

FRANKLIN AREA COMMUNITY LAND TRUST

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REQUEST FOR A \$ 50,000 START-UP GRANT FROM

THE SHARON HUNT FOUNDATION

February 2, 1987

## 1. SUMMARY STATEMENT

The Franklin Area Community Land Trust (FACLT) is requesting a \$ 50,000 start-up grant so that it can assist low- and moderate-income people to attain home ownership and to preserve and rehabilitate affordable housing. The Franklin area (population estimated at 25,000) includes the Towns of Franklin, Andover, Belmont, Danbury, Hill, Northfield, Salisbury, Sanbornton, and Tilton.

The FACLT will acquire housing properties, rehabilitate them where necessary, and then sell or lease the properties to low- and moderate-income people, community groups, and non-profit organizations providing services to these people. These properties will be affordable for the following reasons: (a) the FACLT will not require down-payments or other large initial cash payments from those who are assisted; (b) the FACLT will amortize mortgage payments over 30 years to lower the monthly costs; (c) the FACLT will work to secure favorable interest rates from lenders; and (d) the FACLT will use various acquisition strategies to keep the initial purchase price down.

## 2. BRIEF OF BROAD PROBLEM

The southern half of New Hampshire, including the Franklin area, has been affected by the escalating appreciation of property values being experienced in the Greater Boston area. As a result, home prices and rent levels have increased dramatically. Combined with State and Federal cutbacks, quality housing units are either too costly or not available to low- and moderate-income people. Much of the affordable housing stock is owned by absentee landlords and corporations who have allowed their properties to deteriorate.

## 3. IDENTIFICATION OF SPECIFIC NEED

The Franklin area has ranked in the bottom 25% of the State in median family income since before 1970, and the increase in housing costs combined with recent plant closings in the area is making quality affordable housing unaccessible for low- and moderate-income households. There are currently no agencies or organizations that are able to provide long-term solutions to this housing crisis. Many people are stuck in substandard housing, paying high rents, with no hope of improving their lot.

## 4. OBJECTIVE DOCUMENTATION OF SPECIFIC NEED

The shrinking availability of quality affordable housing is shown by several sources:

(a) The Franklin Housing Authority states that the vacancy rate for affordable apartments is 0%. They also have documented about 30 apartment buildings and duplexes, housing over 100 units, that are in decay, and are concerned about the water and septic systems in several mobile home parks in the area.

(b) The area Welfare Departments have several dozen families and individuals who are on waiting lists for affordable housing.

#### 4. OBJECTIVE DOCUMENTATION (continued)

(c) The N.H. Social Welfare Council did a study that shows that between 1970 and 1985, median rents have increased by 450%, while median income has only increased by 150%. A female-headed household now spends about 43% of the household income on housing, compared to about 22% in 1970.

#### 5. STATEMENT OF REMEDY

The Franklin Area Community Land Trust will take a proactive approach to the local housing crisis. The FACLT will acquire properties that can be purchased, rehabilitated and sold or leased at an affordable price. The FACLT will hold title to the land perpetually, taking it off the speculative market, and will lease the land to the building occupants. In this manner, the leaseholders' equity can be limited to keep costs down for future generations, and the FACLT can also insist that low- and moderate-income people be the future buyers. Therefore, there will always be quality affordable housing in the area for those in need, that will only grow over time.

#### 6. GOALS SUPPORTING SOLUTION

The goals of the FACLT is to create long-term quality affordable housing for low- and moderate-income people in the Franklin area, both in home ownership and in rental housing. The FACLT hopes to be a model for community-controlled housing solutions elsewhere around the State and Country.

#### 7. OBJECTIVES SUPPORTING GOALS

The FACLT will be organized as a democratic, community-controlled vehicle for the acquisition, rehab, and preservation of quality affordable housing. The FACLT will involve public officials, community residents, and tenant representatives on its Board of Directors.

The FACLT will create home ownership opportunities, will organize housing cooperatives, and will work with other non-profit organizations and agencies to manage, rehab, and preserve affordable housing units.

The FACLT will include limited-equity formulas and prioritization of low- and moderate-income households in every lease agreement, keeping these properties available and affordable to those in need forever.

#### 8. ACTIVITIES TO ACCOMPLISH GOALS

Activities of the FACLT fall into three different categories: organization building, acquisition and rehab strategies, and leaseholder development.

##### Organization Building

Organization building will be a primary activity both in the start-up phase and ongoing. It is important to get many people

## 8. ACTIVITIES - Organization Building (continued)

in the community involved; the outreach and educational efforts should not be limited to the low- and moderate-income population. Local and State Government officials, social service agencies, and volunteer civic groups all have information and resources that can be helpful to the FACLT. They have waiting lists and studies that will help to identify potential leaseholders; they know what programs exist and who can use them.

The community at large also needs to be reached out to, as many people, even though not in need of housing themselves, will be willing to help with donations, leads to properties for sale, "sweat equity" endeavors, and word of mouth advertising. The active involvement of the community will help to overcome prejudices that exist towards tenants, and people will be better informed and more supportive of FACLT efforts.

The low- and moderate-income people in the community need to be informed of the FACLT and its resources. They are the best ones to initiate the purchase of their rental properties, and know what the problems are. They will be informed of the FACLT and the housing opportunities that exist through newspaper ads and articles, agency contacts (CAPs, Housing Authorities, etc.), door-to-door canvassing, community forums, and word-of-mouth.

### Acquisition and Rehab Strategies

To keep the properties affordable, several strategies will be employed:

- (a) Bargain Sales and Property Donations - even with the recent change in the federal tax laws, there will still be opportunities to acquire properties at under their appraised values that will be conveyed to the FACLT for tax deductions;
- (b) Development Projects - there are already several known rental properties available that include large parcels of undeveloped land.
- (c) Rehab - there are several sources of rehab support that will be utilized: local CAPs, State and Federal programs, CDBG and other grants, Habitat for Humanity, and the sweat equity efforts of the tenant/owners themselves, among others.

### Leaseholder Development

The FACLT will provide readings, workshops, Board training sessions, financial information and training, and other types of technical assistance to develop the leaseholders' abilities to self-manage their housing and to participate in the FACLT. In addition, the FACLT will research and coordinate other opportunities for learning experiences for the leaseholders.

The FACLT will also assist the leaseholders in establishing training programs within their housing projects (where applicable) to educate and train new residents.

## 9. TIMETABLE OF ACTIVITIES

The organization building, acquisition, and leaseholder development activities will all be ongoing, and all will overlap. An approximate timetable is as follows:

<u>Activity</u>	<u>Timetable</u>
Organization Building:	
Steering Committee formed	by March 1987
Research (demographics, targetting)	Ongoing
Incorporation, apply for 501(C)(3)	April/May 1987
Outreach/Publicity	March/ongoing
Grant Requests out	May/June, ongoing
Community Forum	Fall 1987
First Annual Meeting	Spring 1988
Acquisition/Rehab	Ongoing, starting May
Leaseholder Development	Ongoing, starting May
Door-to-door Canvassing	Summer 1987
Workshops, training sessions, etc.	As needed
First Annual Meeting	Spring 1988

## 10. EVALUATION OF OBJECTIVES

The effectiveness of the FACLT will be measured by the number of units of quality affordable housing that are either created or preserved through the acquisition and leasing of the FACLT. "Quality" is defined as housing that meets all local and State housing code criteria. "Affordable" is defined as either (i) monthly costs that do not exceed the HUD "Fair Market Rent" levels for subsidized housing units in the area; or (ii) monthly costs that do not exceed 35% of the household's monthly income.

It is the goal of the FACLT to acquire at least three (3) properties by the First Annual Meeting in the Spring of 1988. The number of housing units is not determinable based on this goal, but ten units seems to be a good minimum goal.

## 11. ORGANIZATIONAL CAPABILITIES

The FACLT is a newly-formed entity, and, as such, has no track record as yet. However, the FACLT is receiving guidance and support from several established sources:

A. The New Hampshire Community Loan Fund - the NHCLF has been providing technical assistance and low-interest loans to community organizations working on housing for the last three years. The NHCLF will provide staff for the FACLT for one year, and training for future staff.

B. Belknap/Merrimack Community Action Program - their staff will work closely with the FACLT and its leaseholders.

C. New Hampshire College - the Community Economic Development Department will provide ongoing support and guidance.

12. BUDGET	1987	1988	1989
REVENUES: Grants	\$ -0-	50,000	35,000
Service Fees/Consulting	2,000	10,000	30,000
Donations for Operations	3,000	5,000	10,000
Total Revenues	5,000	65,000	75,000
EXPENSES: Salaries/Benefits	-0-	40,000	50,000
Rent, Utilities, and Misc.	1,000	10,000	12,000
Legal/Professional	3,000	10,000	10,000
Reserves	1,000	5,000	3,000
Total Expenses and Reserves	5,000	65,000	75,000

NOTE: Service Fees and Consulting revenues will be generated through work on FACLT projects and consulting provided to other communities in and out of New Hampshire.

April 26, 1987

TO: Chris Clamp

FR: Peter White

RE: Project Update - Second Quarter

The goals of the last few months were to: (1) hold a series of meetings with public officials and interested people to discuss, plan, and create the Franklin Area Community Land Trust, a community-controlled vehicle to create and preserve quality affordable housing, and, as a future goal, sponsor other community economic development projects; (2) to incorporate the FACLT, develop an interim Board of Directors, and begin work on Bylaws, a business plan, and a funding plan; and (3) to continue research and work on the local economic analysis.

I feel that we have successfully reached these "first stage" goals. From December through March, I held several small meetings with public officials and interested people from the Town of Franklin, the Franklin Community Action Program (CAP), the Belknap-Merrimack CAP officials, and several local developers. These discussions led to the first meeting of the "Franklin Area Community Land Trust" on March 17, attended by twelve people, where the name was adopted, the target area defined (Andover, Belmont, Danbury, Franklin, Hill, Northfield, Sanbornton, Salisbury, and Tilton), and the priority set as affordable housing. The mailing list of those interested grew to 35 by the second meeting.

Before the second meeting was held on April 23, the Finance and Legal Committees held their first meetings, where they formulated several motions for the group, and outlined work plans over the next several months. The second meeting was attended by

seventeen people, and after a fine presentation by Chuck Collins, of the Institute for Community Economics, on community land trust efforts elsewhere, the group voted to incorporate the FACLT, endorsed the interim Board (the nine incorporators, six of whom live in the target area, and three of whom are technical assistance providers, including an attorney), set a dues structure of \$12/year, or \$1/month, with waivers if requested, and endorsed the first fundraiser plan - a dance and raffle at the end of June (one incorporator will donate his winnebago for a week as a raffle prize - please publicize this!).

Some research has been done on the local housing stock, rental properties currently for sale, land opportunities, and who the major employers are in the area; much more needs to be done in order to prepare the local economic analysis, but it's a start. More research has been done on financing projects, because public officials and local developers wanted some "nuts and bolts" to see if the FACLT was worth their time and effort. This concern has been largely satisfied: it has been confirmed that the Farmers Home Administration (FmHA) will provide mortgages to moderate-income families buying homes on community land trust land, and the United Savings Bank (of Manchester) recently provided financing for a tenants cooperative, so banks are a source for co-ops, which will be a large part of the FACLT program. HUD guidelines have also been researched, and appears to be a source of funding (and frustration!). The N.H. Housing Finance Authority will consider both acquisition and construction projects (another source of frustration, as well!). More research will be done in all these areas.



Over the next three months, the FACLT needs to develop its internal structure. During this time, the Board of Directors shall meet three times, once per month, in open public meetings. The Legal Committee will present proposed Bylaws to the Board, who will develop the version to be adopted. These Bylaws will set a future time for the first Annual Membership Meeting to be held (probably next Spring). The Legal Committee will also present a Lease Agreement, and will complete the application for 501(c)(3) tax status with the IRS. The Finance Committee will research funding sources, such as foundations and churches, and will prepare and send out at least one grant request. An Acquisitions Committee will be started, including a plan for training its members. A post office box and bank account will be established, stationary made up, and affordable office space with a phone will be searched for in the Franklin area.

The outreach efforts will be increased over the coming months. There have already been two decent articles published in local papers, and the Union Leader will publish one soon. Tenants from two mobile home parks attended the April meeting (one is now a Board member), and other parks, as well as tenants in apartment buildings, will receive an informational pamphlet (that will be developed) through targetted flyering and distribution by local CAP and town government people. Word of mouth advertising is also being stressed. Officials from every town in the target area will be identified and contacted.

Projects for the FACLT are already being suggested, and the Acquisitions Committee and Board will be setting priorities and examining proposals. It is possible that a project will be started during the third month of this quarter.

Technical assistance is currently being provided by Chuck Collins of ICE and Julie Eades of NHCLF, as well as several members of the NHC - CED community (thanks!). The attorney involved is Ken Nielsen, attorney for the New England Non-profit Housing Development Corp. of Manchester, and he is very experienced in acquisitions, landlord/tenant legal matters, and bargain sales and tax-related matters. He will be a big help!

Further assistance is needed in attaining grant sources, and Don Mason and Sharon Hunt can be expected to help with that. The Advisor (you) will continue to provide support, suggestions, and timeline discipline, and will be notified of other needs as they arise.

# Cooperative Ventures Help Low-Income Home Buyers

By ROB PERCY

Sunday News Correspondent

FRANKLIN — Joan King (not her real name) has lived in a mobile home park in the Franklin area for four years but has dreamed the American dream of owning her own house much longer.

"I want my own house, my own fence around it. I want to paint the outside any color I want and to have a party in my back yard when I want," said King, who is married and has three young children.

Getting in the way of her dream is what she calls "the gap," the difference between what the Kings can afford for a conventional house and how much money is needed to buy one.

"My husband and I are seeing the gap get bigger every year. We put \$1,000 aside and then houses go up \$5,000," she said.

Faced with the frustrating prospect of never being able to afford a house and seeing mobile home park rents increase beyond an affordable limit, she has turned to a private, non-profit group called the New Hampshire Community Loan Fund.

The fund recently organized the Franklin Area Community Land Trust to help give King and other low-and moderate-income people a chance to obtain affordable cooperative housing. Cooperative housing occurs when a group of people jointly own the building or mobile home park where they live.

About 50 people from Frank-

lin, Tilton, Northfield, Belmont, Salisbury, Sanbornton, Hill and Danbury attended two recent organizational meetings. Last week, the group incorporated itself.

Peter White of the Concord-based Community Loan Fund said the local group's goal is to buy properties, remove them from the escalating housing marketplace and preserve them as affordable housing.

Such properties include apartment buildings, multi-family houses and mobile home parks. White said the group is considering buying property in the Franklin area, although he would not identify what type or exactly where it is.

White said: "Our philosophy is community controlled economic development. Local people can have an influence in the growth of their community."

Last year, the CLF made 10 loans totalling nearly \$1 million to people and groups who would not otherwise have qualified for conventional loans. That money was used to leverage a sum nearly six times greater, which in turn was used to obtain \$5.7 million worth of housing for 284 families.

Tenants can either buy rental properties with low-income loans provided by the loan fund or acquire long-term leases.

King says she and others who live in the mobile home park would like to buy the park from the owner. She believes disclosing her real name or the park's name would jeopardize negotiations and publicity would attract developers who could outbid the mobile home owners.



PETER WHITE

The Community Loan Fund gets its money from individuals and groups, such as churches and companies, who do not expect to see a large profit made on their investment.

White said: "We are asking for money to be loaned to us at (no more than) 5 or 6 percent, we mark it up to cover expenses, so our loans turn out to be 7 or 8 percent."

Last month, the CLF loaned \$180,000 to residents of a mobile home park in Weare. The residents used that to obtain conventional bank financing to buy the park for \$762,000. A Manchester bank holds the first mortgage.

In January, 192 tenants of the Greenville Estates Mobile Home Park Greenville bought their park for \$3 million with financial assistance from the trust. Rents at the park had

gone from \$112 in 1984, to \$225 in 1986 and were about to go up to \$275.

The residents formed a tenants' cooperative and were approved for a \$3 million loan from the New Hampshire Housing Finance Authority on condition two-thirds of the residents became members by paying a fee of \$1,000 each. The trust provided \$50,000 to the tenants, a small loan which brought about the larger one.

According to information provided by the National Association of Housing Cooperatives, there are 100,000 families

living in 500 cooperatives spread around the country.

The principles shared by cooperatives include:

- Each month, members pay an amount that covers the operating expenses of the cooperative.

- Each member family has one vote in the running of the cooperative.

- The object of the cooperative is to provide suitable housing at the most reasonable cost possible; cooperatives do not exist to make a profit.

If people decide to move out of a building owned by a cooperative, White said "they get back what they put into it (that means their share of the principal and the money they put into physical improvements), plus any inflation increases. But they don't get back what they would have got in the regular (housing) market."

- Members have no reason to increase monthly charges unless taxes or operating costs go up.

- For income tax purposes, coop members usually can deduct their share of the taxes and mortgage interest paid by the cooperative.

- Since there are no individual mortgages, members have no personal liability on the cooperative mortgage. The coop-

erative association is responsible for paying off the mortgage.

John Phillips, deputy director of the New Hampshire Housing Finance Authority, said there is an urgent need for more affordable housing in New Hampshire. He said cooperative ownership is "coming into its own. You'll see more of it in the future."

Rita Goumillout from Franklin's Community Action Program office said there is not enough affordable housing for the area's low and moderate income people to go around. At least 10 or 12 families come into the office each week seeking help in finding a decent apartment, she said. Many have incomes of only \$160 week, \$80 or \$90 of which goes towards rent.

In Merrimack County, according to the New Hampshire Housing Finance Authority, the median rent in Merrimack County in 1986 was \$548, an 11.2 percent increase over the previous year. The vacancy rate for rental units in the county was 5.4 percent.

However, in Franklin, the vacancy rate for large apartments, those with at least three bedrooms, is now less than one percent, said Noreen Brown of the Franklin Community Development Office.

# New Franklin Group Wants To Increase Affordable Housing

By RICHARD BLAIS  
Monitor Staff Writer

**FRANKLIN** — A non-profit group is being organized to help low- and moderate-income families increase the amount of affordable housing in area communities.

The Franklin Area Community Land Trust is being sponsored by the New Hampshire Community Loan Fund and will include members from Franklin, Tilton, Northfield, Belmont and Salisbury.

Peter White of the Community Loan Fund said the local trust's goal would be to take properties off the speculative market, including apartment buildings and mobile home parks, and preserve them as affordable housing.

The New Hampshire Community Loan Fund is based in Concord. It gets its money from organizations and individuals who want to see their money used locally for community development. It, in turn, provides financial

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*Peter White*

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and technical assistance to cooperatives.

"It's going to be a non-profit corporation that will be run by the community and its purpose will be to acquire rental properties . . . and then to either sell them to the tenants or give them long-term leases so they can control their costs," White said.

An organizational meeting will be held Thursday at 7 p.m. in the Franklin Community Action Program office on Elkins Street. It is open to anyone. White and other representatives from the Community Loan Fund will be on hand to answer questions.

White said similar groups have been set up or are being organized across the country and in the state including the Dover-Rochester Family Community Land Trust and the Monadnock Community Land Trust. It has also helped trailer park tenants in Meredith form a cooperative to buy their park.

"A lot of renters are now paying \$500 to \$600 a month, which could certainly cover a mortgage on an affordable home if they were on the market. It's just that they don't have the \$5,000 to \$10,000 they need for the down payment and closing costs," he said.

Along with rental properties, White said the state group has talked to builders about setting up developments with modular homes for people who cannot afford the cost of building from scratch.

"Right now a lot of people are upset because out-of-state developers are coming in and buying up all the properties and developing them the way they see fit," he said. "From what we are hearing, people in the towns would like a way that they can control local development. That's one thing a community land trust can do."

After they are organized and established, he said the local trust could then branch out to help set up non-profit day care centers and food co-ops or help unemployed workers buy a closed factory and start their own business.

White said financing would come from traditional lending sources like banks or from state and federal agencies including the New Hampshire Housing Finance Authority and the Farmers Home Administration.

Money to cover the operating expenses of the local group would come from membership fees, donations and grants.

Concord Monitor, April 20, 1987

Franklin, N.H.

# Consultant Speaks on Housing

By Carolyn L. Stoddard

FRANKLIN—Charles Collins, a national consultant on community land trusts, was guest speaker at a meeting which drew persons from nine area communities, interested in affordable housing.

"I leave it to you to be experts in your own communities," was Collins' opening comment. He reiterated that New England has a serious affordable housing problem with the rapid increase in property values making wider the gap between those who can and those who cannot afford housing.

Coming from the Institute for Community Economics office in Greenfield, Mass. Collins said, "in Greenfield, the average income is \$20,000, but the average income needed by purchasers of a house is \$35,000."

CLTs help narrow this gap. They purchase land. On that land, they either buy or build houses, which they then sell or rent. CLTs are private nonprofit and democratic organizations.

And the CLT has first-purchase rights to the houses later on. The seller gets back the amount invested in the down payment, mortgages and any improvements.

However, windfall profits are avoided. That is one of the key factors in keeping the housing affordable. Examples of windfall profits given by those attending included a 40 percent increase in just six months and land going from \$1,000 per acre to \$3,500 per acre in 3 years.

Collins listed some advantages: "What the individuals get is life-long security, which is better than being tenants for the rest of their lives. They can fix up their houses any way they want to. They build equity."

Tenants' rights was the first local problem mentioned by one of those attending. People may move in thinking that a parking lot comes with the apartment, then find out that is not true. Or they may be

told that if they have a problem with the quality of housing, they can leave. But they don't have anywhere else to go. So they stay. And quit complaining.

Collins reminded those present that people take better care of property when they own it - either privately or through a tenants' organization.

Who will get first shot at affordable housing? Collins pointed out several times that is one of the key decisions the Franklin Area Community Land Trust must make. Erik Arctander, of Wolfeboro Affordable Housing, said that sometimes those who had not lived in town were grabbing the lower-cost homes from those who had been on the waiting list.

Collins called 'state of the art' the Wolfeboro group's decision to scatter affordable housing throughout town. In tune with that was Peter White. This assistant director of the New Hampshire Community Loan Fund said "most of our projects are for mixed incomes."

That revolving loan fund has grown to over a million dollars in three years. "There are people who would rather invest in affordable housing than in companies making money in South Africa," White said.

During the business meeting, the Franklin Area Community Land Trust was legally formed and a board of directors named.

Those supportive of affordable housing, or interested in learning more about what is being planned in this area are welcome to the next meeting. It will be at Franklin's Community Services Building on Thursday, May 21 from 7:00 to 9:00 p.m.

# Affordable housing in Franklin area

By Carolyn L. Stoddard

FRANKLIN— Eight communities in the Franklin area are becoming New Hampshire's first example of what can be done to make housing more affordable.

Such moves have already worked in several other states. The local group is beginning to move surprisingly soon after forming. On May 21 an acquisitions committee was formed, with several meetings scheduled before the next public meeting Tuesday, June 23, 7:00-9:00.

They may buy land which they can sell to families who want to build their own homes. They probably will buy houses which are already subdivided into several apartments.

People presently living in those apartments will then have first option on being able to join a tenants cooperative which owns the building they live in. This means they can build up equity, rather than just paying rent.

Anyone having questions or comments is invited to leave a message at 934-6164 or PO Box 246, Franklin. Pete White, Northfield, the secretary of FACLT (Franklin Area Community Land Trust) will get back to the questioner.

The self-introduction time which began Thursday's meeting provided opportunity for plenty of questions and comments. One woman wants to

move to an apartment which will have a place for her children to play, rather than a yard which has room only for a dumpster.

Another family may need a bigger apartment, because the husband and wife plus their three children now live in a two bedroom apartment. FACLT may help increase the number of three bedroom apartments.

However, another person attending noted that many town governments discourage having three or more bedrooms because they do not want to increase the community's school expenses. Yet, overcrowding is a problem for many households. Rising taxes, for schools and other services are a serious problem in most towns, a FACLT board member noted.

Another problem of tenants is that some apartment managers keep promising to fix leaking ceilings or broken windows but don't do anything. The sort of tenants' cooperatives being readied for this area will have the residents in charge of getting the work done, as well as putting aside each month a reserve fund to pay for such things as a furnace which quits working.

Chairman Randy Kidwell, Northfield, emphasizes, "This is not a welfare agency. We are trying to aid families to use the resources that are out there. There

won't be the stigma that goes with low cost housing."

Avoiding such stigma will be possible by scattering cooperative homes throughout the Franklin area, indistinguishable from neighboring homes. The group may also help a cooperative provide services such as a neighborhood day care center or area which can be gardened.

FACLT is also concerned about encouraging a mix of income levels living next to each other, as well as having older people next door to families with young children, rather than segregating the elderly. Many elderly are living on small fixed incomes, some of them having been renters all their lives.

Active in FACLT are several developers and people who already own their homes, not just people who are tenants. First priority for affordable housing will probably be given to people who already live in the Franklin area and join FACLT, each household paying \$12 per year or \$1 per month. Members also have a say in the group's decisions.

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and technical assistance to cooperatives.

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Along with rental properties, White said the state group has talked to builders about setting up developments with modular homes for people who cannot afford the cost of building from scratch.

"Right now a lot of people are upset because out-of-state developers are coming in and buying up all the properties and developing them the way they see fit," he said. "From what we are hearing, people in the towns would like a way that they can control local development. That's one thing a community land trust can do."

After they are organized and established, he said the local trust could then branch out to help set up non-profit day care centers and food co-ops or help unemployed workers buy a closed factory and start their own business.

White said financing would come from traditional lending sources like banks or from state and federal agencies including the New Hampshire Housing Finance Authority and the Farmers Home Administration.

Money to cover the operating expenses of the local group would come from membership fees, donations and grants.

Concord Monitor, April 20, 1987

# Tenants rights and options conference

FRANKLIN — The Franklin Area Community Land Trust, Inc. (FACLT) and New Hampshire Legal Assistance are co-sponsoring a "Tenants Rights and Options Conference" in Franklin on Tuesday evening, Oct. 20, from 7 to 9 p.m. at the Franklin City Hall (316 Central Street) in the Council Chambers.

Tom Fredenburg, from NH Legal Assistance, will speak on the rights of tenants who are living in standard conditions or are threatened with unjust eviction.

Peter White, Assistant Director of NH Community Loan Fund and Secretary of the FACLT, will inform tenants of the technical assistance and access to capital available to those who want to buy their rental properties by forming non-profit co-ops.

Earl "Red" Dukette, of the Franklin Premier Cooperative, and Pamela Slocum, of "R" Community Cooperative (Franklin), will be speaking on the benefits of cooperative ownership and how to form cooperatives.

The Conference is open to the public. Refreshments will be served.

The Franklin Area Community Land Trust covers Franklin, Tilton, Belmont, Northfield, Sanbornton, Salisbury, Andover, Hill, and Danbury.

## Land Trust buys buildings to be sold to tenants

FRANKLIN — The Franklin Area Community Land Trust, Inc. (FACLT), a non-profit community-controlled charitable corporation, recently closed on its first acquisition, the seven unit, three building apartment complex located at 115 Franklin Street.

FACLT plans to acquire rental properties throughout the greater Franklin area, and has two closings planned for November. The buildings will be sold or leased to tenant-owned cooperative

corporations, while the land will be held by the FACLT perpetually.

FACLT will work with the Franklin Premier Cooperative, a non profit corporation made up of the tenants residing in the buildings, to rehabilitate and preserve the property as secure, affordable housing. The co-op signed a renewable lease at the closing, with an option to buy the buildings as soon as all the legal requirements are met.



# Making tenants into landlords

A new group offers "life-long" tenants a chance to own their building cooperatively...

By Phyllis Morrisette

FRANKLIN— Red and Claris Dukette have lived in their apartment 15 years. That's about 200 rent receipts. But since last month the couple owns a share in the house at 115 Franklin St.

The five-unit building and two smaller single-family houses adjoining it were bought Oct. 15 by a cooperative whose members are the people who live there.

It was the first purchase by the Franklin Area Community Land Trust Inc. (FACLT), which also bought a four-unit house at 23-29 Franklin St. on Nov. 9.

A cooperative will own and manage each location. Even the names of the co-ops tell how the new tenants feel about their accomplishment: they named the co-op at the corner of Franklin and West High Streets the Franklin Premier Cooperative and the one nearer downtown "R" Community Cooperative, to signify the first such group here and the "our" home aspect of the second.

Earl (Red) Dukette heads the Premier Co-op.

"I know why people elected me chairperson," he said in talking about the group. "I'm a tightwad."

For Dukette, even joining the group came only after a long time. "To keep costs down" was his reason, but the decision took a while.

The land trust had tentatively chosen the buildings for the new type of ownership, before the tenants became involved. Dukette heard about the plans but "didn't get interested." Meetings were being held and finally, after first papers were signed, he went to one session, "out of curiosity," he said. "People were talking, and I was sitting there with a smirk on my face," he recalled. He talked afterward with Peter White, land trust secretary, then went home and thought about it.

When the next meeting came around, he attended and asked White questions about things that were bothering him about the plan. They talked about 40 minutes, Dukette "listening between the words" of White's answers. Dukette said a person hears more between words than from them.

Next time the group met, he took notes, then talked with three or four others at his apartment, and joined the group three weeks before the property changed hands. "I made up my mind it would be good." During that period, a prospective purchaser surfaced with plans for raising rents to \$475 a month plus utilities and adding a new apartment in the attic, above the Dukettes' unit. "Nobody walks over my head," Dukette said firmly.

Already he and his wife are noticing changes. Toys left outside apartments are now picked up. Hallways are being kept clear. "It makes a big difference," he said.

He took care of a plumbing problem a few days ago, from his second-floor apartment down to the basement. "It was no patchwork," he declared. "It should work a little while, 25 years," he added, straight-faced.

Some of the Dukettes' fellow tenants are also long-term residents there, one as long as 28 years. Dukette believes the co-op will work well, "as long as we can get everybody to work together." Some members have "never been out in the world," he said, living and working in Franklin, perhaps going to Manchester now and then. "They think everything's going to drop into their lap. Now they're members, they'll do much better," he feels sure.

His fellow co-op officers are Scott Sargent, vice-chairperson; Teresa Drake, secretary; Eleanor (Ellie) Sargent, treasurer, who all live in the large house, and George Cross, assistant treasurer, resident of one of the smaller houses. They form a board of directors. "They're first-class people," Dukette said.

Dukette and Pamela Slocum of the "R" Co-op have become public speakers, as well. They were on the program for a tenants' rights and options conference Oct. 20 in Franklin, talking on co-op membership benefits and how to organize such a group with technical and financial help from FACLT.

The purchases start with the NH Community Loan Fund, which pays individuals and groups such as churches five to six percent for use of their money, then lends it to community groups for what White calls "self-reliance projects" at about nine percent interest. The investors are people and groups he calls socially conscious, who have withdrawn their money from munitions connected investments and South African investments since public outcry in recent years against that country's apartheid politics. Those investors could instead be putting their money out at bank rates, he said.

FACLT is next in the chain of relationships, organized on the same idea, White said, as a forest land trust. It's a "community controlled corporation, nonprofit, for use by the community." He emphasized the grass-roots democracy nature of its work: "We're giving people local control of things that affect their lives." When people go from second-class citizens—tenants paying rent to landlords—up to first-class, they get more control of their lives. Next step may be to start voting, he suggested.

The third link, after FACLT, is the tenant co-op, a limited equity housing co-op. The land trust can do many things, White said, but the NH group's priority is "housing first." After that might come nonprofit daycare, health care or farming co-ops. "Anything can be done by groups of people through the co-op model. The land trust's job is to bring resources to them."

Affordable housing is central to a housing co-op. Instead of rents in Franklin and eight surrounding towns near the common Merrimack County \$500-600 monthly,

Continued . . .



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*When the next meeting came around, Red Dukette attended and asked White questions about things that were bothering him about the plan. They talked about 40 minutes, Dukette "listening between the words" of White's answers. Dukette said a person hears more between words than from them.*

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co-op members pay much less. The "affordable housing" goal is rent, heat and utilities together below 30 percent of the tenant's gross income, but "that's not always do-able," White said. Sometimes the figure is closer to 40 percent. At Premier and R Co-ops, rent and heat average about \$400.

Tenants buy a building with minimum down payment and the land trust gives their co-op a long-term lease on the land. Provision is made for future sale of the building with a built-in formula that separates earned equity from market-created equity and provides for the return of what members contributed in down payment, mortgage principal and improvements they have made over the years.

Belknap Bank & Trust in Belmont is the primary lender on the Premier Co-op buildings. Sellers Alan and Don LaCroix took a second mortgage and the NH Community Loan Fund, a third mortgage to finance the down payment and some improvements.

The R Co-op first mortgage came from HomeBank in Laconia, the second from the loan fund, again for down payment and some improvements. Sellers were Tom and Dawn Giroux of Whitefield. In both transactions, the land will be held in perpetuity by FACLT.

## THE CO-OP MODEL

Taking the burden off  
the government

According to FACLT's Peter White,  
cooperative are democracy in action — peo-  
ple working together from the bottom up...

FRANKLIN— New Hampshire has another first-in-the-nation, only four years old and less well known than the residential preference primary.

It's the NH Community Loan Fund. Peter White, who has been working with it in starting tenant cooperatives, is excited about it. Not so much because it was the first such group, nor because more than 30 states have copied it, but for a more down-to-earth reason.

He sees the cooperative way of solving problems as the key to an exciting future for Franklin and surrounding towns.

With the Loan Fund providing the basic loans for local groups to buy sites for homes and workplaces, he sees a host of new opportunities for the area.

Although the NH Loan Fund has underwritten the purchase of two tenant co-op sites in the city in the last several weeks, it also helps mobile home park tenants buy their homes. It can help with other types of co-op purchases, as well. Work of Community Loan Fund, local groups like the Franklin Area Community Land Trust (FACLT) and the co-ops intertwine.

White believes that everyone has the skills and knowledge within them and it's just a matter of bringing it out of them, bringing out their abilities to manage the property," he said. He spoke with equal excitement about his dreams for Franklin's closed factory buildings, where local residents once made their livings.

White sees a day when cooperatives can be formed by workers who then buy buildings, refurbish them, do market analyses to see what kinds of products they can competitively produce and start those factories humming again.

He referred to the first worker cooperative, formed in 1844 by weavers of Rochdale in Lancashire, England, which as the Rochdale Experiment became a model for other co-ops.

After nine years of working with community groups, he has unbounded hope for the future. "I have so much faith in human nature." He doesn't think voters are so much apathetic as they are just overwhelmed by "a feeling of hopelessness." People, he is convinced, "can succeed. They need to see that."

When working for community causes in the past, he knocked on 60 to 60 thousand doors, he said. What he found was many people who were not interested because they felt hopeless about improving anything.

White cited what he called the failure of "traditionally owned" companies, particularly in the US motor industry, to set aside development money. In contrast, he said, the Japanese government helps business firms with such funding.

The co-op model, he said, "takes the burden off the government."

A co-op corporation, he said, is different in that it is community controlled, "not doing for people but with, by, and for them." It is unusual also in working for longterm solutions rather than quick-fixes and that, he said, means "self-reliance by my definition."

That is not socialism or communism. It's democracy. Communism and socialism work from the top down. Democracy works from the bottom up."

He cited a cooperative experiment in Mondragon in the

FRANKLIN AREA COMMUNITY LAND TRUST, Inc.  
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Franklin, N.H. 03235  
(603) 934-6164



COMMITTED: FACLT's Peter White is committed to the future of cooperative ventures.

Basque area of Spain, started in the 1940s by a priest. By the late 1950s, he said, the region had more than 80 co-ops.

In the United States, he said, 15 co-op corporations, such as Ocean Spray, which makes cranberry products, are among the Fortune 500.

He firmly believes it is "up to the voters to make the politicians do their job. It's not up to the politicians to be Jesus Christ types" and get out there and do things.

A Granite State native, he has been a substitute teacher of mathematics and reading in Boston schools and in Allenstown NH. He is an environmentalist by preference and has worked for the People's Alliance and for ACORN, the Association of Community Organizations for Reform Now. He is in the last quarter of work for a master's degree in community economic development from New Hampshire College, one of only two or three such degree programs in the nation, he said.

Since December 1985, White has been working for the loan fund.

"I think what we're doing can solve all of America's economic problems," he said enthusiastically. Locally, the land trust can help people develop skills in management, property maintenance, parliamentary procedure, co-op conflict management and drawing up bylaws. The co-op creates a local business and is an organization of people working together.

"Franklin voted down a housing code four years in a row," he said. White sees housing co-ops as helping to improve rental properties. Although so far there has been little support from the Franklin area, which also includes Andover, Belmont, Danbury, Hill, Northfield, Salisbury, Sanbornton and Tilton, he says with town support FACLT "could do a lot more."

PHYLLIS MORRISSETTE

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MEMBERSHIP APPLICATION

I wish to express my support for the community land trust model of land tenure and homeownership by becoming a member of the Franklin Area Community Land Trust.

NAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

PHONE: (Home) \_\_\_\_\_ (Work) \_\_\_\_\_

SIGNATURE(S): \_\_\_\_\_

DATE: \_\_\_\_\_

DUES ENCLOSED: \$ \_\_\_\_\_ Please enclose \$ 12/year, or \$ 1/month for a minimum of three months (will be tax-deductable - application pending).

\$ \_\_\_\_\_ Additional tax-deductable contribution (application pending).

\_\_\_\_\_ I would like to apply for a dues waiver, and will contribute time instead.

POSSIBLE COMMITTEE INTERESTS:

_____ Finance	_____ Legal	_____ Acquisitions
_____ Membership	_____ Other	

POSSIBLE VOLUNTEER WORK:

_____ Graphic Arts	_____ Public Speaking	_____ Painting
_____ Landscaping	_____ Secretarial	_____ Carpentry
_____ Telephoning	_____ Photography	_____ Plumbing
_____ Fundraising	_____ Doorknocking	_____ Other

CONFIDENTIAL SURVEY

ADDRESS OR LOT # \_\_\_\_\_

This survey is for statistical use by the N.H. Community Loan Fund only. The information is confidential, and individual responses will not be disclosed to any person, government agency, or other organization at any time for any reason. This information is required for processing loan requests.

Question 1:

How many people live in your household? \_\_\_\_\_

How many residents are under the age of 18? \_\_\_\_\_

How many residents are 60 years old or over? \_\_\_\_\_

Question 2:

What is your total household annual income (approximately)?

\_\_\_\_\_

## BYLAWS OF FRANKLIN PREMIER COOPERATIVE

### NAME

- 1.1 The name of this Corporation shall be FRANKLIN PREMIER COOPERATIVE.

### PURPOSE

- 2.1 The purpose for which this Corporation is formed is to own and operate a housing property, and partake in other cooperative activities, on a non-profit basis for the benefit of the residents thereof.

### MEMBERSHIP

- 3.1 Membership is open to household units who currently reside in the property. Each such unit shall designate the household member entitled to cast the vote of the unit. Should a dispute arise between members of the household, each adult shall be entitled to cast one-half (1/2) a vote, if there are two (2) adults, and one-third (1/3) a vote, if there are three (3) adults, etc. Each household membership shall have only one full vote.
- 3.2 The initial membership fee shall be Two Hundred Fifty Dollars (\$ 250). This is the book value.
- 3.3 Members shall give the Co-op a 60-day written notice of sale of their Membership Interest, give a 60-day priority to low and moderate income households when selling their Membership Interest, and limit the sale price of their Membership Interest to reflect the limited-equity provisions as defined in these Bylaws. This equity limitation on the resale of Membership Interests is the sum of:
- 1) the price for which the Member purchased the Membership Interest; plus
  - 2) the cost of any capital improvements (not including ordinary maintenance) the Member made to the unit; plus
  - 3) a sum equal to the aggregate percentage increase in the Consumer Price Index (CPI) from the year of Member's purchase of the Membership Interest to the year of sale, times the purchase price paid; plus
  - 4) a sum equal to the cost of capital improvements times the aggregate percentage increase in the Consumer Price Index from the year of the improvement to the year of the sale of the Membership Interest; plus
  - 5) the Member's share of the principal paid on the Co-op's mortgages, adjusted annually by the CPI increase;
- LESS 6) the cost of repairs needed to the unit when the Member moves (not including ordinary maintenance).

- 3.4 Should any household decide to move out of the Co-op and, therefore, withdraw from membership, the Board of Directors shall have the power to purchase the membership from said household by paying them the book value of that Membership Interest. During the 60 day period, the Board may advertise the sale or otherwise assist the member in procuring a low or moderate income buyer. After the expiration of the 60 day period, if the member receives more than one offer for the same price, payment schedule, and date of closing, and one of said offers is from a low or moderate income family or individual, the member shall accept the offer from the low or moderate income family or individual. The Board shall maintain a waiting list, or cooperate with the Franklin Area Community Land Trust, for this purpose.
- 3.5 If the association fails to act pursuant to RSA 301-A:15 with-in sixty (60) days of the offer, the member may dispose of the Membership Interest elsewhere, provided that the transferee be approved by a majority vote of the Directors. Should any would-be transferee not be approved by the Directors, he or she may appeal to members at the next regular or special meeting thereafter and the action of the meeting of the members shall be final. If the transferee is not approved, the Directors shall exercise their power to purchase the Membership Interest as soon as that purchase can be made without jeopardizing the solvency of the Association. Anyone who plans on moving into the Co-op, by purchasing a Membership Interest, must join the cooperative.
- 3.6 A low income family or individual shall be defined as a family or individual whose total household income does not exceed 50% of the median income in the metropolitan area (or county) determined by the U.S. Dept. of Housing and Urban Development and published in the Federal Register. A moderate income family or individual shall be defined as a family or individual whose total household income does not exceed 80% of the median income in the metropolitan area (or county).
- 3.7 Expulsion of Members. Any member whose activity in the Association endangers effective operation of the Association may be expelled by the Board of Directors. Written notice of the charges against each member and reasonable opportunity for a hearing shall be provided prior to any such expulsion. His or her Membership Interest shall be repurchased at book value, less any debts owed and expenses caused the Association, if and when there are sufficient reserve funds. He or she shall have the right of appeal at the next membership meeting and an opportunity to be heard in his or her own defense, either in person or by counsel.

- 3.8 A majority of the current membership shall constitute a quorum at a meeting of the members. There shall be no voting by proxy; nor shall a proxy be counted towards the establishment of a quorum.
- 3.9 A Membership Interest may not be transferred to someone who does not plan to actually reside in the Co-op.
- 3.10 A Certificate of Membership shall be issued to any member who has fully paid their membership fee. This Certificate shall entitle the holder to a lifetime lease on their unit, provided that the holder abides by the rules and regulations of the Association and does not endanger effective operation of the Association. The Certificate shall be transferable to a family member, provided that said family member agrees to join the Co-op, subject to approval from the Co-op.
- 3.11 Each member household who subscribes to membership shall have full voting rights.
- 3.12 Co-op rules shall be approved or amended by a 2/3 vote of the membership.

#### ANNUAL MEETING

- 4.1 The annual meeting of the members shall be held in April of each year in Franklin, New Hampshire, or a place designated by the Board of Directors.
- 4.2 Notice of the time and place of the annual meeting and the subject matter, other than the election of Directors, to come before it, shall be given in writing to each member no less than thirty (30) days prior to the date of the meeting.
- 4.3 The annual report of the Corporation shall be made available to members thirty (30) days before the annual meeting.
- 4.4 Special meetings of the membership may be called by a vote of the Board of Directors or by petition by two member households. The only Agenda item will be the specific reason such meeting was called.
- 4.5 Quarterly Membership Meetings are to be held in January, July, and October at a time and place arranged by the Board of Directors, with a 10-day notice to all member households.

#### DIRECTORS

- 5.1 The management and control of the affairs of the Corporation shall be vested in and exercised by a Board of Directors consisting of five (5) people, who shall be elected at the annual meetings of the Corporation or special meetings held in lieu thereof as follows: The first five (5) Directors elected shall serve until the annual meeting of the Corporation in April of 1988.



Three (3) Directors shall be elected at the annual meeting in 1988, and at alternate annual meetings thereafter, and two (2) Directors shall be elected at the annual meeting in 1989, and at alternate annual meetings thereafter. At least four of the Directors shall also be Officers, as set forth in Section 6.1.

- 5.2 All Directors shall serve for a term of two (2) years, commencing at the annual meeting in which they are elected and serving thereafter until their successors are duly chosen and qualify, unless otherwise specified in the Articles of Association.
- 5.3 At each election for Directors, every member entitled to vote at such elections shall have the right to vote for as many persons as there are Directors to be elected.
- 5.4 Vacancies may be filled by a majority vote of the Directors present at any regular meeting of the Board to serve until the next annual meeting.
- 5.5 Regular meetings of the Directors shall be held not less than quarterly and at such places as the Board determines. Special meetings of the Directors may be held at the call of the Chair or any two (2) Directors. Written notice stating the place, day, and hour of any meeting shall be delivered personally or by mail to each Director not less than five (5) days prior to the date of the meeting; provided that written notice may be waived by approval as noted in writing at a meeting by two-thirds of the Directors then in office.
- 5.6 A quarterly report shall be issued by the Board of Directors to all members in the Association.
- 5.7 At any meeting of the Directors, a simple majority of the numbers of Directors then in office shall constitute a quorum for the transaction of business.
- 5.8 No Director may serve for more than three (3) consecutive two-year terms.
- 5.9 Directors shall serve without compensation.
- 5.10 Any action required or permitted to be taken by the Board of Directors at a meeting may be taken without a meeting if a consent in writing, setting forth the action shown taken, shall be signed by all Directors.
- 5.11 No more than two (2) Directors may be relatives.

#### OFFICERS

- 6.1 The officers of the Corporation shall consist of a Chair, Vice-Chair, Secretary, Treasurer, and such officers or representatives as the Board of Directors may appoint. All officers of the Corporation shall be

elected at the annual meeting of the membership, as set forth in Section 5.1.

- 6.2 The term for all officers shall be two (2) years, or until their successor is duly elected.
- 6.3 The Chair shall preside at all meetings of the Directors and shall be the Executive Officer of the Corporation. He or she shall manage the affairs and be responsible for the general administration in the guidelines established by the Board. The Chair shall perform such duties prescribed by the Board or necessary to accomplish the objects of the Corporation.
- 6.4 The Vice-Chair shall preside at all meetings in the absence of the Chair and perform such duties delegated to him/her by either the Board or the Chair. He/she shall report on the activities of the Chair to the Board in the absence of the Chair.
- 6.5 The Secretary shall keep the record of the organization of the Corporation and these By-Laws, with a reference on the margin thereof to all amendments. He or she shall keep a true record of the proceedings of all meetings of the Directors. If the Secretary is absent from any such meetings, the Secretary Pro Temp shall be chosen at the meeting who shall keep a true record of the proceedings.
- 6.6 The Treasurer shall have charge of all the funds of the Corporation and make all disbursements. He/she shall keep an accurate account of all financial transactions of the Corporation, showing in detail all the receipts in the books belonging to the Corporation, which shall always be open to the inspection of any member at reasonable times and places. The Treasurer shall also make the books open to any member who is not a Director for sixty (60) days following the presentation of the annual report to the membership or upon the decision of any three (3) members at any time.
- 6.7 All officers of the Corporation shall, subject to these By-Laws and to any vote of the Directors consistent therewith, have such powers and duties as the Directors shall from time to time designate in addition to the specific powers and duties set forth above.
- 6.8 Each Officer, Director, employee, and agent handling funds or securities amounting to \$1,000 or more in any one year shall be covered by adequate bond.

#### INDEMNITY

- 7.1 The Directors, officers, and members shall not be personally liable for the debts, liabilities, or other obligations of the Corporation.

- 7.2 Should any person be sued, either alone or with others, because he or she was or is a Director, officer, or employee of the Corporation, in any proceedings arising out of his or her alleged misfeasance or nonfeasance in the performance of his or her duties or out of any alleged wrongful act against the Corporation, indemnity for his or her reasonable expenses, including attorneys fees incurred in the defense of the proceeding, may be assessed against the Corporation, its receiver, or its trustee, by the court in the same or a separate proceeding if (1) the person sued is successful in whole or in part, or the proceeding against him or her is settled with the approval of the court; and (2) the court finds that his or her conduct fairly merits such indemnity. The amount of such indemnity shall be so much of the attorneys fees incurred and other expenses as the court finds to be reasonable.

#### FISCAL YEAR

- 8.1 The fiscal year of the Corporation shall be the twelve (12) month period ending December 31st of each year. The Association shall cause its books to be audited at the end of each year by qualified independent accountants who shall not be officers or Directors. Where the annual business of the association amounts to less than \$50,000, the audit may be made by a committee consisting of three (3) members elected at the annual membership meeting. A full report of the audit shall be submitted to the annual meeting of the association. The report shall include a statement of the amount of business transacted with members, the amount of business transacted with non-members, the balance sheet, and the income and expenses of the association.
- 9.1 The standing committees of the Association shall be:
- (a) Finance - to monitor the Association's finances; to investigate the costs of recommended changes and how those costs will affect the monthly carrying charges; to develop projections, long-term financial plans, and annual operating and capital budgets; to develop the policies and training needs of the Treasurer.
  - (b) Maintenance - to oversee the effective operation of the Association in relation to the upkeep of its grounds and systems; to develop inservices, standards, and repair procedures; to maintain a list of qualified tradespeople; to develop the policies and training needs of the staff involved with the physical operation of the Cooperative (also known as "Operations Committee").

#### AMENDMENT

- 10.1 The By-Laws may be amended or repealed and new By-Laws adopted by three-quarters (2/3) vote of the membership present at any regular or special meeting, provided that notice of the proposed amendment shall be given in

writing to all members thirty (30) days prior to such meetings. Technical changes in wording or detail of the proposed amendment that do not alter the subject matter shall not require an additional thirty (30) day notice period.

### DISSOLUTION

- 11.1 Dissolution of the Corporation shall be as outlined in RSA 301-A:33. The provisions of RSA 292 and 293-A for the dissolution of nonprofit and business corporations shall apply to associations formed under this chapter; provided, however, that the Secretary of State shall charge and collect a fee of \$5.00 for both filing a statement of intent to dissolve as well as for filing articles of dissolution and issuing a certificate of dissolution. In the event of dissolution of the association, the assets, after payment of the association's debts and expenses, shall be distributed in the following manner:
- I. The book value of the membership certificates or shares shall be returned to the members. Amounts paid on subscriptions shall be returned to subscribers. The amounts allocated in distribution of net savings under RSA 301-A:28 shall be returned to those members entitled to them.
  - II. Any surplus remaining after the distribution in Paragraph I may be distributed as a contribution to any cooperative association or other non-profit association to which contributions are deductible from income tax under current Internal Revenue Service regulations, selected by a majority vote of the membership.

FRANKLIN AREA COMMUNITY LAND TRUST, Inc.

Co-op Conversion Checklist for Cooperative

<u>Date</u>	<u>Task</u>	<u>Comments</u>
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ORGANIZATION BUILDING:

1. First property-wide Meeting,  
Tenants Association formed,  
Officers and Board of Directors elected
2. Committees formed (Finance,  
Maintenance, plus Legal, Membership  
for properties larger than 15 units)
3. Co-op Membership Survey done
- 4.(a) Incorporation as a Co-op, vote on  
Officers/Board of Directors (new or  
same as tenants association)  
  
(b) Send in Form SS-4 for Employer's  
Identification Number (for bank acct #)
5. Bylaws development (either ad-hoc  
or Legal Committee meetings, then  
vote by entire membership)
6. Vote on Purchase Agreement/Offer
7. Vote on Corporate Resolution
8. Develop Business Plan/Financing Proposal
9. Develop and Vote on House Rules
10. Signed Occupancy Agreements (just before  
closing)
11. Develop and Distribute Membership  
Handbook (ASAP after closing)
12. First Annual Membership Meeting

KEY PHONE NUMBERS AND NOTES:

DateTaskComments

## LEGAL PREPARATION:

1. Co-op Research (copies of RSA 540 and 301-A, copy of deed and liens from Registry, current Zoning Regulations and how the property is zoned)
2. Interview and hire Attorney (consult with FACLT re: quality attorneys in area)
3. File Articles of Incorporation
4. Vote on Bylaws
5. Prepare a "Seller Profile" on current owner(s) of property
6. Develop Negotiating Strategy (who is on Neg. Team, what are Co-ops interests and concerns, what are mutually-beneficial options) \*\*\*NOTE: Appraisal and Engineer reports are very helpful!
7. Sign Purchase/Sale Agreement
8. Sign up Members, Subscription Agreements for those who do not pay in full
9. Closing and Membership Certificates to those Members who are paid in full (signed Occupancy Agreements before closing)
10. Leases signed by those who continue as "Tenants at Will"
11. Right after closing, distribute Notices of Change of Ownership, Change in House Rules, Rent Increases (if necessary)

## KEY PHONE NUMBERS AND NOTES:

Attorney -

<u>Date</u>	<u>Task</u>	<u>Comments</u>
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## FINANCIAL PLANNING:

1. List Operating Expenses (get hard costs where possible)
2. List costs of Needed Improvements (get hard costs from contractors)
3. Feedback from residents on affordable Membership Equity/Investment
4. Develop Preliminary Pro Forma
5. Figure total "risk capital" needed (figure \$500 for Attorney's retainer, \$250 for an appraisal, \$250 for engineer report if not too many physical problems). Divide by number of households interested to get per household contribution.
6. Set and collect Initial Co-op Fee (for risk capital)
7. Figure affects on rents by different purchase prices and financing options
8. Develop Financing Options (banks, owner financing, CLF, NHHFA, additional equity)
9. Apply to Banks, etc., for financing
10. Collect Membership Equity Fees and Subscription down-payments
11. Get Insurance Binder (sufficient liability and property insurance to cover lenders)
12. Develop First 12 Months Cash Flow Budget
13. Closing

KEY PHONE NUMBERS AND NOTES:

DateTaskComments

## MAINTENANCE/OPERATIONS PLAN:

1. List all operating needs and help Finance Committee develop hard costs (trash pick-up, sewer/water needs, road needs, common areas, community buildings)
2. Survey residents and list all needed improvements, assist Finance Committee to develop hard costs
3. Develop list of tradespeople to serve Co-op, get written estimates for improvements
4. Develop list of Co-op Members who can assist with "sweat equity" tasks
5. Develop Schedule of Operating Needs

KEY PHONE NUMBERS AND NOTES:



FINANCING PROPOSAL:

1. Articles of Incorporation with Secretary of State's Letter
2. Approved Bylaws
3. Corporate Resolution
4. Business Plan
5. Financial Statements - Pro Forma, Monthly Cash Flow Plan
6. Insurance Binder
7. Attorney's Work - Title Search, Title Insurance (for Co-op as well as for lenders), Legal Opinion Letter, Mortgage Preparation, Leases for non-members, Occupancy Agreements for Members, Legal Notices
8. Inspection Report
9. Improvements Plan/Schedule
10. Letter of Request

Additional Information Needed by the Community Loan Fund:

1. Letter of Request from Board of FACLT
2. CLF Income Surveys completed by all Co-op Members
3. Limited-equity information

TO: DAVID ABROMOWITZ  
FR: PETER WHITE, 1987 LAND USE CLASS  
RE: FINAL PROJECT REPORT

City Of Franklin, N.H. Subdivision Problem

The goal of this project is to legally enable the Franklin Area Community Land Trust, Inc. (FACLT), to convey title of apartment buildings on Land Trust property to tenant-owned cooperatives, without going through the subdivision approval process.

BACKGROUND: One of the priorities of the FACLT is to acquire, rehab, and preserve affordable housing properties, especially apartment buildings. The FACLT intends to either (1) sell the buildings to tenant-owned cooperatives, and hold the land in "trust" in perpetuity, with a renewable land lease for the co-ops, thereby controlling its perpetual use as limited-equity cooperative housing, or else (2) lease the entire properties to the cooperatives.

The FACLT prefers option (1) because it comes that much closer to a "home-ownership" reality, which enhances the co-op members feelings of self-reliance and desire to maintain the property.

The FACLT feels that the conveyance of title of the buildings to the cooperatives is "as of right", and should not require any City approvals. The FACLT is concerned with the expense, time lost, and political interference if subdivision approval is required for every project. Also, if the project is defined as a condominium, then State approvals are necessary as well, which is much more expense and time lost.

## Course Project Report (continued)

**PROBLEM:** The City of Franklin, through its City Manager and Planning Board, have determined that this seperation of land and buildings falls under their condominium conversion regulations, and therefore requires minor subdivison approval from the Planning Board.

There are several local factors that have exasperated the situation: first of all, there is the anti-growth feelings that are growing in most New Hampshire communities. The FACLT may be seen as a threat to those against growth. Secondly, the City of Franklin attempted a housing rehab campaign several years ago, using federal matching funds, which failed miserably; there seems to be some resentment and jealousy towards the FACLT because it is attempting to accomplish the same goal. Thirdly, there appears to be an "old boys club" in the area that involves landlords (including several City Council members), bankers, and developers; there have been some negative comments made about the idea of tenants owning their housing.

There has been very little "official" support of the FACLT, although the grassroots reaction has been very possitive. Therefore, it appears that there are two obstacles to our goal: the lack of clarity on co-ops in the Subdivision Regulations, and the special and personal interests of some of those in City government.

**EXISTING SUBDIVISION REGULATIONS:** The Subdivision Regulations do not address co-ops, nor do they address the seperation of existing buildings from the land through conveyance of the buildings. The Regulations only address dividing parcels of land or dividing a building into seperately owned units, as in condo

conversions. There is no provision for dealing with what the FACLT wishes to do, so the City has chosen to treat these transactions as condo conversions.

PROJECT PLAN: The plan of this project is to challenge the City of Franklin on their position, and to resolve the problem of required subdivision approval for building conveyances to co-ops.

There are several steps that were planned to achieve the goal of this project:

Step 1. Have FACLT Attorney write a letter to the City Manager detailing why this is not a condo conversion, and citing City and State laws that enhance this position. Ask for a City letter stating no subdivision approval is necessary.

RESULTS: The City Manager wrote a letter back saying that he, and the City Attorney, still felt that we needed subdivision approval. No references to any laws were made.

Step 2. Hold an informational meeting with the City Planning Board, asking again for City letter.

RESULTS: The Planning Board, and several people attending the meeting, were confused about co-ops and the FACLT, and stood by their position of requiring subdivision approval.

Step 3. Prepare packets of information for City Planning Board, City Council, and City Attorney which include legal documents of the FACLT and an existing co-op, background info on co-ops and condos, the State Consumer Co-op statute (RSA 301-A), and related news articles. Have FACLT placed on Planning Board Agenda in December to address the question and get a written decision.

NOTE: This Step has been changed: at the December 16 Planning Board Meeting, the FACLT proposed an Amendment to the Subdivision Regulations to read as follows:

Amend Page 5 of Definitions, by adding 3.37 Cooperatives, to read:

"A multi-family housing property which is owned or purchased by a non-profit housing cooperative that is incorporated under RSA 301-A, and which does not divide a parcel of land into two or more parcels of land, shall not be considered as a subdivision or a condominium within these regulations."

This addition to the Subdivision Regulations would define and exempt cooperatives, eliminating the current confusion and debate, and fulfilling the goal of this project.

The Planning Board must schedule a public hearing before it can amend the Subdivision Regulations. The FACLT will work to have a supportive crowd at this hearing, as well as community and church leaders speaking in favor of it. The FACLT will raise the question of property taxes at this hearing: if the co-ops have title to the property, then the City will be able to tax their properties, but if a charitable organization holds title, it may apply for exemption from taxes. This should build support for this Amendment.

Step 4. Litigation, if necessary. This may not be perceived by all as a "positive alternative", but it will clarify the legal difference between condos and co-ops, and pave the way for co-ops and community land trusts elsewhere. Several attorneys have expressed the opinion that the FACLT will be successful if litigation is necessary.

LEAHY, VANACORE, NIELSEN & TROMBLY

ATTORNEYS AT LAW

19 WASHINGTON STREET

CONCORD, NEW HAMPSHIRE 03301

(603) 228-1180

PETER J. LEAHY  
JOHN G. VANACORE  
KENNETH R. NIELSEN  
RICK A. TROMBLY

PENACOOK OFFICE:  
1 MERRIMACK STREET  
PENACOOK, N.H. 03303  
(603) 753-9463

September 29, 1987

Ms. Lucy St. John  
Planning Office  
City of Franklin  
City Hall  
Franklin, NH 03235

Re: 115 Franklin Street, Franklin, NH 03235

Dear Lucy:

As requested, following our meeting on Thursday, September 24, 1987, I am drafting this letter regarding whether or not the purchase of 115 Franklin Street requires a subdivision and whether or not the Project meets the definition of a condominium. This issue initially arose in discussions with Jim Burke, the Bank's Attorney. He requested that we contact you for your opinion as to the nature of this Project which we did. Following our meeting, you requested that we submit our plan in writing.

As we discussed, this Project involves seven apartment units in three buildings located on one parcel of land at 115 Franklin Street. All of the tenants in the building have lived there for several years. Our proposed Project includes the land being owned by the Franklin Area Community Land Trust (hereinafter FACLT). FACLT is a volunteer nonprofit corporation which has applied for tax exempt status under Section 501(c)(3) of the Internal Revenue Code. FACLT'S intent is to serve as the facilitator of low income housing projects in the Franklin area and act as loan guarantor for those projects. FACLT intends to own the land located at 115 Franklin Street. The Franklin Premier Cooperative, (hereinafter CO-OP) is a non-stock consumer cooperative association organized under RSA 301-A. It is a nonprofit cooperative that intends to own the buildings on 115 Franklin Street, of which there are three; two single-family homes and one 5-unit apartment complex making for a total of seven units. The CO-OP is an organization consisting of the existing long-term tenants in the building. The tenants are all members of the CO-OP.

Ms. Lucy St. John  
Letter - September 29, 1987  
Page 2

The CO-OP will own the buildings. The members will lease the units from the CO-OP in which they are all members. They will not own their individual units; rather, they will own a membership interest in the organization that owns all of the units.

The future plans of FACLT are to continue to develop other low income housing projects and create many more cooperative associations of tenants.

It is my understanding that this type of structure of a housing project has never been done in New Hampshire before. The issue has arisen, I believe, under RSA 356-B;5 concerning whether or not this project requires subdivision approval. The condominium statute, RSA 356-B;3;V defines a condominium in part as stating: "No project shall be deemed a condominium within the meaning of this chapter unless the undivided interests in the common area are vested in the unit owners." The Project we propose has no unit owners. It has one owner of all of the buildings, this being the CO-OP. Therefore, I do not believe that the Project fits within the definition of a condominium. Rather, a more appropriate definition is a cooperative under RSA 301-A. A cooperative could be defined as a form of housing ownership by which a corporation, i.e., the cooperative, made up of the occupants, owns the property and leases individual units back to the member cooperators.

While both condos and co-ops are forms of shared ownership, there are some important differences and the differences in this case primarily rest with unit ownership. A condo individual unit owner gets a deed to his unit, can take out an individual mortgage on that unit, and the Bank could foreclose on that unit. Under a cooperative arrangement, there is one mortgage for the entire project held by the cooperative association itself. Individual members do not have an ownership interest in their unit. They do not take out individual mortgages on their unit and any foreclosure would take place against the whole project, not against any individual unit.

RSA 672:14 defines a subdivision as "A division of a lot, tract or parcel of land into two or more lots. . ." In this Project, we are not intending to split the land in any way, shape or fashion. All of the land on this parcel will be owned by FACLT. What is different and unique in this Project is that the buildings will be severed from the land by deed to transfer to the CO-OP so that FACLT owns the land and the CO-OP would own

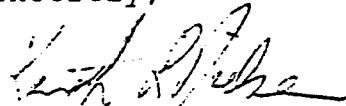
Ms. Lucy St. John  
Letter - September 29, 1987  
Page 3

the buildings as one organization. Therefore I don't believe that this Project requires a subdivision under the statute. However, we would appreciate your opinion on this as well.

I view this Project as more analgous to a mobile home park situation rather than a condominium, see RSA 477:44,I. Alternatively, this could be seen as similar to a trust with FACLT acting as a trustee and the CO-OP acting as the beneficiary of the trust because that is really what the organizations are trying to do in order to facilitate the development of low income housing since the federal government has pulled out of this area.

I hope this information is helpful to you. Again, I want to stress that the tenants as members of the CO-OP will not own their individual units, but rather will have more control of their destiny through the cooperative form of ownership.

Sincerely,



KENNETH R. NIELSEN

KRN:mrw  
cc: Jim Burke, Esq.  
cc: Peter White





# CITY OF FRANKLIN, NEW HAMPSHIRE

*A Friendly City on the Move*

03235

OFFICE OF City Manager

October 15, 1987

Attorney Kenneth Nielsen  
Leahy, Vanacore, Nielsen & Trombly  
19 Washington Street  
Concord, NH 03301

Dear Attorney Nielsen:

Re: 115 Franklin Street

I have had an opportunity to review your September 29 correspondence with City Planner Lucy St. John and City Attorney Paul Fitzgerald. Based upon my review, it is the City's position that your proposal must comply with the Subdivision Regulations of the City of Franklin. Of particular concern to us is that your proposal include separate ownership of a parcel of land from the ownership of the buildings located on that land. It is for that reason that we believe you must comply with the condominium requirement of this City's Subdivision Regulations.

I apologize for the delay in this response, and I am aware of your numerous attempts to contact me in this regard. Please feel free to contact City Planner Lucy St. John should you have further questions in this matter.

Sincerely,

Frank P. Edmunds  
City Manager

FPE/ba

cc: Paul Fitzgerald  
Ralph Tilton  
Lucy St. John  
Stephanie Belair, Belknap Bank & Trust

FRANKLIN AREA COMMUNITY LAND TRUST, Inc.

P.O. Box 246  
Franklin, N.H. 03235  
(603) 934-6164

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November 30, 1987

City of Franklin  
316 Central Street  
Franklin, N.H. 03235  
Attn: Lucy St. John

Dear Lucy,

The Franklin Area Community Land Trust, Inc. (FACLT) requests that the following Amendment to the City of Franklin's Subdivision Regulations be placed on the Planning Board's Agenda for December 16, and that the FACLT be allowed to speak in favor of it:

Amend Page 5, by adding definition 3.37 Cooperatives, to read:

"A multi-family housing property which is owned or purchased by a non-profit housing cooperative that is incorporated under RSA 301-A, and which does not divide a parcel of land into two or more parcels of land, shall not be considered as a subdivision or a condominium within these regulations."

Packets of information have been provided for your review. Any other questions can be addressed at the December 16 Planning Board Meeting. Please call me if you need any other materials. Thank you for your assistance.

Sincerely,



Peter White  
Secretary of the Board

c.c. Attorney Ken Nielsen



# CITY OF FRANKLIN, NEW HAMPSHIRE

*A Friendly City on the Move*

03235

OFFICE OF City Manager

December 7, 1987

Mr. Peter White  
Secretary of the Board  
Franklin Area Community Land  
Trust, Inc.  
P.O. Box 246  
Franklin, NH 03235

Dear Mr. White:

I have forwarded your requested change to this City's Subdivision Regulations to City Attorney Paul Fitzgerald for comment. Also, I am providing a copy of your suggested amendment to Planning Board Chairman Ralph Tilton. Once I have Attorney Fitzgerald's comments, this matter will be scheduled before the Planning Board, and you will receive proper notice.

Sincerely,

Frank P. Edmunds  
City Manager

cc: Ralph Tilton  
Attorney Paul Fitzgerald

# Burlington Community Land Trust

December 8, 1987

Peter White, Secretary  
Franklin Area Community Land Trust, Inc.  
P.O. Box 246  
Franklin, N.H. 03235

Dear Peter,

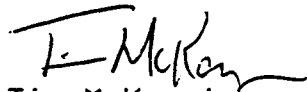
On behalf of the board and members of the Burlington Community Land Trust, please accept our gratitude for the generous contribution toward BCLT's start-up legal costs. Please excuse the delay in responding. I am happy that the materials and information provided were helpful. I also trust that you saved enough money in legal and other expenses to make this contribution cost effective.

As for the subdivision issue: we were confronted with this issue once here, but it had to do with a situation wherein we proposed to execute separate leases for one parcel on which two existing improvements were located. It sounds like Franklin is treating the separation of the land and building as a subdivision rather than the carving-up of one parcel of land into two or more smaller parcels. Have they no understanding of the concept of leased land on which improvements are existing or to be built?

Although I am not an attorney, it seems like a rather large leap of logic to interpret a severance of title between land and building under the definition of sub-division as I understand it.

Good luck with this issue; I'm sure you will prevail. I'll convey your regards to John and Bonnie, and again, our sincere thanks.

Sincerely,



Tim McKenzie  
Executive Director

July 25, 1987

TO: CHRIS CLAMP

FR: PETER WHITE

RE: PROJECT UPDATE - THIRD QUARTER

Franklin Area Community Land Trust

The goals of the last three months were to (1) develop the internal structure of the FACLT, including Bylaws and a Lease Agreement; (2) to apply for 501(c)(3) status from the IRS; (3) to prepare and send out a grant proposal; (4) to start an Acquisitions Committee; and (5) to establish a post office box, bank account, and stationary.

These goals have not all been totally achieved, but we are well on our way on every count! We now have an address, which is P.O. Box 246, Franklin, 03235. We have opened a bank account with a local bank. We have stationary and a nice pamphlet (attached). We have an answering service - my machine at home. We are now viewed by the community (those that have heard of us) as a real organization. I was even invited to participate with other "community leaders" in a rose bush planting ceremony (we didn't actually plant any rose bushes, because the site was to be worked on by the City).

We have passed our Bylaws, although the Board and membership may revise them in the future. The Lease Agreement is being worked on, but I have three members who have volunteered to help with the typing, so that should be done soon. As with the Bylaws, we are using model documents supplied to us by I.C.E., with a few minor alterations (no offense to Chuck Matthei!). Chuck Collins has been very helpful in supporting our efforts, especially by providing us these documents and some advice.

We have not applied for the 501(c)(3) status yet from the IRS, I regret to say. Chuck C. also supplied to us a model application a couple of weeks ago, and this is a priority for our Legal Committee to get out ASAP. We need to be able to offer bargain sale tax deductions, otherwise these greedy landlords won't come below the appraised value - which is quickly rising in the Franklin area.

We are also behind in our timeline to send out a grant application, but our Finance Committee is meeting on Monday night, and we will be sending one to Haymarket within the next couple of weeks. After we prepare their grant proposal, I will take a copy upstairs to see what the N.H. Charitable Fund will do with it (Eades permitting).

The biggest advancement by the FACLT has been our Acquisitions Committee. We had six people, including myself, attend the first meeting, and all have stayed involved. Two of the Committee members are local tenants, and one of their mothers, who is a cost accountant at Laconia State School, is also a member of the Committee. These three have learned how to work with the preliminary pro forma, and are doing some of the initial property inspections (I've heard two different realtors refer to them as "the three girls" - and I told the mother that. She loves it!).

We have signed our first purchase agreement! A four-family building in Northfield on a side street, by the elementary school. Two units are occupied by single mothers who would love to stay there and have cooperative ownership. The purchase price was \$120,000, and rents may be around \$400/month plus heat and utilities. The main problem is that the building inspection

shows about \$20,000 worth of major work that is needed, including the replacement of three heating systems, and some overloaded electrical wiring. If the owner isn't willing to come down by \$10,000 (we planned on doing some of the renovation), then the deal will be off. We also have two other deals on the front burner, and one purchase agreement may be signed on Sunday evening.

There are two banks interested in providing financing, with our first appointment on Wednesday. I must finish the FACLT complete business plan by then (you will receive a copy next quarter - that and completing other tasks are my goals).

We've also targetted several areas for outreach and organizing, including the notorious Spring Street, in Franklin. One of our tenant members and I doorknocked there about six weeks ago, but people are taking that "show me" approach, so we will!

The biggest drag of the whole effort so far is a lack of support and interest by the local towns' officials and the church community - the people who are supposed to be doing these types of things. The Franklin City Council rejected passing any City housing codes for the fourth year in a row - half of them are landlords. I was tempted to start a confrontation-style campaign, but I know that I would burn some bridges, and I don't want to do that, especially in the early going. That's the main complaint of CED organizing for me - I can't attack the assholes. Is that a professional term? It's somewhat frustrating, to say the least. Any suggestions?

However, the nice, caring people who have gotten involved makes it enjoyable overall. Those folks at the Franklin CAP office are beautiful - they really care, and go out of their way to help! We shall overcome the assholes!

Please fill out and return this sheet  
to the Boston office with your grant proposal.

Haymarket  
People's Fund

Grant Application

Date August 27, 1987

Name of organization Franklin Area Community Land Trust, Inc. (FACLT)

Address P.O. Box 246, Franklin, N. H. 03235

Contact person Peter White, Secretary/Treasurer of the Board

Phone (day) (603) 224-6669 (evening) (603) 934-6164

Is your group tax-exempt? \_\_\_\_\_ (yes) \_\_\_\_\_ XXX (no)

If not:

Have you applied for tax-exempt status? Yes Date August, 1987

Do you have a sponsoring tax-exempt organization willing to supervise  
funds you would get if your proposal is approved? Yes

Please give here the full name, address, and phone number of the  
sponsoring organization:

N.H. Community Loan Fund, P.O. Box 666, Concord, N.H. 03301

(603) 224-6669

Please include with this application a copy of your or your sponsor's IRS  
501(c)(3) notice. Failure to provide this notice will delay processing your  
proposal.

Has your organization been funded by Haymarket before? No

If so, when? \_\_\_\_\_. If you have received a grant from Haymarket  
in the past, on a separate sheet please answer the following:

- 1a. What was the size of your grant?
- 2a. Give an approximate breakdown of how the money was spent.
- 3a. What were your goals?
- 4a. Did you achieve them?
- 5a. What were some of the problems you encountered?

Conditions for refunding:

12 months have elapsed since your organization was last funded

Your organization's six-month reports from all previous Haymarket grants  
have been received at the Boston office

(over, please)



## Abstract

ON THIS PAGE please provide the following information:

- a. Name of your organization
- b. Amount you are requesting from Haymarket
- c. Purpose of the grant
- d. Amount of money from other sources
- e. A brief description (5 lines or so) to go into our Annual Report if you are funded.

Franklin Area Community Land Trust, Inc. (FACLT)

Amount of request is \$3,000.00.

Purpose of the grant is for start-up costs, including initial office expenses, tenant outreach and organizing, and appraisal and inspection fees for tenant cooperatives.

Money from other sources: \$224.00 in dues and contributions, \$2,000 in support services from N.H. Community Loan Fund, and future income from other grant sources and technical assistance fees from co-op closings.

Brief description of FACLT: The FACLT is a community-created and controlled non-profit corporation organizing tenants and lower-income people to work for decent quality affordable housing and other human needs in the greater Franklin area. The FACLT works to educate tenants on their rights and options, and to provide them with support (organizing, technical assistance, access to capital) to work for their chosen solutions.

PLEASE SEND 8 COPIES OF THIS ENTIRE APPLICATION AND ONE COPY OF YOUR OR YOUR SPONSOR'S IRS TAX-EXEMPT NOTICE. We need only ONE copy of clippings or other supporting material.

In order for this application to be processed, we need the following:

Correct number of copies of:

- Application page
- Abstract
- Answers to questions
- IRS tax-exempt letter
- Six-month reports from all previous Haymarket grants, if not yet submitted to Boston office

If you have questions please call the Haymarket office.

# FRANKLIN AREA COMMUNITY LAND TRUST, INC.

## Haymarket People's Fund Grant Application

### ADDENDUM TO GRANT APPLICATION

#### 1. BRIEF HISTORY - THE FRANKLIN AREA COMMUNITY LAND TRUST

The founding meeting of the Franklin Area Community Land Trust (FACLT) was held on March 17, 1987, following several exploratory meetings in the Franklin area by the N.H. Community Loan Fund. The FACLT operates as a non-profit corporation (incorporated in May, 1987) and has applied for 501(c)(3) status (August, 1987). The N.H. Community Loan Fund acts as a sponsor for the FACLT, has provided approximately \$2,000 in technical assistance, and is committed to providing continued support.

The FACLT began in recognition of a severe problem in the Franklin area around affordable, adequate housing for lower-income citizens. The rapidly appreciating property values seen in the Boston and Nashua areas has spread north to the Franklin area and beyond; as a result, home ownership has moved beyond the financial ability of most low- and moderate-income households (defined as below 50% and 80% of the area median income, respectively), and many middle-income households, as well. Many renters have been displaced from their apartments by higher rents and condo conversions, and they have either been forced to move out of the area, or else live in crowded, substandard conditions.

The FACLT is controlled by area residents who wish to have more influence over local development, and wish to preserve and create quality affordable housing. Since the founding meeting in March, the FACLT has formed three committees consisting of Board members and general members: the Finance Committee, the Legal Committee, and the Aquisitions Committee. All committees are actively meeting once or twice a month.

The FACLT Board meets monthly in a forum that is open to the public and members. The FACLT is combining community organizing techniques and community-controlled economic development in order to move toward meeting the goals established by the community members. The FACLT has targetted several neighborhoods in the Franklin area that suffer from neglect by landlords and local officials, and has started doorknocking these areas. Two rental properties, containing eleven apartment units, are in the process of being acquired (to be sold to tenant-owned cooperatives), and most of the current tenants are lower-income households. More recently, the board voted to hold a tenants rights/options forum in the Fall, and a committee has been formed to organize that forum. The FACLT is also developing a network of volunteers to assist with co-op development and sweat-equity efforts.

#### 2. GOALS

The FACLT has identified three major goals: 1) to provide access to quality affordable housing and productive resources, through the acquisition, rehabilitation, and sale or leasing of

property to lower-income and other disadvantaged people (such as the elderly, disabled persons, single parents and their children, ect.); 2) to conduct public discussions, forums, lectures, and other similar programs designed to educate the public, members and potential members of the FACLT; education efforts will include the economic and political advantages of tenant-owned and community-controlled activities, tenant's rights, skills in organizing, finances and political processes; 3) to support the development of a stable and productive economic base in and for local communities, targetting the lower-income community.

The FACLT has identified housing as the number one need in the Franklin area. Without decent-quality affordable housing, tenants in the community have no base from which to gain control of other aspects of their lives. They in fact have no political influence if they have not established a permanent residence; very few are registered to vote. The FACLT wishes to provide the education and empowerment of tenants within the community around cooperative ownership and tenants rights. Longer term goals include: increased community involvement in decision making, developing organizational staff and a full-time capacity, achieving community ownership of resources needed for local self-reliance, engaging in concurrent efforts to develop public infrastructure and community services, providing ongoing training and technical assistance to community members to create varied community-controlled institutions, such as cooperatives and non-profit services (day care, health care, etc.).

### 3. ACTIVITIES

The primary activities of the FACLT are outreach, education, and organizing. Most of its efforts involve getting the word out to those concerned about affordable housing, community deterioration, and lack of responsiveness by government, that there is a way to bring about change by working together. Many people, especially lower-income tenants, will not act unless they feel hope that change is possible, and they will have support in working for needed changes.

The FACLT provides technical assistance and access to capital to area tenants who decide to attempt to bring about changes in their housing conditions. The FACLT purchases the properties initially, and then the buildings are sold to families and housing cooperatives, prioritizing low- and moderate-income households, and they are given a long-term lease on the land, which contains limited-equity provisions and restricts the use to affordable housing.

### 4. ORGANIZATION <sup>R</sup>PROCEDURES

The FACLT operates as a democratically-controlled, non-profit corporation. The Board of Directors shall consist of nine (9) members: one third shall be user representatives elected by user members, one third shall be elected from among the general members, and one third shall be public officials and technical assistance providers, nominated by the current Board and approved

by the membership. The current Board of Directors is composed of the eight original incorporators serving until the first annual meeting of the membership (to be held next Spring).

The membership are kept informed of all decisions made by the Board, through mailings of Board minutes and newsletters, and also take an active part in formulating those decisions. Members are active in the Committees that have been established to recommend courses of action to the Board. All decisions are made in a public forum after an open discussion, where a consensus is usually reached. All actions taken by the FACLT must be approved through this procedure.

\* See Development Team Resume (attached) for the Board of Directors and their backgrounds.

## 5. TARGET POPULATION

The "Franklin area" consists of the towns of Andover, Belmont, Danbury, Franklin, Hill, Northfield, Salisbury, Sanbornton, and Tilton, and all residents of these towns over the age of 16 years are eligible to become voting members (total population is approximately 25,000). Currently, there are 21 member families in the FACLT, and 18 are from this area. Over half of the member families are tenants. There are about 15 active individuals so far.

To become a member of the FACLT, someone from the household must fill out the Membership Application, attend at least one meeting, and pay dues of \$1/month (or request a waiver of the dues, which is automatically granted).

The target population for FACLT activities are low- and moderate-income tenants in the Franklin area. Special efforts are being made to provide quality affordable housing for elderly people and single parents, especially those in need of more space (bedrooms).

## 6. CURRENT AND FUTURE PROJECTS

The FACLT is working on its first two acquisitions, one scheduled to close on October 1, the other on November 15. These rental properties will be converted to tenant-owned cooperatives, as earlier stated. The tenants in both projects have voted to form co-ops, and they are now being organized and educated on cooperatives. These projects will rehab and preserve eleven units of housing, mostly two- and three-bedrooms, with an average monthly cost to households of \$400 (including heat).

As mentioned earlier, the FACLT will be sponsoring a tenants rights/options forum this Fall, and will include speakers from N.H. Legal Assistance and the local towns. This forum is intended to empower tenants to take legal action to force slum landlords to rehab their properties, or pressure those landlords to sell the properties to the tenants through the FACLT. The first two projects should inspire many tenants to work to improve their own housing, once they see others doing so.

The FACLT plans to work with tenants to acquire at least one property per month for conversion to cooperative housing. This is the priority for the first year of the FACLT's existence.

In the future (Spring - Summer of 1988), the FACLT plans to expand its work with community people to meet other community needs, by identifying available resources, and then pressuring town officials, banks, and State and Federal agencies and Representatives to cooperate in meeting local needs.

## 7. AMOUNT OF REQUEST

The FACLT is requesting a \$3,000 start-up grant in order to assist in meeting expenses such as appraisal and inspection fees, tenant outreach and organizing, and initial office expenses.

## 8. BUDGET INFORMATION

So far, the FACLT has raised \$224.00 from dues and donations, and have incurred expenses of \$1,660.66, most of which has been for inspections and appraisals of properties. Over the next 12 months, the FACLT expects income of \$35,000 (\$20,000 from technical assistance fees paid out of the closing disbursements, \$14,000 from grants, \$1,000 from dues and donations). The projected expenses are \$34,000 (\$4,000 rent and utilities, \$25,000 for wages for 1 1/2 staff, \$1,000 for training and education materials, and \$4,000 for inspections and appraisals).

## 9. MEASURES OF EFFECTIVENESS

The FACLT will measure its effectiveness through (a) membership growth, with a goal of 100 member families by the end of 1988; and (b) housing units rehabbed and preserved, with a goal of 50 units by the end of 1988. The FACLT also hopes to contribute to a stronger climate of concern in the area around affordable housing and community control of local development.

## 10. DEALING WITH OPPRESSION

The FACLT believes that its work to make lower-income people self-reliant in their housing will decrease the oppression of these people by slum landlords, condo developers, and the housing market in general. Single women with children are especially victimized, because of their desperation for housing. Retirees and disabled people also need to feel secure in their housing.

Most lower-income tenants in the area are treated as "second-class citizens" by landlords and town officials. They pay significant rents for very substandard apartments, and the towns in the area have no local housing codes, and do not enforce State codes. By empowering tenants with education on their rights and options, many will become registered to vote, and will demand that their local officials take action on these problems.

Finally, many tenants will have a higher self-esteem once they are in a cooperative ownership situation. They will feel like a permanent member of the community, they will be occupying

decent quality housing, and they will have control over their housing. The FACLT provides an arena for tenants to explore their and others' understanding of the social and economic conditions that affect them, and will help them gain the skills and confidence needed to overcome oppression by others and by institutions in the community.

The FACLT does not discriminate for reasons of race, sex, age, culture, religion, national origin, marital status, sexual preference, or physical capability.

## 11. ACHIEVING SOCIAL AND ECONOMIC JUSTICE

The FACLT believes that many injustices existing in this small area of New Hampshire are the result of the problems of society as a whole. There is no real democratic control over decisions being made that affect the people in the Franklin area. This lack of control is both political and economic - their town, state, and federal representatives are not working to meet local human needs, their tax monies are not being used for these purposes, and most of their consumer dollars are not circulating with-in the community, instead leaking out to absentee owners, national and multi-national corporations. There is no accountability.

The local communities need to have more control over local resources. The health and growth of an economy depends on continuing reinvestment of the earnings generated, in areas such as research and development, modernization of plant and equipment, contingency reserves, and people. Currently, there is very little reinvestment of this kind, and those few with large amounts of resources not only have control over the earnings generated by the local workforce, but are also able to influence public officials in the expenditures of public dollars for their own selfish interests.

The ownership of the land and productive resources is the key to controlling development decisions, and the community land trust approach is a model of land tenure that allows for social ownership and stewardship. Property owned by the FACLT will always be used for human needs as determined by the community.

This model should empower people to feel as if they can have influence over decisions that will affect them by getting involved, and their experience through the FACLT will help them to make other connections. People will look into what their tax money is being used for, where CDBG funds are flowing (and to who's benefit), and what actions their elected representatives are taking and could take to bring about changes.

## Development Team Resume

The development team consists of four technical assistance components:

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2. The Board and Staff of the N.H. Community Loan Fund, a non-profit charitable corporation that has been assisting mobile home park tenant cooperatives, non-profit housing agencies, and other community development groups for almost four years (see attached brochures). The Community Loan Fund has never had a default, or even a late payment, by any of its projects;
3. The support of local Community Action Program personnel, as well as several Belknap/Merrimack CAP officials (this does not represent a formal endorsement by the CAP corporations, however);
4. The Board and Staff of the Institute for Community Economics (I.C.E.), a fifteen year old non-profit corporation headquartered in Greenfield, Mass. I.C.E. provides technical and financial assistance to community land trusts and community loan funds around the Country.

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Randy Kidwell, Chairperson - Randy has eight years of experience in the construction and development of new homes. He is one of the largest (if not the largest) FmHA Program builders. He is currently the President of the Lakes Region Home Builders Association, and Director of the N.H. Home Builders Association.

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Janice DeAngelis - Janice is a Facility Administrator at the Laconia State School and Training Center. She has worked with disabled people for thirteen years. She has a Masters of Science Degree in Community Economic Development (N.H. College, 1987). She has worked on organizing a Community Development Credit Union, and has helped to organize mobile home park tenants.

(FACLT Board Members continued)

Paul Lacasse - Paul is the Weatherization Director for Belknap/Merrimack CAP, and also works with the Rural Home Repair Program (low-income members of housing cooperatives qualify for this Program).

Dianne Pessa - Dianne is a property owner and active community member in the City of Franklin. She has worked to develop community projects that include people of diverse incomes and ages. She is also an internationally renowned expert in psychotherapy.

Rita Goumillout - Rita has thirteen years of experience with housing and community development efforts. She is a senior Weatherization Technician for Franklin CAP.

Tammy Montembeault - Tammy is a research assistant for Applied Economic Research (Laconia). She has helped in the development of information systems covering residential and commercial sales in the Lakes Region, and this information has been used in market studies and appraisals. She is currently a tenant in the Red Wing Mobile Home Park.



FRANKLIN AREA COMMUNITY LAND TRUST

RFD 1, Fiddler's Choice Road  
Franklin, N.H. 03235  
Tel. (603) 934-6164

BUSINESS PLAN

Prepared on October 18, 1987

## I. SUMMARY STATEMENT - TYPE OF BUSINESS

The Franklin Area Community Land Trust (FACLT) is attempting to develop a non-profit, charitable development corporation so that it can assist low- and moderate-income people to attain home ownership and to preserve and rehabilitate affordable housing. The Franklin area (population estimated at 25,000) includes the Towns of Franklin, Andover, Belmont, Danbury, Hill, Northfield, Salisbury, Sanbornton, and Tilton.

The FACLT will acquire housing properties, rehabilitate them where necessary, and then sell or lease the properties to low- and moderate-income people, housing cooperatives, community groups, and non-profit organizations providing services to lower-income and disadvantaged people. These properties will be affordable for the following reasons: (a) the FACLT will not require down-payments or other large initial cash payments from those who are assisted; (b) the FACLT will amortize mortgage payments over 30 years to lower the monthly costs; (c) the FACLT will work to secure favorable interest rates from lenders; (d) the FACLT will organized housing cooperatives and other types of self-reliant leaseholders, thereby reducing management and overhead costs; and (e) the FACLT will use various acquisition strategies to keep the initial purchase price down.

The Franklin Area Community Land Trust will take a proactive approach to the local housing crisis. The FACLT will acquire properties that can be purchased, rehabilitated and sold or leased at an affordable price. The FACLT will hold title to the land perpetually, taking it off the speculative market, and will lease the land to the building occupants. In this manner, the leaseholders' equity can be limited to keep costs down for future generations, and the FACLT can also insist that low- and moderate-income people be the future buyers. Therefore, there will always be quality affordable housing in the area for those in need, that will only grow over time.

The goals of the FACLT is to create long-term quality affordable housing for low- and moderate-income people in the Franklin area, both in home ownership and in rental housing. The FACLT hopes to be a model for community-controlled housing solutions elsewhere around the State and Country.

## II. OPERATING PLAN

### A. Start-up

The FACLT organizing effort was started in January of 1987, when a series of meetings, sponsored by the N.H. Community Loan Fund, were held with local Town Officials and people concerned about affordable housing. From these meetings came the "founding meeting" of the FACLT, held on March 17, with about two dozen people in attendance.

After two more meetings, the volunteer group voted to incorporate, and elected eight people, five local residents and three technical assistance providers, to be the interim Board of Directors, until the First Annual Meeting of the Members is held.

tenants and new leaseholders to organize co-ops and resident associations, plan and monitor cash flow budgets, provide parliamentary and conflict resolution training, and oversee rehabilitation work on the properties involved.

The primary consultant will be the FACLT attorney, who will provide knowledge on real estate transactions and laws relating to non-profit development corporations.

Other sources of consulting needs will be the N.H. Community Loan Fund, Community Acion Program (CAP) personel, N.H. College, and the Institute for Community Economics (ICE).

#### C. Acqusition and Rehab Strategies

To keep the properties affordable, several strategies will be employed:

(1) Bargain Sales and Property Donations - even with the recent change in the federal tax laws, there will still be opportunities to acquire properties at under their appraised values that will be conveyed to the FACLT for tax deductions;

(2) Development Projects - there are already several known rental properties available that include large parcels of undeveloped land.

(3) Rehab - there are several sources of rehab support that will be utilized: local CAPs, State and Federal programs, CDBG and other grants, Habitat for Humanity, and the sweat equity efforts of the tenant/owners themselves, among others.

The FACLT will include limited-equity formulas and prioritization of low- and moderate-income households in every lease agreement, keeping these properties available and affordable to those in need forever.

#### D. Leaseholder Development

The FACLT will provide readings, workshops, Board training sessions, financial information and training, and other types of technical assistance to develop the leaseholders' abilities to self-manage their housing and to participate in the FACLT. In addition, the FACLT will research and coordinate other opportunities for learning experiences for the leaseholders.

The FACLT will also assist the leaseholders in establishing training programs within their housing projects (where applicable) to educate and train new residents.

The FACLT will provide ongoing monitoring of and assistance with budget matters, especially cash flow information.

### III. MARKET INFORMATION

#### A. Description of the Market

The southern half of New Hampshire, including the Franklin area, has been affected by the escalating appreciation of property values being experienced in the Greater Boston area. As a result, home prices and rent levels have increased dramatically. Combined with State and Federal cutbacks, quality housing units are either too costly or not available to low- and moderate-income people. Much of the affordable housing stock is owned by absentee landlords and corporations who have allowed their properties to deteriorate.

The Franklin area has ranked in the bottom 25% of the State in median family income since before 1970, and the increase in housing costs combined with recent plant closings in the area is making quality affordable housing unaccessable for low- and moderate-income households. There are currently no agencies or organizations that are able to provide long-term solutions to this housing crisis. Many people are stuck in substandard housing, paying high rents, with no hope of improving their lot. This is the "segment" of the market that the FACLT wishes to address.

The shrinking availability of quality affordable housing is shown by several sources:

- (a) The Franklin Housing Authority states that the vacancy rate for affordable apartments is 0%. They also have documented about 30 apartment buildings and duplexes, housing over 100 units, that are in decay, and are concerned about the water and septic systems in several mobile home parks in the area.
- (b) The area Welfare Departments have several dozen families and individuals who are on waiting lists for affordable housing.
- (c) The N.H. Social Welfare Council did a study that shows that between 1970 and 1985, median rents have increased by 450%, while median income has only increased by 150%. A female-headed household now spends about 43% of the household income on housing, compared to about 22% in 1970.

#### B. Identification of the Competition

The FACLT has no direct competition in the services it provides, but there are several "product substitution" competitors that must be considered: (1) landlords of rental properties; (2) developers of new housing; (3) realtors; and (4) public housing authorities.

Developers of new housing and realtors may be disregarded, as their products are currently too costly for the market segment that the FACLT is working to satisfy. This trend is not expected to end in the foreseeable future.

and volunteer civic groups all have information and resources that can be helpful to the FACLT. They have waiting lists and studies that will help to identify potential leaseholders; they know what programs exist and who can use them.

## 2. Community Outreach

The community at large also needs to be reached out to, as many people, even though not in need of housing themselves, will be willing to help with donations, leads to properties for sale, "sweat equity" endeavors, and word of mouth advertising. The active involvement of the community will help to overcome prejudices that exist towards tenants, and people will be better informed and more supportive of FACLT efforts.

## 3. Outreach to Tenants

The low- and moderate-income tenants in the community need to be informed of the FACLT and its resources. They are the best ones to initiate the purchase of their rental properties, and know what the problems are. They will be informed of the FACLT and the housing opportunities that exist through newspaper ads and articles, agency contacts (CAPs, Housing Authorities, etc.), door-to-door canvassing, community forums, and word-of-mouth.

# IV. FINANCIAL PLAN

## A. Five Year Budget Projections

	1987	1988	1989	1990	1991
REVENUES:					
Grants	\$ -0-	50,000	35,000	25,000	15,000
Service Fees/Consulting	3,000	10,000	30,000	40,000	50,000
Donations and Dues	2,000	5,000	10,000	15,000	25,000
Total Revenues	5,000	65,000	75,000	80,000	90,000
EXPENSES:					
Salaries/Benefits	-0-	40,000	50,000	55,000	60,000
Rent, Utilities, and Misc.	1,000	10,000	12,000	12,000	15,000
Legal/Professional	3,000	10,000	10,000	10,000	10,000
Reserves	1,000	5,000	3,000	3,000	5,000
Total Expenses and Reserves	5,000	65,000	75,000	80,000	90,000

1. Sources of Funds - Grants will be applied for from various Foundations, the religious community, and government programs. These sources include the N.H. Charitable Fund, the Haymarket Foundation, the United Way, the local churches, Catholic Charities Foundation, Community Development Block Grants, etc. Donations and dues will also be generated from these sources, as well as local residents.

Service Fees and Consulting revenues will be generated through work on FACLT projects (1% service fee) and consulting provided to other community efforts in the Franklin area.

TO: Chris Page, Instructor

FR: Peter White, Business Development - Fall '87

RE: Operating Plan and Management Analysis

FRANKLIN AREA COMMUNITY LAND TRUST, INC.

I. Operating Plan

A. Business Location - The office of the FACLT will be located in the Franklin area, either in the City of Franklin or else the Town of Tilton, as these areas are in the center of the "Franklin area", are most accessable by major traffic arteries, and are where most of the FACLT's "customer base" live.

B. Level of Operation, Facility - The FACLT plans to expand from two staffpeople (one full-time, one part-time) in 1988 to up to four staffpeople by 1992. Each person needs a desk, chair, and filing space. A minimum of 600 square feet would be necessary to accomodate four staffpeople. *Cost \$5-6,000/yr.*

C. Required Capital Improvements - The FACLT will require telephones, desks, and chairs for each staffperson, at least one word processor/computer with printer, and several filing cabinets. Estimated cost of capital improvements is \$3,000.

D. Delivering Products and Services - The FACLT will deliver its services to co-ops on location (at their buildings), and has access to the Community Room at the local Community Action Program office if more space is needed.

E. Employee Requirements - Minimum requirements of employees are (1) basic bookkeeping skills; (2) basic speaking skills; and (3) a basic understanding of community organizing and cooperatives. Typing and writing skills are also helpful.

F. The Existing Labor Market - The local labor market consists of service workers, white collar commuters, skilled and

unskilled laborers, and unemployed factory workers. The market contains slim pickings for workers with aptitudes for community organizing, but the wages that the FACLT will offer are competitive with wages for the area. The sources of employees for the FACLT will be (1) tenants who develop the skills to provide technical assistance to others (two possibilities so far); and (2) graduates from N.H. College's Community Economic Development Program (two possibilities there, also). These sources should be adequate.

G. Relationship to Unions - None, and there are none around to relate to!

H. Impact of Cooperative Structure - The FACLT staff will work cooperatively, but, as the FACLT is a non-profit community-controlled charitable corporation, there will be little impact by this structure. The staff will all be accountable to the Board of Directors, who are elected by the membership. Staff may vote if they live in the Franklin area, but cannot be elected to the Board and remain as paid staff, per the FACLT Bylaws.

I. Proposed Wage and Benefit Structure - Wages will range from \$12,000 - 20,000/year to start, depending on experience. There will be an Executive Director, who will start at the \$20,000 level. All staff will receive medical and dental benefits, twelve paid holidays, three paid personal/sick days, and ten paid vacation days/year. Education benefits will be negotiable.

J. Plans for Achieving and Maintaining Desirable Production Levels - The Executive Director is responsible for interviewing and recommending to the Board job applicants, and then is responsible for training and assisting staff in their work. A

"co-op conversion checklist" has been developed for use by staff, and the Executive Director will review this checklist for progress and errors. On-site visits, discussions with co-op members, and review of other materials will ensure that good-quality work is done. Staff will also attend forums and conferences on housing co-ops to enhance their knowledge.

K. Cost of Goods Sold, and Ability to Control - The nature of the work makes it difficult to break down costs accurately. A "standard conversion" would involve 120 hours of staff time, about 500 pages of printed material, and some phone and mileage expenses; estimated cost = \$1,500 (\$1,200 wages and benefits, \$50 materials, balance for misc.). Technical assistance needed after the closing depends on the project, and may range from 3 to 10 hours per week. Controls will be the observed quality and quantity of the co-ops by the Board and membership of the FACLT.

L. Principal Suppliers and Relationships - There are three key suppliers: (1) landlords and speculators will supply buildings for conversion; (2) financial institutions will supply the primary financing; and (3) alternative organizations will supply the down-payment and improvements loans and grants, as well as grants for FACLT operations. The relationship between the FACLT and all three of these suppliers is strong, and should remain so. Landlords and speculators need property buyers, and the FACLT is a ready buyer; the financial institutions are under pressure to lend for affordable housing, and the FACLT is appealing to several of them; and alternative organizations are very supportive of the FACLT, especially the N.H. Community Loan Fund and I.C.E.

M. Inventory, etc. - Not Applicable.



## II. Management Analysis

A. Organizational Chart - The FACLT is a membership-controlled organization, and membership involvement in the decision-making process is intricate to the management of the FACLT. Therefore, the management style is cooperative and democratic (see Chart attached).

B. Resumes of Key Managers - see Development Team Resume (attached).

C. Managers' Applicable Expertise and Experience - see Development Team Resume.

D. Management Philosophy - The FACLT believes in grassroots control and involvement, and this system has been established. When staff are hired, they will work in unison with the membership to achieve the goals of the organization. Staff will be accountable directly to the Board of Directors, with the Executive Director supervising them and assisting them in their day-to-day work, not as a "boss", but more as a "coach".

E. Management's Innovative and Creative Actions - The approach of the FACLT as a community-controlled democratic organization is the key component in FACLT's creative approach, allowing members to develop and implement strategies for acquisitions, rehab work, securing financing, and building support. Cooperation as the emphasis encourages people to speak their minds, which expands the array of approaches and options.

F. Management Weaknesses and Corrective Actions - The primary weakness of the management philosophy of the FACLT is that it may lead to many people working in a disunited manner on the same tasks. The Board of Directors and the Committees established to assist the Board are the coordinating entities for

the organization. A membership training program is being developed to educate active members on the structure of the FACLT and the operating procedures. Another weakness at present is the lack of a paid staff, and this will be corrected when the FACLT has sufficient capitalization to do so (February - March 1988).

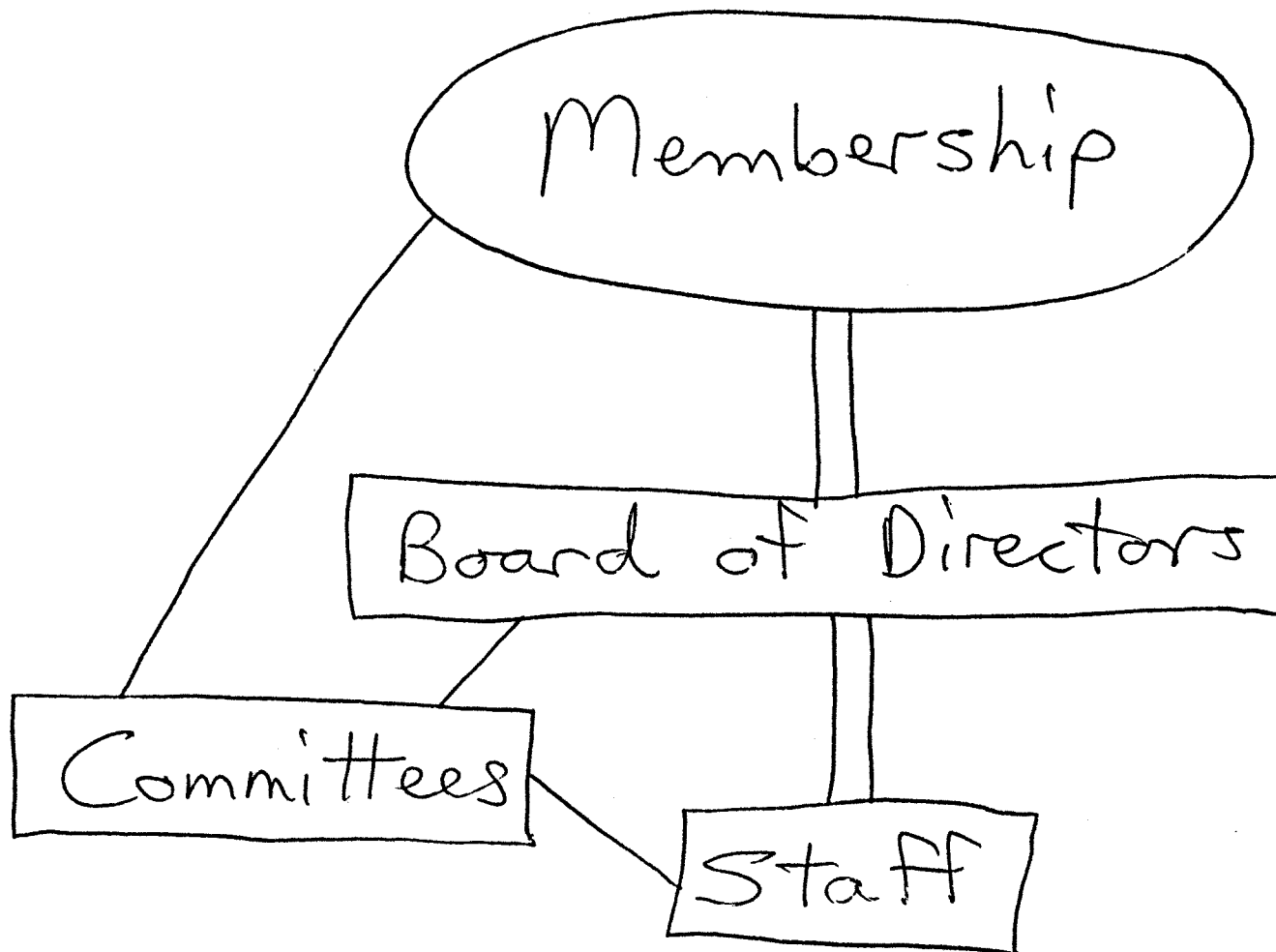
G. Compensation and Benefits for Management - see  
"Proposed Wage and Benefit Structure" (1. I).

H. Board Involvement - See II. A - D, F.

I. Proposed Management Contracts - None.

# FACLT

## Organizational Chart



## Development Team Resume

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*probably  
see Director  
March 88?*  
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