



Diamond State Community Land Trust (Delaware)



Durham Community Land Trust (North Carolina)

INSTITUTE FOR COMMUNITY ECONOMICS 2010 ANNUAL REPORT

1101 30th Street, NW, #400
Washington, DC 20007
(202) 333-8931
www.nhtinc.org/ice.php



ICE WELCOMES YOU!

Dear Friends,

Welcome to the first of what we plan will be regular annual reports from the Institute for Community Economics (ICE).

Since this is the first such report since our affiliation with National Housing Trust, we are stretching the “annual” part of its description to report from late 2008 through June 2010. Herein you will find information on how ICE has grown stronger since our affiliation with the Trust, both financially and in our capacity to create sustainable homeownership opportunities.

Please take a moment to read through the testimony from investors, a loan recipient and a land trust community resident, so as to gain a first-hand perspective on all the good that this organization is creating. It couldn't have happened without the support of our investors or without the dedication of those who put ICE's loans to work.

I hope you'll accept my congratulations and deepest thanks for everything every one of you has done to help make our organization successful. You are proof that together we can change the world, a family, an investor, a loan, and an organization at a time.

With gratitude and best wishes,

Priya Jayachandran
ICE Board Chair

Dear Colleagues,

We are proud to share with you ICE's first annual report since ICE joined National Housing Trust (NHT) just two years ago. As NHT focuses on rental housing and ICE on homeownership, we share a broader mission – ensuring that low income families have permanent access to affordable housing in stable and sustainable communities. We need all the tools we can get to meet this mission. Preserving affordable rental homes and enabling shared equity housing both bring powerful impacts to our communities.

Transitioning ICE to its new home at NHT during the near-collapse of our housing finance system has been challenging. The community land trust and shared equity model has survived unscathed, in no small measure due to its inherent protection from inflated housing values. By providing ICE with strong staff and a stable home, NHT has put this critical community lending institution on a firm footing.

NHT's embrace of ICE models the right approach to ensuring that all Americans have access to affordable housing in communities with opportunity. We can now provide rental that works long-term and affordable ownership that is permanent. I hope that you enjoy this first ICE annual report and look forward to sharing these reports in the years ahead.

Sincerely,

Michael Bodaken
ICE and NHT President



What Is the Institute for Community Economics?

ICE was begun in 1973 by social justice activist Bob Swann and a group of collaborators working on equitable land reform based on the Indian “Gramdan” or “village gift” movement. First put into practice in rural Georgia, the community land trust (CLT) grew to be a new homeownership model. Today the National CLT Network identifies approximately 250 community land trusts across the United States.

For more than three decades ICE was based in New England, building a revolving loan fund and providing technical assistance across the country to develop the nascent community land trust network. It’s no exaggeration to say that ICE was the first of its kind: a socially motivated community loan fund. ICE published a CLT handbook and a legal manual, and in 1983 began organizing CLT conferences.

In late 2008 ICE entered into an affiliation with National Housing Trust (NHT) and moved ICE’s national lending operation to Washington, D.C. NHT helps preserve and stabilize existing rental housing communities. Using the tools of real estate development, rehabilitation, finance and policy advocacy, NHT has saved more than 22,000 affordable homes in 41 states and leveraged more than \$1 billion in financing. Our affiliation creates a vehicle to promote community stability through shared equity housing and permanent affordability.

The NHT website is: www.nhtinc.org

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Director

Maggie Johnston

Investor Coordinator

Joyce Siegel

Staff Accountant



Proud Ground (Portland, Oregon)



Sawmill Community Land Trust (Albuquerque, New Mexico)



ICE YEAR IN REVIEW

The close of our fiscal year (June 30, 2010) marked 18 months since the Institute for Community Economics became affiliated with National Housing Trust and relocated our offices from Springfield, Massachusetts, to Washington, D.C.

Since our affiliation ICE:

- ▶ *Hired a new director.* Andy Slettebak comes to the organization from the Campaign for Human Development, where he was the economic development coordinator.
- ▶ *Hired a new investor coordinator.* Maggie Johnston formerly served as the executive director of HomeAid New York City and as the director of HomeAid Northern Virginia.
- ▶ *Established a prospectus-based note for investors.* Over 150 investors have invested in ICE's notes, representing \$4.7 million in invested capital. ICE has always paid investors on time and in full.
- ▶ *Received a \$3 million program-related investment from the Ford Foundation.* Repayable after 10 years, this capital is being loaned for shared-equity housing development.
- ▶ *Received over \$50,000 in gifts and donations from ICE investors and friends.* These funds boost our lending reserve and provide a valuable assist to our operations.

Fulfilling Our Lending Mission

Since our affiliation ICE has approved four new loans:

- ▶ A \$375,000 loan to Proud Ground, in Portland, Oregon, to construct land trust homes that are transit-oriented and constructed under "green" building standards.
- ▶ A \$250,000 line-of-credit loan for Diamond State Community Land Trust to assist their use of federal funds to develop land-trust homes in Delaware.
- ▶ A \$375,000 participation with the National Council on Agricultural Life and Labor Research (NCALL) that provides financing to Interfaith Community Housing of Delaware.
- ▶ A \$375,000 loan to Home Workers Organized for More Employment (HOME, Inc.) to finance 11 community land trust homes in a rural Maine.

And received full payoffs on seven loans:

- ▶ From the 1538 Monroe NW Cooperative in Washington, DC on its \$100,000 loan for refinancing and renovations.
- ▶ From Southern Middlesex Opportunity Council in Massachusetts on two loans totaling \$325,000 for transitional housing for the homeless.



Why a Community Land Trust Homeowner Model?

The CLT homeownership model separates the ownership of the home from the land that sits beneath it. Typically the community land trust is a local not-for-profit organization that acquires a piece of property on which homes are built or already exist. Only the homes are sold to lower-income buyers. Because the land itself isn't conveyed, the cost of homeownership is significantly reduced.

A legal agreement between the non-profit CLT and the homeowner sets conditions for upkeep and resale. When the homeowner is ready to sell the house any appreciation is shared between the CLT and seller. In addition, the selling homeowner recoups their equity investment from down payment and mortgage principal paid. By maintaining land ownership the CLT keeps public subsidy and affordability in the housing in perpetuity.

The current housing crisis brings these benefits into clear focus. In the fourth quarter of 2009 one-half of one percent (0.5%) of CLT homes were in foreclosure proceedings, only one-ninth of the percentage of all homes in foreclosure (4.6% as measured by the Mortgage Bankers Association) during this same time, according to National CLT Network surveys.¹ In research released in October 2010, the Urban Institute found that CLT homes at resale maintained their affordability for the next buyer, and that over 66% of those that sold their CLT homes then moved into owner-occupied, market-rate housing.²

¹ <http://cltnetwork.org/index.php?fuseaction=Blog.dspBlogPost&postID=1970>

² <http://www.urban.org/publications/412244.html>



NCALL (Wilmington, Delaware)

- From Durham Food Cooperative in North Carolina on its \$45,000 loan to purchase its own property for operations.
- From Dudley Neighbors, Inc., in Boston on its \$300,000 line of credit, used to purchase a land trust home out of foreclosure and maintain the home's permanent affordability.
- From Pioneer Valley Habitat for Humanity on its \$47,000 loan to develop six homeownership units.
- From the sale of the note on a \$600,000 loan to the Atlanta Task Force for the Homeless, recovering all unpaid principal and interest.

Additional Staff Activities

- Met with 15 current borrowers.
- Met with investors at an open house in Boston in December 2008; the annual meetings of the Leadership Council for Women Religious, Region I (New England) in 2009 and 2010, and with Randy Rice, Community Investments Manager at Trillium Asset Management.
- Organized a financing roundtable at 2009 meeting of

the National Community Land Trust Network in Athens, Georgia. Since affiliation, ICE has participated as a sponsor of this conference each year.

- Presented to community leaders from across the state at Maryland's Affordable Housing Land Trust training seminar, conducted at the Baltimore office of the Federal Reserve Bank.

Financial Performance

Since our affiliation with National Housing Trust, ICE has consistently performed ahead of its financial projections. ICE ended its most recent fiscal year with income ahead of projections and a positive margin. For the fiscal year ended June 30, 2010, ICE's audit reports income of \$618,241 against a budget of \$528,700. Expenses totaled approximately \$430,659. Please see the financial statement on the next page for greater detail.

FEATURED HOMEOWNER

In 2003, I suddenly found myself on my own. I moved into a large apartment complex, where I stayed for three years. The last year and a half I was very unhappy. I just did not feel safe there, and my granddaughter, Jessica, did not have her own room or a nice place to play. I half-heartedly began to entertain the thought of buying a house, but I had a very modest income, and no experience or confidence in such matters.

We looked at a couple of homes, but it was clear that I could not possibly afford them. One weekend Jessica and I were driving around and we spotted a Clackamas Community Land Trust sign, with the words “affordable housing.” Jessica insisted that I at least look. We pulled into the driveway, got out and looked in the windows.

Jessica really wanted me to call the number on the sign. I argued that it was the weekend but she kept insisting, so mostly to make her happy I left a message on Loretta’s [Clackamas homeowner coordinator/educator] voicemail.

Loretta called the following Monday and invited me in to talk. I took Jessica with me so that she would understand why this was not going to work. Loretta convinced us that we should at least think about it, and if I wanted to attend the class on the coming Saturday, I would be able to get more information.

That was just the beginning. Loretta did a lot of hand-holding with me, walking me through one baby step at a time, and two years ago

on December 17th, we moved into our very own home. Even with boxes all over the place, the very first thing that we did was put up our Christmas tree and celebrated being “at home.” We love the community, our neighbors are also our friends, we both feel safe, and Jessie has her own room where she can hang posters on the walls if she wants to and have friends spend the night. She can play outside, and I don’t have to worry about her.

I can’t ever express how grateful I am to be here.



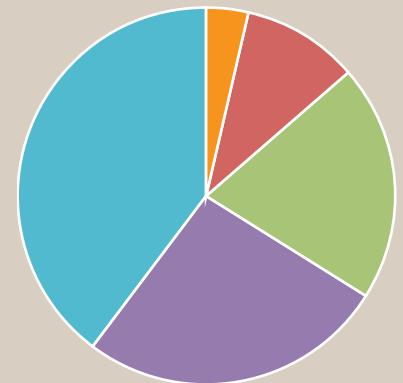
Donna Smith and her granddaughter, Jessica

ICE FINANCIAL SUMMARY

July 1, 2009 through June 30, 2010

SUPPORT AND REVENUE	
Contributions	\$45,368
Interest, Loan Fee Income	\$541,987
Donated Legal Services	\$17,100
Other Income	\$13,786
TOTAL SUPPORT AND REVENUE	\$618,241
OPERATING EXPENSES	
Program Services	\$330,139
Management and General Expenses	\$82,483
Fundraising	\$18,037
TOTAL EXPENSES	\$430,659
OPERATING MARGIN/ CHANGE IN NET ASSETS	\$187,582

ICE Loan Size



- Above \$300,000 (39%)
- \$300,000 to \$200,000 (27%)
- \$200,000 to \$100,000 (20%)
- \$100,000 to \$50,000 (10%)
- \$50,000 and less (4%)



FEATURED INVESTORS

For over a decade we have seen our ICE investment at work in our back yard, building community land trust homes for lower-income families. And in today's crippled economy that has become even more critical to us. In addition to getting a fair interest rate, we know our investment is providing a first step into homeownership that has the support of the non-profit land trust for generations to come.

Eileen and Paul LeFort
ICE investors since 2001

For 30 years, ICE's Revolving Loan Fund has created permanently affordable homes and communities while providing investors a modest financial return. Our clients have been investing with ICE since 1985. Now more than ever, investing in ICE is beneficial to our clients and to those who will have a home they can afford.

Randall P Rice
Community Investments Manager, Trillium Asset Management

Sisters of Charity-Halifax are proud supporters of ICE, an organization which reflects our mission of service to the poor. Our investment in ICE has helped create affordable housing and build communities for those who need it most. Through our long-term participation in the loan fund, we've been able to effect change and improve lives – those are the most powerful dividends from socially responsible investing!

Sister Joan Butler
Congregational Treasurer, Sisters of Charity-Halifax

BORROWER PROFILE

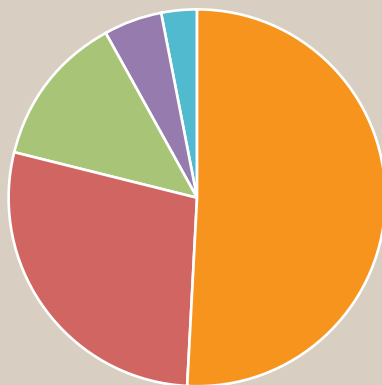
Clackamas Community Land Trust had a problem: The land they had purchased for a land trust community needed significant environmental cleanup. The ensuing delay meant the pre-development loan Clackamas had secured from a local bank was going to come due before any houses could be constructed and sold.

"We contacted the Institute for Community Economics and they were able to provide a line of credit loan that Clackamas used to pay-off the pre-development loan, on time, and to finish construction," said Sarah Buckley, the executive director of Clackamas CLT.

Today Southeast Phillips Creek is a thriving community of 14 permanently affordable two- and three-bedroom homes, built to exacting "green" standards and located near shopping and transit. It even received the Home Depot Foundation's Award for Excellence for responsibly-built affordable housing.

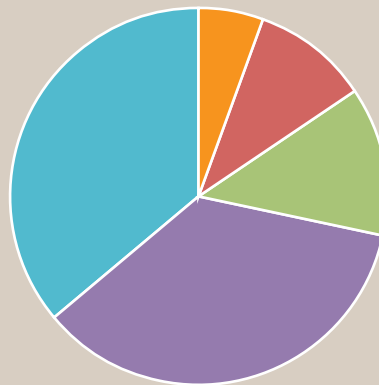
Sarah Buckley
Executive Director, Clackamas Community Land Trust

ICE's Current Borrowers



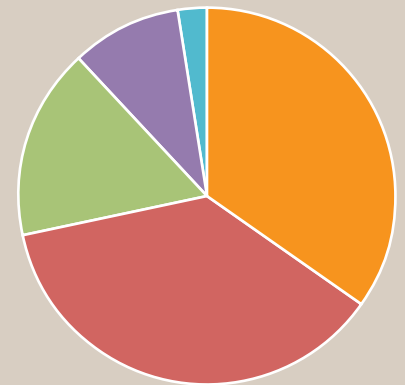
- Collective/Co-Housing (3%)
- Low-Income Housing Tax Credit Project (5%)
- Limited Equity Co-operative (13%)
- Other Community Based Organizations (28%)
- Community Land Trust (51%)

Size of Investments in ICE

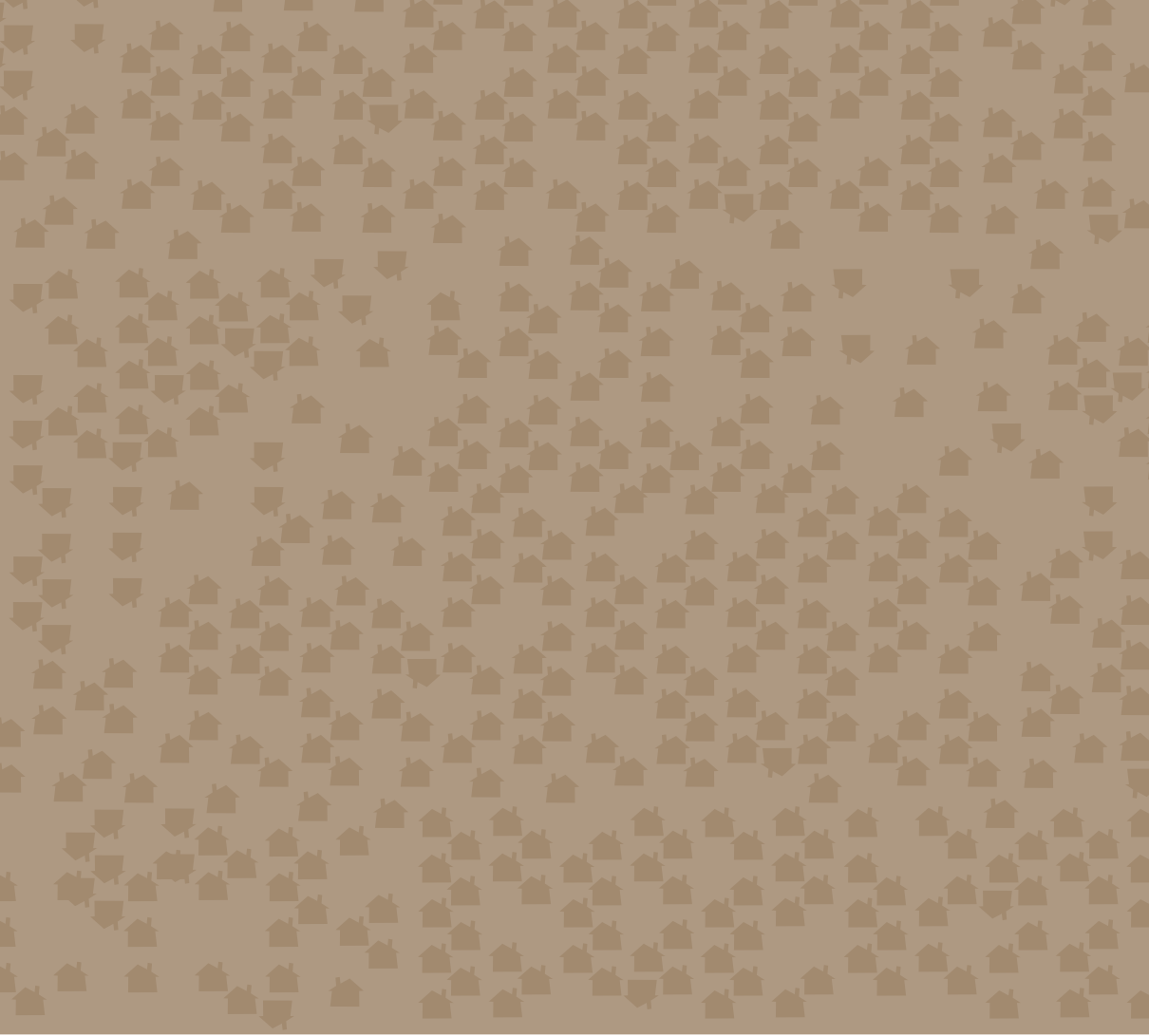


- Over \$100,000 (36%)
- \$50,001 to \$100,000 (35%)
- \$25,001 to \$50,000 (13%)
- \$10,001 to \$25,000 (10%)
- Up to \$10,000 (6%)

Five Major Groups of ICE Investors



- Financial Institutions (2%)
- Fund Manager Investments (10%)
- Faith-Based Organizations (16%)
- Private Foundation/Non-Profits (37%)
- Individual Investors (35%)



Institute for Community Economics
1101 30th Street, NW, #400
Washington, DC 20007
(202) 333-8931
Andy Slettebak, Director ext. 135
Maggie Johnston, Investor Coordinator ext. 133
www.nhtinc.org/ice.php



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