

COMMUNITY LAND TRUSTS & COMMERCIAL STEWARDSHIP



www.cltnetwork.org National CLT Network, Burlington VT, September 12, 2012
Presented by Michael Brown & Selina Mack

WHY Commercial?

www.cltnetwork.org

- To address community needs
- To build additional support for CLT
- To add a new line of business
- To make money.....

Development vs. Stewardship

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Who develops the property?
Who provides long-term stewardship?

Today's course focuses primarily on commercial stewardship

Commercial Stewardship

Comparing
Commercial Stewardship
With
Residential Stewardship

GOALS

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- Opportunity
- Strategy
 - Neighborhood stabilization
 - Neighborhood revitalization

Commercial Stewardship

OPPORTUNITY

Sawmill Community Land Trust

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Map showing the layout of the Sawmill Community Land Trust, including building footprints, parking areas, and surrounding streets.

Champlain Housing Trust

www.ctnetwork.org



New Construction
Offices & Housing

Champlain Housing Trust

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Bus Barn Conversion
Restaurant, Laundromat
& Job Training Center

Commercial Stewardship

NEIGHBORHOOD
STABILIZATION


Japantown, San Francisco

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Rondo CLT, St. Paul MN

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Commercial Stewardship

NEIGHBORHOOD
REVITALIZATION

DCLT- 1st Commercial Development

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Completed
June 1998



1003 W. Chapel Hill Street,
Durham, NC

- Completed in 1998
- CDBG, low interest loan
- Neighborhood Community Center



1003 W. Chapel Hill Street, Durham, NC

DCLT - Why Commercial Development?

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1. Revitalization
2. Blight Removal
3. Support
4. Ready Resources
5. Community Svcs.
6. Job Trng./creation



DCLT Office Space w/ Tenant



Completed in March 2002

1208 W. Chapel Hill Street, Durham, NC

1206 W. Chapel Hill Street, Durham, NC Hair Salon

- New revenue stream
- Utilize existing space
- Provide community services
- New community support



DCLT - Commercial Development Strategy

1. Target most compromising properties for revitalization.
2. Façade Improvement grants to existing businesses.
3. Streetscape improvements.
4. Catalyst to attract For-Profit Investors to community.

DCLT – Commercial Stewardship

1. DCLT owns land & building, leases space.
2. Community center closed – grant ended.
3. Sold 1003 W. Chapel Hill Street – difficulty in identifying right tenant
4. Other tenants – small, start-ups
5. Assist tenants with business training

Commercial has been a GOOD experience

Evergreen Co-ops, Cleveland OH

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ROLES

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- Stewardship
- Development & stewardship

OWNERSHIP STRUCTURE

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- CLT as:
 - Landowner/lessor
 - Land & building owner
 - Master lessor
 - Service provider

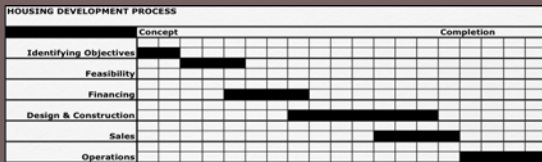
EQUITY

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- For commercial projects:
 - Project budgets are *much* bigger
 - CLT equity investments are also *much* bigger
 - Sources of CLT equity are much more limited
 - Project financing is much more restrictive

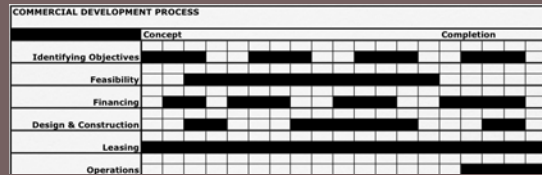
PROJECT TIMELINES

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PROJECT TIMELINES

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RISKS

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- Front-end:
 - Residential: owner/user relies on stable income to purchase and pay for improvements
 - Commercial: owner/user relies on sales of goods and/or services to pay for operating costs, make profit and pay for improvements

RISKS

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RISKS

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- Back-end:
 - Residential: CLT manages transfer of ownership; risk is finding another qualified buyer
 - Commercial: Does CLT manage transfer of ownership? Risks in locating another user/owner for 'specialized' improvements.

Commercial Stewardship

STRATEGIC PLANNING
ISSUES

Before Exploring Commercial Stewardship

STRATEGIC PLANNING ISSUES

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- MISSION & GOALS:
 - Why move into commercial stewardship?
 - Does this fit in your CLT's mission?
 - Is this part of a strategy? Or are you being opportunistic?
 - What will be the 'value added'?
 - Is there a 'but for' test that needs to be determined?

STRATEGIC PLANNING ISSUES

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- COMPETITION
 - Who else – for-profit or non-profit – could do this?
 - What is the unique niche the CLT would play?
 - What can the CLT uniquely offer?

STRATEGIC PLANNING ISSUES

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- ORGANIZATIONAL ROLES
 - Stewardship?
 - Development and stewardship?

STRATEGIC PLANNING ISSUES

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- OWNERSHIP STRUCTURE & ORGANIZATIONAL CAPACITY
 - Landowner/lessor?
 - Building(s) owner and commercial operator?
 - Master lessor?
 - Supplemental servicer provider?

STRATEGIC PLANNING ISSUES

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- STRATEGIC PARTNERSHIPS
 - Who can your CLT partner with, to enhance the prospects for the project's success?

STRATEGIC PLANNING ISSUES

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- EQUITY
 - How much investment from CLT is likely needed from CLT?
 - From what source(s) will this equity be secured?
 - When is it needed?

STRATEGIC PLANNING ISSUES

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- RISK ANALYSIS
 - How would success be determined?
 - What will be required to make that happen?
 - How likely is that outcome?
 - What are the risks for your CLT if this does not, in fact, happen?

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