

# TIERRA MADRE: CREATING HOMEOWNERSHIP OPPORTUNITIES THROUGH A COMMUNITY LAND TRUST IN NEW MEXICO

*In Sunland Park, New Mexico, the Tierra Madre Land Trust uses the HOME funds it receives from the New Mexico Mortgage Finance Authority to help run a community-based land trust. The land trust is developing a community of nearly 50 units of solar-based housing in straw bale construction. This housing provides needed standard housing to low-income residents in a way that supports the community's environmentally conscious goals. The state supports this approach to affordable housing because it generates high quality, cost-effective, permanent housing, and it is environmentally friendly and energy-efficient.*

## Background

Located in Sunland Park, New Mexico, Tierra Madre is a community-based land trust that meets the requirements of a community housing development organization. Tierra Madre received CHDO set-aside funding in the amount of \$150,000 early in the development of its project from the New Mexico Mortgage Finance Authority (NMMFA), the state administrator of the HOME Program. It also has received CHDO operating funding. Project funding supported the development of homeownership housing; operating funds cover the salary of one of Tierra Madre's two full-time employees. Tierra Madre's membership is comprised of low-income families, non-governmental organizations, religious groups, and public funders. Together, these diverse constituencies have joined together to provide affordable housing that protects the environment and also fosters community leadership.

Predominantly a Spanish-speaking, Mexican-American community of about 15,000 people, Sunland Park lies on the southern edge of New Mexico on the border of Mexico next to El Paso, Texas. The Sunland Park area has a rapidly growing population and a critical need for housing. Very little affordable land is available. Trailer homes are the predominant form of affordable housing stock, and are very expensive to heat and cool. In addition, their value depreciates quickly. The citizens of Sunland Park have a long-standing concern for the environment and quality of life for their children.

Sister Joan Brown and two of her fellow members of Sisters of Charity, an international charity organization dedicated to helping the poor and disadvantaged, founded the Tierra Madre land trust in 1998. In organizing the land trust, they relied heavily on the expertise of many professionals in the region, including attorneys, engineers, and architects who all volunteered their time. In addition, from the outset, the Tierra Madre model has involved the families it serves at every stage of the project. The HOME participating jurisdiction, NMMFA, has contributed a nominal amount of CHDO operating funds each year to cover the salary of the construction manager.

## Program Design

The Tierra Madre Community Land Trust is nearing completion of its first major affordable housing venture—a newly constructed development of 47 housing units in a sustainable community within Sunland Park. The development includes a community center and a shared access road. It relies on green building techniques – all the homes use straw-bale construction and solar energy. Straw bale housing uses baled straw, as the name implies, to build the walls of the dwelling. The material is not only environmentally friendly, but due to its high R-value (the measure of its insulating capacity), it is also very energy efficient. These dwellings are warm in the winter and cool in the summer, and help to keep operating costs low to the benefit of the owning families.

Tierra Madre has secured a 99-year land lease at an extremely favorable rate from the State of New Mexico. While the land trust holds the long-term lease, the residents own the houses on the land. Home owning families are charged \$100 per year for the land on which their houses sit. These funds are paid to the State of New Mexico, as payment on the 99-year lease. Due to the very high land costs in the region, this significantly reduces the residents' living costs.

The land trust began with a model home, used for training in straw bale construction for five families. Once trained, and with the support of the Tierra Madre staff, the families then built their own energy-efficient, passive solar, straw bale homes. Tierra Madre staff estimate that the families complete 60 percent of the home construction by themselves. Tierra Madre staff and subcontractors complete the rest. The active involvement of residents in constructing their own housing (a self-help model) has proven to be a great success. The families learn about the use of renewable energy and environmental preservation during the

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training. In addition to housing, Tierra Madre offers supportive services tailored to the needs of each individual or family, such as services for disabled residents and classes in English for those with limited English proficiency.

Tierra Madre targets low-income families who earn 30 to 80 percent of area median income. The median income for a family of four is roughly \$12,500 in the Sunland Park area.<sup>1</sup> Tierra Madre works with families to assist them in identifying loan sources. The main sources of assistance for families is the USDA Rural Assistance. Other sources are the New Mexico Mortgage Finance Authority and First National Bank in Las Cruces. Homes are sold to buyers for an average of \$23,400.<sup>2</sup>

### Financing

The Tierra Madre project relies entirely upon grants and donations to cover the costs of housing development and provide services to buying families. Much of the funds invested in the project are individual and church contributions raised through the Sisters of Charity, private loans, Housing Assistance Council (HAC) funds, and HUD's Self-help Housing Opportunity Program (SHOP).

Residents are helped with their mortgage payments by a bevy of financial services providers. USDA Rural Development is the primary source of assistance for Tierra Madre homeowners. Additional sources include the NMMFA, the New Mexico Community Development Loan Fund, other nonprofit organizations in New Mexico, and local banking partners such as First National Bank in Las Cruces, New Mexico.

Nonetheless, sufficient funding is always a challenge for a small organization such as Tierra Madre.

### Production

Tierra Madre built its first five homes in 1998. Since then, another 11 units have been completed, bringing the total to 16. Ten units are currently under construction. Tierra Madre plans to build the additional 31 units (to complete the community of 47) by 2006. Construction pace is slower than other development models due to the individual attention that each participating family receives. Tierra Madre staff works with them each step of the way as they build their homes.

The demand for housing in the land trust has been staggering. Tierra Madre has reviewed applications for approximately 250 people since the inception of the project. Many applicants do not qualify for reasons that include income (too high), legal status, and lack of credit. Poor credit is the most common reason applicants are rejected. Tierra Madre is currently preparing a five-year strategic plan with the goal of continued housing development, possibly at a new location.

### Keys to Success

The Tierra Madre program serves as model for alternative affordable housing strategies. With its groundbreaking use of green building techniques, combined with its ability to provide extensive services to homeowners, Tierra Madre has demonstrated that acute needs for affordable housing can be met, while addressing other pressing community needs as well.

Tierra Madre residents attribute its success first and foremost to the leadership and vision of its three founders. The founders continue to serve on the board and provide the land trust with a sense of continuity and dedication. The trust has also relied heavily on the expertise and volunteer services of professionals in the region, and has been successful in creating partnerships with many local foundations, and surrounding residents and businesses.

### Contact

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<sup>1</sup> This is the median income for Sunland Park, according to Adriana Davalos, Tierra Madre Project Manager. To qualify as low-income in this region, as determined by HUD, a household must have an income of \$ [redacted] or less.

<sup>2</sup> Average sales price is based on first fifteen homes sold.