Madison Area Community Land Trust

Annual Report
November 2004

Sol Levin founded the Madison Area Community Land Trust in 1991 to make sure that his grandchildren and great-grandchildren would be able to afford to live in the community he loved so much.

Dave Schaefer was a tireless advocate for accessible housing in this community, and who had been nominated to join the MACLT board of directors at the time of his death in September 2004.

This annual report is dedicated to their memories, and to the hope that we will fulfill their dreams of an affordable and accessible community.

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Message from the President

Our accomplishments with our Camino del Sol project really shine this year. Because of our involvement, this land has been transformed from a neighborhood trouble spot to a stable community of Land Trust homeowners, with eight homes completed to date, and six more to follow next year that will complete this project.

While it is too early to see ground breaking for our 30 home community in Troy Gardens, a great deal of pre-development work was accomplished this year that lays the ground work for construction to begin in 2005. Troy Gardens is truly an extraordinary project, combining community gardens, a working farm, a prairie restoration project, and a mixed-income housing development that will be a showcase for our Land Trust for many years into the future.

As with all nonprofits, fundraising will continue to be a focus for the board of directors in the coming year. We will continue to seek a broader diversity of funding in order to lower land costs for Land Trust homeowners. We also have many more miles to travel in raising funds for the Common House at Troy Gardens. We are encouraged by how far we have come this past year, and look forward to working with our members and corporate sponsors to further solidify our financial base.

In the coming year, we will also continue our work in strategic planning, to further clarify our vision for the future of this organization. Jim Gray performed yeoman's service in helping get this effort started, and we owe him a great debt of thanks for his many hours of work on this project.

As we start a new year at the Land Trust, we can feel proud of the new and veteran board members who bring such a wide diversity of skills and experience – not to mention a deep commitment -- to this organization. We will continue to work to expand the voice of our MACLT homeowners on the board of directors, in order to truly live up to our aspirations of being a *community* land trust

Thank you for being part of this organization and in helping to accomplish our goal to create permanently affordable homes in the Madison area.

Niel Moser, President

Board of Directors

Niel Moser, President
Bill Perkins, Vice President
Susan Day, Treasurer
Greg Lawless, Secretary
Kevin Bartrom
Dave Borski
Jo Ann Dailey
Doug Haynes
Connie Kilmark
Gloria Kirchoff
Bob Paolino
Marge Pitts
Stuart Utley
Bert Zipperer

CDBG

Funding for Camino del Sol, Troy Gardens, and many of our other projects has been provided by the City of Madison Community Development Block Grant Program

Staff

Greg Rosenberg, Executive Director

Key Consultants

Mary Myers, Admin/Grantwriting/Marketing
Jim Glueck, Architect
Tim Radelet, Attorney
Dan Williams, Landscape Architect
John Kretschman, Engineer
Our Accountants: Bruce Mayer, Tim Sherry,
Our Lenders: Susan Day, Niel Moser, and Salli Martyniak

Our Funders

City of Madison CDBG Office
Community Shares of Wisconsin
The Dane Fund
Madison Gas and Electric
Madison Community Foundation
State of Wisconsin Bureau of Housing

The MACLT is a Member Agency of Community Shares of Wisconsin and Community Chip

Tales of Housing Prices: Past, Present and Future

1991 – The Madison Area Community Land Trust (MACLT) is founded by Sol Levin. Housing prices have increased steeply the past five years, with the median price of a home in Dane County rising to $83,000. It is a little tight – but it is still possible for people of modest means to buy a home in Madison.

2004 – The MACLT is now 13 years old, and the median price of a home in Dane County is now $217,500, with prices having increased an average of 7.7% per year since 1991. For the very first time, families earning the median income for Dane County (now $64,687 for a family of 3) can no longer afford to buy a median-priced house, as their wages have increased at only half the rate of housing prices. More and more people are up to their eyeballs in debt trying to pay off huge mortgages. And more and more people are forced to move out of Madison in search of more affordable housing in outlying areas.

The Future: Let's say housing prices increase at a more modest 5 % per year. Here's what we have to look forward to.

- **2010** – median price of $291,470
- **2025** – median price of $605,947
- **2050** – median price of $2,051,951

That can't be right. Something will inevitably happen to put a damper on housing prices. Interest rates will go up. The economy will slow down. We'll build our way out of it.

So we are relying on Alan Greenspan to keep our community affordable? Or we're hoping for a recession to curb housing prices? And sure, builders are still building lots of new houses – at any average bargain basement price of $226,393.

The MACLT is not waiting helplessly for someone to save our community. We are taking action right now to control the destiny of our community, and to make sure that there will always be affordable housing in the Madison area. **The houses we build or renovate stay affordable forever.** So the $135,000 home that the MACLT sells today at Camino del Sol will still be affordable in 2050, no matter how crazy the rest of the housing market has gotten.

Socially Responsible Homeownership

It may be hard to believe, but until the 1980's, owning a house was about having a **home to call your own,** where you could put down roots, get to know your neighbors, fix your home up just the way you wanted to, and **where you had the security of knowing that no one could ever make you move out.** There were plenty of financial benefits. You saved money on your income taxes. You were able to build equity in your home by paying down your mortgage loan. Housing prices did not change dramatically year to year. Here in Madison, anyone with a decent job could buy a home.

But all that has changed. **Nowadays, owning a home is called *investing in real estate*,** and we have been told that we must, at all costs, maximize the return on our investment. And things are going great, right? The real estate market is going up up up. It's even better than the stock market!

But really, things are not going great. Madison is no longer an affordable place to live. **We have lost our way.** To make as much money on our homes as we can today, we have mortgaged the future of this community.

What would happen if some of us agreed to make less profit on our homes -- and in return, were able to purchase a brand-new house at a below-market-rate price that is Energy Star and Green Built certified?

At the Madison Area Community Land Trust, we have put socially responsible homeownership into action. By owning a land trust home, you protect the future of affordable housing in this community. And you tread more lightly on the earth because you live in an energy-efficient home built according to green building practices.

How do we do this?

- We sell homes – but never the land.
- We sell our homes to low to moderate income buyers
- We sell our homes at prices significantly below market values.
- At resale, the homeowner gets 25% of the increase in market value.

Troy Gardens: 2003-2004

An absolutely unique project, Troy Gardens combines community gardens, an organic farm, a prairie restoration project, and nature education programs – and soon – a barrier-free community featuring 20 land trust townhomes, 10 market rate townhomes, and a common house featuring a community dining room, a commercial grade kitchen, a playroom for young children, and a community library.

The Friends of Troy Gardens, to whom we lease 26 acres, have continued their excellent work in managing and developing the conservancy areas at Troy Gardens. The Urban Open Space Foundation, which holds a conservation easement at Troy Gardens, secured substantial funding from the DNR to expand the scope of natural areas restoration at Troy Gardens.

The MACLT has focused our energies on the design of the 5-acre housing portion of the site, and we are nearing completion of architectural, engineering, landscaping, and site planning work necessary to obtain Planned Unit Development approval from the City of Madison, which we expect to receive in the first quarter of 2005. The MACLT has also been hard at work on the fundraising front, securing new grants for Troy Gardens totaling $112,000 from the Madison Community Foundation and the State of Wisconsin Bureau of Housing.

Our other funders in this project are the City of Madison CDBG Office, as well as Rep. Tammy Baldwin, who provided the initial funding that made it possible for the MACLT to purchase the land and begin development work on this project.

A Brief History of Troy Gardens

In October, 1995, the state of Wisconsin placed a 15-acre undeveloped site abutting the Mendota Mental Health Center grounds on the State's surplus land list. The State intended to sell the site, most likely to a private developer. Area residents and people from other parts of the city had been gardening on 4 acres of the site for 15 years, and using much of the rest of it to bird-watch, walk their dogs, and simply wander the land.

Alarmed at the prospect of losing this valuable resource, concerned gardeners and neighbors, facilitated by the Northside Planning Council (NPC) -- an organization which represents residents of 17 of Madison's Northside neighborhoods -- began meeting and planning. Several non-profit groups - the Madison Area Community Land Trust (MACLT), the Urban Open Space Foundation (UOSF), and the Community Action Coalition Garden Program (CAC) - joined together to form the Troy Gardens Coalition. Several representatives from the University of Wisconsin joined the Coalition in the fall of 1996 when the State added a 16-acre landlocked undeveloped area to the north of the original site to the surplus list.

The Coalition developed an innovative proposal for integrated land use, one that combined housing with open space and agricultural uses. The city accepted the concept plan in 1998 for the community vision that was presented.

In February, 1997, the State agreed to take the entire 31-acre site off the surplus land list. The Coalition was granted a 16 year lease to use the land for community gardens and open space. By the summer of 1998, the Coalition and the State reached an agreement for a 50 year lease, with a provision to buy the property. After years of fundraising and development work, the Madison Area Community Land Trust, with support from the City of Madison, succeeded in purchasing the property on December 28, 2001.

Since that time, the Friends of Troy Gardens has been developing the land. The 5-acre community farm has been fenced in to ward against deer predation, the community gardens have been expanded, and the natural areas are being restored and planted. The MACLT has intends to break ground on a 30 unit, cohousing-inspired community in 2005. The community vision has taken root - but it will be a long process of community-based work till the landscape is established.

MACLT Program Activities 2003-2004

CAMINO DEL SOL

In 2001, The MACLT began construction of homes at our Camino del Sol subdivision, located on Troy Drive on the northside of Madison. In the past year, we built two zero-lot line duplex units and three single family homes. Our duplex project was recognized by Homes Across America as a national model for its energy efficiency, accessible design, adherence to green building practices, and affordability.

We will complete this subdivision in 2005, building an additional six homes to be sold for $137,500 - $140,000. This project would not have been possible without our partners, the City of Madison CDBG Office, The Dane Fund, Madison Gas and Electric, and Movin' Out.

ACCESSIBLE DESIGN

In 2003, the MACLT made the commitment to make all homes Camino del Sol and Troy Gardens -- at minimum -- visitable by persons who use wheelchairs -- and wherever possible -- fully accessible to persons with disabilities.

FUNDRAISING

Grantwriting: During the past year, under the leadership of Mary Myers, the MACLT launched the most ambitious grantwriting effort in our history. One year later, $115,000 in new grants has been secured, with more to come.

Special Events: In November 2003, the MACLT held an open house fundraiser at the home of MACLT homeowners Doug and JungJa Haynes, underwritten by Wells Fargo Bank. And in May 2004, in collaboration with our fellow non-profit organization, Housing Initiatives, the MACLT threw a "House Party" fundraiser at the Orpheum Theater. Corporate supporters for the House Party included American Family Insurance, Veridian Homes, Gilbert Construction, Home Savings Bank, AnchorBank, Wells Fargo Bank, and Wells Fargo Home Mortgage.

INTERNAL MANAGEMENT

Financial Management: In 2004, with the able assistance of Mary Myers, the MACLT completed a two-year project resulting in a brand new accounting system for Operations, Property Management, and Project Development.

Project Management: In 2004, the MACLT implemented a new project management system that tracks actual expenses to date, total project budgets by phase of development, and cash flow management.

MARKETING

In 2004, the MACLT made the commitment to develop our own real estate marketing and sales program. Based on our assessment of how other community land trusts market their homes, it became clear that if we sold the homes ourselves, we could: (1) do a better job with our marketing message and homebuyer educations efforts, and (2) save a whole lot of money on sales commissions. By the first quarter of 2005, MACLT Executive Director Greg Rosenberg will have his broker's license, and will be supervising licensed real estate sales agent Mary Myers in marketing our Camino del Sol homes.

TECHNICAL ASSISTANCE, ADVOCACY AND ORGANIZING

Inclusionary Zoning: The MACLT provided technical assistance to Madison Mayor Cieslewicz on Inclusionary zoning. This work involved research on how other communities have implemented IZ, developing affordability incentives, as well as analyzing the impact of various resale price formulas.

Autumn Lake: The MACLT helped establish the Partners for Progress, a consortium of nonprofit organizations that will be creating affordable housing in Veridian Home's Autumn Lake development. Veridian will make lots available to consortium members at below-market rate prices, and will provide subsidy funding through the Veridian Foundation.

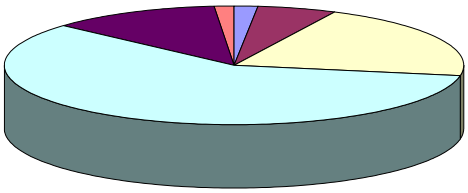
Third Sector Housing: The MACLT was a founding member of Third Sector Housing, a trade association of Madison area nonprofit housing developers. Over the past year, the organization has worked closely with the City of Madison on issues including inclusionary zoning, as well as making the development approval process more "user-friendly" to nonprofit housing developers.

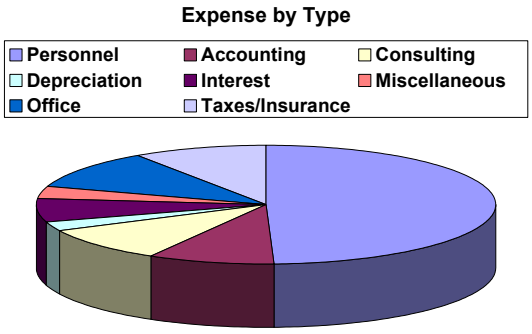
SUPPORT AND REVENUE

Contributions	$1,350
Member dues	4,880
Grant income	17,266
Rental income	50,095
Interest income	579
Developer's fees	10,023
Miscellaneous income	1,287
Total support and revenue	85,480

EXPENSES

Personnel	56,598
Accounting	9,900
Consulting	10,950
Construction costs	322,493
Depreciation	2,785
Interest	7,219
Marketing	374
Miscellaneous	3,888
Office	11,995
Property operation	188
Taxes and insurance	10,885
Capitalized expenses	(333,443)
Total expenses	103,832
Excess revenue/ (expenses)	$(18,352)





ASSETS

CURRENT ASSETS	
Cash	$55,549
Accounts receivable	585,074
Prepaid expenses	1,733
Total current assets	642,356
PROPERTY AND EQUIPMENT HELD FOR LEASING	
Land trust	409,905
Land and buildings	148,567
Property and equipment held for leasing	558,472
Less accumulated depreciation	31,881
Property and equipment held for leasing - net	526,591
OTHER ASSETS	
Property development in process	963,153
Notes receivable	51,456
Total assets	**$2,183,556**

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Current portion of notes payable	$61,205
Short-term notes payable	25,475
Accounts payable and accrued expenses	12,006
Total current liabilities	98,686
LONG-TERM LIABILITIES	
Notes payable less current portion	58,493
Deferred loans	2,215,397
Total liabilities	2,372,576
NET ASSETS	
Unrestricted (deficit)	(189,020)
Temporarily restricted net assets	-
Total net assets (deficit)	(189,020)
Total liabilities and net assets	**$2,183,556**

The Next Three Years

OUR MISSION: Our three-year mission is to continue to build the foundation for an enduring organization. We will do this by making the organization financially and organizationally strong and by increasing its capacity to successfully complete current project commitments and lay the groundwork for new projects.

OUR VISION: Our vision for the future captures our aspirations and hopes for the next five years and provides a concrete picture of what the organization will look and feel like once we achieve our mission. Our vision is designed to challenge us and help us to become the best that we can be as an organization. Our three-year vision incorporates these elements:

- Troy Gardens and Camino del Sol have been completed with great success.
- We are educating potential homebuyers and supporting residents.
- We are a model for fair and diverse housing in Madison.
- We are a model of environmentally responsive, innovative, and cost-effective housing development.
- The organization (paid staff, board, volunteers, vendors, etc.) is flourishing and is not dependent on the expertise or commitment of any single individual.
- We are financially strong.

OUR CORE VALUES: These are the principles for which we stand. They will help to guide us in making decisions. They will never be compromised. Our core values:

- We are committed to the permanent affordability of housing.
- We hold land in perpetuity for the benefit of the community.
- We provide quality, ecologically sound, safe, and accessible housing.
- We serve people with modest incomes.
- We believe diversity makes neighborhoods stronger.
- We believe in collaborating and partnering with other organizations and neighborhoods.
- Owners share our purpose and participate in governance of the organization.
- We value integrity in all of our interactions.
- We respect and seek diverse voices in the governance and operations of the organization.

And Some Final Words about Community Land Trusts

"Real property relationships can also be structured to balance individual and community interests. Community land trusts are a good example. Inspired in part by Native American understandings of stewardship of the land, these trusts are neither public nor private in conventional terms, but combine the best elements of both. Land is held in trust through democratic, community-based organizations and made available to individuals and groups by means of lifetime, inheritable or long-term leases; lessees may own the buildings or improvements they make, but the land trust reserves the right to purchase these improvements for the adjusted value of their original cost. In this way, individuals receive the essential benefits of private ownership (security, equity, and a legacy for their descendants) while the community is protected from the potential abuses of ownership (monopolization, absentee control, and speculation). A fair balance is struck in an economic relationship that is important to many. "Chuck **Matthei and Joanne Sheehan**