

Leelanau REACH - A Nonprofit 501 (c) (3) affordable housing developer based in Leelanau County

Building partnerships to create affordable housing for Leelanau County

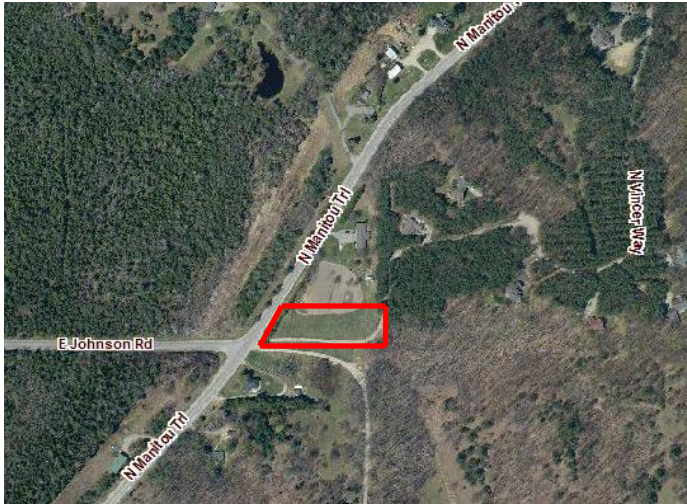
Our Start



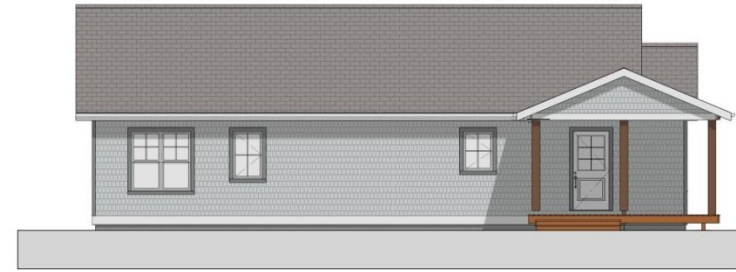
Leelanau REACH Northport Project

Development – “Vincer West”

- Acre parcel donated by REACH Board member
- Within Village limits; outside water and sewer districts
- (Four) new 3br, 2ba, 1,100 sq. ft. homes @ \$169,900 ea.
- Shared driveway, well, drain field
- Local Northport builder
- Existing zoning by right
- Site condominium ownership structure
- HOA over common area/infrastructure



M22 opposite Johnson Rd



Left Elevation
1/4"=1'-0"



Main Level Floor Plan
1/4"=1'-0"



Front Elevation
1/4"=1'-0"



Financial/Development Strategy

- Establish sufficient equity for financing
- Recognition that traditional government construction subsidies are not available on a practical level for new, small scale, small rural community affordable housing development; especially in a workforce housing space around 70 to 80% of AMI
- Use a non-traditional approach to subsidize the construction cost in for an affordable market selling price meeting REACH's objectives

Affordability Analysis

						Minimum Buyer Income and Loan Program				
Home Sale and Mortgage						5.000%	USDA Guaranteed Interest Rate \$82,800 max, HH inc (1-4)			
\$ 169,900	Selling Price									
\$ -	Down Payment									
\$ 169,900	Mortgage Amount									
30	year term					\$ 912.06	Monthly Loan Payment			
Taxes										
27.5557	Northport PRE mills (all parts - summer, winter village)									
1%	Admin fee									
\$ 2,364	per year		\$722	village portion		\$ 197.02	Monthly Taxes			
Property Insurance										
\$ 900	per year					\$ 75.00	Monthly Property Insurance			
Mortgage Insurance										
0.5%	\$ 850	per year				\$ 70.79	Monthly Mortgage Insurance			
HOA Fees										
	\$ 500	per year				\$ 41.67	HOA Dues for Common Areas, Well and Se			
						\$ 1,296.54	Total Monthly House Payment			
PITI Ratio Requirement - Home Principal, Interest, Taxes and Insurance						\$4,471	Minimum Monthly Income Needed to meet PITI Standard			
29.0%										
TD Ratio Requirement - maximum monthly all debt load						\$1,833	Maximum Total Monthly Debt Payment Load - home, auto, etc			
41.0%										
						\$53,650	Minimum Annual Income Required			
Leelanau County Area Media Income			\$70,300			76%	% of Area Median income of Vincer West Target Buyer			



FY 2017 INCOME LIMITS DOCUMENTATION SYSTEM

HUD.gov [HUD User Home Data Sets](#) [Fair Market Rents](#) [Section 8 Income Limits](#) [MTSP Income Limits](#) [HUD LIHTC Database](#)

FY 2017 Income Limits Summary

FY 2017 Income Limit Area	Median Income Explanation	FY 2017 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
Leelanau County	\$70,300	Very Low (50%) Income Limits (\$) Explanation	24,650	28,150	31,650	35,150	38,000	40,800	43,600	46,400
		Extremely Low Income Limits (\$)* Explanation	14,800	16,900	20,420	24,600	28,780	32,960	37,140	41,320
		Low (80%) Income Limits (\$) Explanation	39,400	45,000	50,650	56,250	60,750	65,250	69,750	74,250



Development/Financing Status

\$140k equity achieved, 19% total funding ratio

- REACH equity – donations, land value, in-kind, other debt (subordinated)
- Unique Land Bank with TIF recovery investment
- Applying for construction/development lending from the Opportunity Resource Fund; Michigan based CDFI

Ground breaking goal – spring 2019

Greatest Challenge

Small scale

- Small rural communities - scale is relevant
- Original municipal platting “used up”
- Using bare land for a multi unit new development
- 35% of cost *over and above* a “home on a lot”
- Replicating elsewhere