

# INVESTMENT CONNECTION

Community Development Investment & Lending Partnership

FEDERAL RESERVE BANK OF RICHMOND

Richmond | Baltimore | Charlotte

## Investment Connection Online Proposal

# Pilot Project to Increase Minority Homeownership in Richmond, VA

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Phone	804-915-4940
Name of organization	The Maggie Walker Community Land Trust
Mission statement	<p>The Maggie Walker Community Land Trust (MWCLT) was incorporated in November 2015 and received its 501c3 status in January 2017. Its mission is to develop and maintain permanently affordable homeownership opportunities for low and moderate-income (LMI) households. Its purpose is to: (1) increase access to successful homeownership opportunities that support inclusive wealth building for LMI residents; (2) facilitate permanently mixed income neighborhoods that provide a supply of housing that remains affordable into the future; and (3) stabilize neighborhoods by building homes on vacant land, rehabilitating deteriorated homes and increasing owner occupancy. The MWCLT currently operates in the City of Richmond and Chesterfield and Henrico Counties. In addition to its activities as a community land trust, the MWCLT is also recognized as the land bank for these localities, making it the first combined community land trust/land bank in the country.</p>
Overview of organization	<p>Using the Community Land Trust (CLT) model, the MWCLT creates single-family homes that are sold to qualified low- to moderate-income buyers, while retaining ownership of the land beneath the houses. When a homeowner sells, the CLT and the homeowner “share” the equity created by the increase in market value. The CLT’s share stays in the house and is not added to the sales price. This keeps the home affordable to future qualified homebuyers. The CLT model requires only one subsidy at the start and then makes that home affordable to all future purchasers without additional subsidy.</p> <p>As a CLT, MWCLT does the following: (1) conducts extensive community outreach to build support for the CLT and recruit homebuyers; (2) acquires and develops land into permanent affordable housing; (3) provides home buyer education classes and credit counseling through its partners; (4) works with CLT mortgage lenders; and (5) maintains an ongoing relationship with CLT homeowners.</p>

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	<p>Over the next year, MWCLT is engaging in efforts to increase the number of black CLT homeowners in its pipeline. MWCLT is responding to unprecedented levels of displacement of residents of color in Richmond’s neighborhoods, including a reduction of more than 3,600 black homeowners in Richmond since 2000 (Richmond Regional Housing Framework, January 2020). MWCLT plans to build on its successful recruiting efforts to date: Currently, 30% of its homeowners identify as non-white compared to 10% of all homeowners in the City of Richmond. MWCLT will begin by studying the barriers to homeownership that black homebuyers experience, and then will adjust its programs to address these barriers in partnership with other organizations.</p> <p>As a regional land bank, the MWCLT works closely with jurisdictional leadership from the City of Richmond, Chesterfield and Henrico to identify, acquire and disburse properties from their inventory of tax delinquent and abandoned properties for affordable housing and other uses that benefit the community. In this role, the MWCLT serves as the intermediary between these localities and community organizations that need land to advance their missions, including the CLT itself as it retains a portion of the land it acquires for permanent, affordable housing.</p>
Website	<a href="https://maggiewalkerclt.org">https://maggiewalkerclt.org</a>
State where proposal is located	Virginia - Chesterfield, Henrico, Richmond City
Proposal title	<b>Pilot Project to Increase Minority Homeownership in Richmond, VA</b>
Support request	<ul style="list-style-type: none"> <li>▪ Investment/Grant</li> </ul>
Requested amount	\$75,000
Other significant partners in the proposal	<ul style="list-style-type: none"> <li>• Housing Opportunities Made Equal (HOME) project: HOMES</li> <li>• Richmond Metropolitan Habitat for Humanity</li> </ul>
Proposal narrative	<p>MWCLT recognizes that significant barriers to housing stability and homeownership exist for buyers of color in the Richmond region. In Richmond’s Church Hill neighborhood, for example, black homeownership has decreased by almost 30% since 2000, while white homeownership increased almost 150% (Richmond Regional Housing Framework, 2020).</p> <p>At a recent strategic planning retreat, the MWCLT Board of Directors identified addressing the region’s racial equity gap in homeownership as a high priority goal. Because of its success in recruiting CLT homeowners of color, the board agreed that MWCLT should lead efforts to close the gap, which has existed for decades due to unfair housing policies, including redlining. In response, MWCLT is developing a pilot program that identifies barriers to homeownership experienced by residents of color living in the Richmond region, and recommends changes to MWCLT’s current programming to encourage greater participation by minority homebuyers.</p> <p>During the first two months of the pilot, MWCLT staff will research best</p>

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	<p>practices by doing a national literature search and conducting interviews with other community land trusts and affordable housing developers across the country. This research will identify common barriers that buyers of color experience, and successful best practice approaches that address these barriers and result in increased homeownership. When the research phase is complete, MWCLT will identify the top 3 best practice approaches that increase the percentage of buyers of color and integrate them into their marketing and programmatic efforts. MWCLT will test these approaches for 8 months to see if its percentage of buyers of color increases. MWCLT anticipates that \$30,000 will be used for staff costs related to research, program implementation, community engagement and targeted marketing. MWCLT will use \$45,000 for subsidies to assist buyers in purchasing a CLT home.</p>
Issues addressed	<ul style="list-style-type: none"> <li>▪ Affordable Housing</li> </ul>
Geographic impact	<ul style="list-style-type: none"> <li>▪ City-wide</li> </ul>
Population served	<p>The pilot program is designed to target:</p> <ul style="list-style-type: none"> <li>• LMI residents;</li> <li>• Residents of color;</li> <li>• Those who are vulnerable to displacement, and are encountering housing barriers;</li> <li>• Households experiencing housing cost burden (paying more than 30% of their monthly income on rental housing costs).</li> </ul>
Population income	<p>The MWCLT serves LMI residents by providing inclusive wealth-building opportunities through home ownership, often in neighborhoods that they would not otherwise be able to afford. MWCLT serves two populations with its homeownership program:</p> <ul style="list-style-type: none"> <li>• Residents who earn 80% of area median income. This represents 70% of CLT homes in our pipeline.</li> <li>• Residents who earn up to 115% of AMI. This represents 30% of homes in our pipeline.</li> </ul>
Anticipated outcomes or impact	<p>Short-term outcomes for this project include:</p> <ul style="list-style-type: none"> <li>• The identification of 4 best practice methods through the literature search;</li> <li>• The identification of at least 3 barriers, resulting from at least 6 interviews with CDCs across the country; and</li> <li>• The implementation of at least 3 changes into its programming that are designed to increase minority homeownership of CLT homes.</li> </ul> <p>In the long term, MWCLT anticipates the following impact:</p> <ul style="list-style-type: none"> <li>• A 10% increase in the percentage of black homeowners in the MWCLT pipeline;</li> <li>• Increased wealth building among black-owned CLT households;</li> <li>• Greater economic mobility among black CLT homeowners; and</li> <li>• Neighborhoods where CLT homes are located show greater financial and racial diversity.</li> </ul>

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<p>Evaluation methods used to measure success</p>	<p>MWCLT will use the following evaluation methods to measure the success of this project:</p> <ul style="list-style-type: none"><li>• MWCLT will publish a report that outlines the best practice methods identified, the number of interviews conducted, the barriers identified, and the programmatic changes that were made as a result of the research;</li><li>• MWCLT will use program applications to identify the racial characteristics of its new homeowners; and</li><li>• Over time, MWCLT will use United States Census records to track the income and racial diversity of neighborhoods where CLT homes are located.</li></ul>
<p>Project timeframe. Is your request for an existing or new program?</p>	<p>New Program</p>