



STATEMENT OF WORK

Hamilton County Community Land Trust Initiative - Phase II

(hereafter, the "Project")

September 1, 2024

I. PROJECT UNDERSTANDING

A 2022 housing study found that Hamilton County was becoming less and less affordable to more and more people, and that the private market alone was not likely to meet the future housing needs of the county's growing workforce. Creation of a community land trust (or "CLT") was identified as one of four priority initiatives to address this challenge to long-term economic growth and quality of life and in 2023 **i3 Community Housing Solutions** (hereafter, **Consultant**) was engaged by HAND Inc. and the *Hamilton County Housing Collaborative*, to conduct the necessary due diligence:

- Researching CLT models, programming, and best practices;
- Engaging key stakeholders;
- Securing input on opportunities, constraints, needs & priorities; and
- Developing a realistic, basic organizational & programmatic 'framework' for what a Hamilton County-specific CLT could and should be.

Consultant's due diligence work wrapped up in December 2023, with broad-based enthusiasm among stakeholders for the CLT concept and support for moving ahead with establishment of a **Hamilton County Community Land Trust** (hereafter, **HCCLT**) consistent with the framework developed. Around this same time, Hamilton County committed \$5.0 million to support workforce housing and secured site control to undertake a single, large-scale mixed-income development project. While the project itself remains largely conceptual, the County continues to indicate a desire to utilize a CLT to preserve its investment and ensure long-term affordability of the housing created, and has recently earmarked \$100,000 of federal Community Development Block Grant funding to support creation of such an entity.

While the first phase of the CLT initiative was wrapping up and the County was in search of its workforce housing development opportunity, Hamilton County Community Foundation (or "HCCF") was embarking on a community needs assessment. Unsurprisingly, housing was identified as the #1 priority issue among stakeholders and, in the subsequent strategic planning process, HCCF committed itself to playing a more central, active, leadership role in this area. To that end, HCCF has applied and is now a finalist for \$9.8 million in GIFT VIII funding from Lilley Endowment to support "Belonging Begins at Home", a collection of five inter-related housing programs/initiatives, including a new community land trust.

In hopeful anticipation of a GIFT VIII award, and to support Hamilton County and take advantage of the opportunity represented by its workforce housing project, should it come to fruition, **Hamilton County Community Foundation** (hereafter, **Client**) has committed to launch and "incubate" the new community land trust and wishes to engage Consultant's services to:

- Assist with creation and “standing up” the new corporate entity;
- Put in place the programmatic “infrastructure” necessary for involvement in ownership housing;
- Develop a buyer-initiated housing acquisition (home ownership) program;
- Identify and assess near-term housing development opportunities HCCLT may have; and
- Create a work program & budget for start-up operations and secure necessary operating support funding.

II. CONSULTANT SCOPE OF SERVICES

- A. **Organizing Committee.** In collaboration with Client, a working group of approximately two dozen key stakeholders, housing and non-profit professionals, and public-sector officials will be assembled to guide creation of HCCLT and development of its initial programming. Five (5) meetings of the committee will be planned, organized, and facilitated by Consultant, all necessary materials & presentations prepared, communications and meeting logistics coordinated, and a summary document of the group’s on-going work maintained.
- B. **Corporate Entity.** Consultant will work with Client’s (internal) legal counsel to finalize articles of incorporation and bylaws for the new HCCLT corporate entity, ensuring consistency with the governance framework established in Phase I and conformance with applicable State & federal requirements for community development corporations, community land trusts, Community Housing Development Organizations (CHDOs), and Community Based Development Organizations (CBDOs). Financial Management Policies & Procedures, a Conflict-of-Interest Policy, Procurement Standards, a Grievance Policy, and a Low-Income Consultation & Advisory Plan will all be developed for adoption by the Board of Directors and submission made for HUD designation of HCCLT as a CHDO and CBDO.
- C. **Governance.**
1. **Membership.** Per the governance framework established in Phase I, the members of the Organizing Committee (see II.A. above) will constitute the Initial Members of the Corporation. Two (2) Member meetings will be planned and conducted during the Project period:
 - The First Annual Meeting of the Members to ratify the bylaws, elect a full complement of Directors, and set the annual membership fee(s); and
 - A Special Meeting of the Members for ratification of the Resale Formula and other such programmatic & policy-related approvals as may be required.

Consultant will plan, organize, and provide administrative support for these Member meetings, including coordination of communications & logistics and preparation of agendas, resolutions, presentations, and meeting minutes.

2. **Board of Directors.** Three (3) Board of Directors meetings will similarly be necessary and be conducted during the Project period:

- A meeting of the Initial Board of Directors (identified at incorporation, representing certain key stakeholder entities integrally involved in creation of HCCLT) to approve the Bylaws and a Fiscal Sponsorship Agreement, and to set a date for the First Annual Meeting of the Members.
- A subsequent meeting of the full Board of Directors to elect officers, establish committees, adopt corporate policies (see II.B. above), and approve the Resale Formula and various other programmatic policies, fees, and documents; and
- Another meeting of the full Board to review and approve the Work Program & Budget and establish the Community Advisory Council (see II.C.3. below).

Consultant will coordinate and assist the Initial Board and the Membership in identification and nomination of candidates for election to the full Board of Directors at the First Annual Meeting. As with Member meetings during the Project period, Consultant will plan, organize, and provide all necessary administrative support for Board meetings, including coordination of communications & logistics and preparation of agendas, resolutions, presentations, and meeting minutes.

3. **Community Advisory Committee.** Consistent with the governance framework established in Phase I, the Corporation's bylaws will provide for a broad-based Community Advisory Council (hereafter, "Council") intended to provide on-going input in relation to community housing needs and HCCLT policies and programming. A charter document will be developed outlining the purpose, authority, expectations, and basic operations of the Council. Local government appointments to fill dedicated seats will be coordinated, and the necessary Board action facilitated to formally establish the Council (i.e. adopt the charter) and appoint the balance of its members.

D. Programmatic Infrastructure.

1. **Resale Formula, Policies & Fees.** A compound appraisal-based Resale Formula will be developed to allocate shared equity in HCCLT's ownership housing properties, a capital improvements component will be explored, and extensive modeling/testing conducted to assess and validate the formula under varying economic & market conditions over time. Restrictions, guidelines, and processes associated with the resale of land trust homes will be established, a Transfer Fee set/structured, and the process for HCCLT's repurchase and resale (including resale pricing & recovery of recovery its Shared Equity) outlined. The Ground Lease Fee(s) will be set and a Repair Reserve policy & structure created.
2. **Mortgage Financing.** Guidelines and requirements for Permitted Mortgages and Lessee-homeowner refinancing will be determined. Conformance of HCCLT's Ground Lease and various policies & restrictions with FNMA requirements will be verified, and FNMA "Shared Equity Program" certification secured. Partner Lenders will be identified and Memoranda of Agreement developed outlining responsibilities, commitments, and programmatic processes. The creation of CLT-specific portfolio loan product(s), an interest rate buy-down program, and lender collection and escrow of ground lease and repair reserve fees will be also explored as part of this process.

3. **Legal & Other Documents.** With the involvement and assistance of Legal Counsel, all the terms and conditions of HCCLT's Ground Lease will be established and the lease document created, along with other necessary documents including a Letter of Agreement & Attorney's Acknowledgement, Option to Purchase, Contract for Sale of Improvements-only, and Notice of Intent to Sell.
4. **Property Taxes.** The scope and structure of Lessee-homeowner property tax liability will be determined and included in the Ground Lease. The County Assessor's & Treasurer's Offices will be consulted, and assisted as necessary, to ensure the unique CLT model of separated ownership of land & improvements is administratively accommodated. Legal Counsel will prepare a summary/opinion on treatment of CLT properties under current Indiana law and either an arrangement reached or potentially a more formal policy decision secured from the Assessor and Treasurer on assessment of CLT homes and application of the Homestead exemption & property tax cap.
5. **Stewardship.** A plan will be developed for on-going stewardship of HCCLT ownership housing, including:
 - Pre-purchase education & disclosures;
 - Monitoring financial activity (e.g. mortgage, ground lease, property taxes), occupancy & use, and physical condition of the properties;
 - Provision of support & assistance to Lessee-homeowners; and
 - Matters requiring HCCLT approval (e.g. refinancing, sale/transfer of ownership, home improvements)

Policies, processes and procedures will be outlined, schedules established for recurring/cyclical tasks such as verifications and inspections, and forms & templates created where appropriate. Strategic partnerships for certain stewardship components will be explored, and formalized if possible. Anticipated personnel resources and other costs associated with stewardship will be estimated and HCCLT's income stream(s) to support its stewardship responsibilities projected.

- E. **Homebuyer Assistance Program.** A buyer-initiated acquisition program will be created for HCCLT. Guidelines, policies, requirements & restrictions, and processes will be determined for the program covering buyer eligibility, application and approval, commitment of subsidy/assistance, property standards, inspections, and repairs, mortgage financing, and transaction closing. Basic program documents and materials will be created, including but not limited to, a client program overview, application, client and transaction tracking tools, commitment of funds letter, and process document. With the assistance of Legal Counsel, community land trust-specific requirements, contingencies and disclosures for inclusion in purchase agreements will be drafted. An implementation plan will be created outlining personnel needs, establishment of business relationships with professional services providers, program outreach & marketing channels, projected program volume and growth (housing units & dollars) over time.
- F. **Public-Sector Property Development.** Meetings will be held with local units of government (hereafter, "LUGs") to explore HCCLT's (re)development of public-sector owned or controlled properties. A

summary report will be produced outlining the identified properties and the associated project opportunities, and recommendations made for further assessing project feasibility, conducting additional due diligence, and securing site control. Additionally, a presentation will be prepared and HCCLT promoted as a potential development agent/intermediary able to work on behalf of the LUG to facilitate 3rd-party private development of public-sector property, and as an effective mechanism for protecting & preserving public investment made in such private-sector projects.

- G. **Work Program, Budget & Operating Support.** A work program will be developed laying out the major organizational, administrative, and programmatic components of HCCLT's first two years of operations (Jul 2025 – Jun 2027). The work program will outline the various activities/activity areas and identify intended outcomes, key milestone(s), and required financial, personnel, and other resources. A line-item general operating (i.e. non-programmatic) budget will be developed and operating support proposals prepared and submitted to the various LUGs, United Way of Central Indiana, Hamilton County Community Foundation, Partner Lenders, and other potential private, public-sector, and philanthropic funders as may be appropriate.
- H. **Program Funding.** (see also III.C. below) Potential funding sources for the Homebuyer Assistance Program (see II.F. above) will be identified, researched, and summarized as to funding availability, timing, guidelines, and requirements, and a funding plan developed to support the projected/intended program growth during the first two years of HCCLT's operations. Potential funding sources & mechanisms to support HCCLT property development will also be identified, researched, and summarized, and specific funding plans developed for two near-term (re)development projects identified as part of II.G. above.

III. SUPPLEMENTAL SERVICES

There are important components of launching HCCLT that cannot be sufficiently defined as to scope, scale, need, prioritization and deliverables at this time to allow Consultant's provision of services under a flat-fee arrangement. Consultant will however provide services in these areas, as may be mutually agreeable over the course of Consultant's engagement, in on an hourly fee basis:

- A. **Community Outreach & Engagement.** Promoting HCCLT and its intended work to elected officials & senior government staff, housing industry-related associations, peer & partner organizations, community groups and others as appropriate.
- B. **Public Policy Advocacy.** Collaboration with peer, professional, stakeholder groups in advocating for:
- State legislation codifying property tax treatment of CLT-owned property;
 - Changes to jurisdictional land use & development policies to incentivize affordable housing and dedication of property to the land trust; and/or
 - Creation of a Hamilton County Housing Trust Fund.
- C. **Program Funding.** Research, preparation and submission of requests/applications for funding to launch or expand the Homebuyer Assistance Program and acquire property and/or undertake development in relation to (re)development opportunities identified as part of II.F. above.

- D. **County Workforce Housing Project.** Should HCCLT participate in a substantive development role, services might include pre-development activities such as project conceptualization, financial structuring, feasibility analysis, conceptual design, and establishing private development partnerships. With more limited involvement, services would be more narrowly focused on establishing agreements with the project developer(s) and the process of incorporating properties into HCCLT's portfolio.

IV. PROJECT SCHEDULE

Attached herewith is a timeline that lays out the various Phase II component services over a ten-month Project period, beginning November 1, 2024. Key milestones in the Phase II effort include:

- The corporate entity established in January 2025 and fully "stood up" – in terms of governance & corporate operations – in June;
- Development of all necessary programmatic "infrastructure" completed in April 2025, and the Homebuyer Assistance Program (HAP) created and ready for launch – subject to program funding – in July;
- Near-term HCCLT property (re)development opportunities and/or public-sector partnerships identified by June 2025;
- Potential funding sources & mechanisms for the HAP and HCCLT property development opportunities compiled, and a funding plan in place, by the end of June; and
- A two-year work program & general operating budget adopted by June 2025 and Year 1 operating support commitments secured by the end of August.

It is estimated that an additional 16-24 hours per month of Supplemental Services (see III. above) could be provided by Consultant, as may be necessary and mutually agreed, without jeopardizing timely completion of the Project as laid out in the ten-month timeline.

V. CONTRACT & FEE

- A. Consultant will deliver the outlined Scope of Services under a ten-month professional services contract, commencing Nov 1, 2024. The contract period may be extended and/or Consultant's Scope of Services amended by mutual consent. The contract may be terminated by either party with sixty (60) days' written notice.
- B. Consultant's fee for services outlined in Section II is \$80,000, billed and payable as follows:

\$ 3,000 upon Project Commencement – Nov 1, 2024	\$ 3,000
\$ 9,000 on the first business day each month, Dec '24 - Jul '25	72,000
\$ 5,000 on the last business day of Aug 2025	5,000
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	\$ 80,000

- C. Consultant's provision of Supplemental Services outlined in Section III, and other hourly fee services as may be mutually agreed, will be billed at a discounted rate of \$100 per hour. Such services will be invoiced monthly and accompanied by an itemization of billed time and associated activities.

- D. The following will be billed to Client as Reimbursable Project Expenses:
- Organizing Committee, Board of Directors, and Membership meeting expenses, billed at 110% of cost incurred, not to exceed a combined total of \$660 during the Project;
 - Printing & production expenses, billed at 110% of cost incurred; and
 - Travel (automobile) expense billed at IRS standard mileage rate.

All other ancillary expenses associated with Consultant's provision of the outlined Scope of Services will be the responsibility of Consultant.

- E. Consultant will provide Client with a written monthly Project status report. Copies of any documents, presentations, work products and other materials created or used by Consultant as part of the contracted Phase II services will be provided upon Client's request.

VI. CLIENT RESPONSIBILITIES

- A. Client will draft articles of incorporation, bylaws, and a fiscal sponsorship agreement for the new corporate entity, file incorporation and other necessary business entity registrations and reports, and prepare and submit a request for IRS non-profit determination.
- B. Client will provide Consultant reasonable use of the space, equipment, and amenities at the *Collaboration Hub* to support delivery of the above Scope of Services, and other such activities as may be necessarily involved with creation and launch of HCCLT during the Project period.
- A. Client will engage outside Legal Counsel, mutually agreeable to Consultant, to provide legal services in support of the Scope of Services outlined in Section II. The *estimated* cost of such legal services is:

Ground Lease & Other Legal Docs	\$ 15,000 – 18,000
Property Tax Matters	2,000 – 3,000
Homebuyer Assistance Program	3,000 – 4,000
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	\$ 20,000 – 25,000

- C. Client will provide such "back-office" administrative services & support (e.g. accounting, IT, document management & recordkeeping), not otherwise identified herein as part of Consultant's scope of services, as may be necessary for the general operations HCCLT during the Project period.

Respectfully Submitted,

Michael Osborne

Michael Osborne, Principal

ABOUT: *Michael Osborne began his professional career back in the early 1980s as a member of the family real estate brokerage business in Elkhart, Indiana. After returning to university and earning dual master's degrees in Urban Planning and Economic Geography, he worked in the public-sector for more than a decade, including positions as Director of Community & Economic Development with the City of Elkhart and Executive Director of the City of Evansville Dept. of Metropolitan Development. In 2007 Michael joined Near North Development Corporation (NNDC) where, under his leadership as President & CEO, the organization was responsible for more than \$45 million of investment in affordable housing and became recognized as one of the most innovative, technically proficient, and highest performing community development corporations working in urban Indianapolis. In 2021 Michael relocated to suburban Hamilton County, and in 2022 departed NNDC to devote more time to personal passions and become more professionally engaged in his new community. Today, as Principal of **i3 Community Housing Solutions**, Michael leverages the full depth and breadth of his 40+ years' experience to assist non-profits and local units of government meet the housing needs of their communities and improve the lives of their citizens.*

**** THIS STATEMENT OF WORK IS VALID FOR SIXTY (60) DAYS ****

Client Acceptance:

Signature

Date

Printed

Title