

Raleigh Area Land Trust: Cottages of Idlewild CLT Proposal

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**RALEIGH
AREA LAND
TRUST**

COTTAGES OF IDLEWILD RALEIGH, NC



Cottages of Idlewild

301 Idlewild Avenue | Raleigh



Developer



Co-Developer



Total of 18 two- and three-bedroom units

- 4 rentals
 - One 80% unit
 - Two 60% units
 - One 30% unit
- 7 units for sale @60% AMI
- 7 units for sale @50% AMI

Other Infrastructure

- Native Low Maintenance Plants
- 2 stormwater ponds
- 1 parking space per unit
- Bus stop upgrade on site
- Solar (in planning)

Cottages of Idlewild



Developer



Co-Developer



Philanthropic + Financing Partners



Tom and Pat Gipson
&
Gipson Family Foundation



Project Funding

Development Budget Summary		
Funding Source	Budget Proposed	% of Total
Self-Help Credit Union	\$4,400,000	53%
NCHFA Loan (0%)	\$938,000	11%
Wake County Loan (%)	\$910,000	11%
City of Raleigh Loan (0%)	\$700,000	9%
Federal Stormwater	\$560,000	7%
Private/Corp Committed	\$759,200	9%
Total	\$8,267,200	

Idlewild Project, Estimated Sales Price

With County Investment

For-Sale Unit Summary			
# of Units	Bedroom Size	Income Targeting	*Est. Mortgage Amount
4	2 Bedroom	50% AMI	\$208,000 - \$238,000
3	3 Bedroom	50% AMI	\$238,000 - \$265,000
4	2 Bedroom	60% AMI	\$255,000 - \$291,000
3	3 Bedroom	60% AMI	\$291,000 - \$325,000
Assumes \$60,000 of down payment assistance from the City of Raleigh and price reduction from County investment			

CLT Model Improvements

Creative Bank Lending Partnership

- Pursuing below-market mortgage product from Coastal Federal Credit Union
 - Up to 2.5% below prevailing market interest rates
 - **Allows homeowners greater equity appreciation and return on sale**

Significant Repair Reserve Fund

- Total of \$150,000 within 9 years of property operation
 - RALT seeding \$25,000, remainder achieved through cost savings on County loan
 - Supports stability and savings for residents
 - Could be used to support mortgage payments and prevent displacement

County Partnership Proposal

With CFCU Below-Market Mortgages

- Up to \$910,000
- 0% loan for 30 years
- \$700,000 deferred, invested long-term to preserve affordability
- \$210,000 repaid during the term
- 1.5% home price appreciation

Without CFCU Below-Market Mortgages

- Up to \$770,000
- 0% loan for 30 years, variable annual payments with balloon
- 2.0% appreciation for first 10 years, 1.5% thereafter

10-Year Return, Below-Market Mortgage



Family of four earning \$56,500 (2023 50% AMI) purchases CLT home for \$208,000.

- \$1,000 down payment
- \$60,000 DPA
- 4.85% interest 30-year mortgage

The family sells the home after 10 years.

What is homeowner's return after 10 years?

Value	Description
\$1,000	Down Payment
\$30,000	Forgiven City of Raleigh DPA
\$39,578	Equity gained over 10 years through mortgage payments
\$31,200	Home price appreciation at 1.5% per year
\$101,778	Return to homeowners after 10 years

Market Mortgage, 2.0% Equity Appreciation



Family of four earning \$56,500 (2023 50% AMI) purchases CLT home for \$208,000.

- \$1,000 down payment
- \$110,000 City and NCHFA DPA
- 7.35% interest 30-year mortgage

The family sells the home after 10 years.

What is homeowner's return after 10 years?

Value	Description
\$1,000	Down Payment
\$30,000	Forgiven City of Raleigh DPA
\$28,068	Equity gained over 10 years through mortgage payments
\$41,600	Home price appreciation at 2.0% per year
\$100,668	Return to homeowners after 10 years

Benefits of the CLT Model

Homes are affordable in perpetuity

- The long-term land lease is renewable and as long as the CLT owns the land, the improvements will be kept affordable

Very low-cost homes create access for low-income households

- Homes can be sold at prices affordable to as low as 50% of the AMI, which is extremely challenging in the open market even with home buyer assistance
- Can be passed to heirs

CLTs qualify for property tax exemption

- Homeowners only pay taxes on the value of the improvements they own



Questions & Feedback