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MUNICIPAL LAND TRUSTS – A FEASIBILITY STUDY FOR ADOPTION BY THE CITY OF SAINT PAUL

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INTRODUCTION

In the past decade, Saint Paul, MN first struggled with a high foreclosure rate and then an increasing lack of housing affordability. In response to these issues, the Minnesota Chapter of Common Ground USA (CGU) is exploring implementation of a municipal land trust (MLT) in Saint Paul. An MLT would be similar to the concept of a community land trust (CLT) but would be explicitly operated by the local government. As with a CLT, homebuyers would be responsible for financing the improvements on the property (i.e. usually the building) with a conventional mortgage but would pay land rent to the municipality in lieu of property taxes.

This can be arranged in various ways, such as:

- The municipality acquires and retains the land title for homes in the trust; or
- The municipality provides funds to homeowners in exchange for a deed restriction being placed on the property obligating land rent payments in lieu of property taxes.

Land rent is typically about 6 percent of a property's land value (i.e. what the land would sell for) and increases 2 percent annually on average. CGU proposes that, because land's rental value is created by the surrounding community and, thus, should be shared equally, increasing land rent can be used to provide an equal land rent credit to homeowners. A hypothetical land rent credit of $190 per year is used throughout this report.

Reasons that CGU gives for a city to adopt an MLT, include:

- **Reducing foreclosures.**
  Because the prices of the land value portion of properties are more volatile than those of the building portion, financing only the building results in reduced foreclosures. Studies show that CLT homes have lower foreclosure rates than homes with conventional mortgages.
- **Allowing communities to benefit from land values.**
  When land values increase, it is because the community in which the land is located has added value to the land. MLTs reimburse the community for increased land values rather than allowing land speculators and banks to profit from buying and selling the land. They also help reduce the amount of public funding that is paid (e.g. through vouchers, tax credits, etc.) for land, which is a gift of nature.
- **Protecting vulnerable communities from displacement.**
  An MLT protects against displacement pressures by providing the opportunity for low-income households to purchase homes and by providing an equal rent credit from increasing land rent. Also, an MLT could give the City more democratic control over future land uses.

The CLT model creates limited equity interests because the homeowners own the structure but not the land. As the homeowners are entitled to only a fraction of appreciation in the property at the time of resale, the price remains affordable for next homebuyer, keeping the property indefinitely affordable. This helps to create perpetually affordable home ownership for low- and moderate- income households. Despite the conceptual appeal of perpetual affordability, CLTs' scales of operations have been very limited and accounts for a small fraction of the affordable housing in the United States (Ingram & Hong, 2007).

CGU's MLT proposal incorporates elements of the CLT model (e.g. scattered sites, limited equity, etc.), but also borrows from other "commons" approaches to land use, such land rent communities (e.g. Arden, DE and Fairhope, AL) and tribal governments, which collect rent for the individualized use of tribal land and which make equal payments from tribal revenues to tribal members (called "per caps").

In the Spring of 2018, CURA researcher Gretchen Buechler conducted a first stage of research of this MLT proposal. Some of the key findings of the first phase of study are –

- MLTs could potentially be eligible for tax exemption based on Minnesota Statute 469.040. However, a legal advice on this should be sought.
- The city could issue bonds to finance the initial capital requirements for the MLT. The type of bonds could include general obligation bonds or revenue bonds or general obligation revenue bonds.

Building on the findings of first phase of the study, CGU applied for funding under CURA's Kris Nelson Community Based Research Program for advancing the study on MLTs during the summer of 2019. During the second phase of the study, CGU aims to explore the feasibility of implementing a MLT by the City of Saint Paul.

While there is much to explore about MLTs, this report focuses on gathering information on the below points -

I. Making an MLT self-sustainable
II. Potential models for creating and scaling up of MLTs
III. The various governance models that could be useful for the MLT.
IV. Understanding the legal framework needed for establishing and operating an MLT.

Officials from the city, county & the Public Housing Authority were interviewed during the period May 2019 to July 2019 to explore the aforementioned areas. The findings related to each of the research areas has been structured into separate sections in this report.

SECTION I: SUSTAINABILITY OF THE MODEL

This section checks for the sustainability of the MLT model given that the MLT would be paying the property taxes for the homes out of the land rent that is collected by the MLT. As the model would be open to properties listed at various market values, the feasibility of the model is checked by considering properties listed at various percentiles of estimated market value.

The properties for Saint Paul were filtered from the Parcel Data 2017 of Ramsey County. Then the properties listed at various percentiles of estimated market value were chosen at random. The feasibility check considered of acquiring properties listed at 90th percentile, 85th percentile, 80th percentile, 75th percentile, 60th percentile, 50th percentile, 30th percentile and 10th percentile. The feasibility model considers acquisition of 15 properties from each of the aforementioned categories by the proposed MLT. The land costs of these 120 properties is assumed to be extended by the City as a form of equity.

Once a property for a certain percentile of market value is considered, the average land value and the average building value is calculated for that particular percentile, by taking into account all the properties listed at that particular market value For example, the 90th percentile of estimated market value for properties in Saint Paul in 2017 was USD 358,500. There were 4 properties in Saint Paul that was valued at USD 358,500. So, to check for the feasibility of the model, average land value and average building value of all these four properties is calculated, which is USD 122,825 and USD 235,675 respectively. Similarly, the average tax payable by these properties during 2017 was recorded at USD 5,802.

A comparison was drawn between the conventional method of taxing the properties and the MLT model which proposes to recover land rent at 6 percent per annum for properties at all the aforementioned percentiles of estimated market value. It shows that as we move to a higher percentile of market value the proposed MLT would help generate more in land rents, as compared to what is being recovered currently in property taxes.

A property listed at 30th percentile of estimated market value was generating USD 1,382 annually in taxes. It would however generate only USD 723 in land rent in the proposed MLT model, which is USD 659 less than the conventional model of taxation - that considers both land and market value for taxation. However, as we consider a property listed at the 90th percentile of estimated market value, it is noticed that the MLT model could generate USD 1,568 more in land rent as compared to the conventional mode of taxation. The average tax for a property listed at 90th percentile of market value is USD 5,802 while it could generate USD 7,370 in land rent under the proposed MLT model.

It is important to note that the cost of homeownership would be brought down for properties listed at all percentiles of estimated market value by the proposed MLT. The annual cost of home-ownership is reduced by USD 5,066 on an average for the 120 properties considered in the MLT. In addition to that, as people residing in properties with lower estimated market value would now be paying less in taxes as compared to people living in properties with higher estimated market value, the MLT model reflects the properties of a progressive taxation model – wherein the poor pay less and the rich pay more.

The feasibility model assumes that the cost of municipal services is equal to the current taxes being generated by the properties. The MLT model also explores to give a rental credit of USD 190 to every member of the MLT which appreciates at 0.3 percent per annum. Similarly, the land rent for properties is considered to appreciate at 2 percent per annum.

The MLT model which proposes to start with 120 properties can help generate USD 509,305 in land rents in the first year. The cost of municipal services for these 120 properties is USD 411,585 and that of land rent credit is calculated at USD 19,950. In total, the surplus earned in revenues at the end of first year is estimated to cross USD 77,000.

A detailed calculation is shared in *Appendix I.*

SECTION II: OPTIONS FOR EXPANDING AN MLT

This section explores various options for how the proposed MLT could incorporate homes into the trust and help in scaling up the supply of long-term affordable housing in Saint Paul.

Initiation by Home Buyer

Having a home buyer initiate the inclusion of a home into the MLT is one possible approach for expansion. The recently released report "Land For The Many" proposes an entity called a Common Ground Trust (CGT) in which home buyers approach the CGT when they want to buy a property. While people are required to pay for the value of the building, the underlying land is bought by the CGT. The CGT leases the land to people, who become members of the CGT upon signing of the land lease agreement, granting them exclusive rights for use of land in return of paying a land rent. At the time of moving out of the property, the members are to sell the improvements on the land, while the CGT would retain the title to the land.

Deed Restrictions

A second approach for adding homes to an MLT would apply to properties to which the City of Saint Paul extends financial assistance. In exchange for such City assistance, a deed restriction could be placed on the property that obligates land rent payments to the MLT in lieu of property taxes.

Routine Sales by the City

The City of Saint Paul routinely sells properties under various programs and these properties could become part of the MLT simply by having the City retain the land title for the properties but allowing buyers to have title to any buildings on the properties. For this approach, the report studies the properties that received assistance under the Inspiring Communities program of the City of Saint Paul during the year 2018. Seventeen vacant lots were sold by the City of Saint Paul in the year 2018 under the Inspiring Communities program. Out of the seventeen properties, eight were chosen at random to test for the model.

Market value of the eight short-listed properties were derived from the Ramsey County website to check for the revenue potential of the MLT model. It is proposed that instead of selling of these properties, the City could explore transferring these properties to the MLT which would charge a land rent of 6percent per annum of the land value.

It was noticed that all the properties listed under this program are at present tax exempted. It is assumed that had these properties being generating taxes as on date, it would have been at a rate of 2% per annum of the total market value. The MLT model would help generate additional USD 8,696 per annum in revenue for the City as compared to the conventional method of taxing properties. A detailed calculation is shared in *Appendix II*.

Acquisition of Defunct Golf Courses or Buildings

Another approach for expanding the MLT would involve closed down golf courses, city owned buildings or similar properties that the City proposes to sell. The City could explore transferring the rights to such properties to the MLT, which would then lease the land portion of these properties out while home buyers would acquire title to any structures on the site.

The report considers the case of Hillcrest Golf Course in Saint Paul which closed down in 2017 and was purchased by the Saint Paul Port Development Authority (SPPDA) for USD 10 million ("Ford site but without the tax subsidy," 2019). It is understood that the SPPDA plans to develop the defunct golf course and then sell it. The SPPDA expects an initial development cost of USD 26.5 million including USD 2.5 million for environmental clean-up ("Ford site but without the tax subsidy," 2019).

The City has approved a USD 10 million in general obligation bonds to cover the purchase cost. The repayment is estimated at approximately USD 750,000 per year over a span of 25 years ("Ford site but without the tax subsidy," 2019). The SPPDA plans to levy an additional USD 5 per year in taxes for a median-value home to help finance the development("Ford site but without the tax subsidy," 2019). The remaining cost, including infrastructure, green space and environmental clean-up, is to be financed by land sales, grants and assessments.

The mechanism of developing these properties and selling it off to the market in a way helps boost the land prices. As land continues to appreciate at a faster rate, the houses lose their affordability tag. In order to check the appreciating land value, it is proposed that this land be transferred to the MLT. The MLT would then lease out the land to buyers, who would be responsible for the cost of improvements on these properties. Considering the City invested USD 10 million to buy the land, it can be estimated that if the land is transferred to the MLT, it would help generate USD 50,000 per month in land rent. While the City could continue to charge USD 5 per year in taxes for a median-value home, instead of revenue from sale of land, the city could make use of the land rent of USD 50,000 per month recovered collectively from the residents of houses developed on this property. While sale of land could help generate a one-time revenue, the ongoing land rents could be a perpetual source of revenue and help keeping these properties affordable in the long run.

Properties in Loan Foreclosure

This approach aims at providing an alternative for loan foreclosure. This involves identifying homeowners who are at risk of a foreclosure and approaching them for purchase of their property. Once the property is purchased by the MLT, it could retain the title to the land and sell back the improvements on the land to the homeowner, thus allowing the homeowner to continue to stay in the property and avoiding loan foreclosure.

The report just identifies this approach as a possibility in theory and has not explored how it would function in reality. It is assumed that once these properties that are at the risk of foreclosure are added to the MLT, it would help grow its base and generate revenues in the form of land rent. Further, as the cost of the original homeowner is now reduced to only the cost of improvements, the monthly costs for homeownership is reduced, helping to avoid loan foreclosure.

Tax Forfeited Land

The City could explore buying tax-forfeited properties and transferring its ownership to the MLT. Once a property is transferred to the MLT, it could retain the title to the land then lease it out to potential home-buyers. The home-buyers would then have exclusive rights for development on this land in return for paying land rent to the MLT.

The report studies the details of the tax-forfeited property 486 Victoria Street S for the model. The said property has a market value of USD 92,000 which was acquired by the Housing & Redevelopment Authority (HRA) for 25% of its market value, which is USD 23,000 plus maintenance and recording fees. The property was then transferred to a housing developer for the cost that the HRA paid to Ramsey County. Now, if the property was transferred to the MLT, it would help in generation of USD 1,344 annually in land rent. Further, as the home-buyer would just be responsible for the cost of financing the improvements on the land, the monthly home-ownership cost would be brought down from USD 532 to USD 375. This would help the home-buyer reap the benefits of the investments of the City for a longer period, as compared to the current practice of selling the rights to the property to potential home-buyers.

A detailed calculation is shared in *Appendix III.*

SECTION III: FORM OF GOVERNANCE

In this section various types of governance models that the MLT can adopt are explored. Conducting a literature review to study similar models and interviewing officials from St. Paul Public Housing Authority and City of Saint Paul helped gain some useful insight in this regard.

Four models were identified that could potentially be explored for adoption by the MLT -

The Community Land Trust Model

The CLT model is considered to be most effective when it comes to maintaining long term affordability as compared to other methods. This is primarily because of its governance model that ensures that land owned by CLTs do not revert to market prices. The CLT board typically includes one-third leaseholders or occupants, one-third community representatives who are members of the CLT but not leaseholders and the other one-third could be government officials or officials of any other non-profit organization who have stakes in the CLT (Institute for Community Economics [ICE] 2002) cited in (Ingram & Hong, 2007). This style of governance ensures that the incentive to sell land for financial gains is restricted to only one-third of the members, while the rest two-thirds are committed to maintaining long-term affordability.

St. Paul Public Housing Authority Model (SPPHA)

As the MLT is being explored as a wholly owned public entity, a governance model similar to SPPHA could be explored for the MLT. The SPPHA is governed by its Board of Commissioners. As on date, the SPPHA board has seven commissioners, who are appointed by the Mayor of Saint Paul and then subsequently approved by the City Council ("Public Housing Agency, Saint Paul—Organizational Structure," 2019). Out of the seven commissioners appointed, two commissioners represent the public housing residents. The board then appoints a team of senior staff members and legal advisories who help in the day to day functioning of SPPHA.

The Housing & Redevelopment Authority (HRA)

The MLT could also explore adopting a governance structure similar to the HRA. The HRA is headed by the Executive Director of the Board of Members of HRA, who reports to the Mayor of Saint Paul. The board members are appointed by the Mayor and then subsequently approved by the City Council, similar to that of SPPHA. The staffing requirements of HRA is however fulfilled by the Planning & Economic Development department of the City of Saint Paul. In this model, the MLT would not have any representation from the residents or members of the MLT as is the case with models of CLT & SPPHA.

Odisha Urban Infrastructure Development Fund (OUIDF)

OUIDF is a wholly owned infrastructure development fund of the Government of Odisha – a state in India, which is headed by the Chief Secretary of the State. The Chief Secretary is the head of all administrative staff in the State and reports directly to the Chief Minister of the State. The fund is created under the

Housing & Urban Development (H&UD) department of the state and aims at accelerating infrastructure development within the state of India.

OUIDF works towards securing funds from various multilateral and bilateral funding agencies e.g. World Bank, Asian Development Bank, KfW etc. and extends financial support to the Urban Local Bodies & Development Authorities in implementing projects related to Affordable Housing, Water Supply & Sanitation, Solid Waste Management amongst other urban infrastructure projects.

Special Secretary, H&UD who is a senior bureaucrat within the H&UD department is the Chief Executive Officer and is responsible for day to day decision making of OUIDF. He reports to the Board of Directors, which comprises of the Chief Secretary as the Chairman of the Board, Development Commissioner of the State, Principal Secretary - H&UD, Principal Secretary – Finance Department, Chairman-cum-Managing Director – Industrial Development Corporation of Odisha, two independent directors and one representative from the Government of India.

Taking the governance model of OUIDF into consideration, the MLT could be headed by the Mayor of the City who could then appoint a Chief Executive Officer to look into the day to day affairs of the MLT. The board of directors of MLT could involve the administrative heads from the finance department and the planning & economic development department of the City of Saint Paul, two independent directors or housing specialists and a spot to be filled in by the State of Minnesota or Ramsey County. This would help bring in multidisciplinary ideas at the time of decision making, a representative of the state or county could help facilitate things wherein coordination with the state or county is required.

The MLT could then appoint a Project Development Agency (PDA) by a transparent tendering process, who would be responsible to facilitate day to day functioning of the MLT. The PDA would report directly to the Chief Executive Officer of the MLT and would have to achieve performance milestones for securing its compensation.

SECTION IV: LEGAL FRAMEWORK NECESSARY

To implement the concept of MLT one needs to understand the legal framework which would make it a reality. Two research questions were identified for this topic – 1. What would it take to create an MLT? & 2. What liability issues exist for an MLT?

Provisions for creation of an MLT

Preliminary understanding of the process suggests that the HRA would have the powers to create an MLT. The below clause from an HRA resolution passed when CLT guidelines were adopted by HRA during May 2019 was of particular interest in this regard -

"WHEREAS, the HRA has the power to engage in development or redevelopment activities under Minnesota law and the HRA is authorized to engage in activities relating to (a) housing projects and development, (b) removal and prevention of the spread of conditions of blight or deterioration, (c) bringing substandard buildings and improvements into compliance with public standards, (d) disposition of land for private redevelopment, and (e) improving the tax base and the financial stability of the community, and to engage in the aforementioned activities when these needs cannot be met through reliance solely upon private initiative and which can also be undertaken in targeted neighborhoods; and is authorized to create redevelopment projects as defined in Minn Stat Section 469.002, Subd. 14;"

It seems like the HRA does enjoy powers to take steps for implementation of an MLT, as it could accelerate the stock of long-term affordable housing for Saint Paul. However, this is just a basic understanding of the clause and not a legal interpretation.

Anticipated liability issues

Non-payment of utility charges or taxes, bankruptcy of the lessee, provision for leasehold financing for the lessee, lien being created on the property, adherence to building codes prescribed by the City & the State and ensuring a valid insurance for the improvements on the land are some of topics that could give rise to liability issues for the MLT. The liability risks anticipated for the MLT are similar to ones faced by the CLTs. It is understood that the interests of the MLT can be secured by ensuring valid clauses related to these anticipated liabilities are incorporated in the land lease agreement as is done by CLTs. The lease agreement of University of Minnesota (UMN) used for leasing properties located in the University Grove area provides an example on how UMN - which is the lessor of the property, has detailed out the risks associated with leasing of land and entered valid provisions to secures it's liability. The lease agreement can be accessed using the link - https://policy.umn.edu/content/contracts/grove-lease-university-landlord .

It is suggested that a separate study be carried out to understand the aforementioned research questions in detail. It is further advised that this study be carried out by a team of law students who could provide a better understanding of the various statutes of the State of Minnesota that could help create an MLT and interpret the legal validity of the provisions incorporated in the lease agreement of UMN.

CONCLUSION

The concept of MLT holds promise for the City of Saint Paul. While the City has been partnering with CLTs, Land Banks and organizations like Twin Cities Habitat, to help in creation of long-term affordable housing in Saint Paul, a lot is yet to be done.

An MLT would not compete with a CLT but would complement the efforts of a CLT. CLTs only manage to provide a small fraction of the affordable housing in United States, and it is no different in Saint Paul. Little analysis has been done to assess the reasons for limited success of the CLT model. Lack of commitments to restricted equity form of ownership, combined with inadequate funding and staff, may account for the modest success of the CLT model to date(Ingram & Hong, 2007).

However, the proposed MLT could help mitigate the problems of inadequate funding and staff, when controlled directly by the City. The sustainability section of this report does show that collecting land rent would be sufficient for the MLT to recover its cost, while extending a land rent credit to each and every member of the MLT.

APPENDIX I

CALCULATIONS TO CHECK FOR SUSTAINABILITY OF THE MLT MODEL

Assumptions –

Land Rent Rate	6%	p.a.
Equal Land Rent Credit	$190	Year 1
Other Annual Homeowner Cost	$1,200	
Buyer's Loan Details -		
Down-payment	20%	
Rate of Interest	4.50%	p.a.
Tenor	30	years
Properties @ 100 percentile	0	
Properties @ 90 percentile	15	
Properties @ 85 percentile	15	
Properties @ 80 percentile	15	
Properties @ 75 percentile	15	
Properties @ 60 percentile	15	
Properties @ 50 percentile	15	
Properties @ 30 percentile	15	
Properties @ 10 percentile	15	
City's Financing Details		
Investment Requirements	$8,488,422	Year 0
Land Rent	$509,305	Year 1
Municipal Service Cost	$411,585	p.a.
Debt	0%	
Equity	100%	
Rate of Interest	2%	
Repayment Period	15	years
Increase in Land Rent	2%	p.a.
Increase in Service Cost	1.5%	p.a.
Increase in Rent Credit	0.3%	p.a.
Subsidy on Land for Affordable Housing	0	

	EMV	Avg. Land Value	Avg. Building Value	Avg. Tax	Tax to EMV Ratio
Median	$156,800	$26,553	$130,248	$2,518	1.61%
90th Percentile	$358,500	$122,825	$235,675	$5,802	1.62%
85th Percentile	$302,200	$146,357	$155,843	$4,932	1.63%
80th Percentile	$264,700	$99,853	$164,847	$4,387	1.66%
75th Percentile	$234,400	$97,317	$137,083	$3,662	1.56%
70th Percentile	$210,600	$50,291	$160,309	$3,407	1.62%
65th Percentile	$191,600	$52,255	$139,345	$3,112	1.62%
60th Percentile	$177,400	$40,244	$137,156	$2,815	1.59%
30th Percentile	$127,000	$20,704	$106,296	$1,941	1.53%
10th Percentile	$84,100	$12,043	$72,057	$1,382	1.64%

Source: Parcel Data 2017

90th Percentile

	Conventional	MLT	
Cost to City	$0	$122,825	
Cost to Buyer	$358,500	$235,675	
Estimated Annual Mortgage Payment	$17,438	$11,464	
Annual Tax / Land Rent	$5,802	$7,370	$1,568
Land Rent Credit	0	$190	
Annual Cost to Homeowner	$381,740	$254,318	
Monthly Cost to Homeowner	$31,811.63	$21,193.18	$10,618.45

85th Percentile

	Conventional	MLT	
Cost to City	0	$146,357	
Cost to Buyer	$302,200	$155,843	
Estimated Annual Mortgage Payment	$14,700	$7,580	
Annual Tax / Land Rent	$4,932	$8,781	$3,849

Land Rent Credit	0	$190	
Annual Cost to Homeowner	$321,832	$172,015	
Monthly Cost to Homeowner	$26,819.30	$14,334.56	$12,484.73

80th Percentile

	Conventional	MLT	
Cost to City	0	$99,853	
Cost to Buyer	$264,700	$164,847	
Estimated Annual Mortgage Payment	$12,875	$8,018	
Annual Tax / Land Rent	$4,387	$5,991	$1,604
Land Rent Credit	0	$190	
Annual Cost to Homeowner	$281,963	$178,667	
Monthly Cost to Homeowner	$23,496.88	$14,888.89	$8,607.99

75th Percentile

	Conventional	MLT	
Cost to City	0	$97,317	
Cost to Buyer	$137,083	$137,083	
Estimated Annual Mortgage Payment	$6,668	$6,668	
Annual Tax / Land Rent	$3,662	$5,839	$2,177
Land Rent Credit	0	$190	
Annual Cost to Homeowner	$147,414	$149,400	
Monthly Cost to Homeowner	$12,284.47	$12,450.03	-$165.56

60th Percentile

	Conventional	MLT	
Cost to City	0	$40,244	
Cost to Buyer	$177,400	$137,156	
Estimated Annual Mortgage Payment	$8,629	$6,672	
Annual Tax / Land Rent	$2,815	$2,415	($401)
Land Rent Credit	0	$190	
Annual Cost to Homeowner	$188,844	$146,052	
Monthly Cost to Homeowner	$15,737.04	$12,171.01	$3,566.03

50th Percentile

	Conventional	MLT	
Cost to City	0	$26,553	
Cost to Buyer	$156,800	$130,248	
Estimated Annual Mortgage Payment	$7,627	$6,335	
Annual Tax / Land Rent	$2,518	$1,593	($925)
Land Rent Credit	0	$190	
Annual Cost to Homeowner	$166,945	$137,986	
Monthly Cost to Homeowner	$13,912.12	$11,498.84	$2,413.28

30th Percentile

	Conventional	MLT
Cost to City	0	$20,704
Cost to Buyer	$127,000	$106,296
Estimated Annual Mortgage Payment	$6,178	$5,170

Annual Tax / Land Rent	$1,941	$1,242	($698)
Land Rent Credit	0	$190	
Annual Cost to Homeowner	$135,118	$112,519	
Monthly Cost to Homeowner	$11,259.85	$9,376.58	$1,883.27

10th Percentile

	Conventional	MLT	
Cost to City	0	$12,043	
Cost to Buyer	$84,100	$72,057	
Estimated Annual Mortgage Payment	$4,091	$3,505	
Annual Tax / Land Rent	$1,382	$723	($659)
Land Rent Credit	0	$190	
Annual Cost to Homeowner	$89,572	$76,095	
Monthly Cost to Homeowner	$7,464.36	$6,341.23	$1,123.14

Feasibility Check –

	0	1	2	3	4	5	6	7	8	9	10
Land Acquisition	$8,488,422	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Municipal Services	$0	$411,585	$417,758	$424,025	$430,385	$436,841	$443,393	$450,044	$456,795	$463,647	$470,602
Rent Credit		$19,950	$20,010	$20,070	$20,130	$20,190	$20,251	$20,312	$20,373	$20,434	$20,495
Total Cost	**$8,488,422**	**$431,535**	**$437,768**	**$444,095**	**$450,515**	**$457,031**	**$463,645**	**$470,356**	**$477,168**	**$484,081**	**$491,097**
Land Rent	$0	$509,305	$519,491	$529,881	$540,479	$551,288	$562,314	$573,561	$585,032	$596,732	$608,667
Total Revenue	**$0**	**$509,305**	**$519,491**	**$529,881**	**$540,479**	**$551,288**	**$562,314**	**$573,561**	**$585,032**	**$596,732**	**$608,667**
Surplus / Deficit	**($8,488,422)**	**$77,771**	**$81,723**	**$85,787**	**$89,964**	**$94,257**	**$98,670**	**$103,204**	**$107,864**	**$112,652**	**$117,570**

APPENDIX II

DETAILED CALCULATIONS FOR INSPIRING COMMMUNITIES SITES

Land Rent Rate	6%	p.a.
Equal Land Rent Credit	$190	Year 1
Other Annual Homeowner Cost	$1,200	
Annual Tax Rate	2%	p.a.

Buyer's Loan Details -		
Down-payment	20%	
Rate of Interest	4.50%	p.a.
Tenor	30	years

VACANT LOTS (currently taxed exempted because they are City-owned)

6 George Street W

Land Value	14300
Building Value	0
Tax Payable	0

376 Sturgis Street

Land Value	35900
Building Value	0
Tax Payable	0

947 Sylvan Street

Land Value	26100
Building Value	0
Tax Payable	0

964 Woodbridge Street

Land Value	8000
Building Value	0
Tax Payable	0

1077 Ross Avenue

Land Value	15700
Building Value	0
Tax Payable	0

53 Front Avenue

Land Value	10400
Building Value	0
Tax Payable	0

677 York Avenue

Land Value	100000
Building Value	0
Tax Payable	0

686 York Avenue

Land Value	7000
Building Value	0
Tax Payable	0

	Conventional	**MLT**
Cost to City	0	217400
Cost to Buyer	217400	
Estimated Annual Mortgage Payment	$10,574.73	$0.00
Annual Tax / Land Rent	4348	13044

Land Rent Credit	0	190
Annual Cost to Homeowner	$232,322.73	$12,854.00
Monthly Cost to Homeowner	$19,360.23	$1,071.17

APPENDIX III

DETAILED CALCULATIONS OF TAX FORFEITED MODEL

	486 Victoria Street South. PIN - 11-28-23-42-0028	
Tax Forfeited		
Estimated Land Value	$22,400	
Estimated Building Value	$68,900	
Taxes in 2016	$1,947	
	Conventional	**MLT**
Cost to City	$0	$22,400
Cost to Buyer	$91,300	$68,900
Estimated Annual Mortgage Payment	$4,441	$3,351
Annual Tax / Land Rent	$1,947	$1,344
Land Rent Credit	$0	$190
Annual Cost to Homeowner	$6,388	$4,505
Monthly Cost to Homeowner	$532	$375

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