Land Banking in Madison

December 1, 2009

Aaron Miripol
303-454-5369
www.urbanlandc.org

Dace West
720-944-2839
dace.west@denvergov.org
Urban Land Conservancy (ULC)

About ULC

- 501(c)(3) nonprofit, supporting organization to the Denver Community Foundation
- Established 2003, staffed 2007
- Capitalized by Gary Williams Energy Corp. (small private oil & gas company in Denver)
- Mission: To acquire, develop, and preserve community assets in urban areas in the Denver Metro area
- Currently invested in over $17 million in real estate, serving over 4,000 low income people annually
Denver Office of Strategic Partnership (DOSP)

About DOSP

• Created in January 2004 by Denver Mayor John Hickenlooper to serve as a liaison between the City of Denver and the nonprofit sector.

• Purpose: DOSP serves as a catalyst to leverage the best of Denver’s public and nonprofit sectors to engage in innovative and collaborative work.

• DOSP believes that by working collectively, the public and nonprofit sectors can be even more efficient and effective in strengthening Denver’s communities.

• Currently implementing 14 programs designed to support connecting the City and the nonprofit sector.
ULC Strategy

- Use real estate as a tool to benefit non profits in urban communities
- Promote community development; strengthen neighborhoods through preservation of key areas of influence
- Preserve community assets in existing or emerging neighborhoods to ensure their continued public benefit
- Acquire strategic sites in anticipation of market changes through land banking along transit corridors
- When possible use 99 year land lease with partners to ensure permanent public benefit
DOSP Strategy

- Connecting Government and Community
- Supporting Collaboration
- Maximizing Financial, Capital, and Nonprofit Resources
- Improving Community Need and Asset Analysis
Over 4,000 people, over 80% of whom are very low income households, received services in 2008.

Residential housing served over 350 people in 2008 with 99% at very low and extremely low income (ELI) at or below 30% of the Area Median Income

130 full and part-time jobs are supported by ULC properties.
Nonprofits served in 2008 by DOSP

Over 2,300 nonprofits receive general resources from DOSP

80 nonprofits engaged in ongoing collaborative projects with DOSP

Since January 2008, raised over $7 million in federal grants for nonprofits

Primarily to human services and economic development efforts
Located in a high foreclosure neighborhood in northeast Denver, the Phillips Center was once a distressed property that occupies a full city block and currently houses seven nonprofits. ULC also has first right on Wyatt-Edison Charter School (insert), an 1880s historic building across the street (preservation and redevelopment).
Located along a bus route, ULC purchased this 4-acre campus in Northwest Denver in 2005 to preserve its long term use as a school. Tennyson is a K-12 school for emotionally and crisis-affected children and youth, particularly those suffering from abuse and neglect.

Strategically located in NE Denver next to the Hiawatha Rec. Center, Skyland Park, the Hope Center, and the Robinson Library, the Holly Square shopping center was irreparably damaged by fire in the summer of 2008. ULC purchased the Holly in 2009 and is partnering with the City, Strengthening Neighborhoods, and stakeholders to develop a community-minded plan ensuring the 2.6 acre site is developed and preserved as a neighborhood asset.
DOSP Highlight: Energy Efficiency Efforts

Neighborhood Energy Action Partnership (NEAP)
- 4 Nonprofit, 4 City Agency, 2 For-Profit, 1 State
- Energy audits and weatherization upgrades to housing in low-income communities
- Green jobs training and job creation
- Leveraging ARRA Funding

Nonprofit Energy Efficiency Program (NEEP)
- 2 Nonprofit, 1 For-Profit
- Energy audits and weatherization upgrades for nonprofit facilities
- Coordinate with other City priorities
Make-Up of Metro Denver

- 598,707 residents
- 240,000 households
- 15,000 businesses
- 13,000 nonprofits (metro-wide)
- Land locked
- Both a City and a County
- Traditionally politically liberal
- “Strong Mayor” political system
Opportunities during difficult economic times; Transit-Oriented Development (TOD) Fund

- Over next 10 years, the Regional Transit Department (RTD) will build FasTracks, a $4.7 billion initiative passed by the voters in 2004*.
  - 119 miles of rail lines, 60 new rail stations, and a network of bus feeder routes.
- Demand for housing within \(\frac{1}{2}\) mile of a light rail station will grow from 45,000 households today to 155,000 households in 2030, a 344% increase.[1]
  - 40% of this growth is projected to come from low income households, at or below 80% AMI ($57,450 for a family of four)
  - Up to 44,000 additional affordable homes added/preserved near transit
  - Demand for more than 700 additional affordable homes at each station area by 2030

**Opportunities are now** with real estate prices down to purchase land and buildings around transit corridors to preserve community assets

*Cost estimates to complete FasTracks are now over $6.9 billion!!!

How TOD Fund works

- Finance land and property acquisition to produce over 1,500 affordable homes over the next 10 years.
- Provide patient high-risk capital quickly at low cost to a mission-driven entity (ULC) committed to affordable mixed-use development near transit.
- Enable property to be purchased while prices are low so that existing housing can be preserved or “land banked” for redevelopment for a period of up to five years.
- Ensure that when property values go up around transit sites, lower-income families are not forced out of the housing market.
How TOD Fund works (cont…)

- Purchase and hold sites for up to 5 years in anticipation of new transit stations
  - Initial $15 million in capital assembled, anticipated growth to $25 million over the next two years.
  - $25 million will leverage more than a $150 million investment, projecting to create 1,500 affordable homes regionally
- 15% of the TOD Fund is focused on providing affordable homes for extremely low income households, below 30% AMI, or $21,550 for a family of four.
Enterprise Community Partners is responsible for assembling loan capital, serving as fund manager, and is the largest investor.

Enterprise is a national nonprofit with more than 25 years of experience in the community development and affordable housing field.

City of Denver’s Offices of Economic Development and Strategic Partnerships are critical partners, providing resources of $2.5 million.

City was also the recipient of the MacArthur housing preservation award of $2 million in Program Related Investment PRI and $250,000 grant for an early warning system for housing.
# TOD Fund Waterfall

<table>
<thead>
<tr>
<th>Position</th>
<th>Organization</th>
<th>Amount/ Rate</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>Urban Land Conservancy</td>
<td>$1.5 million /0%</td>
<td>Committed</td>
</tr>
<tr>
<td>First Loss</td>
<td>City of Denver</td>
<td>$2.5 million/0%</td>
<td>Committed</td>
</tr>
<tr>
<td>Second Loss</td>
<td>Mac Arthur Foundation</td>
<td>$2 million/ PRI 2%</td>
<td>Committed</td>
</tr>
<tr>
<td>Second Loss</td>
<td>CHFA</td>
<td>$2 million/ 2%</td>
<td>Committed</td>
</tr>
<tr>
<td>Second Loss</td>
<td>Rose Community Foundation</td>
<td>$500,000/ 2%</td>
<td>Committed</td>
</tr>
<tr>
<td>Senior Debt</td>
<td>Enterprise</td>
<td>$6 million / 5%</td>
<td>Committed: includes $2 million from Wells Fargo and U.S. Bank</td>
</tr>
<tr>
<td>Senior Debt</td>
<td>Mile High Community Loan Fund</td>
<td>$500,000/ 4%</td>
<td>Committed</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>$ 15 Million/ 3.5%</strong></td>
<td></td>
</tr>
</tbody>
</table>
Benefits of Transit-Oriented Development

- Ability to preserve land and buildings around transit corridors to ensure affordable housing is established
- The TOD Fund directly benefits low-income households that on average spend 60% of their gross income on housing and transportation expenses combined
  - Creates opportunities for wealth-building and greater access to employment and educational opportunities
- Increases ridership on public transit
- Reduces gentrification pressures
- Provides employers with access to an expanded workforce
- Smart growth infill development (high density) helps reduce negative environmental impact of sprawl
Affordable Homes on the West Corridor

- There are 1,424 affordable homes within a ½ mile radius of the West Corridor light rail line today.
- The West Corridor will add roughly 15,000 total homes by 2030
  - If only 10% or 1,500 of these homes are affordable, it would double the number of affordable homes currently within ½ mile of the West Corridor.
- According to an National Association of Home Builders (NAHB) model, the economic impact of building these affordable homes would be:
  - First year of construction: $109,500,000 in local income, $11,745,000 in taxes and other revenue for local government, and 2,265 local jobs.
  - Annual, ongoing local impacts: $33,000,000 in local income, $5,580,000 in taxes and other revenue for local government, and 570 local jobs.\[1\]

Located less than 300 feet from a future RTD light rail stop on the West Corridor. ULC has extended a 99-year land lease to a nonprofit, NEWSED, that bought the improvements on the site: four rental buildings serving over 100 residents. NEWSED designated 52 of the 62 apartments as permanently affordable, with 12 of the 52 committed to households at 30% AMI and below.
Future of TOD Fund

- TOD Fund addresses less than 5% of the Metro Denver affordable/work force housing needs.
- Expand to at least $25 million by 2012
- Need investments from other local municipalities beyond Denver to succeed as “regional” Fund
- Need enabling legislation that will allow RTD to partner with for profit and non-profit developers at transit stations.
- Get beyond silo thinking: State Divisions of Housing, Transportation, Energy, Labor need to invest in Fund
- Must present the economic benefits of Fund…
- Over $150 million of investments leveraged by Fund and more than 2,200 jobs created
Deciding to Land Bank

- Other mechanisms to consider:
  - Work with developer
  - Nonprofit purchase: City loan
  - Zoning
  - “In lieu” fees
  - Tax Increment Financing (TIF) District: Community Benefits Agreements

- Planning and prioritization

- Timing, market analysis, demand
Deciding to Land Bank

General best practices in land banking, as described by Cleveland State University study “Best Practices in Land Bank Operation”:

- Narrow focus for vacant land reutilization;
- City departments need to be closely coordinated and cooperative with external partners;
- Expedited judicial foreclosure process;
- An integrated management information system containing parcel-specific information;
- City-wide strategic vision integrated with land bank planning;
- Streamlined eminent domain process;
- Ability to determine the terms and conditions for sale of properties;
- Funding streams that are diverse, innovative and flexible
Deciding to Partner on Land Banking

- Advantages:
  - Expertise
  - Risk
  - Innovation
  - Enhance community relationships

- Disadvantages:
  - Loss of control
  - Layers of complexity
Complicating Factors in Public-Nonprofit Partnerships: Power

Five Bases of Social Power

• Legitimate: title/rank
• Expert: skills/abilities
• Reward: give/take away goodies
• Referent: reciprocal/mutual respect
• Coercive: punish
Complicating Factors in Public-Nonprofit Partnerships: Culture/Information Gaps

• Bureaucratic mentality vs. “outside the system”
• Flat vs. hierarchical structure
• Accountabilities
• “I pay you...you pay me”
• Slow – fast – slow principle
• Communication chains
• Rapid information shifts
• System navigation
True partnerships are about shared agendas as well as combined resources, risks, and rewards. They are voluntary collaborations that build on the respective strengths and core competencies of each partner, optimize the allocation of resources and achieve mutually beneficial results over a sustained period. They imply linkages that increase resources, scale and impact.

Source: Public-Private partnerships: Meeting in the Middle
United Nations Foundation and World Economic Forum
Examples of Land Banks Nationally

Flint, MI: Genesee County Land Bank
http://www.thelandbank.org

Louisville: Louisville Landbank Authority Inc.
http://www.louisvilleky.gov/Housing/Landbank+Authority+Inc.htm

Atlanta: The Fulton/Atlanta Land Bank Authority:
http://www.fccalandbank.org/

Minnesota: Land Acquisition for Affordable New Development (LAAND)

Cleveland, OH:
http://www.neighborhoodprogress.org/home.php
Urban Land Conservancy
370 17th Street, Suite 5300
Denver, Colorado 80202
(303) 454-5369
www.urbanlandc.org

Denver Office of Strategic Partnerships
1200 Federal Boulevard
Denver, Colorado 80204
(720) 944-2839
www.denvergov.org/strategicpartnerships