SCALING THE RURAL COMMUNITY LAND TRUST MODEL

CHAFFEE HOUSING TRUST
Understanding Chaffee County
In 2010, poverty rates for adults and children in Chaffee County were higher than 2000 levels: 12.9% of the population lived below the Federal Poverty Level (FPL) and 19.2% of children under 18 years of age lived below the FPL. Chaffee County’s poverty rate is higher than the Colorado’s rate of 11.5%.

Between 2011 and 2015, the household median income in Chaffee County was $51,092 compared to Colorado’s figure of $60,629.

These gaps continue to widen as retirees, second-home owners, and the independently wealthy migrate into Chaffee County. It is becoming increasingly difficult to live and thrive in Chaffee County.

The 2013 median income was about 17% lower than the Colorado median.

The 2013 median home value was 10% higher than the Colorado median.
Commute to Work

- Less than 10 miles
- 10 to 24 miles
- 25 to 50 miles
- Greater than 50 miles

All Jobs for All Workers in 2015
Distance from Work Census Block to Home Census Block, Employed in Selection Area
Chaffee County Incomes

- 79% less than $47,700 (AMI)
- 71% of the total workforce are considered low income, earning less than 80% AMI (or $37,700)
- 21% of the total workforce are considered very low income, earning less than 50% of the AMI (or $23,600).
RENTERS’ STORIES
TRADITIONAL HOME OWNERSHIP

COST TO BUILD = $225,000

APPRAISED VALUE = $275,000
COMMUNITY LAND TRUST MODEL

COST TO BUILD = $175,000

APPRAISED VALUE = $275,000
SHARE EQUITY OWNERSHIP

COMMUNITY INVESTMENT

$25,000  ■ Donated Land (tax credit?)

$25,000  ■ Local $ Support: city, county

$25,000  ■ Grants: government, foundation

$50,000  ■ Donations (tax deductible)

= COMMUNITY’S EQUITY

One-time community investment

Perpetual community benefit
RESALE | Purchase Option Price

- ORIGINAL PRICE TO BUYER = $175,000
- MARKET-BASED APPRECIATION
  - Original value = $275,000
  - ~ 10 years @ +/- 4% annual ↑ = $100,000
  - New Value = $375,000

- MARKET BASED APPRECIATION = $100,000
  - 25% GOES TO SELLER = $25,000
  - ORIGINAL PRICE to QUALIFIED BUYER = $175,000 +$25,000
  - NEW SALES PRICE = Affordable to 80% AMI = $200,000
COMMUNITY EQUITY

- MARKET-BASED APPRECIATION $100,000
- SELLER’S APPRECIATION - $25,000
- COMMUNITY EQUITY $75,000

STAYS WITH HOME – NEVER CASHED OUT

- ORIGINAL COMMUNITY INVESTMENT - $50,000
- COMMUNITY RETURN on INVESTMENT $25,000
HOMEOWNER’S EQUITY

- SALE PRICE: $200,000
- PURCHASE PRICE: -$175,000
- EQUITY from MARKET: $25,000
- EQUITY from MORTGAGE: + $30,000
- CASH at SALE: $55,000

DOWN PAYMENT ON MARKET-RATE HOME

Compared to renting for 10 years (assuming 2% inflation)

$1,200/mo. = $157,500
The Fading West Story
Buena Vista, Colorado

Mission Statement:
To create attainable, high quality, architecturally interesting communities for the "workforce" home buyer.

Problem:
- High cost of building traditional on-site stick built home
- Lack of availability of contractors and sub contractors
- Time to completion

Solution:
- Off-site factory built homes
- Value engineering of 6 custom floor plans
- High density “pocket community”
The Farm at Buena Vista

- Free market, non deed restricted community
- Pocket community – parks, front porches open to green space
- HOA restricts short term rentals – goal is primary home ownership
- First home completed January 2018
- 30 homes finished to date, 15 more this year
- Phase 1 - 90 units
- Phase 2 - 128 units, including 76-unit apartment complex

Workforce Housing – 90% of owners

- Teachers, first responders
- Health care workers
- Prison staff
- Hotel, tourism workers
- Grocery store, wait staff
- Climax Mine staff
Modular Construction

- Streamlined production process
- Controlled environment
- Lower labor demand
- Faster completion

Chaffee Housing Trust

- Two Rivers
- Townhomes at The Farm

Fading West – What is next?

- Phase 1 and 2 completion at The Farm
- “Farm” type projects in other mountain communities
- 95,000 sq ft home manufacturing facility in Buena Vista opening summer 2020 to serve Rocky Mountain region
MORTGAGES

USDA-RD 502 DIRECT LOAN PROGRAM
- Max loan = $241,000
- Term = 33 or 38 years
- Rate: 3.5%–3.75%
- Down payment = $0
- w/ State grant = 1% of market value

CONVENTIONAL
- Term: 30 Years
- Rate: 4.5% - 4.875%
- 20% Down Payment

PARTNERSHIP
- Term: 30 Years
- Rate: 4.5% - 4.875%
- 1% Down Payment w/ grant
MORTGAGES

- Foundation backstops loan w/ deposit, Bank holds in-house
- When loan value goes below 80%, bank can sell loan on secondary market
- Backstop funds can be used for next loan
  - Revolving fund
Developer takes order = DEPOSIT
FACTORY = Builds in 6-8 weeks
Home leaves factory = FULL PAYMENT REQUIRED
*USDA won’t pay until set on foundation
OLD STAGE ROAD ROWHOUSES
GROUP DISCUSSION
THANK YOU.