordable housing should be integrated throughout the city and are evaluated on design and location criteria that include access to transportation, jobs, community services and schools and incorporation of Universal Design features.
- Housing that is developed should contain resale restrictions to preserve affordability.
- The housing plan should be linked to the city's growth management plan.

Santa Fe, New Mexico. In June 2008, the Santa Fe City Council passed an ordinance that proposed to fund affordable housing programs by levying a 1 percent tax on the portion of any home purchase in excess of \$750,000. (For example, a home that sold for \$1 million would be subject to a \$2,500 tax). Voters will be asked to approve the measure in a special election in March 2009.

In June, the Santa Fe Association of Realtors, along with four homeowners, filed a lawsuit challenging the proposed tax, claiming the tax is “unlawful and unenforceable.” The lawsuit is currently outstanding.

During the state legislative session in 2008, the state association of Realtors promoted a bill that would have prohibited municipalities from imposing such taxes. The bill passed the Senate, but failed to make it out of the House of Representatives.

Salt Lake City, Utah. In 2000, the City of Salt Lake established the Salt Lake City Housing Trust Fund and the Trust Fund Advisory Board. The enabling legislation declared the trust fund as necessary to support the “policy of the city to address the health, safety and welfare of its citizens by providing assistance for affordable and special needs housing within the city.”

The trust fund is actually a restricted account within the city's general fund to which money can be allocated for housing activities.

The fund receives money from five revenue sources:

- Interest earned on the trust fund balance,
- Repayments from current housing trust fund loans (revolving funds),
- Contributions from the Salt Lake City Redevelopment Agency. This is the single largest contributor to the trust fund, generating about \$700,000 annually. In Utah, all redevelopment agencies in the state are required to spend at least 20 percent of their project revenues on affordable housing. The RDA also allocates a percentage of its revenues from each of its tax increment financing districts (TIFs) to the trust fund.
- Repayments from a previous HUD loan, and
- Mitigation fees assessed by the city to developers eliminating housing stock through demolition and new construction (negligible amount of revenue for the trust fund).

Activities funded by the housing trust fund can include the following:

- Acquisition, leasing, rehabilitation and/or new construction of housing units for ownership or rental, including transitional housing;
- Emergency home repairs;
- Accessibility improvements to units occupied by persons with disabilities;
- Downpayment and closing cost assistance;
- Construction and gap financing for affordable housing units;
- Land acquisition to be used for affordable housing;
- Technical assistance, and;
- Other activities and expenses that directly assist in the provision of affordable housing.

Funds may not be used for administrative expenses.

The Trust Fund Advisory Board makes recommendations on how to allocate trust fund monies, develops the application process for funds, monitors the activities of grantees and serves as the coordinating body for organizations interested in housing issues in the city.

Boulder, Colorado. Boulder’s Community Housing Assistance Fund (CHAP) is funded by property taxes. The CHAP receives .8 mills of a property tax level, equivalent to about \$19 per year on a \$300,000 home. Additionally, the city levies an excise tax on all new non-residential and residential development of:

- \$.0092 per square foot of floor area for new, annexed or additional non-residential area;
- \$73.92 for new and annexing detached residential units; and
- \$50.10 for new and annexing attached residential units or mobile homes.

These funding sources mill levy generates about \$1.5 million annually for affordable housing activities.

CHAP funds have helped create 186 affordable homeownership units since 1991, making the CHAP the second most productive homeownership affordable housing program in the city (inclusionary zoning is first at 241 units). CHAP contributed \$2.7 million in subsidies to affordable homeownership in the city.

CHAP had produced more affordable rental units than any other program at 510 since 1990 (HOME is second with 480 units). CHAP has contributed more than \$6.6 million in subsidies to affordable rental units since its inception. CHAP has also been used to create 39 shelter beds/group home units.

Santa Clara County, California. Santa Clara County is home to the epicenter of the American technology industry, the Silicon Valley and experienced rapid growth in the 1990s. By 1995, five jobs were created there for every one unit of new housing. The median home price in the county exceeds \$600,000.

In 1999, representatives of the Community Foundation Silicon Valley, Silicon Valley Manufacturing Group, the County Collaborative on Housing and Homelessness and the County of Santa Clara met to create the Housing Trust of Santa Clara County. The Trust was designed to serve as a rapid-response investment tool to aid the creation of new affordable housing developments and to help first-time homeowners buy affordable homes.

An ambitious fundraising plan was established for the fund and, within 2 years, \$20 million was raised. The Trust is unique in that more than 50 percent of its funding comes from private sector sources (30 percent comes from government)—for example, three homebuilders donated \$400,000 to the fund at its inception. Initially, the trust fund was planned to be financed through a ballot initiative. However, a poll found that residents would not support a tax to support the fund. As successful at the fund was at receiving its initial seed, there is no dedicated funding source for the Trust and donations do not renew annually.

The purpose of the Housing Trust of Santa Clara (Trust) is to administer three programs, each of which is targeted at different groups:

- First-Time Homebuyer Program—offers zero-interest loans to help cover closing costs;
- Multifamily Rental Program—provides short and long-term loans at low interest rates to nonprofit developers of affordable rental housing; and,
- Homeless and Special Needs Program—similar to Multifamily Rental Program, but loans designed for construction of developments targeted toward specific groups in need.

The three programs that make up the Trust have helped create a total of 5,310 housing opportunities for county residents. The Multifamily Program has lent \$6.1 million to developers of rental housing, which has led to the construction of 1,275 housing units. In addition to the increase in the county's affordable housing stock, the program has also fostered a stable workforce.

Housing Trust Fund Group Discussion Questions

1. List the pros and cons of establishing a housing trust fund program in Las Cruces.
2. In your opinion, what are the best choices of revenue sources for a housing trust fund in Las Cruces? Discuss the pros and cons of each source of revenue source, focus initially on how much each would be opposed by the contributors. (BBC will continue researching feasible revenue sources if the committee decides a trust fund is one of the programs to pursue).

- Real estate transfer tax
- Sales taxes
- General fund contributions
- General obligation bonds
- Private sector contributions, including from major employers

- Mandated cash-in-lieu funding generated from inclusionary zoning requirements
 - Housing excise tax
 - Increase in residential and commercial property tax mill levy
3. What would be the best way to reduce public and private opposition to establishing such a fund?
4. What types of housing programs would a trust fund provide monies to support?

**What is your recommendation for continuing to explore this potential program at this point?
GO or NO GO**

DEVELOPMENT ISSUES

Las Cruces Affordable Housing Study

This section discusses local policies that can affect affordable housing development and preservation. They mostly concern planning and code enforcement regulations and involve issues common in cities facing affordable housing challenges.

The policies and issues covered in this section include:

- **Developer incentives**—Is it common for cities to provide incentives to developers of affordable housing to help reduce the cost of development and encourage affordable housing? Which incentives are most effective? Least effective?
- **Mobile homes**—How do most communities view mobile homes in the context of affordable housing? Do they encourage or discourage mobile homes? How do communities deal with relocation issues when mobile home parks are purchased for redevelopment?

Developer Incentives

Many high-cost communities provide incentives to developers that build affordable housing. The purpose of providing incentives is to reduce the cost of housing development and, thus, make the housing more affordable. Common incentives include:

Streamlined development approval. Developers of affordable housing receive “fast track” treatment in the approval process. Their developments go to the top of the review pile, and, in some communities, developers are guaranteed a specific timeframe (e.g., 90 days) for consideration and negotiation of their proposal.

Developers pay interest each month on the money they borrow to purchase land and build homes. Reducing the time it takes to receive approval on their development plan in turn decreases the amount of interest they pay, in theory leading to reduced cost of housing. A faster approval process also reduces exposure to market fluctuations and changes in product demand over time.

Density bonuses and building variances. Density bonuses give developers the right to build more units on a parcel of land than what is currently allowed. Increasing allowable density means that developers can generate additional revenue by building more units. They then use that revenue to lower the per unit selling price, making all the units more affordable.

Other ways to decrease development costs are to grant building variances—for example, allowing fewer parking spaces than would otherwise be required by zoning ordinances to allow more land for development. If a developer can add units or reduce costs of a development through height variances, reduced parking requirements, reduced setbacks, and landscaping or design requirements, they can better afford to add cost-effective housing to the overall development plan.

Fee waivers. Waiving fees that cities/towns charge for development helps lower development costs and reduces the price of housing. These fees might be basic development fees, development impact fees and, in some cases, water and sewer fees. Some communities offer fee waivers that are proportionate to the level of affordability in a project (e.g., the more affordable the housing, the higher the fee waiver).

Las Cruces recently began offering fee waivers for affordable units (defined as those benefiting households earning 80 percent of the area median income and less). The city allows the waiver or city payment of development impact fees for affordable units. The savings to the developer is estimated to be as much as \$3,800 per affordable unit.

Challenges to implementing incentives. Developers are generally appreciative of the above development incentives. However, in practice, such incentives can be difficult to realize mostly because of public opposition to development. Density bonuses in particular are often challenged in public hearings by neighbors opposed to density.

Examples in practice. The community programs highlighted below all provide incentives to developers for the construction of affordable housing units.

Austin, Texas. Austin recently implemented its S.M.A.R.T. program—which stands for Safe, Mixed income, Accessible, Reasonably priced and Transit oriented—to encourage the development of affordable housing units in the city. The three basic incentives of this program are: fee waivers, expedited review and an advocacy consultant to resolve development-related issues with other city departments. For a new development to qualify for the S.M.A.R.T. program, it must conform to the following characteristics:

- **Safe:** Compliance with the city’s land development and building codes;
- **Mixed Income/Reasonably Priced:** A portion of the development must be affordable to households making up to 80 percent of the AMI and spending no more than 30 percent of their family income on housing;
- **Accessible:** Compliance with federal, state and local accessibility standards, some of which are specific to the S.M.A.R.T. Housing program;
- **Transit-oriented:** Location of new development either on a major bus line or a proposed light-rail line; and
- **Green:** Conformance to a minimum level of Austin’s green building standards.

Fee waivers (i.e., for the city’s capital recovery fee, development review and inspection fee, as well as other construction inspection fees) are linked to the percentage of reasonably priced units. For example, if a builder dedicates 20 percent of the new development to S.M.A.R.T. reasonably priced units, the city provides a 50 percent waiver on all fees. Forty percent S.M.A.R.T. reasonably priced units earns a full 100 percent fee waiver.

In addition to fee waivers, developments that meet S.M.A.R.T. housing standards receive an expedited review process performed by a special S.M.A.R.T. housing review team. This leads to a much faster approval time for S.M.A.R.T. developments, with the average completion time for plan reviews almost twice as fast as conventional reviews. The S.M.A.R.T. housing staff also acts as a mediator to resolve issues with other city departments regarding potential S.M.A.R.T. developments. This facilitates a faster approval process as well.

The results of the S.M.A.R.T. program have been very encouraging. In the first year of the program, the housing staff expected around 600 applications to build S.M.A.R.T. units. Instead, they received over 6,000. In the three years before the program was implemented, only 325 units were built that met S.M.A.R.T. standards. Within the first three years of the program being implemented, over 4,000 S.M.A.R.T. units were built. An internal review has also concluded that the fee waivers and expedited reviews are self-funding.

State of Massachusetts. In 1969, the Commonwealth of Massachusetts (State) enacted Chapter 40B of the Massachusetts Administrative Code (40B) with the goal of making 10 percent of the state's housing stock affordable to households earning 80 percent or less of the AMI.

For those municipalities containing less than 10 percent affordable housing, developers in that municipality can circumvent zoning ordinances if their planned development contains a certain percentage of affordable units. Those developers, instead of going through the conventional approval process, get approval for their projects through local zoning boards of appeal in a much faster streamlined process. Many regulatory and zoning roadblocks to affordable housing construction are avoided in this streamlined approval process. To qualify for approval under 40B, a development must adhere to the following criteria:

- Must be approved or funded by an affordable housing program administered by a state agency, federal agency or private housing trust fund;
- Must have long-term affordability controls on at least 25 percent of the planned units;
- Those units with affordability controls must be priced to be affordable to households earning 80 percent of the AMI; and
- The developer must be a nonprofit organization, a governmental or quasi-governmental agency or a limited partnership that agrees to less than a 20 percent profit margin on the project (any profit over 20 percent is paid directly to the municipality).

The program has been quite successful since its inception. Approximately 34 percent of the state's existing affordable housing stock was constructed under 40B regulations. However, only 31 of the state's 351 local jurisdictions presently have a housing stock with 10 percent or more affordable units. The state has also noticed an indirect effect of 40B: there has been a noticeable increase in other housing programs at the local level since 40B was enacted.

Santa Fe, New Mexico. Santa Fe provides density bonuses and impact fee waivers for affordable units (those required through the city's inclusionary zoning program). However, an interview with a mixed-income developer in town revealed that density bonuses are difficult to apply because of neighborhood opposition to growth.

Seattle, Washington. Seattle also provides a variety of financial incentives for developers to construct affordable housing units. Below is a list of a few of those programs:

- **Homes Within Reach Program:** This program encourages and stimulates the construction of new multifamily, affordable housing units in the city by providing a property tax exemption for a maximum of ten years for all residential units in the development. This tax exemption is transferable to new property owners as long as they continue to meet compliance requirements. Affordability requirements are based on the AMI and FHA mortgage limits for Seattle.
- **Downtown Residential Bonus Program:** The Downtown Residential Bonus Program allows additional residential gross floor area and height in developments in exchange for affordable housing. This affordable housing can be located either in the same building or adjacent to the property. The for rent units must be affordable to families earning less than 80 percent of the AMI and for sale units must be affordable to families earning less than 100 percent of the AMI. By allowing for additional floor area ratios¹ (FAR) and height, developers can theoretically fit more units into a building and therefore earn more revenue.

Mobile Homes

Mobile homes can be a controversial component of affordable housing provision. Opponents argue that mobile homes do not offer the same benefits as other types of homeownership since they are very unlikely to appreciate in value over time, are usually paired with a land lease for the parcel on which they are placed, and are difficult to maintain. Proponents argue that mobile homes offer homeownership at a price that cannot be found anywhere else in most municipalities.

Many communities allow mobile homes in areas specifically zoned for such use but do not promote or encourage such development. Mobile homes are thus a tolerated but not embraced method of affordable housing provision.

Mobile home relocation issues have grown recently as mobile home parks—particularly in resort areas—have become targeted for redevelopment. The owners of such parks are selling their land to private developers of higher-end residential and commercial properties. This leaves the folks occupying mobile homes with few choices, especially as more and more mobile home parks in the area are redeveloped into other uses.

Most mobile home relocation happens on a case-by-case basis. The following three communities have recently dealt with mobile home relocation issues in different ways.

Santa Fe, New Mexico. Santa Fe recently had a unique and successful relocation effort of residents living in single-wide manufactured homes. The land had been purchased for redevelopment containing commercial property, including a Target store. The current residents were very low-income; they owned their homes but lived on rented lots. The developer provided funds for relocation of all of the homes, including funds for the residents to buy their own lots in a new mobile home park (at \$40,000 to \$60,000 per lot).

¹ A floor area ratio (FAR) is a representation of the density of a building (or buildings) on a site.

Bend, Oregon. Redevelopment of mobile homes parks—and displacement of the low- and moderate-income residents who primarily reside in them—has been a particular issue in Oregon, where rapidly appreciating land values and population growth have led to park redevelopment. An estimated 2,736 families have been displaced by the closure of 71 mobile home parks since 1995 (about 5 percent of all parks in the state).

The City of Bend recently added a mobile home redevelopment overlay district into its land use code. The purpose of the ordinance is to provide incentives to mobile home park owners to continue the use of the land as a mobile home park and, when redevelopment does occur, to provide for a mechanism to capture a portion of the redeveloped residential units as affordable housing.

Under the ordinance, existing mobile home parks with at least an 80 percent occupancy rate can redevelop and increase their density to Urban Medium or Urban High Density designations (depending on existing density). The ordinance also allows for 10 percent of existing trees to be removed to accommodate the new density. (State law allows a maximum density for mobile home parks of 10 units per acre. Most mobile home parks are not developed at this maximum density).

Newport Beach. In Newport Beach, California, the city council is prohibited from removing a mobile home designation from its zoning plan unless several findings have been made, including a detailed “mobile home phaseout plan” that has:

- A time schedule and method for relocating existing mobile homes and attached structures; and
- Methods of mitigating housing impacts on tenants having low and moderate incomes, elderly tenants and tenants who are disabled.

State of New Hampshire. Although not a land use policy, this program is worth noting in this section. The New Hampshire Community Loan Fund, a nonprofit organization, has a program that offers residents of mobile home parks the option to purchase the park through loans, technical assistance and development expertise.

The Loan Fund's Cooperative Assistance Team helps homeowners in manufactured housing parks in New Hampshire buy the park as a cooperative through a process that:

- Assists homeowners in organizing as a cooperative and establishing a board of directors and committees;
- Helps to arrange financing and/or lending funds to the resident-owned cooperative for predevelopment work, deposit financing, purchase and rehab; and
- Provides ongoing technical support and training to cooperatively owned parks.

Housing Policies Group Discussion Questions

Development Incentives

1. Las Cruces recently began providing impact fee waivers to developers of affordable housing. In addition to such waivers, what else could the city be doing to encourage developers (particularly private-sector developers) to build more affordable housing?
2. Would density bonuses work in Las Cruces? Would variances from building code (e.g., reduced setbacks and landscaping requirements, reduced parking requirements) work?
3. Is there an opportunity to streamline the development approval process in Las Cruces to encourage more affordable housing? How could the system be modified to reduce development costs (e.g., affordable housing developments being reviewed first, before non-affordable developments)?
4. Should the city be more active in helping to build support for affordable developments in a community (helping affordable developers fend off NIMBYism)?

Mobile Homes

5. How does the group feel about mobile homes as a mechanism to provide affordable housing in Las Cruces? Should the city take an official position on mobile homes as affordable housing? The city recently made mobile homes eligible for rehabilitation under its home rehab program that benefits low- to moderate-income residents, and the city continues to allow mobile homes in areas zoned as such. Other than these, the city has not had an official position on mobile homes.
6. Should the city consider incorporating a mobile home redevelopment program into its zoning plan? If so, what is your vision of such a program?