

Self-Helper

Fall 2007
Volume 96

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Emerging Opportunities in Today's Market

We have all seen pictures of a very large animal on the African plains struggling through the mud and muck to make its way to the last bit of water in the watering hole. There is always a little bird perched effortlessly on the animal's back enjoying the ride, while it casually snacks on the plentiful bugs.

What do these images have to do with affordable housing and how will it benefit your non-profit? Simple...**Be the bird!**

When the housing market was booming, many non-profits found it very difficult to compete with the large home developers. The large developers did a lot of speculating early on and rushed to purchase any available land. Price was no object. They would leave behind only small, scattered, and undesirable sites.

Now the market has changed. In fact, the National Association of Home Builders recently published statistics that indicate single family home sales have decreased to the lowest point since February 1991. Yet, there is still a record need for affordable housing. This is a fact that many large developers have overlooked. They choose to build bigger and bigger for their profit margins instead of building for the needs of the community, and now some are stuck in the mud.

This could be an excellent opportunity for your non-profit. Some developers are now willing and eager to sell their surplus lots to reduce carrying costs and pay off creditors.

However, to take advantage of this situation you will need to do some homework. Take time to assess your program's feasibility. Research the condition of the available sites. Study and know the wants and needs of your community. Know if your proposed project will be affordable, and desirable to your target market. Ask yourself how this

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First in Housing Services, Because We Care

Show Me the Money!

Locating dollars to leverage your programs can be a long and agonizing experience. A “quick fix” for shortage in funding is almost non-existing. One website to add to your arsenal of funding references is <http://www.tgci.com>. This website belongs to the Grantsmanship Center which was founded in 1972.

The Grantsmanship Center (TGCI) solicits membership and training for a fee. However, it also offers numerous FREE resources for grant seekers. These include daily grant announcements from the Federal Register, archives of their magazine, The Grantsmanship Center Magazine, indexes of

funding sources at the local, federal and international levels, and more.

Visit their website and click on Funding Sources. Choose your state to locate local funding sources which are listed at Top Grantmaking Foundations, Community Foundations, or Corporate Giving Programs. You may also elect to check out the federal funding sources by clicking on the federal tab and go to other federal websites.

Hopefully, during your next 523 grant application, you will be able to “Show Me the **Leveraged Money!**”

Self-Help Loan Delinquency

According to statistics from the Centralized Servicing Center (CSC), self-help housing delinquency is on the rise. Delinquency is defined as any customer who is 31 or more days behind with a payment.

The current nationwide delinquency rate for new self-help loans is 4.70%. (A new loan is any that closed in the last 12 months.) In August 2006 it was 2.62%. The overall new loan delinquency rate for the 502 program is 2.96%; whereas last year at this time it was 2.26%. In August 2007 there were 1,361 new self-help loans; this is down from 1,489 new loans in August of 2006. Last month nationwide, eight new self-help loans were four or more monthly installments behind, six were in foreclosure and six were on a moratorium. (Moratoriums count as a delinquency.)

Although self-help delinquency is on the rise for new loans, it is still

lower than the overall portfolio. Self-help loans are at 10.76% delinquency rate and the overall 502 loan program including self-help is 14.16%.

According to the CSC, the reasons for the increased delinquency rate appear to be overextended borrowers, unexpected expenses and a reduced, or lack of, income. As grantees, let’s make sure we do everything in our power to educate the families throughout the building process so they can remain successful homeowners. For first year borrowers it is essential to counsel them on limiting expenditures after the loan is closed. A new car or new furniture can make the difference between being able to afford the payments or not. Additionally, accurately estimating taxes is important to help borrowers avoid “payment shock” during the first year. Advise the participants to contact the CSC if they will be late with a payment. Education is their best protection!

Economic Impact— Show Them the Money!

When a Mutual Self-Help Housing Program operates in a community it brings many benefits with it. Most of these we can surely guess— access to affordable housing, employment, using local contractors and suppliers, etc. There is also a major economic impact made by the self-help program; one that is probably larger than most people realize.

It is estimated that with each dollar (grant and mortgages) brought in by a self-help program there is an approximate \$7 of impact to the community. This would mean that a small grantee building 6 homes per year, with 502 loans averaging \$150,000 would have an annual impact of \$7,245,000.

This is good news! Let your community know what a boom your program is to the local area. Send out press releases and use this fact as a reason to get some publicity! This may get people to change their opinions of affordable housing programs or may help recruit participants.

3551 Update

The National Office received 70 comments on the proposed 3551 regulation published in June. These comments are being reviewed.

NCALL will keep grantees posted on this progress. Our comments are posted on our website at www.ncall.org.

Budget News

Current USDA Appropriations				
USDA / RHS Program <i>(dollars in millions)</i>	FY 07 Appropriation	FY 08 Proposed Budget	FY 08 House Bill	FY 08 Senate Bill
502 Direct	\$1,141	0	1,129	1,129
502 Guaranteed	3,681	4,849	3,716	3,561
504 Loan	35	23	35	35
504 Grants	30	30	30	29.6
514 Farm Labor Hsg.	38	14	50	28
515 Rental Housing	100	0	99	70
516 Farm Labor Grants	14	4	25	22
521 Rural Rental Asst.	616*	567**	533	490
523 Self-Help TA	34	9.5	40	38
533 Hsg. Preserv.	10	9	9	9.9
538 Rental Hsg. Guar.	100	200	100	150
RCDI	6.35	0	0	6.28

* Two year contracts
 ** One year contracts

The status of the new fiscal year's budget is unsure. The House and Senate Appropriations Committees have both passed their budgets, but a final agreement between both parties has not yet occurred. Given this status, a continuing resolution is likely.

Best Practices – Hiring the Right Person for the Job

The last issue of the **Self-Helper** included ranking charts for the Project Director and Construction Supervisor. We recommend that these be used during the hiring process to help select the most appropriate candidate for the job. These charts help clarify what skills and abilities are the most helpful for the position. Use or adapt this chart to rank the applicants after all interviews have been conducted. It gives you the big picture, taking all important aspects into account.

Sample Ranking Chart Group Coordinator

Applicant	Education 0-5	Organizational/ Planning Exp. 0 - 5	Homeowner- ship Counseling 0-5	Marketing Skills 0-5	Mortgage Lending 0-5	Computer Literacy 0-5	Non- profit Exp . 0-3	Written/Verbal Communication Skills 0-5	Other 0-2	Test 0-3	Interview 0-5	Total	Issues to Consider
A													
B													
C													
D													

Leveraging Money Using Housing Trust Funds

Does your state have a Housing Trust Fund? In Pennsylvania this has become a very helpful resource for our mutual self-help housing grantees.

In 1992 the Commonwealth of Pennsylvania passed Act 137. Act 137 is County Housing Trust Fund Legislation that permits 66 of the state's 67 counties (excluding Philadelphia) to raise additional revenues to be used for affordable housing needs by increasing fees for mortgages and deeds. The authorizing legislation requires these additional funds be expended for "any program or project approved by the county commissioners which increases the availability of quality housing, either sales or rental, to any county resident whose annual income is less than the median income of the county."

Since the passage of this legislation, more than half of Pennsylvania's 67 counties altogether have generated more than \$125,000,000 for affordable housing related programs. These programs range from elderly housing to owner occupied rehab to assistance for the Pennsylvania mutual self-help housing programs.

According to a 2005 study of the legislation by the Pennsylvania Housing Finance Agency, of the 66 eligible counties in Pennsylvania, 49 counties have a Housing Trust Fund in operation. Of these 49

counties, the average per county revenue expected in 2004 was \$326,248, although some raised much more. The legislation allowed counties that wanted to start a housing trust fund to increase their fees for recording mortgages and deeds up to 100% above the previous level. Of the counties with an established Housing Trust Fund, 82% strongly agree that the fund provides an economic benefit to their county.

Mostly, these Housing Trust Funds are administered by the county Planning and Development Office, the Redevelopment Authority or the County Commissioners. Only 10% of the participating counties have an administrative position established to administer the funds.

According to Ken Klein, Executive Director of self-help housing grantee Threshold Housing Development, Inc. located in Uniontown, PA, access to these funds is "instrumental in what we have been doing." Threshold has been using these funds for the past six or seven years to purchase property to be used in their self-help housing program. They have also used these funds for pre-development costs. Klein reports the application process to be quick and easy, and that these funds allow them to leverage additional funding sources by using the Housing Trust Fund dollars as a match. "It is not uncommon for a grant from the trust fund

of \$65,000 to result in \$4.4 million dollars worth of development and construction funds coming into our community," says Klein.

Interfaith Housing Alliance of Pennsylvania, another grantee in the state, has also accessed these funds in their county. They used the funds to assist with property acquisition.

For more information on this Pennsylvania legislation and for the complete report by the Pennsylvania Housing Finance Agency, visit www.phfa.org/hsgresources/act137.aspx.

The impact of Housing Trust Funds can be felt in 43 states throughout this country. Nearly 600 Housing Trust Funds in cities, counties and states generate more than \$1.6 billion a year to support critical housing needs, underscoring the integral role these funds play in the world of affordable housing.

Act 137 has been a very valuable tool in Pennsylvania for helping to provide affordable housing. Look into whether or not your state or county has a Housing Trust Fund. If not, see if you can encourage the state government to pass appropriate legislation. For more information on Housing Trust Funds, visit the Center for Community Change's Housing Trust Fund Project website at www.communitychange.org/housing-trust-funds/.

AN 4304 Changes Grant Packaging Order

Before sending in another grant application, be sure to pull RD AN 4304, published on August 9, 2007. This new notice replaces AN 4201 which expired on August 31, 2007.

The order of several items have changed, so make sure your application meets these new guidelines. NCALL will be updating our checklists as well and will email them out to grantees when completed.

Hot Topic: Changes in Environmental Requirements

On August 9, 2007, Rural Development issued AN No. 4303 which states that RD 1940-20 and 1940-22 are no longer required for Self-Help Technical Assistance Grants.

Page 3 AN 4304 (1944-I), second paragraph under **Submission of Pre-Applications and Applications** says:

“Because environmental requirements in RD Instruction 1944-I, 1944.410(b)(ii) conflict with those in RD Instruction 1940-G, 1940.310(a) and (b), along with 1940.309(c), the National Office has determined that RD Instruction 1940-G will take precedence over 1944-I for environmental issues. Therefore, Form RD 1940-20, “Request for Environmental Information” and 1940-22, “Environmental Checklist for Categorical Exclusions” will no longer be required for Self-Help Technical Assistance Grants. Until RD Instruction 1944-I is revised, all environmental issues pertaining to Self-Help Technical Assistance Grants will be handled strictly by RD Instruction 1940-G.”

Emerging Markets *(from Page 1)*

project will compare to what is available in the current market, and will the self-help participants earn a lot of value in their home by building it themselves?

If you are confident in your project after considering all of these factors, then by all means proceed, but with caution. Purchase only what you need and be sure not to overextend your agency or you too could get stuck in the mud.

Study Analyzes the Benefits of Affordable Housing

In late July, Enterprise Community Partners and the Center for Housing Policy published the results of two in-depth analyses that correlate improved health and education with decent, affordable housing.

According to this study:

- ◆ Children of homeowners:
 - ⇒ Scored up to 9% higher on math and up to 7% higher on reading tests that their peers in families that rented their homes.
 - ⇒ Achieve better physical and mental health outcomes compared to renters, including fewer long-term illnesses, as well as lower blood pressure and depression levels. (Their families did too.)
- ◆ Children that live in good housing conditions—in particular, housing free from pesticides, mold and cockroach infestation—are less likely to develop asthma and, as a result, to miss school.
- ◆ Children in families that receive housing assistance are approxi-

mately 50% less likely to suffer from iron deficiencies than children in low-income families that do not receive housing aid.

- ◆ Children that live in housing built before 1960 (approximately 14 million under the age of 6) are more likely to suffer from increased lead exposure and lead poisoning since older rental housing contains the highest levels of lead-based paint hazards.

According to Jeffrey Lubell, executive director of the Center for Housing Policy and co-author of this report, “This comprehensive analysis provides real insight into the many ways in which quality, affordable housing can help in addressing this nation’s health and educational issues.”

More information on these studies can be found on the web at www.enterprisecommunity.org or www.nhc.org. Pass on the word of the importance of decent affordable housing in your community!

AN Clarifies Environmental Justice Procedures

AN 4297 was published on June 12, 2007 to clarify the procedures Rural Development is to use to ensure Environmental Justice (EJ). EJ requires all federal agencies to identify and address disproportionately high and adverse human health or environmental effects of its programs, policies and activities on minority and low-income populations.

In this AN, Rural Development states that EJ principles will be incorporated primarily through the use of the National Environmental Policy Act and Title VI of the Civil Rights Act of 1964. RD Form 2006-38, Civil Rights Impact Analysis, will continue to be used to ensure that Rural Development meets these requirements.

See www.rurdev.gov/regs/an/an4297.pdf for further information.

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Do You Have a Marketing Plan?

It is difficult to market and recruit participants for your self-help housing program if you don't have a marketing plan to follow. Adhering to the simple outline below will help ensure you are taking the necessary steps to attract participants.

1. Create a Marketing Plan
2. Follow It
3. Review it Weekly with Staff
4. "May The Force Be With You" for Applicants

We at NCALL suggest writing your

own Marketing Plan with:

1. Overview or Summary
2. Identify the Target Market
3. Develop specific Marketing Strategies
4. Develop Implementation Tasks with Dates, the Person Responsible, and include Benchmarks or Goals for each Task
5. Develop a Budget
6. Review Accomplishments Weekly with your Self-Help Staff
7. Maintain a Follow-up/Tickler System for all Inquiries and

Applicants

8. Evaluate the Results

This plan does not have to be more than a few pages. Keep it basic and relevant.

We believe your odds of finding applicants will increase dramatically.

Welcome Grantees!!

NCALL wants to congratulate the following grantees on refunding approvals:

- YouthBuild McLean County plans to build 7 homes in McLean County, Illinois.
- Southern Maryland Tri-County Community Action Agency in Hughesville, Maryland is planning to build 34 homes in St. Mary's and Calvert Counties.
- Telamon Corporation, located in Martinsburg, West Virginia, plans to build 5 homes in the Berkley County in the next year.
- Warrick County Habitat for Humanity in Chandler, Indiana plans to build 12 homes over the next two years.

Congratulations go out to all of these organizations. The self-help housing program takes a lot of hard work and dedication, but has magnificent results!

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