



March 28, 2023

Planned Giving & Fundraising for Community Land Trusts



thread
strategies



CLAM
COMMUNITY LAND TRUST
OF WEST MARIN



Perpetual Affordability - Stewardship - Community Control

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Agenda

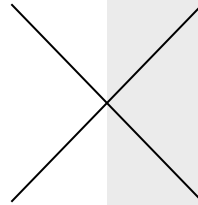
- CLAM Case Studies: Real Estate Transfers, Purchases, Collaborations
- Fundraising Options: Planned Giving, Per Project Fundraising, Acquisition Funds
- Q&A



Learning Objectives

- Planned giving as part of a small sites strategy
- Various models of planned gifts: pros & cons
- Criteria when considering a real estate gift
- Capacities needed to manage assets and relationships

- Potential funding sources for real estate projects
- Determining which approach is right for you
- Understanding best practices for funding options





Planned giving approaches

Why Planned Giving?

For CLTS

- Take homes out of speculative market, preserve for future affordability
- Small sites acquisition planning
- Mutual benefit to CLT and community member
- Cost effective, asset acquisition strategy

For Donors

- Legacy-building
- Piece of mind - few heirs, clarify estate intentions
- Financial benefit (mutual benefit)
- “Everyone can contribute” to fostering a sustainable community



Planned Gift Approaches

Real Estate transfer scenarios	
Gift upon death	Owner does not need income now. Intends to hold property until death.
Option to purchase upon death	Owner does not need income now, but desires to leave some equity as inheritance or other future expense.
Age in Place	Owner needs additional retirement income, has house as main asset. CLT purchases the property, giving the homeowner a cash infusion to stay in the home.
CLT reverse purchase	Owner sells/transfers property to CLT. CLT splits title, sells improvements back the home to the owner with perpetual ground lease, retaining ownership of the land. Convert home to a Community Land Trust property.
Gift: Non-real estate	Stock, cash, other gifts

Planned Giving Case Studies

Cypress

Retained Life Estate with existing owner

Acquisition:

- Purchase \$350,00
- Construction improvements \$150,000
- Existing ADU & detached room rental

Deliverable:

- Owner & tenants remain - tenant income is owner's
- Property transfer to CLAM after death.

Fig

Option to Purchase in Trust

Acquisition:

- \$500,000 or $\frac{2}{3}$ Appraised value
- Construction improvements \$250,000
- Add ADU

Deliverable:

- CLT rental, main & ADU

Redwood

Bargain sale

Acquisition:

- Purchase
- Construction Improvements for \$400,000
- Add ADU

Deliverable:

- CLT home ownership & ADU rental



Planned Gift Scenarios

Real Estate transfer scenarios	Upfront cost to CLT	Immediate revenue to CLT	Owner collaboration / involvement	Real Estate Mechanisms	CLT risk & management capacity
Gift upon death	No	Yes	No	Will or Trust; Attorney transaction	Maintain donor relationships; List interested parties; Confirm
Option to purchase upon death	Yes <i>Advise future terms</i>	Yes	Establish terms affordable to the CLT	Will or Trust; Attorney transaction	Financial match, readiness to fund
Age in Place	Yes <i>Negotiate purchase</i>	No	Yes / High	Retained Life Estate; Reverse Mortgage Broker or Attorney	Collaborator capacity; intimate partnership
CLT reverse purchase + ground lease	Yes <i>Negotiate purchase</i>	CLT lease fee or Rent back to seller	Yes / Low	Purchase, CLT ground lease or rent back to seller Broker Transaction	?

Criteria - What makes a good decision for the CLT?

Age In Place Criteria (EXAMPLE)	Desirability High	Low
Donor age threshold	80+	70
Capacity to serve multiple households	3 HH	1 HH
Property considerations	Maintenance & location	remote/expensive/complicated
Critical repairs status	under \$50k	over \$100k
Energy efficiency	well insulated/tight	no insulation/single pane
Owner AMI	under 80%	over 120%
Owner alignment to CLAM mission	high level	reluctance
Heirs	none, or accepting	tensions present
Subsidy needed to bridge resale value	none	>\$200K
Long term care funds available	income and/or savings	no asset other than home

In all cases:

Your interest is in impact, reputation AND financial implications

- Know your donors
 - Keep a list - interested planned givers
 - Maintain relationships
 - If possible, confirm the heirs are aware of the gift arrangement. Get it in writing if possible.
- Work your proformas
 - Ownership and/or rental future options
 - Be clear on financial feasibility with donors
- Consider solutions outside “planned giving” that may also have impact
 - Co-ownership
 - Add ADU/JADU



Raising Funds



Options for covering costs

- **Planned Gift/Bequest:** Donor makes plans to leave the property to the organization in their will
- **Per Project Fundraising:** Organization needs to raise money to acquire the property and conducts a special fundraising campaign for this specific property/project
- **Acquisition Fund:** In order to acquire many properties in a year, organization creates a fund that can be used for purchases and fundraises around the overall concept, rather than per project. Ideally this fund is proactively filled so the organization can remain flexible to opportunities as they arise.



Planned giving key concepts

Your interest is in impact, not financial implications

- **Your duty is not to advise the donor on the inheritance and tax implications of planned giving. Lawyers and financial advisors do that.**
 - Always recommend the donor consults with their own advisors to ensure there is no conflict of interest in how your organization's real estate advisors are putting together the agreement
- **Your job is to excite the donor about the opportunity to leave a lasting legacy they can be proud of, that carries their values and connections forward. Your job is to inspire the donor.**
- **When you visit with planned giving prospects, you have two objectives:**
 - Bring out information about the donor's experiences, values, worries, needs, desires, money, relationships, and the condition of financial/legal/tax/retirement/estate plans
 - Learn what the donor wants to do in the world, what the donor wants to give to future humankind, and where your organization accomplishes any of those things.

Fundraising Campaign Definition

Fundraising campaign: a strategy for raising money for a specific case for support that considers and incorporates the full donor cycle of *identification, cultivation, solicitation, and stewardship*. A campaign often includes several different modes and instances of making appeals to funders (ex: mail, email, in-person ask, etc)



Key characteristics of a fundraising campaign

- **Time bound:** A campaign has a clear start date and a clear end date.
- **Calendar driven:** Because it is time-bound, a campaign also sticks to a schedule. Campaigns are not spontaneous events either on your calendar or in their execution; they are planned in advance.
- **Goal based:** A clear and specific revenue goal is the core organizing principle of a fundraising campaign. A true fundraising campaign knows its measure of success by how much money it needs to raise, for what purpose. Your case for support is the narrative of your budget goal.
- **Donor segmented:** Fundraising campaigns involve donor segmentation (the exercise of identifying different groups of donors to target in the campaign through customized messaging).
- **The whole donor cycle:** Fundraising campaigns are not just about solicitation. Rather, they strategize and execute against ALL phases of the donor cycle: identification, cultivation, solicitation, and stewardship.

Steps to building a fundraising campaign

1. **Preparation:** Establish your goal, determine your campaign purpose and master narrative, identify your donor segments, and ready your systems.
2. **Scheduling:** Planning out when and how you will send out cultivation, solicitation, and stewardship communications.
3. **Content Generation:** Writing and designing the communications as set out in your plan.
4. **Launch/Execution:** Launch and deploy your campaign using the materials you've created and according to the communication calendar you set. You may need to adapt some materials to be responsive to the real-time response to your campaign and other events that arise.
5. **Stewardship:** Starting as soon as your campaign launches but extending past the end of solicitation, stewardship is all about meaningfully thanking your donors for their participation in the campaign.
6. **Evaluation:** Every campaign is an experiment from which you will learn lessons about how to refine your fundraising in the future, and it pays off to take formal record of those lessons

Your campaign narrative/case for support

- In the broadest terms, why do you need the revenue from this campaign?
- What's its purpose for your organization and mission?
- What larger impact will this campaign revenue make possible?
- Why should your donor community care about your campaign purpose?
- What's the master narrative of your campaign? Complete the below narrative pillars:
 - **Vision:** *What is your organization trying to make possible for your community and stakeholders through this campaign?*
 - **Obstacle:** *What problems or obstacles are inhibiting that vision?*
 - **Action:** *What work needs to happen to clear the need?*
 - **Impact:** *What changes for the better will result when we do the work and get closer to the vision?*

Per project vs Acquisition fund

- **Project-Specific Campaign**
 - Reactive strategy - depends on what properties become available and when
 - Smaller goal
 - Shorter timeline to plan and execute (ideally a few months)
 - Very narrow case for support (focused on the particular property)
- **Acquisition Fund Campaign**
 - Proactive strategy - building a fund to use for future opportunities as they arise
 - Larger goal, potentially creating an endowment
 - *An endowment is a fund with money in it, set up to provide long-term support by using the resulting investment income for a specific purpose consistent with the rules of the fund as established by the organization*
 - Longer timeline to plan and execute (likely a few years, depending on the total \$ to raise)
 - Case for support focuses on the work in general, rather than a specific project, but uses specific projects for storytelling and examples



Thank you!

- Our interpreters: Lluvia Cardenas & Melody Gonzalez
- California Community Land Trust Network