

# Self-Helper

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## New Home Affordability at a Critical Level

Housing affordability has improved slightly for existing homes in 2007, but it can be argued that new home construction affordability is dangerously low. For the quarter ending in September of 2007, the National Association of Home Builders and Wells Fargo Bank issued a Housing Opportunity Index (HOI) of 42%. The HOI for a given area is defined as the share of homes sold in that area that would have been affordable to a family earning the local median income based on standard mortgage underwriting criteria. (This number takes into account income and house cost but no debt figures are calculated.) This means only 42% of homes on the market would be affordable to a family at median income.

Affordability is even more of a problem for those earning less than median income. Declining affordability for new construction affects whether first-time home buyers will enter this market. Construction and lot costs, real estate taxes and utilities continue to increase, and some potential homebuyers get so disappointed they stop looking.

**So what can you do to increase Affordability in your Self-Help Program?** How about this solution? Reduce the square footage of the homes you offer by 10-15%. Reducing a 1350 square foot home to the 1150 square foot range still provides a very attractive design. It also provides the participants with a noticeable savings each month.

See Page 5 for a breakdown of what this could save the self-help participants.

(Continued on Page 5)



*First in Housing Services, Because We Care*

## 10 Tips on Getting an Article Published

Sometimes it seems like a daunting task to try to get a self-help housing story published in the local newspaper. It definitely does not have to be so intimidating! Here are 10 tips that may help to get a story in a newspaper near you:

1. Be proactive in submitting material for publication. Assign someone to get your news out!
2. Do your homework. Review the newspaper's website or other printed brochures. Many newspapers share information on how to get published and whom to contact. (*Your ad representative may know who.*)
3. Build a relationship with the appropriate contact.
4. Find out how the paper prefers to receive material (i.e., fax or email, file formats for photos).
5. Understand the non-traditional or niche publications put out by the paper.
6. Put contact information on press releases and check spelling and accuracy.
7. Remember to be timely. Find out how much notice is needed.

8. Persevere. If you don't get published the first time, keep trying!
9. Consider using the Opinion Editorial forum to convey news.
10. Have a good idea and know why the paper should cover it!

In one local area, the newspaper actually holds two meetings per year for nonprofits and community organizations specifically to help train them on how to get published in their paper. The meetings' attendees are able to ask any questions they have about the paper and are introduced to the reporters that cover the types of stories the organizations want to get published. Instead of being intimidated, the attendees are able to see the personal side of the newspaper. Check with your local paper to see if they have a similar program.

Getting the word out about our nonprofit organizations and programs is an important task that needs our focus. It can be done with some dedication!

## The Importance of Program Feasibility

In the beginning.....Most organizations initially used NCALL's Feasibility Workbook to help determine if their area could support the program. Doing the research required in a feasibility study helps determine a need for the program, an appropriate location, a target market, and an appropriate price range and type of home that should be offered.

As organizations grow, their programs grow and undergo changes, as does their area. NCALL recommends that even seasoned organizations make it a practice to conduct occasional feasibility studies to ensure that information is still current and that you are targeting the correct area, market, price point, etc. Changing your approach to any of these items may make your program more effective.

NCALL's Feasibility Workbook has recently been updated and can be found on our website at [www.ncall.org](http://www.ncall.org).

## Let the Credit Consumer Beware!

Make your clients aware of this disturbing credit practice. Credit card companies are raising the interest rates of unsuspecting customers. Is your client paying their credit card bills on time? Making more than the minimum payments? Long time relationship with the company? Good payment history? Doesn't matter!

Recently the media has been reporting that some of the leading credit card companies in the United States have been exercising their right under the "universal default" clause in customer contracts to justify interest rate increases for non-

traditional reasons. Five of the leading credit card companies (Bank of America, Discover Card, Citigroup Inc., Chase Cards, and Capital One) have been exercising this right whenever a customer's risk score drops, even though the score is still passing (620 or above). This drop could have occurred as a result of obtaining additional credit, i.e., purchasing a home, car, or getting another credit card. All of the victims (customers) state that they have been long time, prompt customers with good payment histories and no delinquencies or over limits. Several articles disclosed that the customer's interest rates jumped from

5.99% to 30% or 8% to 27%. Of course there are currently no equivalent program to cut rates when risk scores rise. Through many customer complaints and the Senate subcommittee reviewing these procedures, Chase and Citi cards have decided as of October 2007 to end this practice.

With the current economic uncertainties, this becomes another justification for getting your clients to closely monitor their spending habits, stay within their budget and save, save, save!

## NCALL Honors RD Retirees



It has come to our attention that there are several RD Rural Housing Program Directors in Region III that are retiring soon. We have worked with these individuals for many years:

- Don Colburn, *Massachusetts, Connecticut, Rhode Island*
- Peter Kohnen, *Wisconsin*
- Bruce McGuire, *Iowa*
- Denver Parks, *Kentucky*

Our sincere thanks go out to these four! We appreciate their support of NCALL Research and the Mutual Self-Help Housing Program.

We wish you all happiness and relaxation!

## HAC to Hold Housing Development Workshop

HAC is presenting a workshop in Seattle Jan. 16-18, with two tracks, *Single-Family Housing Development* and *Building HOME for CHDOs*. Registration is now open (on-line). CHDOs and prospective CHDOs can be reimbursed up to \$500 per organization for travel and lodging. It is sponsored by HUD. Check [http://www.ruralhome.org/manager/uploads/](http://www.ruralhome.org/manager/uploads/CHDOSeattleBrochure.pdf)

CHDOSeattleBrochure.pdf for more details.

It will be preceded (Jan. 15) by a follow-up training for groups in HAC's RCDI program in downpayment assistance and post purchase counseling. This section is still being developed; check the HAC website for these additions.

## NCALL to Reschedule "Affordability" Conference Call

NCALL plans to reschedule the conference call on "Rethinking Affordability" in January. We will contact grantees with more information once a date has been chosen.

## HAC Publishes Guide to Help with Environmental Reviews

The Housing Assistance Council has just published *Environmental Review: A Guide for Applicants Seeking HUD or USDA Rural Development Financial Assistance*. The manual is intended to help housing groups navigate through the environmental reviews required for funding from either U.S. Department of Agriculture Rural Development or the U.S. Department of Housing and Urban Development. The guide is free on HAC's website, [www.ruralhome.org](http://www.ruralhome.org).

## Section 8 Voucher Now Compatible for Use with Self-Help Program

In late October HUD published its final rule for Section 8 changes. This revises HUD's regulations for the homeownership option authorized under the Housing Choice Voucher (HCV) program. Through the homeownership option, a public housing agency (PHA) may provide voucher assistance for an eligible family that purchases a dwelling unit for residence by the family. This final rule authorizes the use of voucher homeownership assistance for the purchase of units **not yet under construction** at the time the family contracts to purchase the home. This revision will expand the housing choices available to fami-

lies participating in the homeownership option under the HCV program. This final rule follows publication of a May 29, 2007, proposed rule and takes into consideration the one public comment received. After careful consideration of the issues raised by the commenter, HUD has decided to adopt the proposed rule without change.

So, what does this mean for your self-help program? This is a great rule change that encourages self-help organizations to partner with public housing agencies (PHAs) who are providing Section 8 voucher assistance. Those receiv-

ing a Section 8 voucher can now convert it to homeownership for homes not yet under construction, utilizing the mutual self-help housing program.

According to a Rural Development unnumbered letter dated September 18, 2007, the Annual Tax Service Fee has increased to \$116 for fiscal year 2008. Make sure to include this in your calculations!

## Employee or Independent Contractor? Determination can be Difficult

How to classify a worker...employee or independent contractor? This is a question with which many employers struggle. Worker classification affects how federal income tax, social security and Medicare taxes are paid and how tax returns are filed. To begin making the appropriate decision, it is important to consider all the facts—no single fact provides the answer.

### Basic Behavioral Control Factors

- Type of instruction given
- Degree of instruction
- Evaluation Systems
- Training provided by the business

#### Types of Instructions

- When and where to do the work?
- What tools or equipment to use?
- What workers to hire or to assist with the work?
- Where to purchase supplies and services?
- What work must be performed by a specified individual?
- What order or sequence to follow when performing the work?

#### Degree of Instruction

Weight must also be given to the degree to which the instructions say how the job is to be done. The key fact to consider is whether the organization retains the right to control the worker regardless of whether the business actually exercises that right.

#### Evaluation System

- If an evaluation system measures details of how the work was performed, then factors point to employee.
- If the evaluation measures end results, the control factors can point to independent contractor or employee.

#### Training

- Training is a means of explaining detailed methods and procedures to be used in performing a task.
- Periodic or on-going training about procedures to follow and methods to be used indicates that a business wants services performed in a particular manner.
- This type of training is strong evidence of an employer-employee relationship.

- On-going training of this type is an indication of an employer-employee relationship.

### Financial Control Factors

- Is there a significant investment by the worker?
- Does the worker incur unreimbursed expenses?
- Does the worker have the opportunity to make a profit or loss?
- Are the worker's services available to the market?
- What method of payment does the worker receive?
- Significant investment is evidence that an independent contractor relationship may exist.
- However, a significant investment is not necessary for independent contractor status as some types of work simply do not require large expenditures. (There are no precise dollar limits that must be met in order to have a significant investment.)

### Relationship of the Parties

- Is there a written contract describing the relationship intended?
- Does the business provide the worker with employee-type benefits?
- What is the permanency of the relationship?
- A written contract does not make an employee an independent contractor.
- A written contract can be one factor in showing the parties' type of relationship.

If after reviewing these factors there is still a doubt, answering these 20 questions might be of help. If you answer "yes" to any of the following questions, the IRS *may* view the answer as evidence of an employee.

1. Do you provide the worker with instruction on when, where, and how the work is performed?
2. Did you train the worker in order to have the job performed correctly?
3. Are the worker's services a vital part of your company's operations?

4. Is the worker prevented from delegating work to others?
5. Is the worker prohibited from hiring, supervising and paying assistants?
6. Does the worker perform services for you on a regular and continuous basis?
7. Do you set the hours of service for the worker?
8. Does the person work full time for your company?
9. Does the worker perform duties on your company's premises?
10. Do you control the order and sequence of the work performed?
11. Do you require the worker to submit oral or written reports?
12. Do you pay the worker by the hour, week or month?
13. Do you pay for the worker's business and travel expenses?
14. Do you furnish tools or equipment for the worker?
15. Does the worker lack a "significant investment" in tools, equipment and facilities?
16. Is the worker insulated from suffering a loss as a result of the activities performed by your company?
17. Does the worker perform services solely for your organization?
18. Does the worker not make services available to the general public?
19. Do you have the right to discharge the worker at will?
20. Can the worker end the relationship without incurring any liability?

Finally, Publication 1779, Employee Independent Contractor Brochure, and Publication 15-A, Employer's Supplemental Tax Guide, can provide additional information on independent contractor or employee classification.

IRS Form SS-8, Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding, can be filed by the organization and the worker to request a determination of the status of a worker for purposes of withholding taxes. The IRS does not issue a determination letter for proposed transactions or on hypothetical situations.

## Tips on Avoiding Winter Woes and Frostbitten Toes



When temperatures turn south for the winter it can often freeze your project right in its tracks.

Despite all the best laid plans, it inevitably happens, the harsh winter conditions set in before the houses are weather tight, leaving lots of exterior work left undone.

Some building groups are difficult to motivate even under ideal conditions. Now, faced with two feet of snow on the building site, you can't remember where the plywood was sitting the day before. The person that was in charge of bringing the shovel didn't show up and the group has plans to hibernate for the rest of the winter. Grantees need to realize that this is not just a group motivation issue, but a potentially dangerous health and safety issue.

Many participants may be unfamiliar with working outside in low temperatures. Participants that are exposed to a combination of low temperatures and wind can easily succumb to hypothermia. In these conditions, it is important for Construction Supervisors to

learn and be able to recognize the signs of cold induced injuries.

The participants need to be informed and coached to select proper clothing for cold, wet, and windy conditions. It is important that they layer clothing to adjust to changing temperatures and remember their hats and gloves. The participants should take frequent short breaks in a warm, dry shelter to allow the body to warm up. It is helpful to perform work during the warmest part of the day. They should avoid overdoing it because energy is needed to keep muscles warm. Use the buddy system, always have families work in pairs. Drinking warm sweet beverages is helpful, however, they should avoid drinks with caffeine. Eating warm, high calorie foods like hot pasta dishes also helps.

These tips probably won't make the task of working outdoors in winter pleasant, but being prepared and following them should make the task at least bearable.

## NCALL Adds New Material to Website

The Self-Help team has spent a considerable amount of time during the last several months creating new training materials and updating previous materials. All of these new items are now available on NCALL's website ([www.ncall.org](http://www.ncall.org)).

Some of our new materials include PowerPoint presentations for each staff position and program stage. These presentations highlight NCALL's recommended best practices.

By visiting [www.ncall.org](http://www.ncall.org) and going to the self-help page visitors can access the "training guides, downloads and links" section of the website. There, guests will be able to see the long list of materials that are available. More items will be coming soon, so check back often!

### Credit Report Fee Decreased

According to AN 4316, published by Rural Development on 11/20/07, the fee for individual credit reports has been decreased from \$28 to \$25.

### Affordability *(from Page 1)*

#### Sample savings by reducing the home size 10%-15%:

- Construction costs – reduced \$12,000-\$17,000  
Example \$14,000 savings could mean mortgage savings = \$42 - \$85/month
- Utilities – Example \$150/mth x 15% savings = \$22/month
- Real Estate Taxes – Example \$200/mth x 15% reduction = \$30/month
- **Monthly savings to a homeowner could be = \$94 - \$137/month**

In addition to this, you may be able to purchase lots from home-builders/developers at a reduced cost, that were not available last year.

Think how many more applicants may be eligible for your Self-Help Program. Why not discuss this with your staff and give it a try!!

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## Using Webinars to Provide Self-Help Program Training and Technical Assistance



What exactly is a **webinar**? A webinar is a collaborative web conference. It includes polling and question & answer sessions, allowing full participation between the audience and the presenter. In most cases, the presenter speaks over a standard telephone line, pointing out information being presented on screen, and the audience can respond over their own telephones, preferably a speakerphone.

As a teaching tool, webinars are used to provide information about any subject. They can be interactive or not, and they can be presented live and then placed in archives, such as a website, for others to view later.

NCALL plans to use webinars in

the future to enable us to efficiently broaden our ability to reach out to our grantees, while reducing training and operational costs. Webinars will afford us the ability to provide training and additional technical support in real-time ... no matter where you are located! In addition, the same online interface can be used to conduct ad hoc online meetings any time they are needed.

For NCALL, reducing costs while continuing to deliver quality technical assistance and training has been and will continue to be a delicate balancing act. We must be proactive and creative in finding ways to assist grantees in our region in continuing to be successful while administering their self-help programs. We have taken the first step by conducting periodic confer-

ence call meetings and by making our training materials and other technical assistance resources available on our website.

We will take our training to the next level and use webinars as yet another tool to provide grantees with even better value-added services.

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# Happy Holidays!!!

*NCALL's staff and Board wish you a wonderful holiday season and a peaceful new year!!*



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