

Scott Street Community Land Trust Development

Soft Cost Loan

April 13, 2022

Committee of the Whole

Advances City Policy, Strategic Plan

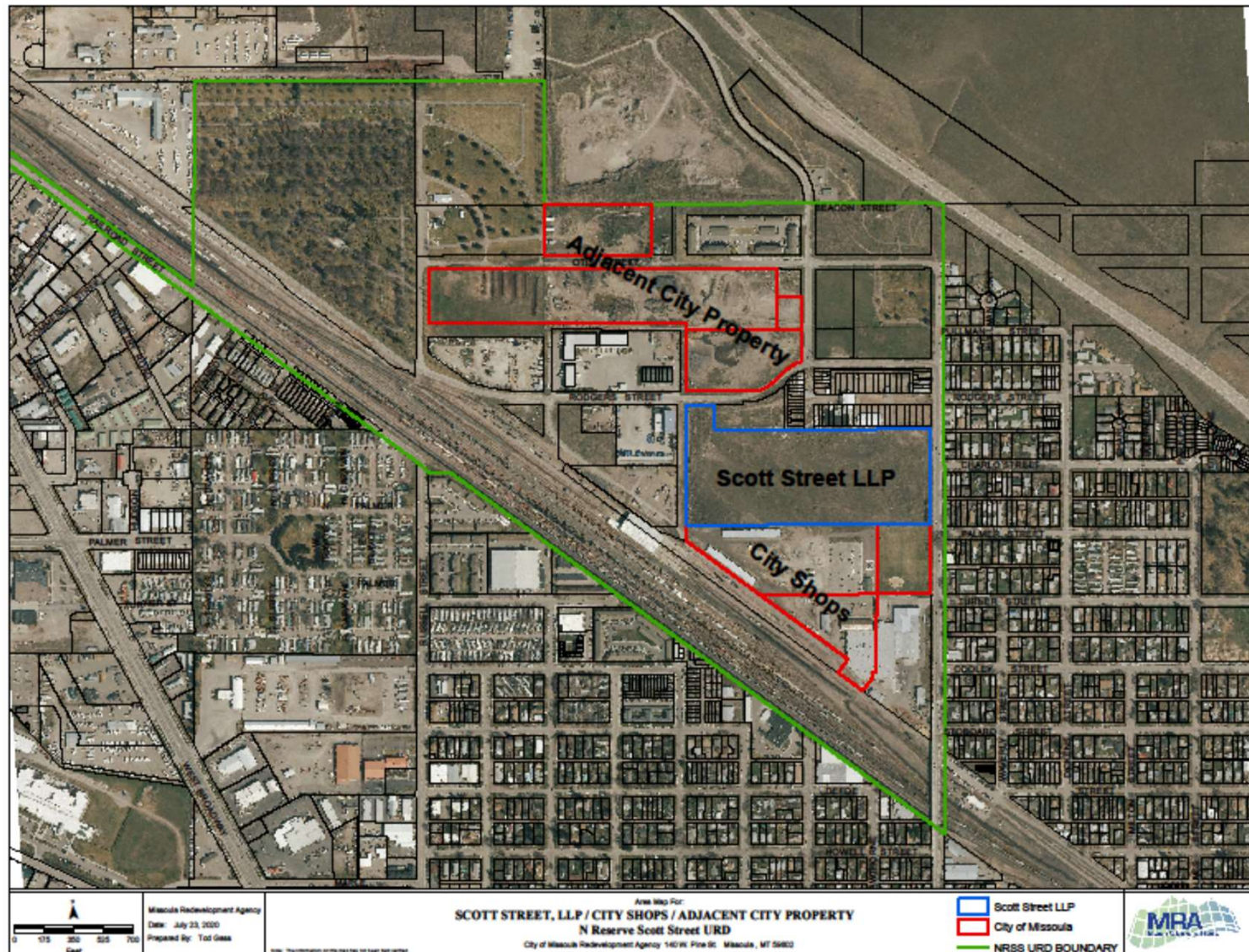
- Redevelop underused and dilapidated properties in City ownership to meet our current and future housing needs.
 - City Strategic Plan 2020 – 2023

Expand Affordable Homeownership Options

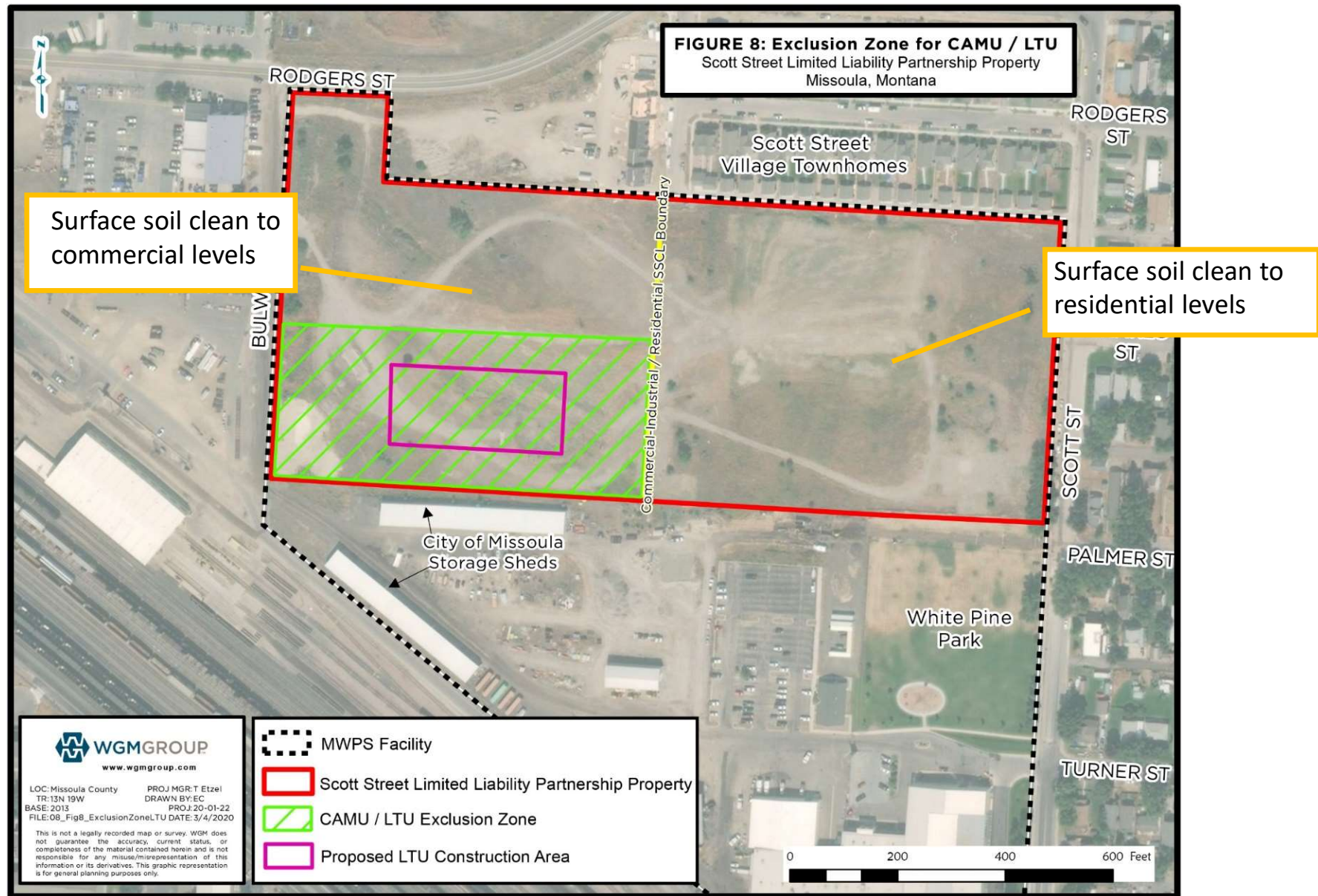
Purpose: Leverage City land donation and profits created by housing development to catalyze a nonprofit-led, mixed-income development model that will create a significant number of new, deeply subsidized homeownership opportunities while also significantly adding to the moderately priced market rate housing stock.

- A Place to Call Home (Missoula Housing Policy)

2020 – Council approves purchase



Bifurcation and Land Treatment Unit Exclusion Zone



2021 – Council approves Ravara/City Letter of Intent

This letter of intent (the “**Letter of Intent**”) constitutes an expression of the parties' interest in developing Parcel A of the Scott Street Parcel including the purchasing and selling the Property (as hereinafter defined) on the general terms and conditions described herein. It will also serve as the basis for negotiating a definitive purchase and sale agreement and development agreement for the purchase and sale of the Property (the “**Purchase Agreement**”). This Letter of Intent supersedes all prior oral and written proposals between the parties. The proposed terms and conditions for the purchase and sale of the Property are as follows:

1. The Property. On August 14, 2020 the City of Missoula (the “**City**”) acquired the property legally described as Lot 3, Scott Street Lots (the “**Master Property**”) pursuant to instrument number 2020018320, records of Missoula County, Montana (the “**Deed**”). The Master Property has two sub parcels, “**Parcel A**” and “**Parcel B**”, which are legally described in the Deed. Parcel A, which represents roughly the east half of the Master Property, is suitable for residential development due to certain environmental remediation work which has occurred if such development is conducted in accordance with the covenants contained in the Deed. The Master Property is subject to ongoing

Letter of Intent

- 3 acres
 - Ravara helps the City and a non-profit partner develop permanently affordable housing via community land trust model
- 6 acres
 - Ravara purchases the land from the City
 - Supports Affordable Housing Trust Fund per ordinance
 - City and Ravara work collaboratively toward neighborhood-appropriate, market-rate housing

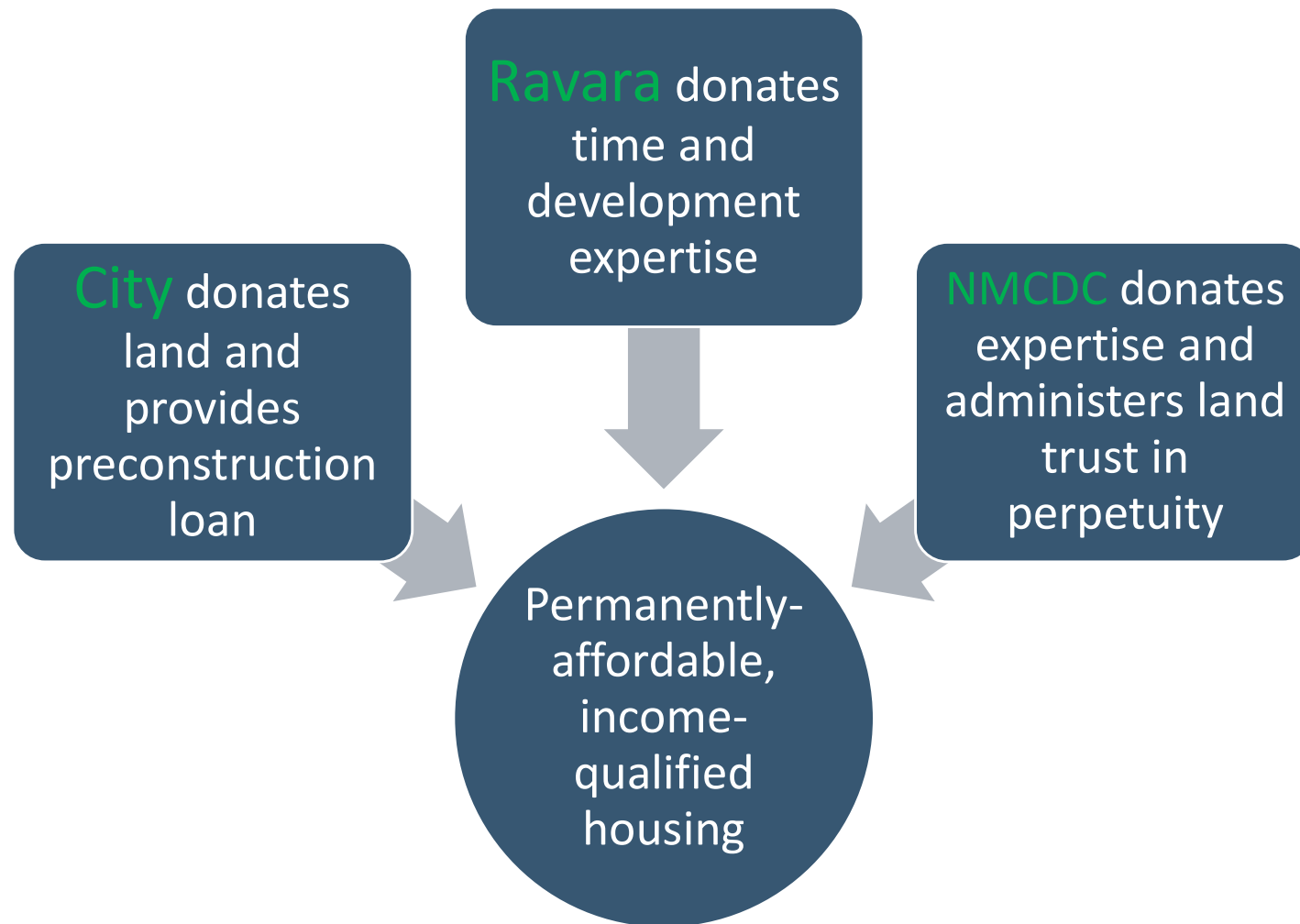
Scott Street Parcel Design Concept



conceptual site layout - landscape design (with central square)
prepared by Cushing Terrell



Three parties working together



North Missoula Community Development Corporation (NMCDC)

- www.NMCDC.org
- “The North-Missoula Community Development Corporation, or NMCDC, is a community-based nonprofit organization and community land trust rooted in and serving the Northside, Westside, and Heart of Missoula communities.”

What is a Community Land Trust?

What is a Community Land Trust (CLT)?



A community land trust (CLT) is a nonprofit organization that holds land in trust for a community in order to provide lasting assets and shared equity homeownership opportunities for everyday neighbors.

Governed by a Board of Directors made up of CLT residents, neighbors, and public representatives, CLTs create permanent affordability by separating the land from the improvement (the home or commercial building), investing subsidy, and enforcing a resale restriction. This model ensures that the initial subsidy is never lost, and that the homes remain affordable forever. When a CLT homeowner is ready to move on, they leave with their earned equity and a limited amount of unearned equity.

Credit: NMCDC

Ravara Development (Goodworks)

- Ravara Development is a mission-oriented private company affiliated with Goodworks Ventures and the High Stakes Foundation.



Mary Stranahan
Founder

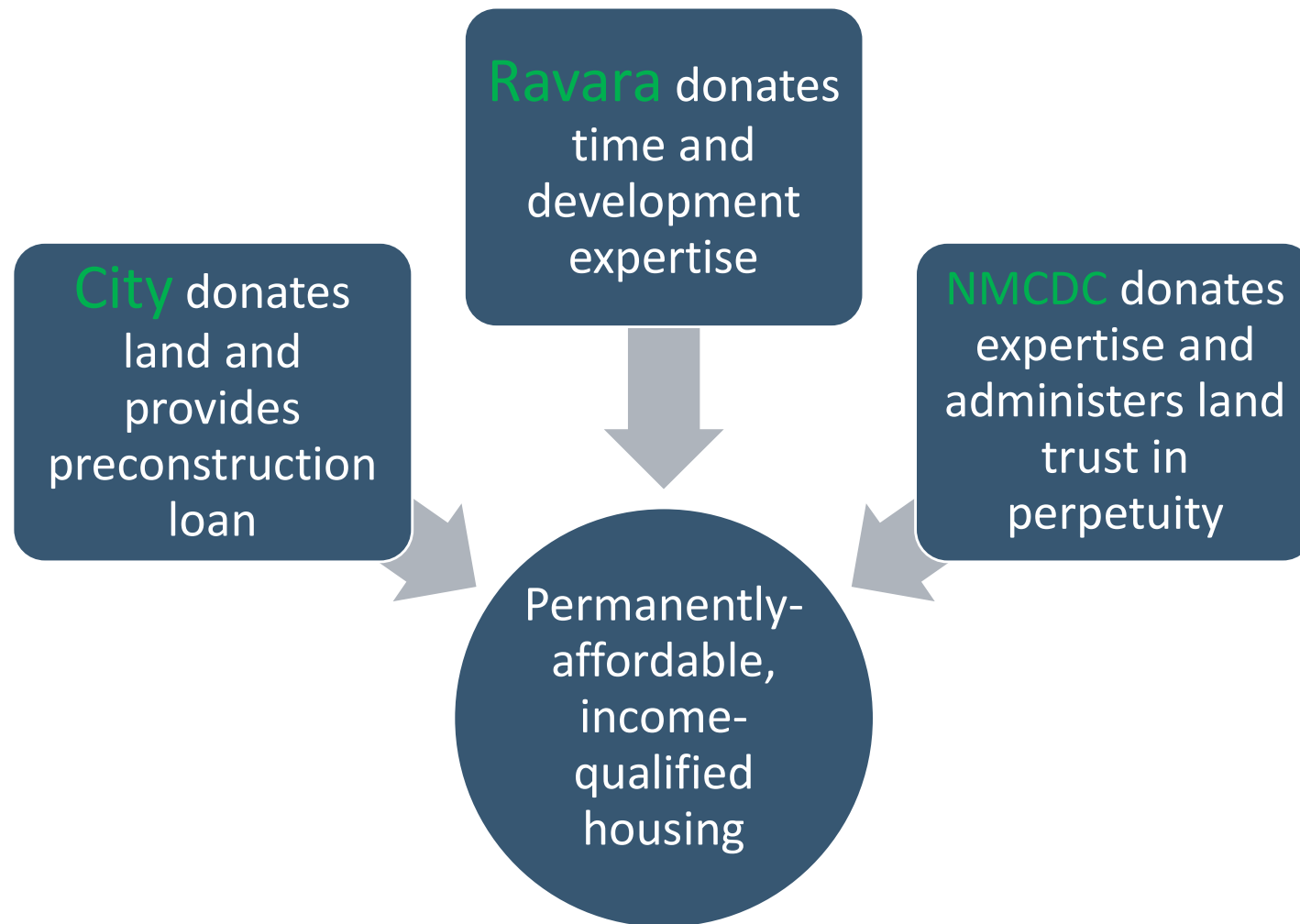
Dawn McGee
CEO

Kiah Hochstetler
COO

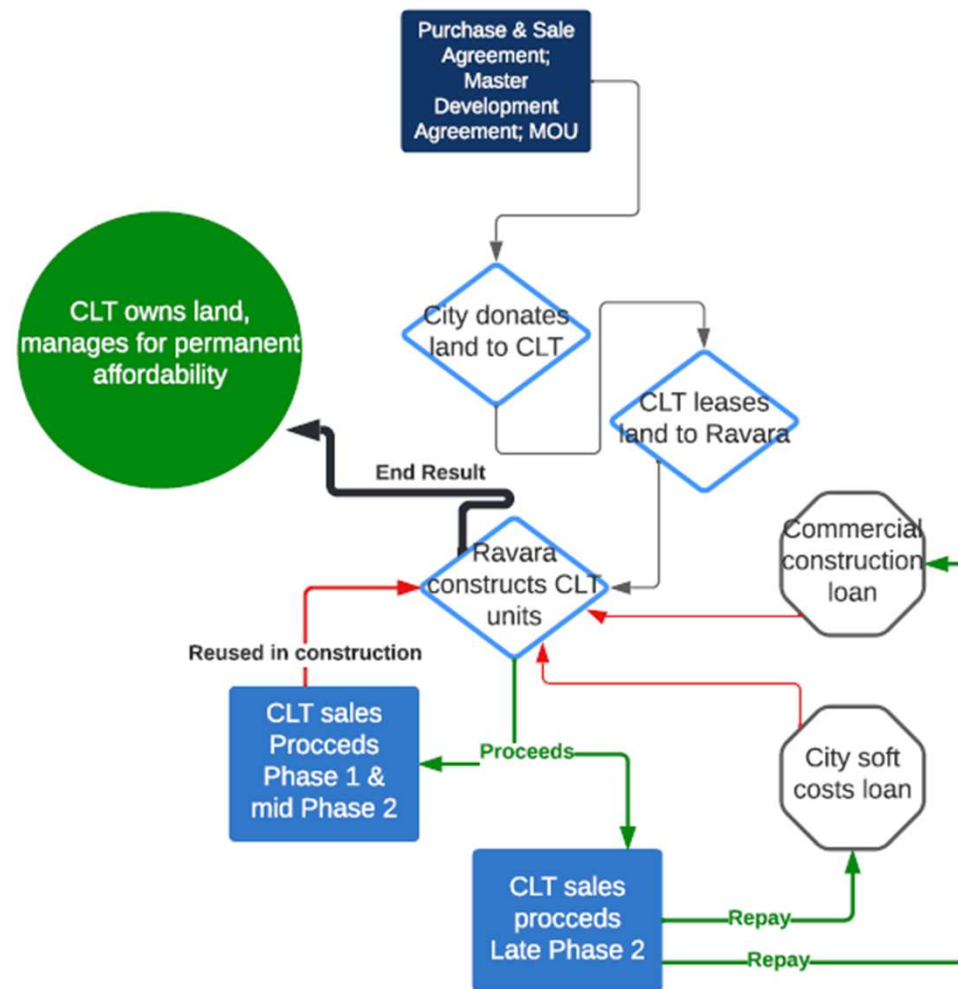
Ann Quirk
Community Liaison



Three parties working together



Land trust development funding



Terms

- \$479,435 for design and other soft costs
- Interest = 1.5%
- Security = design and any other work product
- Repayment:
 - Proceeds from sale of first 50% of units cycle to fund subsequent units
 - Sale proceeds thereafter balance construction and loan repayment
- *Note: This is functionally a loan to ourselves, with Ravara serving as construction manager*

Yield

- 78 units, condominium and townhome, ranging from studio to four bedroom
 - Some market rate (proceeds subsidize the other units)
 - Majority sold at below-market, affordable prices
 - Purchasers demonstrate income no greater than 120% of area median income
 - Resale restrictions balance homeowner equity and downstream affordability