

Self-Helper

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What is the Economic Impact of Self-Help Housing in Your Community?

Affordable Housing investments creates full time jobs

Affordable Housing generates income

Affordable Housing generates revenue for state and local governments

Is the Mutual Self-Help Housing Program a wonderful program for the families that participate? Most definitely. But, to tell our story, self-help nonprofits need other tools and information when promoting the program to your communities, and state, local and federal governments. As we know, money talks.

A state's leveraging ratio can vary greatly depending on the state's economic situation, but the conservative national average is \$1 of housing investment generates \$8 of economic output. When your federal grant and mortgage dollars are used to leverage additional dollars for program operations and mortgage assistance, your federal dollars have an even greater effect on the economy.

Economic Benefits

The \$8 of economic output (impact) of your self-help program effects jobs and incomes, production in other sectors of the economy, tax revenues, and changes in spending by households that benefit from increased access to affordable housing opportunities.

Housing Production – Not only does the area experience increased housing units, the construction and real estate industries experience the direct effects of spending and job growth. This generates additional indirect and induced impacts.

New Spending Patterns – Formerly rent burdened households have additional income to spend on goods and services other than housing. These include transportation, clothing, health care, and food.

New Households – Households move into the area to fill vacancies created by new affordable housing production. Their presence will generate jobs and ongoing direct, indirect, and induced impacts.

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First in Housing Services, Because We Care

Lobbying for Nonprofits

In 1990 the Internal Revenue Code (IRC) clarified the 501(h) election by defining what is considered to be lobbying (see definitions below) and how much of a nonprofits' budget can be spent on this activity. When organizations take the 501(h) election, the time and money spent on lobbying activities must be tracked and recorded. An organization makes this election by filing out a simple form (Form #5768) which takes effect in the year that it is filed. Once filed, the organization continues to file the IRS Form 990 annually. If an organization has elected a claim under 501(h), Part VI A of the Form 990 must be completed showing how much money was spent on lobbying. If lobbying expenditures exceed the limits, a tax on 25% of the excess will be imposed. If an organization exceeds the limits by an average of over 150% over a four year period they could lose their tax exempt status. If an organization chooses not to take the 501(h) election and is found to have a substantial part of their activity being influencing legis-

lation, a 5% tax on all lobbying activity is imposed and may be imposed retroactively for all years in which lobbying took place. In addition, the organizations tax exempt status may be revoked.

The formulas for calculating lobbying limits are found in Part VI-A of Form 990 and bases those limits on the amount in an organization's budget that is considered "exempt purpose expenditures." An expenditure is considered such if it is paid or incurred by an electing organization to accomplish the organization's exempt purpose.

An example of an organization with a budget of \$900,000 of which all is considered "exempt purpose expenditures." has a maximum lobbying limit of \$160,000 of which \$40,000 can be used for grassroots lobbying.

*The IRC divides lobbying into two different categories: direct lobbying and grassroots lobbying. **Direct Lobbying***

*is a communication to a member or employee of a legislative body or to a government official or employee who may participate in the formulation of legislation for the purpose of influencing specific legislation and that reflects a view on such legislation. **Grassroots Lobbying** is a communication in an effort to influence any legislation through an attempt to affect the opinions of the general public or any segment thereof. It also must reflect a view on a specific legislation and encourage the recipient to take action with respect to such legislation. **Lobbying is not**, for example, speaking to a group about the lack of affordable housing in your community, or commenting on proposed regulations.*

Organizations should contact an attorney for more information regarding lobbying laws.

New PN Updates 3550 Handbook

On February 14, 2007 Rural Development published PN 406. This procedural notice includes several changes and updates to 3550 Handbook 1. One of the main changes is that Paragraph 4.6 A. has been rescinded. This correction will return the figures on nonretirement assets for nonelderly and elderly households back to the original figures of \$7,500 and \$10,000 respectively. Most of the other changes included in this PN are the result of corrections to typographical or grammatical errors. The PN can be found by visiting Rural Development's website.

Grantee Gleaning – Show Your MoJo

Here's a new idea that not only promotes your self-help program in the community, but raises funds as well. West Michigan Independent Self-Help Housing (WISH), in Spring Lake, Michigan hosted a golf marathon.

They called the event "Show Your MoJo Golf Marathon." The goal was for attendees to play at least 100 holes of golf as an individual or on two-person teams. Pledges were taken per hole played or players could be sponsored. Extra funds could be donated if birdies or eagles were made. Prizes were awarded for the top "MoJo Golfers" and meals were included.

What a fun idea! Thanks for showing us your MoJo WISH!

Final Rule on Homeownership Education

Effective May 7, 2007, the Rural Housing Service (RHS) is requiring homeownership education to assure that first time homeowners financed under the Section 502 Direct program are well prepared for homeownership. This final rule was published in the Federal Register February 5th.

The regulation specifies the nine required topics and what type of organization may provide the training. By viewing the federal register, one can review the suggestions that were received during the comment period and the changes that have been made since the proposed rule.

Kudos!!! Inside the Numbers

One of the highlights from NCALL's "Who Moved My Cheese" survey was that grantees want their successes and those of others to be known. We thought that was a great idea! All of the grantees in Region III work hard to provide the best program. Here's to you!!

FY '06 ended with 19 operating grantees with 22 grants in Region III. The average sweat equity was \$29,455 with an average mortgage of \$108,969. The region's grantees closed 122 loans and took in \$13,048,581 in 502 loans and \$960,396 in other leveraged financing. Now let's see inside the numbers.

Kudos go out to the following agencies:

- Community Concepts in South Paris, ME for the most loan closings with 26.
- Threshold Housing Development in Uniontown, PA with the highest average equity with \$70,900.
- Rockbridge Area Habitat for Hu-

manity in Lexington, VA with the lowest average mortgage of \$65,000.

- Community Action Commission of Fayette County in Washington Court House, Ohio with the lowest TA cost of \$18,600.
- There were three grantees, Threshold Housing Development, Rockbridge Area HfH and Southeast Wisconsin Housing Corporation of Racine County that leveraged over \$100,000 each in additional financing. Rockbridge had the most with an astounding \$260,000.
- Community Concepts had impressive numbers across the board worthy of special accolades. Their totals were: sweat equity average — \$35,723, average 502 mortgage — \$102,582, total 502 usage of \$2,744,750 and total leveraged funds of \$96,400.

Congratulations Region III!!! All of you helped contribute to a record year!!

Next Regional Self-Help Conference Call

Our next Regional Self-Help Conference call is already being planned. This call will take place during the week of April 23rd. We are anticipating that it will last one to two hours.

The last call focused on Marketing and Recruiting efforts. Grantees were encouraged to share their experiences. The attendees got to hear both success and difficulties in trying to get groups of families into the program. Word of mouth seemed to be the method that has rendered the most success.

Conference calls involving all self-help grantees is a great way to support networking and teamwork. NCALL plans to host these conference calls quarterly. All grantee staff are invited and encouraged to call in and get involved.

NCALL will send out a notice of the precise schedule and call-in information in early April. We hope to "hear" you there!!!

Homeownership – It's a Good Cause

Homeownership remains one of the most important goals for many people. Often with homeownership comes a sense of accomplishment, well being, safety, belonging, success and personal gratification. For many, homeownership represents personal and financial success.

There are so many tangible and intangible reasons to own a home and as the rate of homeownership grows across America, so does the number of people that want the American dream. Homeownership is still a valued investment which can have many financial advantages and is the primary way most people build wealth. Homeownership is also good for our communities.

Many homeowners become more involved in their local communities and participate in local events. We tend to take better care of what is ours.

The rewards of homeownership:

- Personal satisfaction
- Sense of community
- Stability for families
- Investment in the future
- Improved self-esteem
- Sense of accomplishment
- Asset that can be passed from generation to generation

Still, for many Americans, owning a home continues to remain out of reach. The Mutual Self-Help Program allows

the families to work for their "down payment" through sweat equity. The program is anything but a free program. Our families must overcome major obstacles such as believing that they are "worthy" of having their own home. Most of them have already experienced being declined due to lack of income or credit issues.

Homeownership is needed and worth every effort that we put into it. Our families and our agencies along with Rural Development and the TM&A contractors deserve to pat ourselves on the back for a job well done and to keep us motivated.

**President's FY 2008
Proposed Budget for
Selected Housing and
Community
Development Programs**
(dollars in Millions)

This information was taken from the Housing Assistance Council edited for space. More budgetary information can be found online at either www.ruralhome.org or www.nrhweb.org.

- (a) Includes \$50 million proposed for American Dream Downpayment Act.
- (b) In prior years was part of HOME.
- (c) Funded as part of Self-Help and Assisted Homeownership Opportunity Program account.

Program	FY 2007 Appropriation	2008 Proposed Budget
USDA Rural Development Programs		
<i>Loans</i>		
502 Single Family Direct	\$1,141	\$0
502 Single Family Guaranteed	3,681	4,848
504 Very Low-income Repair	35	22.9
514 Farm Labor Housing	38	14
515 Rental Housing Direct	100	0
538 Rental Housing Guaranteed	100	200
<i>Grants & Payments</i>		
504 Very Low-income Repair	30	30
516 Farm Labor Housing Grants	14	4
523 Self-Help TA	34	9.5
Rural Community Development Init.	6	0
HUD Programs		
CDBG	\$3,771.9	\$3,035.6
HOME	1,750	1,967 (a)
HOPE VI	99	0
Housing Counseling	42	50 (b)
RHED	17	0
SHOP	19.8 (c)	40 (c)

Good Things Can Come in Smaller House Packages...

Grantees know that in the Mutual Self-Help Housing Program there are many obstacles to overcome...time, land cost, finding quality participants. We are always looking for ways to lower cost while increasing production.

In recent years the trend has been to go big...the bigger the better; but is that best for the participants and for the grantees?

Many agencies are finding it very difficult to find applicants that qualify for the total housing cost. Grantees exhaust tremendous amounts of effort to find grants and loans to lower the

overall mortgage amount to make housing affordable. This is a very noble practice, but it could prove to be costly to your agency in the end. The process of finding additional loans and grants is very time consuming and often causes delay to the start of a project, delays that most agencies will find difficult to overcome.

In many cases the affordability factor can be eliminated all together simply by scaling back on the size of the house. NCALL recommends limiting the size of the house to 1350 square feet of living space.

A smaller house increases the pool of qualified applicants reducing recruiting time. Smaller homes are also more efficient on utilities and taxes, and provide greater opportunity for savings, to the participants. The reduction in size would also decrease the construction time per house, which could allow the agency to increase the overall number of homes in the grant, making your agency more competitive for future grants.

Region III's "Best Practice" is no more than 1350 square feet of living space.

Meet your Professional Associations

If you are not already familiar with them, there is no better time than the present to meet your two professional associations.

The **National Rural Housing Coalition (NRHC)** is made up of individuals and organizational members who care and are concerned about the future of rural housing. Through the membership, the organization's voice is clearly heard in Washington on legislative, appropriations, programmatic and policy issues.

Since 1969, NRHC has been a consistent "Rural Housing Voice" articulating the needs, advancing new rural housing programs, seeking adequate appropriations, and making programs more user friendly. Over the years the NRHC has promoted a nonprofit housing delivery system. Self-help housing organizations, farm worker housing groups, community action agencies, rural water organizations, and rental developers benefit from the Coalition's work to maintain and advance the rural housing agenda. Members also benefit

from the information resources and have a voice in the legislative program.

The Coalition is staffed by Bob Rapoza based in Washington, D.C., 202-393-5229 and led by an active Executive Committee and Board of Directors. Visit www.nrhweb.org for more information.

The **National Rural Self Help Housing Association (NRSHTA)** is an association that was formed in 1988 to benefit self-help organizations. Their purpose is to provide an opportunity to exchange information and other related activities for the mutual benefit of its members and for rural self-help housing. This association has been created by you, for you! The NRSHTA provides a unified voice for self-help housing organizations. It offers the opportunity for all who work in rural self-help housing to work together toward a mutual goal.

Association members from each region elect representatives to fill two positions on the steering committee. The

eight member Steering Committee elects the association's officers.

Region III's steering committee members are:

Russell Huxtable, Milford Housing Development Corp. DE, NRSHTA Vice-President (302) 422-8255
Patty Griffiths, CAC of Fayette County, OH (740) 335-1831

Applications for membership for 2007 were recently mailed. Annual dues are based on grant amount. Please join! Wouldn't it be a testament to the strength and commitment of the Mutual Self-Help Program to achieve 100% membership?

We encourage you to support both associations.

"The difference between the impossible and the possible lies in a person's determination" Tommy Lasorda

Do Many Hands Really Make Light Work?



Most agencies involved in the Mutual Self-Help Housing Program have probably asked this very question in regards to volunteer labor. As a regional contractor NCALL is often asked how to address the problems that occur when volunteers are brought in. For example, outside help can be divisive, unreliable, difficult to manage and produce poor quality work. As with anything, there are pros and cons, but when a group falls behind in hours and production, the catalyst is usually the volunteers.

Now we are not suggesting that agencies look a gift horse in the mouth, but you certainly need to take hold of the reins. NCALL recognizes that a single participant who will be working alone

will find it very difficult to meet the minimum hour requirements. They should designate their volunteers in the beginning and you should have these volunteers sign the membership agreement with the participant. This is the only time that volunteer hours should be counted towards the participant's hours.

Any additional volunteer help should be strongly limited and invited only after seeking approval from Rural Development on a case by case bases. If you choose to use additional volunteers, keep in mind that they should only be invited to the site at the request of the Construction Trainer and only if the number of volunteers is reasonable, and can be safely and effectively managed on the site. Additional volunteers should only occur if

all the participants are current on their hours. These volunteer hours may be helpful to the projects overall production, but are never counted towards the participants minimum hour requirements.

National Homeownership Month will be here before we know it! It's never too early to start planning for your June activities!!

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What Is the Economic Impact? (Continued from Page 1)

Tax Revenues – New economic activity generates tax revenues, which will accrue to state and local governments. Property taxes and income tax revenues related to changes in household spending will provide ongoing economic impact.

Social and Community Benefits
In addition to quantifiable economic impacts, there is also a range of social and community benefits that can be expected to extend long past the two year grant period.

Family Stability – Low and very-low income households each year will have access to decent and affordable homeownership opportunities, removing a key barrier to opportunity. Stable living conditions will allow children a better chance at success in school and later in life.

Health – Helping families move into better quality housing can yield health benefits, especially to children, and corresponding savings in public health-care costs.

Household Wealth – New homeownership opportunities allow families to build wealth through their original sweat equity and through future home equity.

Female-headed households – Access to affordable housing can help offset the financial and social challenges experienced by female-headed house-

holds who are disproportionately represented in lower income groups. Female-headed households who are no longer rent burdened will have incomes to spend on other needs.

Economic Development – Affordable housing close to employment centers will help enhance a competitive position in attracting and retaining business.

Self-Help Housing does a GREAT job in contributing to your local economy and the American economy. Let your community and elected officials know the economic impact from the federal grant and mortgage funds as well as leveraged funds generated by the self-help program.

All of this information should be in the forefront of a nonprofit's plan when promoting this program. Community support is more easily garnered when these type of statistics are laid out. The Mutual Self-Help Housing program is wonderful for the participating families, but it is great for the community and the economy as well.

This article was developed based on a study "Meeting Delaware's Affordable Housing Needs: An Economic Impact Analysis". This article was presented by Delaware Housing Coalition in 2004 and is available on their website www.housingforall.org.

SHOP Update

- HAC will make its SHOP applications available to local groups by May 2007 and will announce the availability of its FY 2007 SHOP applications via e-mail, on HAC's web page (www.ruralhome.org) and in the HAC News. Total funding available for FY 2007 is \$19.8 million.

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