



THE AFFORDABILITY PRESERVATION PROJECT

a product of Community Legal Resources

I. INTRODUCTION

Community Legal Resources (CLR), a nonprofit provider of legal resources to community development organizations and other Michigan nonprofits, is pleased to present the results of its Affordability Preservation Project (APP). The APP is a continuation of CLR's Community Land Trust (CLT) Project.

The CLT Project developed the legal tools necessary to create community land trusts in Michigan. A community land trust is a private, nonprofit corporation created to secure affordable access to land and housing. The CLT acquires land with the intention of maintaining ownership forever. A home built on the land can be sold to an income-qualified buyer. The CLT then leases the land to the purchaser of the home. The CLT can use the rents it collects to provide continuing support for the homeowner and the CLT's program. Additionally, the CLT maintains an option to re-purchase the home, in the event the owner decides to sell. This dual ownership and re-purchase option allows for continued, permanent affordability of the CLT homes.

The CLT is an effective model for ensuring permanent affordable housing. Community Legal Resources and its partners were curious whether other land holding mechanisms could achieve the same effect more easily using legal models more familiar to Michigan lawyers, tax assessors, developers and homebuyers. As a result, CLR initiated

the Affordability Preservation Project to assist its clients in identifying additional options for preserving affordable housing. The APP brought together a team of volunteer attorneys that conducted a year-long project to identify additional land holding mechanisms that also provide long-term affordability options.

II. PRODUCTS

After a review of various land holding mechanisms, the APP attorneys present here their findings and recommendations. The products of the CLR APP include:

- ◆ Sample deed with two sample related restrictions: (1) "declaration of affordability restrictions" designed to preserve affordable housing using CLT type restrictions and (2) MSHDA Use Agreement for use with HOME funds;
- ◆ Sample mortgage & promissory note to be used with a deed restriction;
- ◆ Sample condominium master deed and bylaws with affordable housing restriction;
- ◆ A primer for homebuyers explaining the rationale and mechanics of affordability restrictions; and
- ◆ A listing of additional resources addressing affordability preservation.



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III. APP TEAM ATTORNEYS

Community Legal Resources thanks the following attorneys—and their law firms and corporate employers—who volunteered their time and resources to the Affordability Preservation Project:

- ◆ Michael Donovan
LaMont Title Corporation
- ◆ Mickey Friedman
Bodman LLP
- ◆ Debra Geroux
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- ◆ Vicki Harding
Pepper Hamilton LLP
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Honigman Miller Schwartz and Cohn LLP
- ◆ Will Moseng
Michigan State Housing Development Authority
- ◆ Thomas Nowinski
Clark Hill PLC
- ◆ Randy Perry
Bodman LLP (retired)
- ◆ Laura Weingartner
Dykema Gossett PLLC
- ◆ Glen Zatz
Comerica Bank

The Community Legal Resources Affordability Preservation Project was sponsored in large part by the Michigan State Housing Development Authority.

IV. ADDITIONAL RESOURCES

Thanks to a dedicated pool of volunteer attorneys, Community Legal Resources is able to assist nonprofit organizations with many of their legal needs. If you have questions regarding any of the materials developed by the CLR Affordability Preservation Project, please contact Community Legal Resources at:

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Connecting Lawyers and Communities



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