



Predevelopment Loan Program

Development Plan

A.

General Information

Development Name	ECCLT Affordable Housing Development Phase I
Development Address	Escambia County, Florida, scattered sites
Developer Entity Name	Escambia County Community Land Trust, Inc.
Development Team	ECCLT Board of Directors, and A & C Construction as general contractor
Contact Person	OJ Rembert (850)433-2977
Development Type	<input type="checkbox"/> Rental <input checked="" type="checkbox"/> Homeownership
Total Units	20 units, scattered sites
Target Population (other than income set-asides)	<input type="checkbox"/> Farmworker <input type="checkbox"/> ALF <input type="checkbox"/> Elderly <input type="checkbox"/> Homeless <input type="checkbox"/> Other
Construction Type	<input type="checkbox"/> Rehabilitation <input checked="" type="checkbox"/> New Construction <input type="checkbox"/> Combined

Applicant comments and/or explanation:

A community land trust is a private non-profit corporation created to acquire and hold land for the benefit of a community and to provide long-term, affordable access to land and housing for low-income community residents. CLTs strive to balance the ability to build fair equity with future affordability for the next homeowner. The strength of this model is that a low-income person can purchase a home as a much-needed middle step to get ahead- i.e. getting out of consumer debt, reducing debt to income ratio-while still building equity in a home and in a community.

The CLT housing model has several noteworthy benefits from a public policy perspective. CLTs promote permanent, long-term affordability of a community’s housing stock while at the same time preserving all public and private subsidies that were utilized to develop the housing. By removing the cost of land and utilizing a resale formula that balances the homeowner’s equity interest with the affordability interest of the community, CLT housing is more affordable than most any other housing program and can be purchased by households otherwise locked out of the housing market. The CLT model typically protects the public investment for renewable 99-year periods – allowing one subsidy to keep operating for a century or longer – far more permanent than the average 20-year life span of most public subsidy programs. Many CLTs also provide pre- and post purchase counseling, helping buyers not only to get a mortgage, but also making sure that they can maintain the payments and keep up their home.

The centerpiece of ECCLT is our affordable housing program. ECCLT has worked tirelessly to come up with a system that can help very-low to moderate income families. Over the past 11 months, ECCLT has identified thousands of families affected by the recent hurricanes in need of housing. The result has been an unprecedented need to build new homes and refurbish existing homes. We are currently under an agreement with the City and County Housing departments in Pensacola to help build 50 Homes in the next year. The amount granted is \$1 million to build these homes, shared with Habitat for Humanity. For those applicants who qualify, we are helping them to obtain financing and counsel those through the construction phase. For those who don’t qualify we are identifying those issues that are keeping them from financing such as income, credit, lack of down payment, etc. We have arrived with real solutions to help them achieve their goals. This is only the beginning for ECCLT as this program will continue perpetually.

TAP comments:
The ECCLT has been in existence since August 2004. The organization is launching its first homeownership initiative which will serve residents countywide as described above, but has also recently purchased a multi-family rental property which is occupied by low and moderate income families. The organization plans to utilize the cash flow from this property for operations and to pay for various up-front costs for this homeownership project.

B.

Loan Information

PLP Requested Amount	\$500,000
TAP Recommended Amount	\$500,000
Total Predevelopment Costs	\$500,000
Total Development Costs	\$2,911,600
Amount of Loan Requested for Acquisition	\$378,300

Applicant comments and/or explanation:
The Predevelopment Loan Program funds will be used primarily for acquisition of land and other soft costs related to the acquisitions. PLP Funds will be repaid at the sale of each individual home. This will include the principal amount of the purchase lot and interest that has accrued during construction.
Additional financing sources from the City of Pensacola Housing (SHIP) and Escambia County Housing (Neighborhood Enterprise) will be used to help offset the costs related to constructing the home in addition to other financial resources that ECCLT is seeking.

TAP comments:
The PLP loan will be repaid pro rata at the close of permanent financing and conveyance of the improvements to the buyer. The organization anticipates price points in the range of \$130,000 - \$140,000, and will target buyers at the 50% - 80% AMI range. The county has downpayment assistance available. With the value of the land taken out of the transaction and the downpayment assistance, buyers will be financing an amount that is affordable. In addition, the SFMRB program is available, and the reduced interest rate will enable that monthly payments are within acceptable ratios.

C.

Development Team

Team Member	Name	Status
Developer	Escambia County Community Land Trust, Inc.	<input checked="" type="checkbox"/> Contracted <input type="checkbox"/> Negotiating <input type="checkbox"/> Not Identified <input type="checkbox"/> N/A
Contractor	A & C Construction	<input type="checkbox"/> Contracted <input checked="" type="checkbox"/> Negotiating <input type="checkbox"/> Not Identified <input type="checkbox"/> N/A
Architect	Landmark Architect and Engineering Firm	<input type="checkbox"/> Contracted <input checked="" type="checkbox"/> Negotiating <input type="checkbox"/> Not Identified <input type="checkbox"/> N/A
Engineer	Landmark Architect and Engineering Firm	<input type="checkbox"/> Contracted <input checked="" type="checkbox"/> Negotiating <input type="checkbox"/> Not Identified <input type="checkbox"/> N/A
Consultant		<input type="checkbox"/> Contracted <input type="checkbox"/> Negotiating <input type="checkbox"/> Not Identified <input checked="" type="checkbox"/> N/A
Other	Studer Group	<input type="checkbox"/> Contracted <input checked="" type="checkbox"/> Negotiating <input type="checkbox"/> Not Identified <input type="checkbox"/> N/A
Applicant comments and/or explanation:		
<p>ECCLT's board is made up of property managers, business consultants, ministers, and a mortgage banker. Each one individually brings a wealth of experience in their field of expertise.</p> <p>A&C construction is a small construction company that has serviced the area for the past 15 years, working on many commercial and residential projects. They have agreed to build the first three homes up front using their revolving loan fund until ECCLT establishes their own revolving fund.</p> <p>The Studer Group (a private investor and local benefactor) will be instrumental in helping ECCLT establish its own revolving loan fund to help with seed money and capital needed to start breaking ground. The Studer Group is considering a proposal to start a \$250,000 revolving loan fund where 25% of ECCLT's profit will be set aside at the close of each home in an interest bearing account. Once the fund is self sufficient, The Studer Group can elect to leave its funds in this account or withdraw them at a specified period of time.</p>		
TAP comments:		
<p>Since the organization does not have a paid staffer to oversee this project, ECCLT Board member OJ Rembert will be responsible for all project management activities – qualifying buyers, arranging financing, coordinating construction, and reporting accomplishments. Other members of the ECCLT Board will continue to perform community education activities and outreach to prospective buyers. Once sufficient cash flow has been generated by activities, a construction manager will be hired to ensure that the homes are built to quality standards and the homeowners have a satisfactory experience with the construction process.</p>		

D.

Market and Feasibility

Type of Study	Name	Status
Formal Market Study	RealVest Appraisal Services	<input type="checkbox"/> Complete Contracted Will negotiate if needed <input type="checkbox"/> N/A
Informal Study	University of West Florida	<input checked="" type="checkbox"/> Complete <input type="checkbox"/> Planned
TAP Evaluation		Describe Below
Applicant comments and/or explanation:		
<p>Several years ago a disparity study was completed by the University of West Florida. The study showed a lack of homeownership to the working poor. It also revealed that blacks owned two third less homes than whites. The founders of ECCLT felt it was their mission to change this in Pensacola. ECCLT was formed to provide affordable housing for all working class individuals who would not otherwise qualify for a home.</p> <p>Since Hurricanes Ivan and Katrina, lack of housing has been the biggest issue facing Escambia County. Currently over 2,000 families in Escambia County are still looking for affordable and decent housing with none to be found. Those desiring to become homeowners on their own are finding it very difficult due to the increased property values. Since Hurricane Ivan Property values in Pensacola have skyrocketed to over 35% over the prior year, making homeownership for the working class poor just a dream.</p>		
TAP comments:		
<p>Since the demand for affordable housing is high, and the price points and projected mortgage amounts are reasonable, it is unlikely that a formal market study will be needed.</p>		

E.

Site Control

Evidence	
Warranty Deed	0
Contract for Purchase	3
Lease Agreement	0
Not Under Contract	17
Not Identified	
Applicant comments and/or explanation:	
<p>ECCLT currently has 3 lots under contract at various stages for closing. Lot sizes start at 45x125 and go up to 4 acres. Those properties carrying acreage will be used to build multiple homes, not to become a full subdivision unless the cost involved to create the infrastructure is not out of scale. ECCLT is also in negotiations in acquiring a large parcel of land in a semi rural area in need of affordable housing. The properties are scattered about Escambia County with the majority of them located in Pensacola. Closing on the majority of these lots will happen within the next six months.</p>	
TAP comments:	
<p>Since PLP funds are being requested for acquisition, FHFC will require an assessment by the credit underwriter prior to release of funds. ECCLT is actively working with a Realtor to identify available properties. Mr. Rembert believes that holding an option on a lot for 90days is not unreasonable.</p>	

F.

Zoning

	Status
Zoning on Property	Residential
Current Use	Single-family
Future Land Use Plan	
No Zoning Evidence	
Location map	Included in the application
Site Plan Approval	Not required for scattered sites
Applicant comments and/or explanation:	
<p>All properties will be located in a predominately residential zoned area. The county housing department is giving special consideration to homes being built within a designated urban infill area.</p>	
TAP comments:	
<p>All properties will go through a due diligence period. ECCLT's experience is that many of the potential properties have title problems, which will likely continue to be an issue.</p>	

G.

Development Elements

	Status
Survey	Conducted as needed
Soil Test	Conducted as needed
Building Permit	Conducted as needed
Other Permits	Conducted as needed
Availability of Utilities	Existing
Availability of Water and Sewer	Available
Availability of Roads	Existing
Environmental Assessment	Conducted as needed
Appraisal	Conducted as needed
Financial Statements	Available upon request
Drawings, Plans and/or Specs	In progress to receive final approval
Applicant comments and/or explanation:	
TAP comments:	
ECCLT is currently looking at several options to build homes averaging 1,200 square feet with a one car garage. Construction costs are estimated to be \$85 p.s.f.	

H.

Marketing and Sales/Lease Up

Please Provide Narrative Describing Marketing and Sales/ Lease Up
<p>Each person at ECCLT is vital in making our development a reality. The beginning of this process starts with our intake. We have affordable housing consultants that canvas our neighborhoods in search of people who want to learn more about our program. The data processor intakes the phone calls and then proceeds to set an appointment to have one of our affordable housing consultants to do a presentation. After the presentation, a short pre-qualification form is filled out to see if the applicant's income qualifies, if it does then we send an authorization form to have their credit pulled. If they do not qualify, then they are given a call as to the reason.</p> <p>For those who send their authorizations forms back, we pull their credit to identify potential problems that the lender may have and work towards correcting those issues. In the meantime, all applicants are invited to our monthly workshop. ECCLT conducts a three-hour workshop that covers all the specifics of our program and it give potential members a chance to ask specific questions about our program and about financing in general.</p> <p>Those who have the ability to be financed will have first opportunity in obtaining a lot that is owned or will be owned by ECCLT in various areas in Escambia County.</p> <p>For this project we have spent an incredible number of hours researching and planning. We have talked to at least half dozen contractors to build our homes and have looked at over 4 different</p>

types of home designs to help improve efficiency and cost. These include steel frame homes, panelized homes, modular homes, and yurt home designs. All homes will be bricked or stucco and will be a minimum square footage of 1100 sq. feet to meet or exceed our clientele's specification and expectations. There will not be any "sweat equity" required, but each applicant would have gone through a series of meetings and appointments as well as a 3 hour workshop to prepare them for our program.

TAP comments:

ECCLT has a current waiting list of 40 income-qualified buyers, and fields inquiries daily from people wanting to buy a home. ECCLT is also working with SunTrust Bank to coordinate the end loans for the purchasers, and the county has downpayment assistance available. All buyers of CLT homes will be fully informed of the CLT transaction process and the resale restrictions prior to signing a purchase agreement with ECCLT.

I.

Sources

Funding Source	Status	Amount
SHIP/ Neighborhood Enterprise (50%AMI or less)	awarded	\$1,000,000 to be shared with Habitat for Humanity. At total of \$20k per unit will be given to the developing entity for families at 50% or less AMI.
SHIP/ Neighborhood Enterprise (80% AMI or less)	awarded	\$3,000,000 in blocks of \$50k per unit. This is shared with any for-profit or non-profit who is constructing a new home for a family at 80% or less AMI.
Studer Group Revolving loan Fund	Pending	\$250,000
Revolving loan for Contractor	Pending	\$250,000
End Mortgages to be provided by:		
SunTrust Bank (preferred)		TBD
Washington Mutual		TBD
Bank of Pensacola		TBD
Wells Fargo Bank		TBD
Total		\$2.911,600
TAP comments:		
Sources of funding will be a revolving line of credit from a local benefactor and the county SHIP program. Where possible, the builder will construct homes using his or her own funds. Downpayment assistance will be provided by the county. The remaining funding will be from the first mortgage lender. ECCLT will also explore the opportunity to work with area lenders on the SFMRB program.		

J. Budget

	Total Project Costs	PLP Eligible
Cost of Construction @ 20 units	\$ 2,040,000.00	
Site work(Fill, Demolition, Clean)	\$ 40,000.00	
Construction Contingency @ 5%	\$ 102,000.00	
Total Construction Costs	\$ 2,182,000.00	
General Development Costs		
Appraisals	\$ 7,000.00	7000
Architect's Fee - Design	\$ 8,000.00	8000
Site Plan Review	\$ 5,000.00	5000
Builder's Risk Insurance	\$ 8,500.00	8500
Building Permits		
Engineering Fee	\$ 10,000.00	10000
Environmental Reports	\$ 7,200.00	7200
Lender Application Fees	\$ 2,500.00	2500
Lender Compliance Fee	\$ -	
Lender Credit Underwriting Fee	\$ 5,000.00	5000

Construction interest		20000
Insurance-Property and Liability	\$ 5,000.00	5000
Legal Fees	\$ 7,500.00	7500
Removal of encumbrances	\$ 1,500.00	1500
Market Study	\$ 10,000.00	
Marketing and Advertising	\$ 3,000.00	3000
Property Taxes	\$ 4,800.00	4800
Soil Test	\$ 2,000.00	2000
Survey	\$ 7,500.00	7500
Title Search	\$ 10,000.00	10000
Utility Connection Fees	\$ 44,000.00	
Administrative	\$ 1,000.00	1000
PLP contingency		6200
Total General Development Costs	\$ 121,000.00	121700
Developer's Fees (10%)	\$ 230,300.00	
Land Acquisition Costs	\$ 378,300.00	378300
Total Development Cost	\$ 2,911,600.00	500000

L.

Narrative

Please describe any facts regarding this development that are not covered previously in this report

ECCLT has completed most preliminary studies to move forward with the project. The average end sales price on homes being sold to those members who are at 80% AMI or less is \$140,000. Each home will be a minimum of 1200 square feet with 3 bedrooms and 2 baths. Each home will also have brick siding on all sides of the home; making our homes the preferred affordable housing development. PLP funds will help with the acquisition of the lots and soft costs in the development. The City/County housing authorities have a \$50,000 no interest 2nd mortgage that is being offered to new home construction applicants. This helps applicants qualify for a \$140,000 house with a 1st mortgage of only \$90,000.

ECCLT is currently in the acquisition phase of this project. Land in Escambia is quickly being purchase for future development. ECCLT will have several lots donated from several sources including private donations, and lots owned and donated by the city and county.

Although some lots will be donated, there will still be costs associated in the transaction. Each property will need to have a title search completed, a survey in some cases, prorated property taxes to be paid, and the title closing. There is also the cost involved in the recording of the deed and the intangible taxes associated with the purchase. These costs can amount to a few hundred dollars per lot to several thousands of dollars, depending if there is any cloud on title, preventing it to close. PLP Funds will help make acquisition a reality on those lots that are being donated.

M.

Timeline

Timetable	Expected Date	Comments
Apply for and obtain pre-development financing	12/2005 – 6/2006	
Secure site control	2/2006 - 12/2006	
Land Acquisitions	2/2006 – 1/2007	
Due Diligence i.e. (title, environmental, survey, etc.)	1/2006 - 3/2007	
Select and negotiate with builder	3/2006 – 5/2006	
Obtain Architectural drawings	3/2006 – 6/2006	
Develop Sales and Marketing Plan	3/2006 – 6/2006	
Identify potential homeowners from targeted clientele and neighborhood	3/2005 – 1/2007	
Apply for and obtain construction and permanent financing	8/2006 – 2/2007	
Construction and Sale of new homes	8/2006 – 1/2007	