

NSP2 Application
Cities of Minneapolis and Brooklyn Park, Hennepin County, Minnesota
(the "Consortium")

Twin Cities Community Land Bank

The City of Minneapolis is requesting funding to acquire and land bank 300 properties at a cost of \$50,000 per property. The City of Brooklyn Park is requesting funding to acquire and land bank 3 properties at a cost of \$100,000 per property. Hennepin County is requesting funding to acquire and land bank 5 properties at a cost of \$100,000 per property.

In addition, the Consortium is requesting \$1,050,000 to establish and operate Twin Cities Community Land Bank, based on \$350,000 per year for three years.

The Consortium intends to acquire and land bank foreclosed property purchased through the *First Look Program* and the *Targeted Bulk Purchase Program* of the National Community Stabilization Trust and similar programs. After purchase, the foreclosed property will be land banked in one of the two following ways:

I. Land Banking with the Consortium: Properties purchased through the NSP1 program will be land banked with Minneapolis, Brooklyn Park, and Hennepin County. The Consortium will continue this program of land-banking by the Consortium members for some, but not all, of the properties purchased with NSP2 funds.

II. Land Banking with Twin Cities Community Land Bank: Some of the properties purchased with NSP1 funds and NSP2 funds will be banked with a new metropolitan-wide public-private partnership land bank, Twin Cities Community Land Bank. A description of the new land bank is set out below.

The Consortium members (acting separately) will decide on a property by property basis which properties to deposit in Twin Cities Community Land Bank, will be based on criteria that have been established for this purpose. Twin Cities Community Land Bank will operate in the seven county metropolitan area of Minneapolis/ Saint Paul, Minnesota. The City of Saint Paul will also be banking properties purchased with NSP funds with Twin Cities Community Land Bank. Additional counties and cities will be added as the capacity of Twin Cities Community Land Bank increases.

III. Twin Cities Community Land Bank's Guiding Principles: The benefits of the new Twin Cities Community Land Bank are best described by its guiding principles:

1. to enable the efficient, effective holding and marketing of properties acquired through various neighborhood recovery efforts.
2. to reduce the public cost of holding land through efficiencies of coordination and scale.
3. to efficiently and creatively aggregate capital to support a very large scale land acquisition, disposition and marketing effort.
4. to provide opportunities for community and neighborhood engagement in the development of foreclosed properties particularly among communities of color.
5. to promote best practice in planning and design including high architectural standards, energy efficiency, green land and construction standards, and linkage of housing development to transportation.

6. to coordinate housing policies and programs with broader community development objectives including jobs, economic opportunities, transportation, public safety, schools, human services, and homeownership counseling and support, particularly among communities of color.
7. to provide affordable, sustainable homeownership opportunities for low and moderate-income families, and to reduce the disparity between ownership rates for whites and communities of color.
8. to provide business and contracting opportunities for communities of color.

IV. Description of Twin Cities Community Land Bank: Twin Cities Community Land Bank LLC is a newly organized nonprofit limited liability company established to assemble, manage, and dispose of property and vacant land for the purpose of stabilizing neighborhoods and encouraging re-use or redevelopment of urban property. Twin Cities Community Land Bank is designed to operate on a large scale, over a broad geographic area, with a long view toward development and re-building communities, and as a public-private partnership coordinating across multiple communities of interest. It will coordinate housing policies and programs with broader community development objectives, including jobs, economic opportunities, transportation, public safety, schools, human services, and homeownership counseling and support.

Twin Cities Community Land Bank is organized as a unique public-private partnership. The owner of Twin Cities Community Land Bank is the Family Housing Fund, a nonprofit corporation recognized by the IRS as a supporting organization of government, and governmental entities appoint a majority of the Family Housing Fund's board members. Twin Cities Community Land Bank extends this public-private partnership one step further by including representatives of governmental entities on its board of governors. The two layers of public-private partnership will ensure that the activities of Twin Cities Community Land Bank are approved by partner governmental entities and consistent with their goals. Additional community interests, such as neighborhood and community organizations, nonprofit and for-profit developers and other real estate experts, and communities of color, are also represented on the board and on a community advisory committee.

Twin Cities Community Land Bank operates in the geographic region of the seven county metropolitan area of Minneapolis/Saint Paul, Minnesota. The initial targeted focus of Twin Cities Community Land Bank is in Hennepin County and Ramsey County, and in particular in the cities of Minneapolis, Saint Paul, and Brooklyn Park; this focus will expand over time to include all seven counties. Twin Cities Community Land Bank will acquire properties that have been abandoned or foreclosed upon, lost to tax forfeiture, or acquired by cities, counties, and community development corporations for land bank purposes. NSP1 and NSP2 funds will be used to purchase mortgage foreclosed properties. Twin Cities Community Land Bank will maintain, demolish structures if appropriate, assemble, clean-up, facilitate redevelopment of, market, and dispose of the land-banked properties. Twin Cities Community Land Bank will not hold a property purchased with NSP funds for more than 10 years without obligating the property for a specific, eligible redevelopment and will dispose of the property purchased with NSP funds for home ownership or responsible rental usage consistent with NSP income requirements. Other properties held by Twin Cities Community Land Bank (non-NSP funded) may be disposed of for market rate housing and commercial and mixed uses if appropriate for arresting neighborhood decline. Properties may be sold at or below market rate, depending on the desired outcome and funding restrictions (including NSP).

The challenge is large: some estimates of rebuilding the near north side of Minneapolis alone are in the range of \$100 million. Tackling comprehensive rebuilding and revitalization

of all distressed urban neighborhoods in Hennepin and Ramsey Counties and the greater metropolitan area will be even more costly. The opportunity presented by Twin Cities Community Land Bank is a comprehensive and coordinated approach of government and private sector partners to meet this challenge and to access new and significant capital investment.

V. NSP2 Operational Detail:

Acquisition: NSP2 acquisition funding will be used to purchase targeted foreclosed residential properties from lenders as quickly and as efficiently as possible through the *First Look Program* and the *Targeted Bulk Purchase Program* of the National Community Stabilization Trust, and similar programs. These properties may be purchased directly by Twin Cities Community Land Bank or by community development corporations and governmental entities and transferred to Twin Cities Community Land Bank. Properties will be purchased in targeted neighborhoods affected most by the foreclosure crisis, as identified by HUD census tracts and Twin Cities Community Land Bank's public and private partners. Properties will be banked with Twin Cities Community Land Bank if it is determined that they cannot be returned to home ownership or responsible rental usage at the time of purchase and that a longer term strategy of community revitalization is necessary and prudent.

Interim Property Use and Management: All properties will be stabilized and properly maintained in accordance with local ordinances. Remediation of contaminated land will be undertaken. Structures may be demolished or boarded and secured. It is possible that some properties may be used for rental purposes. Maintenance, upkeep, demolition, and rental management will be arranged with contracted entities. Efforts will be made to achieve economies of efficiency and scale with respect to operation and property management costs. The applicable city and county, park board, and local neighborhood groups shall provide input on appropriate interim uses. Interim uses shall advance the goals of neighborhood stabilization and revitalization, but will be temporary, not permanent uses.

Disposition: Twin Cities Community Land Bank's disposition strategy to achieve the goal of stabilizing neighborhoods and encouraging re-use and redevelopment of urban property will inform choices made on which properties to acquire. Properties will be marketed and disposed of consistent with long term objectives as well as applicable land use ordinances and comprehensive plans. A vigorous and innovative marketing plan will be employed. Rehabilitation and new construction will be undertaken by developers before or after sale by Twin Cities Community Land Bank and will be coordinated with the applicable public and private partners. Best practices in planning and design will be promoted. Redevelopment requirements will include high architectural standards, energy efficiency, green land and construction standards, linkage of housing development to transportation, and consistency with the NSP2 requirement that properties remain affordable as long as feasible.

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