

# The Homewood Gardens Development



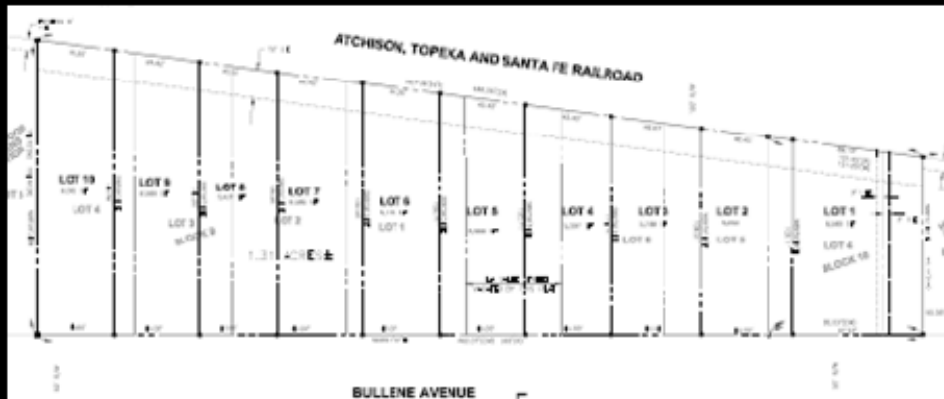
An Innovative Affordable Housing Development  
in Lawrence, Kansas

presented by

Tenants to Homeowners, Inc.  
and the City of Lawrence, Development Services

# Why Best Practice?

## The Homewood Gardens Development



1. Affordability and Quality of Homes
2. Sustainable Affordability through Housing Trust Program
3. Diverse and Committed Partners

# Homewood Gardens: 4 Home Plans

1) Two 3-bed, 2.5-bath

1,504 ft<sup>2</sup>

2 stories

2 car garage

LCHT Price \$85,000

(Value: 152,000)



2) Four 2-bed 1-bath

Single story fully  
accessible

1,000 ft<sup>2</sup>

oversized  
single garage

LCHT Price \$80,000

(Value: 138,000)



3) Two 3-bed, 1 dn 2 up

2.5 bath

two-story

1,482 ft<sup>2</sup>

2 car garage

LCHT Price \$90,000

(Value: 152,000)



4) Two 3-bed, 3 up

2.5 bath

2 story

2 car garage

1,528 ft<sup>2</sup>

LCHT Price \$100,000

(Value: 152,000)



# Cost Example for 1643 Bullene

<u>Expenses</u>		<u>Income</u>	
Land & Dev.	22,000	HTF land aquist. Grant	16,500
Construction	114,200	Buyer's 1 <sup>st</sup> mortgage	85,000
Developer's Fee	10,000	LCHT subsidy	25,000
Seller's closing	720	LCHT closing cost grant	1,900
Energy Star audit	1,000	LCHT admin fee	2,200
Buyer's closing	1,900	FHLB AHP grant	10,000
		Developer's fee	10,000
Total Costs:	149,820	Total Income	150,300

Any Net Proceeds go to the revolving project account

# Project Costs and Financing

## Acquisition Costs

5 lot purchase \$160,000

donation of 3 lots

city vacation of easement \$ 0

## Development Costs

extend sewer to 10 lots \$80,000

tree/brush removal

replat & rezone engineering

build pads with 3 ft fill

TOTAL \$240,000

/ 11 lots \$21,818 per lot 😊

VS. \$40,000 typical lot cost

# Housing Trust Homeowners: **who do we serve?**

Starting salaries for many jobs at the largest employers in Lawrence are **\$30,000 or less**.

Family Size	1	2	3	4	5
80% MFI	36,250	41,400	46,600	51,750	55,900

## Occupations of LCHT Homeowners:

- Nurses
- Architects
- Assistant Professors
- Administrative Assistants
- Teachers
- University Staff



# What \$90,000 will buy on the market

516 Florida

- 2 bedrooms
- 1 bathroom
- 700 ft<sup>2</sup>
- built 1950
- Energy efficiency questionable
- Accessibility unlikely
- Gas heater
- Rock driveway



Market price: **\$92,500**

From realtor.com July 28, 2008



# Homewood Gardens Affordability

1643 Bullene

- 3 Bedrooms
- 2.5 bathrooms
- Visitable
- 1,504 ft<sup>2</sup>
- New Construction
- 2 car garage
- Energy Star certified



Appraised: \$152,000

Price: \$85,000

**\$104** total monthly energy cost



# Homewood Gardens affordability for smaller households

1701 Bullene

- 2 bedrooms
- 1 bath
- Fully accessible
- Energy Star certified



Appraised: \$138,000

Price: \$80,000

\$83 total monthly energy cost 9

# Homewood Gardens Quality

- Cementitious siding
- Tornado safe rooms
- Casement windows
- Allergy-free stained concrete floors
- Upgraded 30-yr asphalt roofing
- Slab insulation
- Energy Star certified



# First Energy Star Certified Homes in Lawrence

Each home must pass an Energy Star audit with several performance tests and at least three on-site visits during construction.

- Blown-in or icynene foam insulation
- 2x6 walls
- Insulated ducts
- Low E glass and efficient placement of windows to maximize passive solar
- Attention to detail in sealing air gaps
- Installation of Energy Star appliances and compact fluorescent light bulbs
- 15 SEER/91 EF heat pump HVAC system and on-demand water heaters



# 1601 Bullene: innovation in energy efficient design

- Use of Structurally Insulated Panels (SIPs)
- New design by recent KU graduate
- Featured in the Lawrence Journal-World as a progressive design
- Fully accessible



Total estimated  
energy costs of  
\$60-70/month



# Sustainable Program: The Lawrence Community Housing Trust Jane's New Deal

Jane buys this house at a great deal. TTH keeps title to the land and Jane leases the land for 99 years.

Jane stays as long as she wants, building equity...



In Jane's Words:

"I've looked at house prices for 8 years – and gave up on the idea of homeownership. Tenants to Homeowners has not only made the house affordable, but helped me with every step – including closing and inspection."







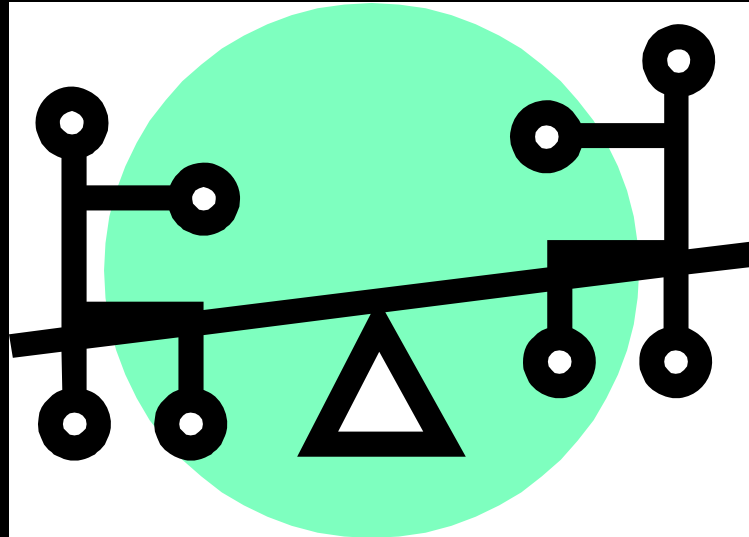
Jane can stay in the house forever and heir it to her children or, if her income increases, she can take her equity and move.

Nationally, 78% of housing trust homeowners move on to purchase homes on the open market.



Jane sells to another low-income buyer for a fair price that lets her make money while keeping the house affordable.

Jane earns 100% of the equity from paying down her mortgage, plus 25% of the home's market appreciation. This is due to a restricted resale formula Jane agreed to when she bought the house.



The restricted resale formula **balances** the interests of homeowners to earn a fair amount of equity with the interests of the community to have a permanent stock of affordable homes.

By keeping the resale price from skyrocketing,  
the house stays affordable for generations, no  
matter what the market does.

The houses are always  
owner-occupied!

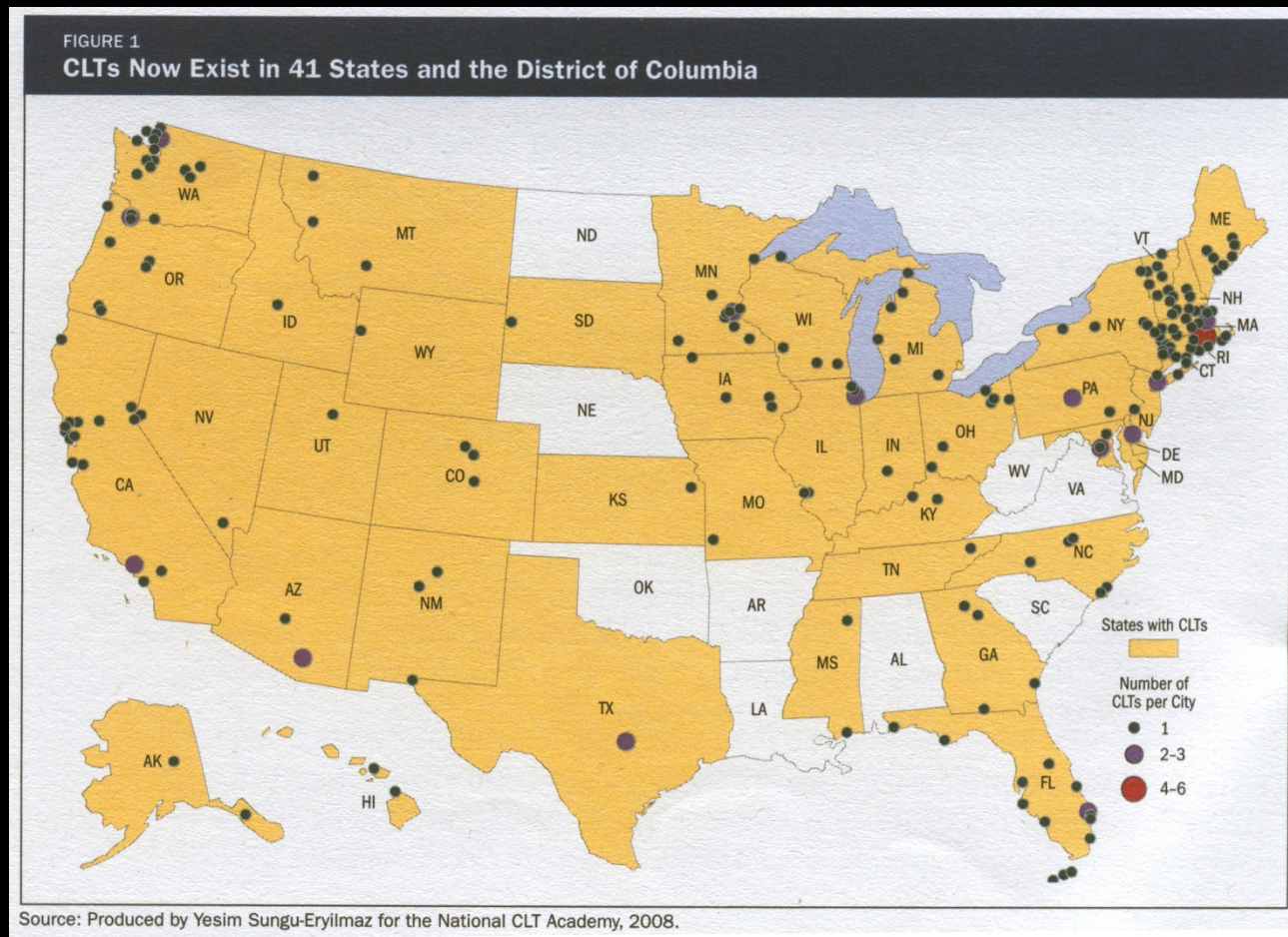
No more subsidy is needed in  
future sales!

Hundreds of families are served with  
the same recycled subsidy!





Although there are 250 Community Land/Housing Trusts (CLTs) across the country, The Lawrence Community Housing Trust is proud to be the first CLT in the state of Kansas and one of the few in the entire Midwest.





## The City of Lawrence Development Services reduced lot costs by nearly 50%

- Donated 3 of 8 lots—a \$65,454 value
- Helped replat 8 lots into 11 at minimal cost
- Donated permit & sewer inspection fees

The City also allocated approximately \$300,000 in federal HOME funds to reduce the initial purchase price of each home by at least \$25,000.



# Collaborative Local Entities

City of Lawrence Development Services

Capitol Federal Savings

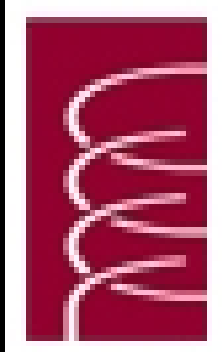
KU Credit Union

Housing and Credit Counseling, Inc.

Brook Creek Neighborhood Association



## Supporters: Diverse funding sources



The Federal Home Loan Bank AHP Funds (\$60,000)

Capitol Federal Foundation (\$15,000)

City Housing Trust Fund (\$162,000)

Douglas County Community Foundation (\$10,000)

LCHT Revolving Project Funds (\$500,000)

# Homewood Gardens: A Truly Sustainable Neighborhood

Special Features:



City Rails to Trails accessible  
nature path to extend downtown



Rare natural spring to be  
cultivated into an accessible  
community garden space

Stewarding

27

Homes In  
Trust



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*Creating permanently affordable housing in Lawrence!*