



Rondo Community Land Trust

RAMSEY COUNTY SUBURBAN EDITION

Rondo CLT Homebuyer Application Packet

- ❖ Background on Rondo CLT
- ❖ Ramsey County Map
- ❖ Income Limits
- ❖ Homebuyer Initiated Program
- ❖ Description of Application Process
- ❖ Rondo CLT Application and Authorization to
Release Information



626 Selby Avenue • Saint Paul, Minnesota • 55104 • tel: 651-221-9884 • fax: 651-221-9831 • www.rondocl.org

BACKGROUND

Rondo Community Land Trust (CLT) is a community-based affordable housing land trust operating in St. Paul and Suburban Ramsey County. Rondo CLT is named after Rondo Avenue, a main commercial corridor that was renamed Concordia Avenue during the construction of Interstate 94. The construction dislocated many long-term residents and fractured the predominantly African American Rondo neighborhood.

In 1989 a resident task force initiated by the Summit-University Planning Council explored successful methods of preserving housing affordability. The task force recommended the land trust model as a way to keep housing affordable for future generations. Both the Summit-University and

"No matter where my kids go in the world, they will always have a home to come back to."

~Zula Young: Rondo CLT homeowner
and former board member

Lexington-Hamline Community Councils voted to endorse the creation of the first neighborhood-based community land trust in St. Paul. In 1993 Rondo CLT was incorporated as a non-profit organization to serve these communities. In 2002, after nearly ten years of success in Summit-University and Lexington-Hamline neighborhoods, Rondo CLT expanded the land trust's service area to include all of St. Paul. In May 2006 Rondo expanded its service area into Suburban Ramsey County.

Rondo CLT is governed by a Board of Directors made up of land trust homeowners, housing advocates, and other members of the community.

THE MISSION

Rondo CLT provides quality, permanently affordable housing for low and moderate-income, multi-generational households by exploring various development methods, remaining flexible in its revitalization approaches and working within priorities set by the community. Rondo CLT creatively meets housing needs while preserving the economic and cultural diversity of the community.

Rondo CLT's mission is achieved: through the acquisition and rehabilitation of properties in disrepair; through the construction of new homes; by working directly with homebuyers by providing purchase price buy-down and rehabilitation grants for homes; and by partnering with other housing developers to bring permanent affordability to their projects.

THE LAND TRUST MODEL

The land trust model has been used to keep housing affordable since the mid 1980's. A community land trust achieves permanent, long-term housing affordability through the use of a Ground Lease. Homebuyers purchase only the house, and enter into a 99-year renewable Ground Lease with the community land trust for the land.

The Ground Lease guarantees the homeowner full rights and responsibilities to the land while agreeing to the resale restrictions. When and if they sell, CLT homeowners agree to sell to another low to moderate-income family for an affordable price, "passing along the good deal." The affordable resale price is calculated as the original purchase price + 25% of any appreciation in the home's value.

Example: A Rondo CLT home is purchased for \$100,000. After 10 years, when the homeowner decides to sell, the home is now worth \$200,000 (as determined by an independent appraiser). The homeowner has agreed to sell the home for the original price [\$100,000] plus twenty-five percent of the appreciation [$25\% \times \$100,000 = \$25,000$]. So, the home is sold for \$125,000 to another household with a limited income.

Rondo CLT homeowners gain 100% of their equity (the principle that they've paid down on their mortgage), plus 25% of the home's appreciation in value, instead of losing all of their housing payments in rent. Rondo CLT homeowners also gain access to the other benefits of homeownership listed below.

THE LAND TRUST MODEL

Affordable Pricing—own a house for a low price because you buy only the house and Rondo CLT purchases the land.

Stability of Housing Costs—you never have to worry about increasing rents; you will have a 30-year fixed rate mortgage.

Tax Benefits—interest paid on your mortgage and property taxes are tax-deductible.

Control of your Housing—you decide to make your home as attractive, comfortable, and suitable to your needs as possible because you own it.

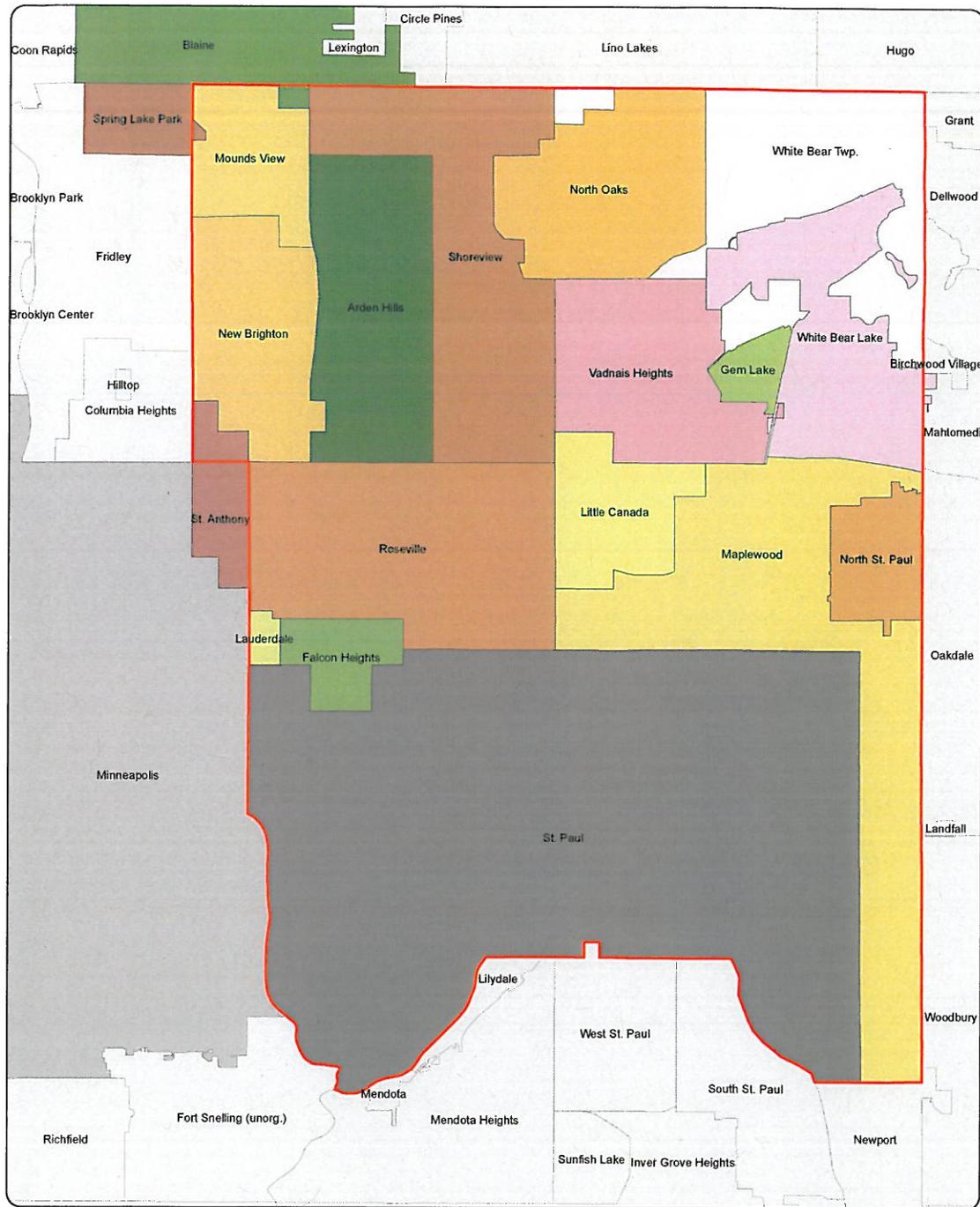
Equity—get a return on the money you pay for housing instead of losing it all in rent payments. The longer you live in the house, the more equity you will earn.

Legacy—you have the right to will your home to your heirs.

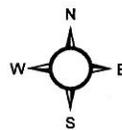
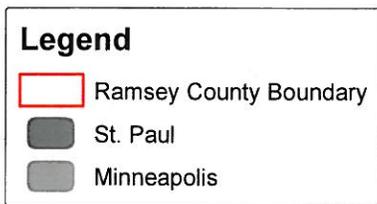
Support—Rondo CLT does not leave first time homeowners to sink or swim on their own. Rondo CLT is committed to providing the education and resources that individuals and families need to purchase and maintain their homes.

Future Affordability—if you decide to sell your home, the limited appreciation formula ensures that you will help another low-to-moderate income household purchase an affordable home.

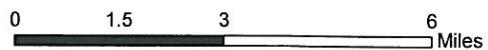
Community Commitment—Families with safe and stable housing are more connected to the communities in which they live and their children perform better in school. Affordable housing positively affects the entire community, not just the homeowners.



Ramsey County Suburban Communities



August 13, 2013





Rondo Community Land Trust

2013 RONDO CLT INCOME LIMITS

The Rondo Community Land Trust (CLT) is a community based non-profit housing provider serving low and moderate-income households in Ramsey County. In an effort to serve more people with low to moderate incomes, Rondo CLT By-Laws state that only households at or below 80% median income are eligible to purchase land trust homes.

<u>Household size:</u>	1 person	2 persons	3 persons	4 persons	5 persons	6 persons	7 persons
<u>Rondo CLT Maximum income:</u> (80% Twin Cities Median Income)	\$45,100	\$51,550	\$58,000	\$64,400	\$69,600	\$74,750	\$79,900
50% Median Income	\$28,850	\$32,950	\$37,050	\$41,150	\$44,450	\$47,750	\$51,050
30% Median Income	\$17,300	\$19,800	\$22,250	\$24,700	\$26,700	\$28,700	\$30,650

For more information call:
Rondo Community Land Trust
 626 Selby Avenue, St. Paul MN 55104
 (651) 221-9884

Revised March 13, 2012





Homebuyer Initiated Program (HIP)

HIP is an exciting homeownership program for low to moderate-income households. Through HIP, participating households receive two grants to help them purchase and rehab a home that is available in Ramsey County. The grants are used to reduce the amount a household needs to purchase a home, and to ensure that the home purchased is structurally and mechanically safe and sound.

Families wishing to purchase a home in the city of Saint Paul are required to purchase a house that is vacant or foreclosed. Families interested in living in another city in Ramsey County can choose any house available on the open real-estate market.

HIP Down Payment and Closing Cost Grant or Deferred Loan

Through HIP, households receive a grant (or deferred loan due upon sale of house) to put towards down payment and closing costs for a house currently for sale in Ramsey County. The amount of the grant (or deferred loan) depends on need and eligibility of selected buyers.

HIP Rehab Grant

HIP provides grant funding for families and individuals to fix-up the houses they purchase through HIP. The grant is intended to ensure that HIP houses are decent, safe and mechanically and structurally sound. Rehab grant funds could be used for things like a new roof, a new furnace, and plumbing and electrical updates.

The HIP Rehab Grant takes care of major repair and maintenance issues that are present at the time of purchase to ensure that HIP homebuyers won't have to worry about a large repair in their first few years of homeownership. The amount of the grant depends on need and eligibility of selected buyers.

How HIP Adds up

Families and individuals selected to participate in HIP work with a real estate agent to find a house for sale in Ramsey County. Once a house is found, Rondo CLT provides a free home inspection to see what types of repairs the house needs. If the HIP Rehab Grant can cover the cost of necessary repairs, the house is accepted for HIP. These necessary repairs are outlined in a scope of work, and the home is then purchased by Rondo CLT. Rondo CLT's rehab specialist hires contractors to do the rehab work outlined in the scope of work and Rondo CLT pays for the rehab.

EXAMPLES OF HOW HIP ADDS UP:

	<u>Household A</u>	<u>Household B</u>
Purchasing the house:		
Mortgage amount:	\$155,000	\$135,000
<u>HIP Purchase Price Write-Down Grant:</u>	<u>\$25,000</u>	<u>\$22,000</u>
Total Purchase Price	\$130,000	\$113,000
Fixing up the house:		
<u>HIP Rehab Grant</u>	<u>\$20,000</u>	<u>\$62,000</u>
Total Cost of Rehab	\$20,000	\$62,000
<u>Total Cost of House & Rehab</u>	<u>\$175,000</u>	<u>\$175,000</u>
TOTAL COST TO HOUSEHOLD	\$130,000	\$113,000

Homes purchased through HIP become Rondo Community Land Trust homes -- the homes are owned by the CLT homeowners, the land is held "in trust" so that affordable housing will be available to future generations of low to moderate-income homebuyers. HIP homebuyers enter into the Ground Lease agreement with Rondo CLT.

HIP Property Criteria

Homes that are eligible for HIP must meet the HIP Property Criteria, either at the time of purchase, or through the HIP Rehab Grant. Rondo CLT provides free property inspections for HIP properties.

Homebuyer Initiated Program/Homeownership Program (HIP/HOP)

The Rondo CLT has formed a partnership with Thompson Associates to create a program called The Homebuyer Initiated Program/Home Ownership Program (HIP/HOP).

HIP/HOP assists families with children that are currently in Public Housing or that have a Section 8 Voucher issued by a PHA.

HIP/HOP participants receive up to \$50,000 in grant money from Rondo CLT HIP Program and an additional \$20,000 from Thompson Associates (deferred forgivable loans).

HIP/HOP serves two families at a time: as a family moves into homeownership, it creates a vacancy in a public housing unit or allows for a Section 8 Voucher to be turned back in for another family to use.

For more information call Rondo Community Land Trust at 651-221-9884.



Homebuyer Initiated Program Property Criteria

General Requirements:

- Homes must be single-family detached homes.
- Condominiums and cooperative units will not be eligible.
- Rondo CLT reserves the right to approve or not approve any home for which Rondo CLT financial assistance will be required.

Lot Requirements:

- Adequate space between homes for maintenance.
- Side lot lines at least 1 foot from house.
- Rear lot lines at least 5 feet from house.
- Front of home cannot abut sidewalk.

Foundation/Structural Integrity:

- No evidence of substantial settlement.
- No excessive dampness.
- Concrete floor in basement.
- Concrete or treated wood perimeter foundation.
- No major structural defects.

Exterior:

- Minimum of 5 years life expectancy of current roof.
- Serviceable siding.
- Serviceable windows with screens.

Interior:

- Separate cooking facilities with stove and refrigerator.
- Separate bathing facilities.
- No excessive peeling of potentially lead-based paint.
- Ventilated attics and crawl spaces.
- Ventilated bathrooms (operable window or exhaust fan).
- Minimum of 6 square feet of countertop in the kitchen.
- Adequate smoke detectors.
- Bathroom and kitchen floors impervious to water.

Mechanical:

- Operating central heat capable of heating dwelling.
- All wells and private sewage system approved by government authority.
- Adequately functioning plumbing.
- Minimum of 5 years life expectancy for hot water heater and furnace.
- Reasonably insulated.
- Minimum of 100 amp service.
- Grounded circuits for all appliances.
- No hazardous wiring or fixtures.



Rondo Community Land Trust

HOW TO APPLY

This list is intended to outline the steps to take and the things to send to Rondo CLT. Once you have taken all of the steps and provided all of the necessary information to Rondo CLT, your application will be reviewed by Rondo CLT's Buyer Selection Committee.

STEPS TO TAKE:

1. Attend Rondo CLT orientation (Certificate of Completion will be sent to you and a copy will be filed at Rondo CLT)
2. Submit application and other necessary documents to Rondo CLT. (see list below)
3. Meet with a homebuyer counselor (refer to the following page for more details)
4. Attend a Homebuyer Education Workshop. Visit the Home Ownership Center at www.HOCCMN.org or NeDA at 651-292-0131 to sign up for a workshop.
5. Contact a participating lender to apply for a mortgage pre-approval
6. Meet with Rondo CLT staff for Final Application Interview

THINGS TO SEND TO RONDO CLT:

- Signed and completed Rondo Community Land Trust **Application**
- A complete set of the **last 2 years signed income tax returns** for wage earners in your household. PLEASE DO NOT SEND ORIGINALS, COPIES ONLY
- Paycheck stubs** for all wage earners in your household for **the last 3 months**: PLEASE DO NOT SEND ORIGINALS, COPIES ONLY
- Signed Rondo Community Land Trust **Authorization to Release Information**
- Copy of certificate of completion of **Homebuyer Education Workshop** (This needs to be done before closing; please send in a copy once you have completed the course.)
- Copy of **mortgage pre-approval letter** from a participating lender (Send this in as soon as you've received one; there is no need to have this completed with the application).
- Employment verification letter** from your current employer stating that you are an employee of theirs, how much you make, and for how long you have worked for this employer.



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APPLICATION

APPLICANT INFORMATION:

Name of Applicant: _____

Applicant Social Security #: _____

Name of Co-Applicant: _____

Co-Applicant Social Security #: _____

Current address: _____

Street

City

State

Zip

Telephone Number: (____) _____ (____) _____
Home Work

(____) _____
Mobile

Email Address: _____

Do you rent? Yes No If Yes, do you receive section 8 Yes No

Do you own a home? Yes No

Have you owned a home in the last three years? Yes No

Have you attended a Rondo CLT Orientation session? Yes* No

Have you attended a Homebuyer Education Workshop? Yes* No

If No, which workshops do you plan to attend? You can go to the MN Homeownership Center's website for a calendar of upcoming Home Stretch Workshops, and register online.

Date

Location

* Please submit a Copy of your certificate of completion. Both the Homebuyer Education Workshop and CLT Orientation Session are required.

Have you been pre-qualified for a mortgage? Yes No

If Yes, please provide the following:

Lender Contact Person Phone # Amount

Do you have access to mortgage down payment and closing costs? Yes No

Do you think you would need mortgage down payment assistance? Yes No

HOUSEHOLD COMPOSITION (list all household members including yourself):

Name	Relationship	Birth date	Age	Male	Female

Please check if there are additional household members.

INCOME, ASSETS AND DEBT OBLIGATION INFORMATION

EMPLOYMENT INFORMATION FOR ALL HOUSEHOLD MEMBERS OVER THE AGE OF 18:

NAME	EMPLOYER	OCCUPATION	GROSS MONTHLY INCOME

ASSET INFORMATION FOR ALL HOUSEHOLD MEMBERS:

ASSETS	BANK/INSTITUTION	VALUE or AMOUNT IN ACCOUNT
Cash/Savings		
Checking		
IRA/CDs/Stocks/Annuities		
Real Estate		
Business		
Other		

DEBT OBLIGATION INFORMATION FOR ALL HOUSEHOLD MEMBERS:

LIABILITIES	LENDING INSTITUTION	TOTAL OWED	MONTHLY PAYMENT
Auto Loan(s)			
Credit Cards(s)			
Other			

- Please provide a **COPY** of complete set of the last 2 years signed income tax returns for all household members **over 18**.
- Please provide a **COPY** of paycheck stubs for all wage earners in household for the last **3 months**.



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AUTHORIZATION TO RELEASE INFORMATION

I/We the undersigned, hereby authorize the Rondo Community Land Trust to collect and verify information on:

- ☞ Income/Repayment Ability;
- ☞ Employment history;
- ☞ Bank and mortgage account history;
- ☞ Rental History;
- ☞ Property insurance/property taxes;
- ☞ Information deemed necessary to complete a real estate transaction;
- ☞ Credit history (current credit report)

for the sole purpose determining program eligibility, purchasing a home through a Rondo Community Land Trust homeownership program, and processing and entering into a Ground Lease with the Rondo Community Land Trust.

This information is for the confidential use of Rondo Community Land Trust.

A photocopy of this document may be deemed to be the equivalent of the original.

This Authorization to Release Information will expire one year from the date of signature below.

Applicant: _____

Date: _____

Co-Applicant: _____

Date: _____
