Little Earth OF UNITED TRIBES HOMEOwERSHIP INITIATIVE

AMERICA’S ONLY URBAN INDIAN - PREFERENCE COMMUNITY
CURA Housing Forum Overview

- Little Earth History
- Homeownership Initiative
- City of Lakes Community Land Trust Overview
- Partners
- Next Steps
- Questions & Comments
Little Earth

- Only Urban Indian-Preference Community in the nation
- 212 Rental Units
- Project Based Section 8
- Officially 1,000 residents (Unofficially upwards of 2,000)
- 26 Different Tribes Represented
- Children attend 28 different schools

Three non-profits make up the organization

- Housing Corporation
  - Property Management Company
- Residents Association
- Neighborhood Early Learning Center
Little Earth History

- Focal point of American Indian life in the Twin Cities.
- Issues from the start
  - Poor site preparation, low-grade materials, unlivable conditions, financially unsustainable
- Little Earth’s management restructured in 1975
- New governing Board of Directors with new American Indian leaders
- Incorporated as the Little Earth of United Tribes, Inc.
Little Earth History

Little Earth’s struggles throughout the 80s and 90s:

- The sense of purpose, dedication of LERA, support of local social service organizations and the cooperation of the City of Minneapolis showed the federal government and the courts that Little Earth was worth preserving.

- By 1990 the fate of the development was in the hands of the courts.

- The community reorganized itself again in 1994.

- New leadership at Little Earth restructured and improved the community and finances.
Little Earth History

Little Earth – The Past 8 Years:
• The community has seen an amazing resurgence.
• A renewed vision for this community and leadership - courage, charisma, political capitol and belief in native values.
• The philosophy of self-determination
• Multitude wrap-around programs serving all demographics
• New Vision
Community Challenges

- Crime surged to an all time high
- Gang Violence
- High drop out rate
- Low education achievement
- Family Dysfunction
- Community/Organizational Instability
- Community Isolation
- Overwhelming Hopelessness
Little Earth Community Support

- Wrap-around Services and Support
  - Early Education
  - Youth/Teen Programming

- Family Support
  - Omniciyé – Community Based Social Services
  - Resident Advocacy
  - College/Employment Counseling

- Safety Programming

- Community Support
  - Resident Patrols
  - Urban Farm
  - Homeownership Initiative
Little Earth Homeownership Initiative

- Building Community Vision
- Need to create ownership opportunities for Little Earth Residents and other Metro Native American Households
- Conversations with Mayor and Council Member
- City and Greater Metropolitan Housing Corporation (GMHC) began acquiring property on E.M. Stately Street
Little Earth Homeownership Initiative
Little Earth Homeownership Initiative

- Little Earth was introduced to the City of Lakes Community Land Trust
- First five properties
  - 4 New Construction
  - 1 Rehab
- Began early outreach efforts in community
- Mortgage and credit challenges
Little Earth Homeownership Initiative

1905 E.M. Stately Street

1905 E.M. Stately Street
Little Earth Homeownership Initiative

1915 E.M. Stately Street

1901 E.M. Stately Street
LEHI Partners

• City of Minneapolis
  – Land Acquisition
  – NSP Funding
  – Buyer Assistance

• Greater Metropolitan Housing Corporation
  – Land Acquisition
  – Developer of first 5 homes

• Shakopee Mdewakanton Sioux Tribal Community

• Family Housing Fund

• Northwest Area Foundation

• MN Housing, Met Council (via CLCLT funds)

• MN Housing Partnership
The Mission of the CLCLT is to provide and foster stewardship of perpetually affordable home ownership opportunities for low- and moderate-income families throughout Minneapolis.

- City of Minneapolis
- Incorporated in 2002
- First Household assisted in 2004
- Staff of 3.5 FTEs
- 150 CLT homeowners, 16 resales to date
- Single Family Homes, Townhomes, and Condos
Impact = People
Equity: People

Approximately 40% of all residents in Minneapolis are people of color, but only 13% of all Minneapolis homeowners are people of color.

MN also has the dubious honor of having the highest disparity gap in the nation between White homeowners and Community of Color Homeowners.
Affordable, Responsible Homeownership Opportunity

Conventional Transaction

$160,000 value
$155,000 loan (assumes $5k DP)
  
  Principle + Interest = $915
  Taxes + Insurance = $215
  Ground Lease Fee = N/A
  Mortgage Insurance = $60

Total Monthly Cost = $1,190

Over 5 years = $71,400

Monthly savings of $310/month

CLCLT Transaction

$160,000 value
$110,000 loan ($50k from CLCLT)
  
  Principle + Interest = $650
  Taxes + Insurance = $215
  Ground Lease Fee = $15
  Mortgage Insurance = $0

Total Monthly Cost = $880

Over 5 years = $52,800

$18,600 savings over 5 years
Beyond the House: Income

A 2012 CLCLT Homeowner Survey showed CLCLT Household Incomes grew by 18% (or $5,800) after an average of only 2.8 years.
Beyond the House: Community

Information received in the 2012 homeowner survey, revealed that 92% of CLCLT homeowners felt that “CLCLT homeownership allowed them to achieve a goal or a dream”.

Of the respondents to questions regarding their children, CLCLT homeowners felt that their children experienced:
- enhanced sense of stability (64%),
- improved academics (28%), and
- increased involvement in extra-curricular activities (47%).

25% of homeowner survey respondents stated that they volunteered more in their community than they had prior to owning a home.
Beyond the House: Support

7 unfortunate CLCLT Homeowner foreclosures over 8 years equates to an annualized foreclosure rate of 6%

Compared to over 16,000 foreclosures in Minneapolis foreclosures over the same period equates to an annualized foreclosure rate of 1.5%

That means CLCLT homeowners are approximately 2.5 times less likely to fall into foreclosure than other property owners in Minneapolis.
Housing in our Community

Over 16,000 foreclosures in Minneapolis over the past 8 years

Many of these foreclosures were purchased by absentee landlords or investment firms who made only minimal repairs to the properties prior to renting

Responsible, community-focused people renting good homes is not bad for the community

Irresponsible, disinvested people renting bad homes is not good for the community
The Sustainable Physical Change

Before

After
Cumulative Impact of 150 CLCLT Households Served

All CLCLT homes meet MN Green Communities Standards and most are within blocks of transit stops.

CLCLT Homebuyer Initiated Program homes on average also receive over $40,000 in deferred maintenance and rehab.
Neighborhood Improves – home values increase

Several years later….

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
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</thead>
<tbody>
<tr>
<td>Property value now:</td>
<td>$200,000</td>
</tr>
<tr>
<td>Less previous value:</td>
<td>$160,000</td>
</tr>
<tr>
<td>Increase in value:</td>
<td>$40,000</td>
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- **Homeowner’s share**
  - $10,000 (25% of value increase)

- **CLCLT Share**
  - $30,000 (75% of value increase)
Neighborhood Improves – home values increase

- New Value: $200,000
- less CLCLT Share: -$30,000 (75% of value increase)
- less initial affordability investment: -$50,000
- New CLCLT buyer purchase price: $120,000

This also means the Initial CLCLT investment of $50,000 has grown by $30,000 to $80,000.
Neighborhood Improves – home values increase

<table>
<thead>
<tr>
<th></th>
<th>Buyer's Price</th>
<th>Market Value</th>
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</thead>
<tbody>
<tr>
<td>1st CLCLT buyer</td>
<td>$50,000</td>
<td></td>
</tr>
<tr>
<td>1st Market Rate Buyer</td>
<td></td>
<td>$50,000</td>
</tr>
<tr>
<td>2nd CLCLT buyer</td>
<td></td>
<td>$80,000</td>
</tr>
<tr>
<td>2nd Market Rate Buyer</td>
<td></td>
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The initial CLCLT investment of $51,270 is spread over future resales, essentially decreasing the per household investment.
$6,921,250 equals the average initial CLCLT investment of $51,270 over 135 CLCLT homes
Questions & Comments

- Homeowners in each of the first 5 homes
- Secure next 5 properties near Little Earth
- LE and CLCLT Develop those 5 homes
- Work toward ensuring another 25 households are prepared for homeownership

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