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NEWS RELEASE

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First Homes closes first community land trust sale

First Homes has finalized its first community land trust home sale.

The owner closed on the new home in the Rose Harbor Estates development under construction by DeWitz Construction in southeast Rochester.

Home ownership under the community land trust isn't a new concept, but it is new to the Rochester area where First Homes helps potential homeowners purchase starter homes.

Under a community land trust transaction, First Homes purchases the land on which a new home is built and the land is leased to the homeowner for 99 years under a renewable agreement. The process can help a new homeowner trim up to \$30,000 off the cost of a new house.

"This is an important milestone," Sean Allen, First Homes executive director, said. "As we move forward, this single event allows us to reflect on our progress and where First Homes will be going in the future with providing starter homes for Rochester area employees."

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Community land trusts are designed so that homes remain affordable for future buyers, too. When homeowners are ready to sell their home, the community land trust has first option to purchase the house. Sellers receive their original down payment and equity earned from their monthly mortgage payments. Homeowners split the appreciation in the home's value with the community land trust. The trust then applies its share of the appreciation to reduce the purchase price for the next buyers.

More than 120 community land trusts have been established in the United States since they were introduced in the 1960s. They can be found in places such as Burlington, Vt.; Jackson Hole, Wyo.; and Duluth, Minn. The First Homes project is the first community land trust in the Rochester area.

Any First Homes house can be purchased through the community land trust. Developers working with First Homes are building homes in Rochester and surrounding communities, including Dover, Plainview, Kasson, Chatfield, Spring Valley, Hayfield, Zumbrota and Byron. In addition, Wazuweeta Woods, a 33-home development in Pine Island, will be exclusively a community land trust neighborhood.

Since the First Homes initiative was kicked off 15 months ago, 84 families have purchased new homes and 94 additional have moved into rental townhomes in 10 communities within 30 miles of Rochester. A total of 149 families have applied for financing through certified lenders to purchase homes in the First Homes program.

First Homes works closely with developers to build quality homes at starter home prices and offers homebuyers financial assistance to reduce monthly mortgage payments. The effort makes home ownership affordable to families on a limited budget.

In addition to community land trust, financial assistance to homeowners can come in the form of gap loans. Gap financing offers low-interest deferred loans that allow homeowners to have a smaller primary mortgage and keeps monthly mortgage payments manageable for households with limited incomes. Gap loans are repaid when the home is sold.

First Homes is a public-private collaborative to build needed starter homes in Rochester and a 30-mile radius. The goal is to build homes for 875 families over five years - 500 single-family homes and 375 rental townhomes.

The Rochester area's economic growth has shown that employers need housing for their employees. The First Homes initiative has partnered the business sector, government and foundations in producing housing for families in a mixed-income, mixed-housing environment.

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A \$12.75 million fund-raising effort by the Rochester Area Foundation is seeking donations from area employers and individuals over the next two years. The raised funds can be leveraged for additional funding of \$115 million from other sources, and the total, \$128 million, is the amount needed to build starter homes for 875 families in a 30-mile radius of Rochester.

For more information on First Homes, call (507) 287-7117 or visit <http://www.firsthomes.org> on the Web.