

PROPOSAL TO THE MADISON COMMUNITY FOUNDATION

Madison Area Community Land Trust (2003)

1. Description of Applicant Organization

The mission of the Madison Area Community Land Trust (MACLT) is to *provide homeownership opportunities to low and moderate income residents of Dane County*. MACLT is the only affordable housing agency in Dane County that uses a systemic approach to address the lack of permanently affordable housing for low- and moderate-income families.

Our systemic approach is based on a unique model – known as the community land trust model - that ensures MACLT homes will remain affordable to each successive buyer *without the need for further project subsidy*. When MACLT sells a house to a low or moderate-income family, it retains ownership of the land. This not only makes the house affordable for the first buyer, it creates a mechanism to preserve affordability for each future buyer of the same house. As part of their ground lease with MACLT, the homeowner agrees to waive a portion of the home's appreciated value upon resale. This significantly lowers the new buyer's purchase price and insulates the home from the upward spiral of housing prices.

Since its founding in 1990, MACLT's innovative approach to Madison's persistent shortage of affordable housing has provided high-quality affordable homes to 23 low and moderate-income families (defined as those with household incomes at or below 80% of the Dane County median household income).

Until 2000, all of MACLT's activities were conducted solely by a volunteer executive director, Sol Levin. At the time of Sol's retirement, the organization could not have continued its work without a full time paid executive director. *A capacity-building grant from the Madison Community Foundation in 2001 enabled us to accomplish this goal.*

MCF's grant has had a major impact on the organization. As a direct result of this grant, our new executive director has significantly improved MACLT's organizational and financial stability and expanded our housing development activities. For example, our plans for 2003-2005 revolve around two distinct developments on Madison's northside:

1. Camino del Sol: Working closely with the northside community through a series of public meetings, MACLT has developed plans for 12 single family homes and two fully accessible duplexes on the 800 block of Troy Drive. Now known as Camino del Sol (in memory of Sol Levin), this site, previously an eyesore and neighborhood problem, is already home to nine residents and will soon be home to 32 more low and moderate income individuals.
2. Troy Gardens: In 2001, after engaging in a 4-year series of community meetings coordinated by the Troy Gardens Coalition¹, MACLT purchased a 31-acre plot on

¹ The Troy Gardens Coalition included the Urban and Regional Planning Department of the UW-Madison, the City of Madison, Urban Open Space Foundation, Community Action Coalition, the Northside Planning

Troy Drive. Responding to the needs and desires of northside residents, the Coalition developed an exciting and creative plan for Troy Gardens, including:

- a) 21 acres of an urban open space which has been permanently secured through a conservation easement. This includes a working farm which hires local workers and produces food sold to local residents;
- b) 5 acres of community gardens in which small plots are used by local gardeners to grow food for their families; and
- c) 5 acres of mixed-income residential housing under the community land trust model. This 30-unit development will be known as Troy Gardens Cohousing.

What is Troy Gardens Cohousing?

Cohousing is a type of neighborhood design that balances the traditional advantages of private home ownership with the benefits of community. It is intended to address the common alienation of modern subdivisions in which few people know their neighbors. The physical design of the development maintains each household's privacy while promoting interaction and a sense of community.

Each household in a cohousing community has its own private dwelling with kitchen, living room, bedrooms, bathroom, etc. In addition, these private homes are supplemented by common facilities, usually called a "common house". The common house may include a kitchen, dining/multipurpose room, offices, and play space for children. Residents of cohousing communities can participate in optional group meals or other events in the common house as often as they wish. *As the center of community activity, the Common House plays a fundamental part in making a cohousing community successful.*

Cohousing is widely seen as one of the most promising solutions to the challenging social problem of alienation in today's cities. There are now more than one hundred cohousing communities completed or in development in North America, including one on Madison's west side.

What makes Troy Gardens Cohousing Unique?

Troy Gardens Cohousing will be a pioneering project distinct from other cohousing communities in North America:

- a) Cohousing developments are typically sold at market rate or above, making them too costly for low and middle income home buyers. Two thirds of the units at Troy Gardens Cohousing will be sold to low and moderate income buyers.
- b) It will be fully accessible to all who use it. In addition to the housing units, all paths and common areas will be accessible.
- c) In addition to being mixed income, it will be an ethnically diverse community, also a significant departure from typical cohousing groups. We have a wonderfully diverse community right next door at Troy Community Gardens – and the MACLT simply proposes to reflect that same diversity in our cohousing. A particular focus for the MACLT has been on creating homeownership opportunities for Hmong families who garden at Troy Community Gardens.

Council, and MACLT. The Friends of Troy Gardens, an independent non-profit organization, leases the land from MACLT and coordinates all programs at Troy Gardens.

Toward that end, for the past year the MACLT has been coordinating the Troy Gardens Hmong Homebuyers Club, a group of Hmong gardeners with a burning desire to live at Troy Gardens Cohousing. To make this possible, the MACLT is organizing a consortium of organizations² with the common goal of assisting these low-income families to purchase their own homes under the City of Madison's upcoming Section 8 home purchase program.

2. Project Purpose Statement

This proposal requests an \$75,000 grant to help fund the construction of the Common House at Troy Gardens Cohousing. The Common House will be a true community building serving the entire Troy Gardens community in addition to the cohousing residents. It will complement and enhance existing services and facilitate the numerous collaborative programs of the Friends of Troy Gardens by providing a fully accessible focal point for these groups' activities.

Why is the Common House so important to this project?

The Common House is the defining feature that makes cohousing different from other forms of housing. It is the central gathering place for community residents – bringing them out of their individual homes to share meals, childcare, and for the many meetings that residents will have as part of their self-management process.

This Common House will serve a much larger community than is typically the case, because it will serve the entire Troy Gardens community, not just cohousing residents. The Common House will provide space for the gardeners and farmers to share meals, celebrate the harvest, and plan out the coming growing season. It will be a place where nature education programming will take place, both in the dining room, as well as in the office that the Friends of Troy Gardens will rent. It will house farming equipment, thereby saving the cost of building a much more expensive stand-alone barn.

What will be the features of the Common House?

- Barrier-free design;
- Large dining room/multipurpose space;
- Commercial-grade kitchen;
- Smaller multi-purpose room for shared childcare, that can also be used for overflow space for larger meetings and for holiday dinners;
- Office space for the Friends of Troy Gardens, which will be used as a nature education center;
- Two bathrooms – one for internal use, the other for use by community gardeners;
- Attached storage for farm equipment (separated by a firewall);
- Attached workshop for cohousing residents, for woodworking, bicycle repair, etc.

How many people will use the Common House?

- Troy Community Gardens currently has 86 gardeners, who represent households totaling approximately 350 people.

² This consortium includes MACLT, Movin' Out, AnchorBank, Community Action Coalition, and the City of Madison's Community Development Authority.

- Seven youth ages 14-17 are enrolled this summer in the Troy Gardens "Farm and Field" Youth Training Program.
- Another 40 children K-8 are involved in the Children's Gardening Program.
- The Troy Community Farm currently has one full time farmer, three interns, three volunteers, and 42 CSA members (who represent households totaling approximately 120 people).
- There are 80 volunteers involved in a variety of nature restoration efforts at Troy Gardens.
- The cohousing development will have a total of 30 units including 5 two-bedroom (barrier-free) and 25 three-bedroom units. This is projected to include a total of 75 individuals when the development is full.

These numbers indicate that a total of approximately 672 users are projected to be involved in programs of various sorts at Troy Gardens (or will be in the future). This does not take into account other community groups and the general public, to whom the Common House will be available for a small fee.

How will the Common House be managed?

MACLT will be the legal owner of the Common House. The Friends of Troy Gardens, which will have its office in the building, will be responsible for managing the Common House, maintaining its facilities, and coordinating the activities of its many users.

How will the Common House be paid for?

Most cohousing communities simply split the cost of building their Common House among the residents, which drives up the price of the housing units (it also means that few if any other groups use the facility). In this case 2/3 of the Troy Gardens cohousing units will be sold to low income households, which makes the usual financing mechanism impossible. Construction of the Common House cannot be a financial burden on the low income cohousing residents. It must be subsidized.

3. Proposed Outcomes and Outcome Indicators

- a) The primary proposed outcome of this application will be the construction of the 2,696 square-foot Common House at Troy Gardens. A grant of \$75,000 from MCF will enable MACLT to leverage additional funding for construction of the Common House. Please see the project funding plan below and attached budget for more details.
- b) A second but no less important outcome of this project will be the increased collaboration of the many stakeholders involved at Troy Gardens. The Common House will provide a focal point that will enable these groups to coordinate their efforts and increase their impact on and visibility in the community.

4. Activities/Strategies

The following firms and individuals are under contract to provide services for the development of the cohousing community at Troy Gardens:

- Architectural Design: Jim Glueck, Glueck Architects

- Engineering/Planning: John Kretschman/Dan Williams, SmithGroup JJR
- Legal: Tim Radelet, Foley and Lardner
- Marketing: Al Lynk, Stark Company Realtors
- Project Manager: Greg Rosenberg, Madison Area Community Land Trust

Timeline for construction of the cohousing development at Troy Gardens:

Summer/Fall 2003	Fundraising, engineering, PUD approval, design
Spring/Summer 2004	Phase One: construction of first 15 housing units ³
Fall/Winter 2004	Common House construction
Spring/Summer 2005	Phase Two: construction of final 15 housing units

5. Budget: Please see the attached budget spreadsheet.

6. Funding Plan

Construction costs for the Common House were determined using a per square foot formula standard in the cohousing industry. Please note that in an effort to reduce construction costs, MACLT will build a Common House of 2,696 square feet -- 2170 for the Common House proper, with 526 square feet for farm storage and the workshop. This is significantly smaller than Common Houses in most other cohousing communities, which average 4,500+ sq. ft.

Expenses

Construction costs:	\$242,970
- 2170 sq. ft. @ \$95 per sq. ft.: \$206,150	
- 526 sq. ft. @ \$70 sq. ft : \$36,820	
Contingency: 5% of construction costs =	\$12,149
Furnishings and Appliances =	<u>\$5,000</u>
Subtotal =	\$260,119
Administrative Expenses (15%)	<u>\$39,018</u>
Total Budget	\$299,137

Funding

• Madison Community Foundation (requested)	\$75,000
• George Kress Foundation (requested)	\$30,000
• Hedberg Foundation (requested)	\$30,000
• Nelson Foundation (requested)	\$30,000
• Windhover Foundation (requested)	\$30,000
• Loan financing (30 year mortgage at 7%)	\$99,137
• Furniture & appliances contributed by local retailers	<u>\$5,000</u>
Total Funding =	\$299,137

Since a grant from MCF will be used to directly fund the construction of the Common House, the grant from MCF will be recognized by naming the Dining / Multipurpose Room in honor of the Madison Community Foundation..

³ Representative Tammy Baldwin secured \$750,000 in funding from HUD to help finance the land purchase and construction costs of housing units at Troy Gardens.

Annual operating costs of the Common House at Troy Gardens Cohousing are estimated to include:

- Heating/Electricity: \$3,600 per year
- Maintenance/Insurance: \$2,500 per year
- Debt Financing (ten year loan of \$99,137 @ 7%): \$7,920 per year

Total annual operating costs = \$14,020

Annual income from the Common House is projected as follows:

- Cohousing Community Homeowners Association = \$7,920 per year (\$660/mo)
- Rental income: FTG office = \$5,100 per year (\$425/mo)
- Other rental income = \$1,000 per year

Total annual operating income = \$14,020

7. Justification

We believe this grant request is appropriate for Madison Community Foundation funding due to its direct applicability to the following MCF grantmaking priorities and criteria:

- a) Community Development: Troy Gardens is a nationally recognized model for land use planning and community participation. Northside residents have held leadership roles in the planning process from the beginning. This process has strengthened the northside community and enabled it to build effective long term partnerships throughout the city of Madison.
- b) Address recognized community issues with innovative approaches: Cohousing is a fundamentally different approach to multi-family housing than Madison has experienced in the past. Troy Gardens Cohousing can help Madison to address its growing shortage of low income housing by providing an *affordable alternative* to the alienation and isolation of typical multi-family housing complexes.
- c) Strengthen and build on community assets: As a national model, Troy Gardens has garnered significant academic and media attention. A pioneering model such as this brings greater prestige to Madison, Dane County, and the University of Wisconsin. *A fully accessible Common House will enhance the ability of the Troy Gardens Coalition to leverage additional attention and funding for its programs, thus further expanding its impact on the community.*
- d) Use partnerships and/or collaborations: The Common House at Troy Gardens will enhance existing collaborations by facilitating the work of many organizations that are part of the Troy Gardens Coalition. Because it will be a fully accessible building, all individuals involved in programs will be able to use it.

ATTACHMENTS

1. Common House Project Budget
2. MACLT Board List
3. 2002 Financial Audit
4. 2003 Income and expense budget
5. Letters of support
6. Additional attachments
 - a. Common House Architectural Drawings
 - i. Floorplan
 - ii. Elevation (exterior view)
 - b. Overall proforma for Troy Gardens Cohousing Project
 - c. Map for entire Troy Gardens site