

Fall 2004
LAND TRUST NEWS

*A community-supported,
membership-based,
nonprofit organization.*



*Providing quality,
affordable homeownership
for low and moderate
income people.*

What a difference a home makes: thanks!

The Northern Communities Land Trust staff received the following thank-you note from Jessica, a new Land Trust homeowner, at our homeowner's picnic this summer, and she agreed to let us share her words with you.

By supporting Northern Communities Land Trust, you can help people like Jessica realize their dreams. You can make a difference!

Dear Jim, Catherine, and the whole Land Trust family-

Today after months of silent thank you's I finally tell you some of how I feel, but no words can ever measure up to the way I feel every day being in my home.

First off, thank you for help, patience, and understanding through this process. Without your program and assistance, it would have never been a reality for us.

Thank you for all of the personal changes I can now make to my own space. Thank you for giving me the final say! Thank you for all the colors that will soon be on each and every wall. Thank you for the pictures, masks, and other decorations I've nailed into the walls.

Kemon (my son) thanks you for his bunk beds. I always told him that when he gets his very own room in our very own house that he could have them--now he does.

My pets, Taj, Najan, and Poet thank you for a permanent address and no worries about apartments that don't allow pets.

Thank you for every morning I wake up and feel complete, knowing that another day of memories is to come. Thank you for our beautiful home!

Love, Jessica and Kemon



Purchase/rehab program brings homes within reach



Land Trust homeowners Bob and Sue Peters and their youngest son, Austin, in front of their new home in Lincoln Park. The Peters' bought their home with help from the Land Trust in 2004.

NCLT's HOMELAND purchase and rehab program (Home Ownership Means Equity, Legacy, Affordability, Neighbors, & Dreams) was started in 1999 to offer first-time homebuyers a way to compete in a rapidly-increasing housing market.

According to the Duluth Area Association of Realtors (DAAR), the median price for all homes sold in Duluth in 2003 was \$124,000. In addition, the DAAR and the City of Duluth Department of Planning and Development have found that, since 1998, the median home price in Duluth has risen 62%, while the Duluth Median Income has risen only 22%.

This leaves a gap between the mortgage amount that low-to-moderate income people can afford and the actual purchase price of homes in Duluth. The HOMELAND program bridges this gap for many lower-income homebuyers.

Qualified buyers can use the HOMELAND program to buy any home currently for sale in Duluth, as long as it passes the Land Trust's home inspection and fits within the buyer's budget.

Lower-income households (those earning 80% or less of Duluth median income) who have good credit and stable income are able to purchase homes of their own through the program. HOMELAND is a buyer-initiated program, meaning buyers find the homes that they want to buy. Qualified buyers can use the HOMELAND program to buy any home that is currently for sale in Duluth, as long as it passes the Land Trust home inspection and fits within the buyer's budget.

Like in a normal home purchase, a mortgage can be used when buying a home through the HOMELAND Program. Land Trust homebuyers can go through North Shore Bank, Wells Fargo, or US Bank to obtain financing for their homes. HOMELAND buyers pay reduced prices, however, due to Land Trust down payment grants ranging from \$15,000 to \$23,000.

Each homebuyer also receives up to \$22,000 in rehabilitation assistance to ensure that the home is up to Duluth Housing code. The goal of the Land Trust is to ensure that the homeowner won't face any major repairs in the first five years of homeownership.

To date, the average gross annual income of all HOMELAND program homebuyers since 1999 was \$22,588 at the time of purchase, which was 57% of the

Duluth Median Income.

The Land Trust has helped 55 households purchase homes through the HOMELAND program to date, and NCLT will help an additional 7 homebuyers through the program this fall and next spring.

Northern Communities Land Trust 2004 Income Limits

Household of 1	\$29,800
Household of 2	\$34,050
Household of 3	\$38,300
Household of 4	\$42,550
Household of 5	\$45,950
Household of 6	\$49,350
Household of 7	\$52,750
Household of 8	\$56,200

For more photos and information about NCLT, visit our website at <www.landtrustduluth.org>.

New Land Trust homes give neighborhoods a boost

Land Trust new construction offers low-to-moderate income homebuyers a chance to own a brand-new home, an option that is usually unavailable to them due to the high cost of custom-built homes in Duluth.

NCLT is able to sell its newly-constructed homes for less than the cost of construction due to grant funding that the organization secures. The grants are called Affordability Gap Grants because they are used to bridge the gap between the price a low-to-moderate homebuyer can afford and the actual cost of the home.

The Land Trust began building affordable new homes in the city of Duluth in 1999. At first, NCLT built just two new affordable homes per year in partnership with the Lake Superior College Building Construction Program. Due to strong interest in the program, NCLT expanded the new construction program in 2002, and now builds 10-15 new affordable homes per year. Most of this construction is in-fill construction, meaning homes are built on empty lots in existing neighborhoods in Duluth. NCLT's new homes are designed to blend with the characteristics of surrounding homes in the neighborhoods where they are built.

To date, 23 new homes have been built by the Land Trust. In addition to the partnership with Lake Superior College, NCLT has worked with various contractors including Easy Housing, Inc., Northern Trends Building and Design, and Women in Construction, LLC.

In the next year, the Land Trust will be building 15 new quality, affordable homes in neighborhoods throughout Duluth. Construction is currently underway on two homes in Duluth Heights, two homes in Gary/New Duluth, and one home in Norton Park. This fall, NCLT will also begin building two to four new homes in the Hawk Ridge Estates development in Lakeside/Lester Park, two to four more homes in Gary/New Duluth, and two homes in the Harbor View Redevelopment.

Homes built by the Land Trust typically sell for \$30,000 to \$50,000 less than the appraised value due to grants obtained by the organization.

Two new townhomes for sale in Gary/New Duluth. \$90,000-\$95,000. Call for details!

Real-Life Example of a Land Trust New Home Purchase

Initial Appraised Value of Home:	\$141,000
- <u>Affordability Gap Grant*</u> :	<u>\$49,000</u>
Price to Land Trust homebuyer:	\$92,000**

*subsidy used by NCLT to reduce the home price

**this price is 35% less than full market value



This two-bedroom, one-bath home in Lincoln Park was built by Northern Communities Land Trust in 2003-2004.

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Sharing your home equity: a good way to help

Several of our loyal supporters (and even a few people we didn't know!) who recently decided to sell their homes called to tell us they'd love to sell their home to one of our Land Trust homebuyers. They liked the idea that if a Land Trust buyer bought their home, it would always be owner-occupied and always affordable to lower-income people, no matter how many times it changed hands. And, of course, they each expressed a desire to help someone with limited

means who is trying to buy a home.

We love getting these phone calls! It is heartening to know that community members like you have the Land Trust—and lower-income homebuyers—in mind. We offer our thanks to those of

Equity sharing is a way for you to give the Land Trust an extra boost at a time when you are realizing the benefits of owning a home.

you who have given Land Trust homebuyers the first opportunity to purchase your homes *before* listing them.

Home values are so high, however, that often even with a sizable down payment grant from the Land Trust, many of these homes are still out of reach of Land Trust homebuyers.



New homeowners Bill Richison and Stephanie Gargano with their children, Abigail, Alexis, and Dominic, in front of their home in West Duluth.

Several home sellers even offered to reduce their asking prices to bring their homes within our homebuyers' price range, and for that we are extremely grateful.

There is another way to help, however. We call it **equity sharing**: upon the sale of your home, or when you refinance your home, please consider donating a portion of your earned equity to the Land Trust. For example, a donation of \$500 (likely a modest amount if you are cashing out your equity) would put us significantly closer to reaching our fundraising goals for the year.

Equity sharing is a way for you to give the Land Trust an extra boost at a time when you are realizing the benefits of owning a home. By sharing your equity, you can help others less fortunate than you reach their own goal of homeownership.

We hope you will give us a call when you're ready to sell or refinance, or if you would just like more information about equity sharing. Thanks for keeping the Land Trust in mind!



This Land Trust home in Lincoln Park was purchased through the Land Trust's HOMELAND program in 2004.

Have you remembered Northern Communities Land Trust in your will?



Common Ground Deconstruction, LLC

Wreck. Recover. Reuse. Renew.

Common Ground Deconstruction is a Limited Liability Corporation (LLC) started and owned by Northern Communities Land Trust. The mission of the program is to divert construction material from the landfill and to make salvaged building materials available for reuse in the community.

Common Ground was conceptualized in 2003, and started with a grant of \$5,000 from the Duluth Superior Community Foundation toward the development of a business plan, and a grant of \$3,000 from Duluth LISC for an intern to assist with the business plan.

In March of 2004, with a \$20,000 grant from the Northland Foundation, Jodi Slick was hired to serve as Program Manager of Common Ground. Jodi's first task was to coordinate a pilot project at Harbor View Homes, the public housing development being torn down and rebuilt through a federal "Hope VI" grant to the Housing Redevelopment Authority of Duluth.



Common Ground Deconstruction crew members taking down a garage in Duluth.

Services Offered

- **Free estimates.**
- **Complete building deconstruction.**
- **Partial deconstruction prior to remodeling.**
- **Construction.**
- **Construction material drop-off.**
- **Nonprofit donation benefit.**
- **Receipt for IRS purposes.**
- **Used building material sales.**

A five-member crew systematically deconstructed a six-unit building at Harbor View and salvaged or recycled nearly 250,000 pounds of materials, including lumber, cabinets, appliances, windows, and doors. The crew received guidance during the project from a national deconstruction expert.

Next, the crew deconstructed a garage in the Hunter's Park neighborhood. The owner kept some of the salvaged building materials for use in future construction. Some of the remaining materials are being utilized in a new garage construction, and the rest of the materials are available for purchase through Common Ground. Materials acquired through deconstruction projects or through donations are available at the Common Ground store for 10-50% of their cost new.

The Common Ground crew is taking down a house in Duluth in September. They are also doing some building for the Land Trust in between deconstruction jobs.

Common Ground's new office and retail space is located off of 42nd Avenue West, accessed by West Michigan Street. Common Ground is now accepting donations of reusable materials by appointment.

Common Ground Reuse Center

4112 West Superior Street
Duluth, MN 55807
tel: 218-740-3666

Program Manager: Jodi Slick

Thank you for your support of NCLT!

Funding Partners

City of Duluth
Community Development Block Grant
Duluth Economic Development Authority
Duluth-Superior Area Community Foundation
Federal Home Loan Bank
Greater Minnesota Housing Fund HOME Program
Institute for Community Economics
Local Initiatives Support Corporation
Minnesota Housing Finance Agency
Minnesota Power
Northland Foundation
Ordean Foundation
St. Mary's/Duluth Clinic

Community Partners

Affordable Housing Coalition
At Home in Duluth Housing & Redevelopment Authority of Duluth
Lake Superior College Building Construction Program
Neighborhood Housing Services
Salvation Army Home Buyers Club

Lending Partners

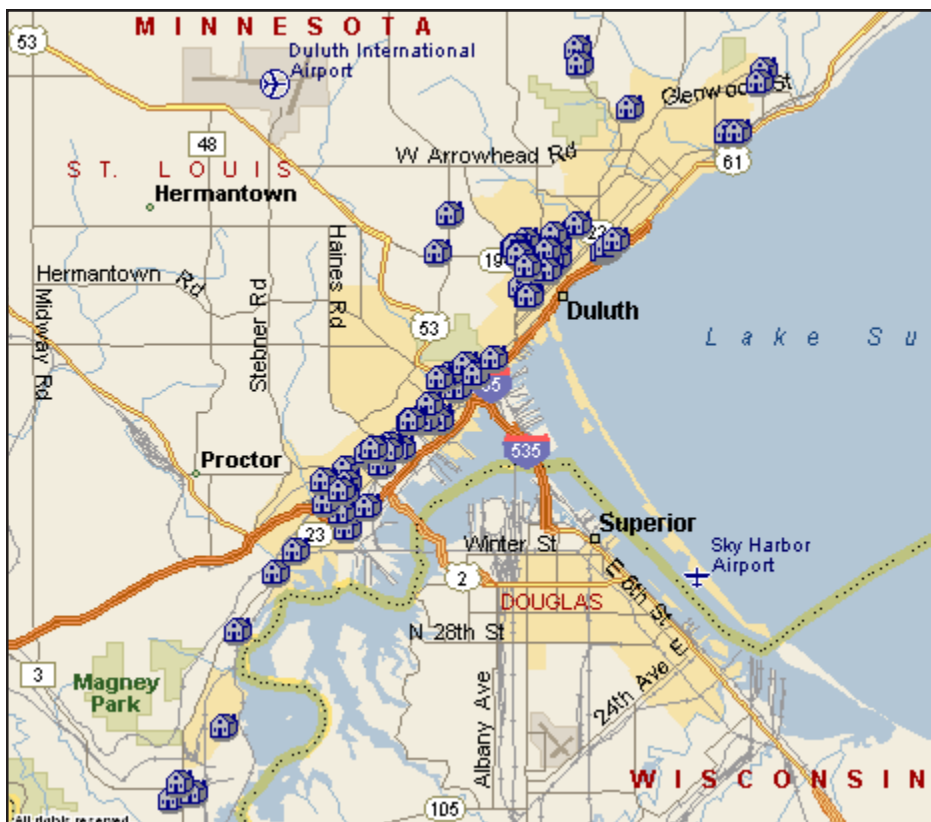
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Northern Communities Land Trust currently has 85 homes in Duluth. The map above shows the distribution of homes throughout the city.

Northern Communities Land Trust

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