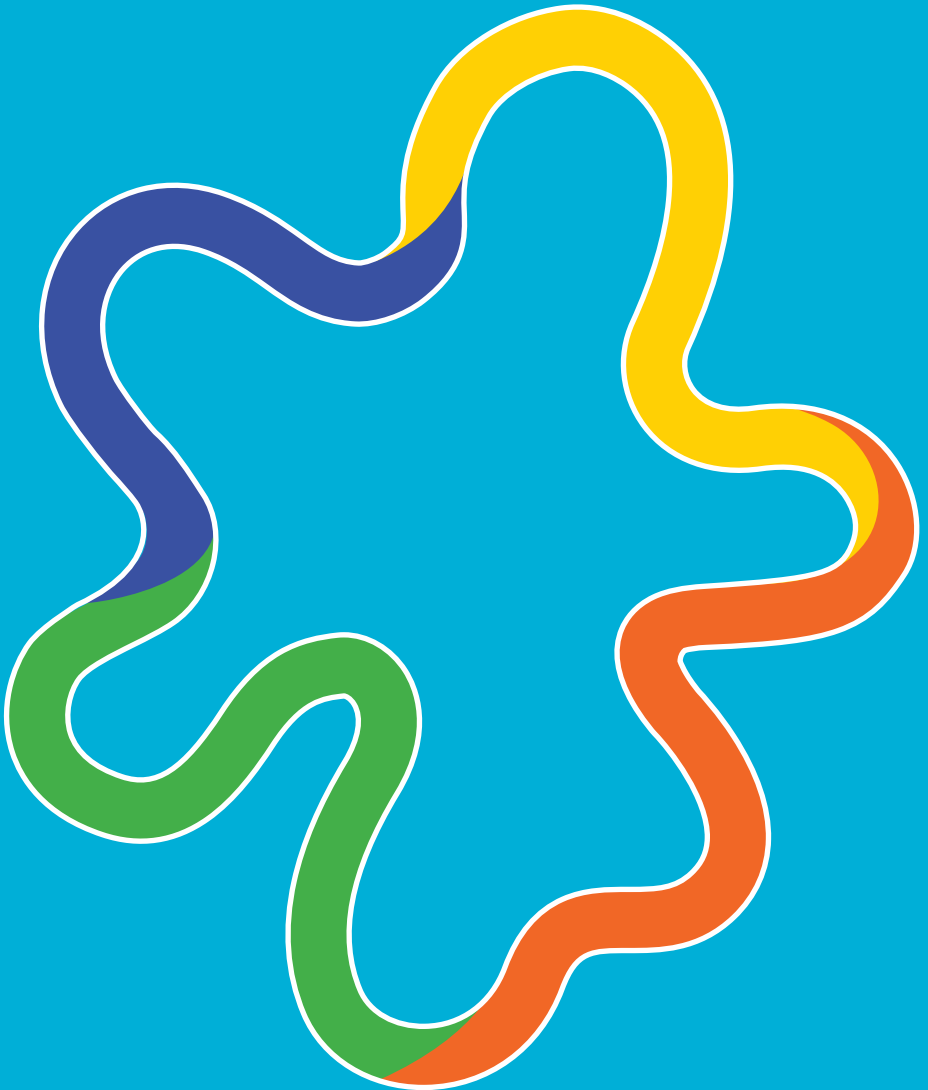


Humanity Land

Facilitator Guide



WELCOME TO HUMANITY LAND!

Humanity Land is a game that immerses teams in a fictional development scenario in order to explore and discuss challenges faced in the work of Habitat affiliates. Your team will play the role of a Habitat affiliate that seeks to acquire and develop housing on a greenfield lot.

Recommended number of players: 4-9 people, including one facilitator

Humanity Land Purpose

- Gain insight into various financial mechanisms, and pros and cons associated with each
- Explore a range of perspectives associated with different roles in a development scenario
- Develop and iterate on your development scenario while exploring the trade-offs of each decision point
- Come as close as possible to accomplishing the mission priorities set by your team

Objectives

- Complete your development from land acquisition to selling the last house in less than nine years
- House at least 10 families per year, with a reach goal of 15 per year
- Align your outcomes with your mission priorities

Good luck!

Ground Rules

- **There are no right answer or winners.**
- **The activity is a simplified version of a real development.** Experiment with new options in this sandbox environment, work together, and have fun!
- **The activity is highly iterative, and no decision you make is set in stone.** You are encouraged to revisit and adjust earlier decisions.
- **The web app is your calculator and game tracker.** Although only the Web App Manager should enter the team's decisions, they should keep the team informed about the outcomes of its decisions.
- **The web app doesn't substitute physical materials.** While the web app runs calculations for the game, the physical materials are integral for your team to work together and have productive discussions. Make sure to use the Tips and Discussion Questions cards!
- **Get creative with financing choices!** At first, you may not have enough money to complete your desired development plan in less than nine years. Experiment with alternative financing options for lot acquisition, revisit your site design, or revise the household income tiers the development serves until you find a satisfying solution.

Laying the Groundwork

Throughout the game you will use both the physical materials and the web app. The web app calculates the financial implications of your decisions and will help you understand the impacts and trade-offs associated with your decisions.

1. Set Up the Table

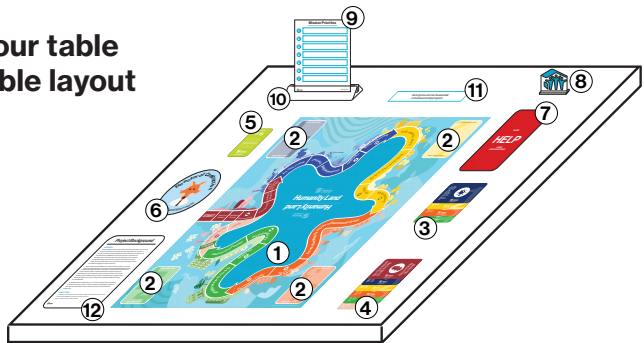
 *Recommended Time: 5 minutes*

Each game box includes:

1. Game Board
2. Set of Decision Point Cards
3. Set of Tip Cards
4. Set of Discussion Cards
5. Set of Role Cards (9)
6. Set of Role Buttons (9)
7. Help Card
8. Game Piece
9. Mission Priorities Board
10. Mission Priorities Stand
11. Mission Priorities Options
12. Project Background Board
13. Facilitator Guide

Not provided: a laptop or tablet

Please set up your table following the table layout on the right.



On your laptop, open the web app by going to the URL:
www.humanity.land

2. Select Your Facilitator

 *Recommended Time: 2-3 minutes*

Select someone from your team to be the facilitator. The facilitator will:

- Use this facilitator guide to advance your team through the game.
- Encourage active conversation throughout the game using the Discussion Question cards.
- Keep your team on track and on time, following the recommended times for each step.
- Ensure everyone in your team is participating, and try to balance different voices and perspectives.
- Help resolve any stalemates and bring your team to consensus for each decision point.

3. Rank Your HFH Mission Priorities

 *Recommended Time: 10 minutes*

Read through the Mission Priority options and discuss them with your team. Rank and attach the options onto the Mission Priorities board in order of importance.



Discussion Questions

- Which of the mission priorities are most important to us for this development? Why are certain priorities more important than others?
- Which mission priorities are important but difficult to achieve in practice?
- Have we incorporated these mission priorities in our own practice? If so, how?

- Identifying mission priorities to address the problem
- Increasing HFH involvement
- Working to create better connections through relationships and groups
- Providing resources to opportunity
- Supporting volunteer connections across the team
- Creating community of members, support and opportunities to help the group reach its goals
- Providing model of others



Rank and attach your mission priorities

4. Draw the Role Cards

 *Recommended Time: 2-3 minutes*

Locate the **Role** cards and buttons. Find the **Facilitator** card and button and set aside for your Facilitator. All other players will draw a random face-down role card from the center of the board.

- There must be a **Director of Finance** and **Director of Construction**.
- Place these cards face-down in the center.
- Then add a random selection of the remaining role cards to the center pile to match the number of unassigned players.
- Shuffle the cards.
- Each participant draws a role in turn.
- Participants share their role and goal with the group after everyone has drawn.
- Put on your role's corresponding button.

From this point forward, participants should make decisions that align with their assigned role.

The **Facilitator** (Executive Director), **Web App Manager** (Director of Finance), and **Game Board Manager** (Director of Construction), should assume their roles and responsibilities for the remainder of the game.

The **Web App Manager's** responsibilities include:

- Entering decisions into the web app
- Sharing out progress and results
- Raising potential red flags to the group

The **Web App Manager** should spend a few minutes getting oriented with the web app (*see the Web App Overview, page 10*).

Role Cards

Facilitator



Executive Director (ED)

Goal: Facilitate discussion using discussion cards, keep time, and resolve conflicts among priorities



Game Board Manager



Director of Construction

Goal: Manage physical game materials including mission priorities, Decision Point cards, game piece, and tip cards



Web App Manager



Director of Finance

Goal: Manage web app and ensure team explores all financing options



Director of Homeowner Services

Goal: Ensure alignment with mission priorities



**Board Member
Urban Planner**

Goal: Maximize the Quality of Life score



**Board Member
Local Council Member**

Goal: Minimize market-rate and 120% AML units



**Board Member
For-Profit Developer**

Goal: Minimize cost per unit and maximize ongoing income



**Board Member
Chamber of Commerce**

Goal: Maximize workforce housing (100% AML units)



**Board Member
Local Civic Org Lead**

Goal: Maximize units built



The **Game Board Manager**'s responsibilities include:

- Managing the physical game materials including mission priorities, Decision Point cards, game piece
- Ensuring the team reads through Tips cards

5. Team Development Name

 *Recommended Time: 2-3 minutes*

Determine a name for your development. Your Web App Manager should enter the development name into the web app when prompted.

6. Review Your Given Circumstances

 *Recommended Time: 2-3 minutes*

Find the **Project Background** board. The Facilitator should read the project background out loud to the group and familiarize team members with the context of your fictional HFH affiliate.

Now you're ready to start developing!

LET'S BUILD!

Development Scenario Overview

The activity includes the following decision points:

DECISION POINT 1: Lot Acquisition and Financing

 *Recommended Time: 10 minutes*

Select, finance, and buy your development lot.

DECISION POINT 2 : Site Design

 *Recommended Time: 15 minutes*

Determine what types of housing to build, and how much of each type. Then decide on site amenities to include for quality of life.

DECISION POINT 3: Households Served

 *Recommended Time: 10 minutes*

Decide the household income tiers eligible for your housing.

DECISION POINT 4: Financing, Subsidies, and Partnerships

 *Recommended Time: 10 minutes*

Design your financing plan including options that are not commonly used by Habitat affiliates.

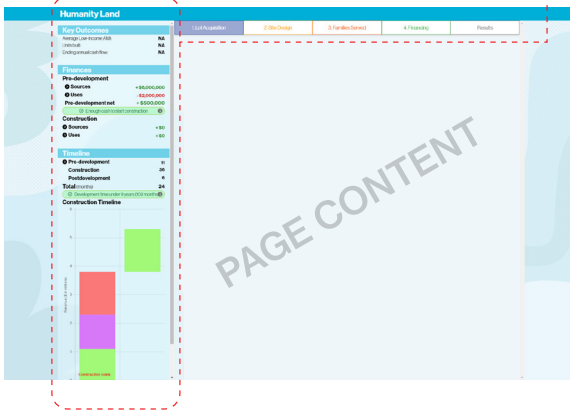
Your decisions in each step will affect your ability to utilize options in subsequent steps. Each decision has associated trade-offs you should consider.

Web App Overview

As you progress through the game, you will advance through the decision points in your web app. When you have discussed and determined your actions in each decision point, the Web App Manager should enter them into the web app to see how they affect your finances and development timeline.

Game Progress (top bar)

On the top of the web app, you can track the game progress and see which decision point you are on.



Project Status (side bar)

On the left side of the web app, you can find the current project characteristics that are based on your inputs. The metrics include Key Outcomes, Finances, and Timeline. If the project status is not meeting the project goals, you will see red flags or yellow warnings next to the metric. The red flag indicates that you have to edit the input in order to proceed; the yellow warning means there are risks but you will be able to fix them in the following decision points.



Tip

- **Important:** *The web app doesn't substitute physical materials. There is information on the cards that is not in the web app.*
- *Stuck on a step? Refer to the **Solutions to Common Challenges** section in the back of this guide (page 21).*

At any point during the game, if you have questions, raise the HELP card to reach staff.



DECISION POINT 1

Lot Acquisition and Financing

 Recommended Time: 10 minutes

Locate your team's three **Lot Selection** cards representing lots A, B, and C, and three cards labeled **Lot Acquisition: Financing**.

Consider the characteristics of each lot – size, zoning, quality-of-life benefits – and consider how they align with your mission priorities. Read the corresponding **Tips** cards and use the **Discussion Questions** cards to guide the group discussion.



Tips

- *Lots can be rezoned for a price so zoning restrictions are not set in stone.*
- *Your affiliate has cash and an income stream from past development Habitat mortgages. If you need more cash, you can delay the start of construction to accumulate sufficient funds.*
- *Decisions you make in Decision Points 2, 3 and 4 may affect the pre-development timeline and budget; consider revisiting Decision Point 1 after setting those choices.*



Discussion Questions


- *What factors do we want to prioritize when choosing a lot? What are the trade-offs between the lots?*
- *How did we weigh the benefits versus costs of our lot and financing choices? What risks are we willing to take with the financing options?*

Place the cards you choose in a location where your team can see them and reference them when needed throughout the game.

Enter your lot selection and financing decisions into the web app.



Lot Selection Cards

Lot Selection



Lot A

- 5 acres
- \$1.5 million
- Single-Family Detached Zoned
(Rezoning possible for denser housing)
- 17 Quality of Life Points





Lot Selection



Lot B

- 15 acres
- \$6 million
- Single-Family Zoned
- 15 Quality of Life Points

Lot Selection




Lot C

- 15 acres
- \$8 million
- No restrictions
- 20 Quality of Life Points





Lot Acquisition: Financing Cards

Lot Acquisition: Financing




Pre-Construction Delay

Benefit: Delay the start of construction while you accrue enough capital through regular cash flow



Lot Acquisition: Financing




Cash + Acquisition Loan

(Acquisition loan is limited to 65% of the value of the lot)

Benefit: Maintain a healthy pre-development cash flow

Cost: 5% annual interest rate
(plus 2% organization fee and 1% extension fee if loan period is >24 months)



Lot Acquisition: Financing



Cash Purchase

Risk: You might not have enough cash to make it to construction



Back of Cards



DECISION POINT 2

Site Design

 Recommended Time: 15 minutes

Now, let's design your development. Locate and display the five **Home Type** and six **Amenities** cards for Site Design.

What types of homes will you build, and how many of each? Some homes offer families more space, and some are more affordable to construct.

What shared amenities will you build? Amenities will increase your development's quality-of-life score, but have associated costs and space requirements.

Read the corresponding **Tips** card and use the **Discussion Questions** cards to guide the group discussion.



Tips

- *Higher-density dwellings will allow you to fit more on the lot, and in some cases may be cheaper per unit.*








Discussion Questions

- *What pros and cons do the different home types present for our development? How do our home type and amenity selections relate to our mission priorities?*
- *Are there specific demographics we are hoping to serve in our development, and how do these decisions support that?*
- *Is it possible to use an alternative home type to achieve a more favorable cash position?*

Add the cards you choose to the chosen cards pile.

Use the web app to see how your lot is filled with the chosen home types and amenities, and how these decisions impact your team's finances and development outcomes.

Site Design: Home Types Cards

<p>Site Design: Home Types</p>  <p>Entry-Level Cottage</p> <p>Lot size: 4,500 sqft Unit size: 1,050 sqft Density: 7.4 units per acre Cost: \$194,250 per unit</p>	<p>Site Design: Home Types</p>  <p>Single-Family Detached</p> <p>Lot size: 7,500 sqft Unit size: 1,400 sqft Density: 4.6 units per acre Cost: \$252,000 per unit</p>	<p>Site Design: Home Types</p>  <p>Single-Family Semi-Detached</p> <p>Lot size: 4,500 sqft Unit size: 1,300 sqft Density: 7.4 units per acre Cost: \$221,000 per unit</p>	<p>Site Design: Home Types</p>  <p>Single-Family Townhome</p> <p>Lot size: 2,200 sqft Unit size: 1,200 sqft Density: 14.6 units per acre Cost: \$198,000 per unit</p>	<p>Site Design: Home Types</p>  <p>Multifamily Condo Units</p> <p>Lot size: 250 sqft Unit size: 850 sqft Density: 46.0 units per acre Cost: \$210,000 per unit</p>
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Site Design: Amenities Cards

<p>Site Design: Amenities</p>  <p>Secured Bike Parking</p> <p>Quality of Life: 1 pt Cost: \$50,000 Lot Area Required: 1,000 sqft</p>	<p>Site Design: Amenities</p>  <p>Basketball Court</p> <p>Quality of Life: 1 pt Cost: \$100,000 Lot Area Required: 5,000 sqft</p>	<p>Site Design: Amenities</p>  <p>Community Garden</p> <p>Quality of Life: 2 pts Cost: \$100,000 Lot Area Required: 5,000 sqft</p>
<p>Site Design: Amenities</p>  <p>Solar Roof</p> <p>Quality of Life: 3 pts Cost: \$18k/unit for SF homes \$24k/unit for apt. Lot Area Required: None</p>	<p>Site Design: Amenities</p>  <p>Playground</p> <p>Quality of Life: 2 pts Cost: \$300,000 Lot Area Required: 5,000 sqft</p>	<p>Site Design: Amenities</p>  <p>Common Room</p> <p>Quality of Life: 3 pts Cost: \$800,000 Lot Area Required: 8,000 sqft</p>

Back of Cards



DECISION POINT 3

Households Served

 Recommended Time: 10 minutes

Locate and display the five **Households Served** cards. In this step, you will determine the target household income tiers for your development. Consider your ranked mission priorities, the remaining cash at your disposal, and the home types you have previously decided upon.

Read the **Eligibility** section on the cards for each household income tier. There are different financing tools that different household income tiers are eligible for. Take these eligibilities into account when selecting the income tiers.

Read the corresponding **Tips** card and use the **Discussion Questions** cards to guide the group discussion.



Tips

- *The income level of your families will impact your eligibility for different financing tools in Decision Point 4. You may come back to this step to refine your decisions after Decision Point 4.*



Discussion Questions


- *How do the income tiers we chose affect our ability to achieve our mission priorities?*
- *How do our selected income tiers impact our cash position?*

Add the selected cards to the chosen cards pile.

Enter your households served numbers into the web app.

Households Served Cards


Households Served




AMI
60%

Eligibility

- Habitat Mortgage
- Low-Income Subsidy
- Third-Party Mortgage
- Down Payment Assistance




Households Served




AMI
80%

Eligibility

- Habitat Mortgage
- Low-Income Subsidy
- Third-Party Mortgage
- Down Payment Assistance




Households Served




AMI
100%

Eligibility

- Habitat Mortgage
- Low-Income Subsidy
- Third-Party Mortgage
- Down Payment Assistance




Households Served




AMI
120%

Eligibility

- Habitat Mortgage
- Low-Income Subsidy
- Third-Party Mortgage *(Required)*
- Down Payment Assistance




Households Served



Market Rate

Eligibility

- Habitat Mortgage
- Low-Income Subsidy
- Third-Party Mortgage *(Required)*
- Down Payment Assistance



Back of Cards



Humanity Land

Habitat for Humanity



Habitat for Humanity

Humanity Land

DECISION POINT 4

Financing, Partnerships , and Subsidies

 Recommended Time: 10 minutes

You can now experiment with financing tools to make your development pencil out within your budget and timeline.

Take out the **Mortgage Sales, Partnership, and Subsidies** cards and display them to your team. Consider your five options, and their benefits and trade-offs.

All of these tools offer ways for your affiliate to change your cash flow. For example, exchanging long-term cash flow for tools to increase your upfront cash (like using third-party mortgages instead of Habitat mortgages) can help bring down your construction timeline, build more units, or finish in a stronger financial position.

At this stage, you may also select to arrange for single-family mortgages for your homeowners from a third-party like a community bank, credit union, or community development financial institution (CDFI).



Tips

- *Certain families are eligible for different types of subsidies:*
 - *Subsidies for low-income homeowners are available to 60% and 80% AMI families.*
 - *Down payment assistance is available to support 100% AMI families in workforce housing.*
- *You can sell your Habitat mortgages to a bank to turn your long-term cash flow into cash for construction. These are sold at a discount to their face value (74%). This is limited to 10-50% of your total mortgages held at the start of the game. This money will be available for construction, not pre-development.*
- *Third-party mortgages will provide up-front cash during construction. The affiliate receives each family's third-party mortgage cash the year after their home is built.*

You may choose to use third-party mortgages for each eligible household income tier. The lowest income tiers are not eligible and the highest income tiers must use them.



Discussion Questions

- *What are the benefits and drawbacks of selling off land and/or partnering with the government to obtain the available subsidies?*
- *What are some decisions that we made in previous steps that are constraining us now?*
- *How does using third-party mortgages affect our affiliate's finances? How does it potentially impact homeowners? Is there a way to protect homeowners from the risk of foreclosure in these arrangements?*
- *How does using a third-party mortgage compare as a financing tool to selling existing Habitat mortgages to a bank?*

Add your selected cards to the chosen cards pile. Then select the financing tools in the web app. You may return to earlier decision points and change your inputs until your finances and timeline meet the project objectives.

Mortgage Sales, Partnerships, and Subsidies Cards

Mortgage Sales, Partnerships & Subsidies	Mortgage Sales, Partnerships & Subsidies	Mortgage Sales, Partnerships & Subsidies	Mortgage Sales, Partnerships & Subsidies	Mortgage Sales, Partnerships & Subsidies
<p>Down Payment Assistance <small>(60 years old)</small></p> <p>Benefit: \$10,000 per unit Eligibility: Build >10 units of workforce housing at 100% AMI Impact: 2 months construction delay</p>	<p>Low-Income Subsidy <small>(60 years old)</small></p> <p>Benefit: \$40,000 for each unit built at <=80% AMI Impact: 4 months construction delay</p>	<p>Sell Land to a Developer</p> <p>Benefit: Upfront cash for construction Impact: 2 acres of the lot sold to build market-rate housing</p>	<p>Sell Habitat Mortgages to a CRA-Motivated bank</p> <p>Benefit: Upfront cash for the mortgages sold at a discount (add'l 1% flow water between 10-50% allowed) Impact: Reduction in annual cash flow</p>	<p>Third-Party Mortgages</p> <p>Benefit: Upfront cash the year after a home is completed Impact: Reduces cash flow from Habitat mortgages (Exposes households to foreclosure)</p>

Back of Cards



Discussion and Iteration

When you have completed one iteration of the activity, review the final project outcomes in the scoring page of the web app. Discuss your team's outcomes, and make any adjustments necessary to better meet your priorities.

It is highly recommended to review each previous decision point at least once to optimize your outcomes.



Discussion Questions

- *How well do our development's final results align with our mission priorities? What would we consider changing in order to better meet our goals?*
- *Which parts of the development process were most challenging for us? Which were the easiest?*
- *Which parts of this resonate with our real world experience? Which are different?*

Submit

When your team is satisfied with your development, submit your final decisions on the Results page in the web app.

Solutions to Common Challenges

Not Enough Cash to Make it to Construction

You do not have enough cash-on-hand to make it to construction! Your pre-development costs may change after Decision Point 2: Site Design. You pay 10% of construction costs in entitlement and design.

You must fix this flag to complete your development.

You can get more cash to reach development if you:

- Delay the start of construction in Decision Point 1 (to accrue monthly cash flow).
- Finance lot acquisition with a loan in Decision Point 1.
- Choose a program that does not require a rezoning.
- Use other financing mechanisms.
- Reduce the size of your development program.

You may also select a less expensive lot.

Lot Space Exceeded

Your construction program exceeds the amount of space you have available to build on!

You must fix this flag to complete your development.

Your options to fix this flag include:

- Acquire a larger lot in Decision Point 1.
- Build fewer housing units in Decision Point 2.
- Build more space-efficient housing types in Decision Point 2.
- Build fewer shared amenities in Decision Point 2.
- If you sold some of your land, you may want to rethink the deal in Decision Point 4.



Timeline Exceeds 9 Years

Your development will take longer than 9 years to complete!

You must fix this flag to complete your development.

Time = money in Humanity Land. The more money you have, the faster you will build.

The **Project Timeline** is based on your cash-on-hand at the start of construction and your annual cash flow.

You can reduce your construction time by:

- Building fewer or cheaper homes in Decision Point 2.
- Selling habitat mortgages to increase your cash-on-hand in Decision Point 4.
- This will reduce your cash flow, leading to more construction up front and slower construction in subsequent years.
- Using third-party mortgages in Decision Point 4 to increase your upfront cash during construction and available cash after a home is built.
- Not applying for low-income subsidies (+4 months) or down payment assistance (+2 months) in Decision Point 4. However, this may reduce your cash available for the development and extend your timeline.
- Selecting a lot that does not require a rezoning (+8 months) Decision Point 1.

If teams cannot find a viable solution they may return to previous decision points to adjust their lot choice, number of units, home type selection, and households served.

Construction Requires a Rezoning

Your construction program requires a rezoning!

This will not stop your development, but it adds 8 months to your construction timeline and costs \$10,000 per unit (\$400,000 minimum).

A rezoning may help you meet your mission goals. However if you want to avoid a rezoning:

- Acquire a lot with fewer restrictions in Decision Point 1.
- Only build the housing types allowed on your chosen lot in Decision Point 2.

AMI Exceeds 80%

The average income of your development exceeds 80% of the AMI!

This will not stop your development, but it may mean that it is unaligned with HFH's mission to serve families below 80% AMI.

You can reduce the average AMI of your development by:

- Selecting to serve more low-income families in Decision Point 3. *(Doing so may affect your eligibility for Down Payment Assistance in Decision Point 4 but may also increase the number of units eligible for low-income subsidies.)*

Key Concepts

Cash Flow

The **Cash Flow** is the amount of money your affiliate earns each year.

At project start this is your **Starting Cash Flow**.

Your **Cash Flow** is affected by:

- **Habitat Mortgages:** as units are completed, families who move in with Habitat Mortgages will increase your cash flow.
- **Selling Habitat Mortgages:** selling gives a one-time cash influx as units are completed in exchange for reducing your long-run cash flow from mortgage payments.

Project Timeline

The **Project Timeline** is the entire duration of your pre-development, construction, and post-completion move-in time. To complete HumanityLand, this must be less than 9 years.

The **Project Timeline** is affected by:

- Built-in time (ie: **Lot Acquisition** takes 2 months by default)
- The number and total cost of units you build
- Delaying the start of construction
- Application times for elements like **Rezoning, Government Subsidies, and Down Payment Assistance**

Quality of Life

Your **quality-of-life** score represents how well your development serves its residents.

The **quality-of-life** (QoL) score is affected by:

- **Lot Selection:** each lot has a QoL score based on its access to schools, jobs, transportation, stores, and parks.
- **Shared Amenities:** any shared amenities you choose to build can boost your QoL score.

29 is the maximum quality-of-life score.

Area Median Income

The **Area Median Income** (AMI) is the median household income of Idovania families. In Idovania, 100% AMI is \$80,000 per year for a family of four. All households in Humanity Land are 4-person families.

Habitat Mortgages

Habitat Mortgages are 30-year mortgages extended to families directly from your affiliate at 0% interest.

- These mortgages increase your Cash Flow starting in the year after a unit completes.
- 120% AMI and market rate families are ineligible for Habitat Mortgages.
- By default, all eligible families use Habitat Mortgages.

Third-Party Mortgages

Third-Party Mortgages are available from the bank at 6% interest.

- These mortgages do not increase your **Cash Flow**, but your affiliate receives a one-time cash influx of the mortgage amount the year after a unit completes.
- 60% AMI families are ineligible for third-party mortgages.
- 80% AMI families receive a slight below-market rate loan (4.5%) because the mortgage issuer can get CRA credit.
- 120% AMI and market rate families must use third-party mortgages.
- Compared to using a Habitat Mortgage, a third-party mortgage increases a family's monthly housing cost.

Selling Habitat Mortgages

You may **Sell Habitat Mortgages** to a CRA-motivated bank at 74% of their face value.

- This gives a one-time cash influx the year after a unit completes.
- This reduces the annual cash flow you otherwise receive from Habitat Mortgages over the long run.

Frequently Asked Questions (FAQ)

1. Do you have to move through the decision points in order?

No. The steps can be completed out of order, however there are certain contingencies. For example, the number of homes you build will affect the number of families of different income levels assigned. You are encouraged to go back and forth between decision points to test out different development and financing scenarios to try and achieve the most desirable outcome.

2. How should teams determine what types of homes to build and how many?

Teams have multiple trade-offs to consider in selecting home types. Differentiating factors include:

- The total square footage required per unit (density)
- Construction cost
- Unit size

Circulation and common area space for units is included in the square footage required for each unit. Teams do not need to maintain empty space on the lot, but they are also not required to fill the entire lot.

Teams are encouraged to test out how many units fit on the lot. In the web app, the Lot Fill bar on Decision Point 2 will indicate if your program fits within the space available. Note that if you sell land to a developer you may have to reduce your program.

If a team chooses to build at a higher density, (i.e. smaller homes, semi-attached and attached homes, or condominiums) they will be able to fit more homes on the lot. However some lots have zoning restrictions that prohibit higher density housing without a zoning action. If you decide to build at a higher density than is permitted as-of-right, a rezoning action will automatically be triggered, which will add \$10,000 per unit in overhead costs (with a \$400,000 minimum cost) and 8 months to the development timeline.

3. What are the trade-offs for choosing to house families of different income levels?

		Eligibility				
	Amount	60% AMI	80% AMI	100% AMI	120% AMI	Market Rate
Third-Party Mortgages	Varies	No	Yes (Optional) Given a below-market interest rate	Yes (Optional) Market-rate mortgage	Yes (Optional) Market-rate mortgage	Yes (required)
Down Payment Assistance	\$10k/unit (10 unit min, 40 unit max)	No	No	Yes	No	No
Low-Income Subsidy	\$40k/unit (60 unit max)	Yes	Yes	No	No	No
Habitat Mortgages (0% interest rate)		Yes	Yes	Yes	No	No

Housing families of different income levels will affect a team's eligibility for different financing options. Eligibility for third-party mortgages is also dependent on family income; higher-income families are able to borrow larger amounts.

Teams should also consider the mission priorities they set at the beginning of the activity and the extent to which they will prioritize developing housing solely for lower-income families versus creating a mixed-income development.

4. What is the cost and timeline for rezoning? How does rezoning work?

Rezoning is automatically triggered if a team selects to build housing types that their lot is not zoned for.

When a rezoning is triggered it adds \$10,000 per unit in overhead costs (\$400,000 minimum) and 8 months to the development timeline.

5. How do Habitat mortgages work in the context of this game?

Humanity Land assumes that by default, families below 120% AMI are offered 0% interest rate Habitat mortgages that are paid monthly and result in income to the affiliate. These mortgages are funded by the affiliate equity remaining in the project, shown in the sidebar.

The amount of the Habitat mortgage is dependent on the family's income. It is assumed to be a 30-year 0% interest rate mortgage with monthly payments equal to 25% of family income – to allow for additional room in the underwriting for insurance, taxes, HOA fees, etc..

6. What are the trade-offs of utilizing a third-party mortgage?

Pros:

- The benefit of utilizing a third-party mortgage is that affiliates receive cash the year after the unit is completed. This will help to fund (and expedite) the construction timeline.
- The amount of affiliate equity that needs to remain in the project is reduced.
- Families in the 80% AMI tier can get slightly-below-market rate interest loans (4.5% compared to the market rate of 6% in the game) because the mortgage issuer can get CRA credit.

Cons:

- The lowest-income-level families (60% AMI) are ineligible for third-party mortgages.
- Families incur debt from a financial institution that increases the overall cost of the home to the family. This could increase the chance of foreclosure compared to a Habitat affiliate mortgage.

7. What are the trade-offs of selling Habitat mortgages to a CRA-motivated bank?

Pros:

- You will get upfront cash to fund and expedite construction.

Cons:

- The affiliate will have lower annual revenue than if a Habitat mortgage was used, since the mortgage payments will go to the bank.
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8. What are the trade-offs of selling land to the developer?

Pros:

- You will get upfront cash to fund construction at a slightly higher rate than you paid for it.

Cons:

- You will lose two acres of buildable land.
- You may need to reconfigure the type or amount of buildings you selected to construct if they no longer fit on your remaining buildable space.

9. What are the trade-offs of applying for public subsidy?

Pros:

- Provides an additional source for constructing the project a year after the qualifying unit is completed.

Cons:

- The process of applying and getting the legal paperwork in place will add 4 months to your pre-development timeline.

Restrictions: Only accessible to families at <60% and 80% AMI. No minimum, maximum of 60 units.

10. What are the trade-offs of applying for down payment assistance?

Pros:

- Provides an additional source of upfront cash for constructing the project a year after the qualifying unit is completed.

Cons:

- The process of applying and getting the legal paperwork in place will add two months to the pre-development timeline.

Restrictions: Only accessible to workforce-income families at 100% AMI because the local government is focused on “workforce” housing. Minimum of 10 units, maximum of 40 units.

11. If the team cannot afford the lot they want or do not have enough cash to start construction, what can they do?

Teams have multiple options to generate additional cash for acquisition and pre-development activities, including:

- **Acquisition Loan:** Take out an acquisition loan up to 65% of the lot's cost.
- **Deferred Start of Construction:** Defer the start of construction and allow time for cash to accrue from the affiliate's normal revenue stream.

End of Facilitator Guide



Humanity Land