

# Self-Helper

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Inside:

Title	Page
The American Recovery & Revitalization Act of 2009	2
2009 Budget Note	2
Finding the Silver Lining	3
SHOP Fund Winners	3
How to Improve Non-Profits Cash Flow	4
2010 USDA Budget	4
Vilsack Named USDA Secretary	5
Dallas Tonsager to Take Over Rural Development	5
Area Loan Limits	6
Vista & SHARES Incompatibility Issue Solved	6
Congratulations on #17!	6
NRSHTA Notes	6
NCALL Publishes New Guides	6

## Are You Looking for Very Low Income Applicants??



If so, you are not alone! It seems like organizations across the country are having difficulty finding (and qualifying) very low income (VLI) participants. In 2007, the organizations in our 21-state region were serving 64% VLI. In 2008, that percentage dropped to 46%. Our region is no different than the others. No matter the challenges, grantees need to work both smarter and harder to attract these participants.

NCALL has talked to a few self-help organizations in our region that are successful at finding VLI applicants to meet or exceed the 1944-I 40% requirement. Here are some tips that we garnered from them:

**1. The American Recovery & Revitalization Act of 2009 may help.** See article on Page 2. It seems, more than anything else, this program is attracting first-time homebuyers into the homeownership market. VLI applicants are especially interested as rental rates continue to rise.

**2. If your organization is not a community action agency, perhaps you could form a partnership with one in your area.** One organization said, "We have success serving VLI applicants because that is the nature of our organization, a community action agency. I just completed a report for the State which showed that we worked at various levels with 592 households at or below 65% AMI interested in buying houses last year and of that total, 442 or 75% were very low income. Of course, we also had people at 66-80% AMI, but they were the exception."

**3. Give them the benefit.** One agency has their own Benefits Counselor. That person does a good job of making sure that everyone is getting any and all of the benefits they qualify for, such as food stamps, tax credits, *(Continued on Page 2)*



*First in Housing Services, Because We Care*

## The American Recovery & Revitalization Act of 2009

The American Recovery & Revitalization Act of 2009 (ARRA), signed into law on February 17, 2009, authorizes a first-time homebuyer tax credit of 10% of the purchase price, up to \$8,000. As rental costs rise and home costs are leveling out, this program is attracting first-time homebuyers into the homeownership market. This program is available through November 30, 2009.

A first-time homebuyer is defined as one who has not had an ownership interest in residential property in the last 3 years. An eligible property is defined as a single-family residence (including condos and co-ops) that will be used as a principal residence.

The ARRA is a tax credit that reduces the income tax liability claimed on 2009 Federal Tax Returns, and allows taxpayers to receive a rebate from Treasury if the credit is larger than the tax liability. A full credit is allowed for individuals with Adjusted Gross Incomes of \$75,000 or less (\$150,000 on a joint return).

Let your participants know about this new tax credit so they can take advantage of this benefit!

## VLI Applicants (Continued from Page 1)

Section 8, etc. These additional benefits often are needed to qualify the VLI applicants, along with grossing up social security and other non-taxable incomes.

**4. Build relationships, increase referrals.** An organization we talked with has worked hard at building relationships with other social services in the community. Their local community action agency offers their clients credit counseling services and homebuyer education. There has also been a relationship with the local community and crisis center. This center includes them on its directory of social services and even e-mails a monthly newsletter that highlights various human services being offered in the community. This has been a great referral source for them. Another of their referral sources, which is unique to their organization, is a large student population that is mostly very low income. They refer neighbors, family members and friends constantly.

Finally, they have a contact with the largest employer in town. The employer dedicates a page of their website to post community information. At times the employer has sent out mass e-mails to their customers. Any responses are referred to the self-help organization. This has been an excellent referral source for them.

**5. Rural Development (and affordability).** “Our local office realizes the need for a homeowner to not be house poor. Working to make a loan affordable for a family with very low income is extremely difficult. The local staff has a genuine concern for families, and they work particularly hard with homeowners to ensure they are able to afford the home for which they qualify. We didn't want to leave out this large component that has contributed to our success in finding VLI families.”

**6. Think outside the box.** Even though this article has already mentioned partnerships, this idea takes the concept in a different direction. One organization partnered with a local pizza parlor. They agreed to split the cost of the printing and created door hangers with an ad for the self-help program on one side and a coupon for \$1.00 off a pizza on the other. This unique partnership helped save money on advertising and got recipients to keep the ad if they were interested in using the coupon instead of immediately tossing it without consideration.

No matter the challenges, the regulatory requirements have not changed. We have to work smarter and harder to find VLI applicants to meet the 40% requirement.

**2009 Budget Note**—On March 10, 2009, the Senate gave final approval for the omnibus appropriations bill to fund federal programs for fiscal year 2009. For USDA rural housing, the bill does not accept the drastic cuts in the Bush administration's original 2009 budget proposal. The 523 program received a budget of \$38.7 million and over \$1.1 billion has been allocated for 502 direct loans. The entire bill can be found on <http://thomas.loc.gov/home/approp/app09.html>.

## Finding the Silver Lining

There is no disputing that a slow housing market and struggling economy has had a profound effect on the work we do. In uncertain times priorities may change, but the desire to own a home still remains. The silver lining is “opportunity.” Mutual self-help housing organizations now have the opportunity to capitalize on everything that is being discussed in the media and at water coolers around America. Remember, there still is a desperate need for affordable housing and the work we do is part of the solution, not a contributor to the ongoing problem.

Families no longer want the biggest, best home on the block. Americans now want to know that their home is affordable. They have heard the horror stories about the adjustable rate mortgages, so they also want to know that their payments will remain affordable throughout the life of the loan.

Interested homeowners want to make sure that their loan is with a reputable source. Trustworthiness is important. The 502 loans provided through this program are not coming from a fly-by-night source that will sell their loan on the open market after closing or treat them unfairly.

Now more than ever, people are aware, that you can't get something for nothing. If it is too good to be true, it probably is. This program makes families work hard, but they know that saving money is a good thing. The sweat equity earned by using this program can go a long way to convincing someone to take this step.

In order to take advantage of these opportunities:

- Take time to plan and strategize and look within. What does your organization excel at? What brought past applicants to your door? What makes you stand out from the rest? Often what we take for granted is very difficult for others, so don't underestimate your natural talents.
- Take time to network. Attend networking sessions and talk openly with other organizations and trade associations. Now is the time to gain from the knowledge of others. At the very least you will be able to pick up on the latest trends, products, and upcoming opportunities.
- Take time to review what you do and focus on efficiency, refresh and de-clutter your office space, update your construction samples. Your office space makes an impression on a new applicant. Is the organization being shown in a positive light?
- While many organizations are trying to save money by spending less on marketing and advertising, this leaves a void and creates an opportunity for your organization to capitalize on. Adjust advertising to reach the needs of your applicants, take advantage of your history, and sell your organization's reputation.

In the end, overall quality wins out. A qualified applicant has choices where they should spend their money. When dollars are harder to come by, they will choose one of two ways; they will go with the cheapest alternative to get by for now, or with quality that will continue to increase in value over time. Give them a reason to choose you.

## SHOP Fund Winners



The Housing Assistance Council's (HAC's) Loan Committee met on Feb-

ruary 6, 2009 to review and take action on the Self-Help Homeownership Opportunity Program (SHOP) 2008 loan applications.

Congratulations go out to the following recipients from Region III:

- **Community Concepts, Inc.**, South Paris, ME, 6 units
- **Marquette County Habitat for Humanity**, Marquette, MI, 5 units
- **YouthBuild McLean County (YBMC)**, Bloomington, IL, 9 units
- **Telamon Corporation, Inc.**, Martinsburg, WV, 5 units

HAC received 41 SHOP 2008 applications totaling over \$10 million to support the production of 732 units. The U.S. Department of Housing and Urban Development (HUD) awarded HAC \$6.03 million under this funding round to support the development of 402 units, resulting in significant competition for these funds.

In total, HAC partnered with 31 organizations, provided \$8.6 million in total funding (\$6.7 in SHOP, 1.9 in other funds), to build a total of 451 homes.

## How to Improve Non-Profits Cash Flow



As with profit businesses, non-profits can have a great deal of money on paper, while suffering from shortages of actual cash. Solving this problem involves increasing income and/or decreasing or slowing down expenditures without depleting reserves. Here are some suggestions that might help your organization with cash flow.

- **Start by doing a monthly cash-flow analysis.** Prepare monthly cash flow projections by line item then compare actual expenditures to what was budgeted. Analyze any differences to understand the causes and to identify and solve recurring problems.
- **Explore ways to save on personnel costs.** This is usually not a popular approach since no one wants to eliminate positions. Look at positions that can be reduced to part-time or consolidated without harming the operation. Look for functions within the organization that are no longer needed or ones that could be performed less expensively by outside contractors. Consider shortening the work week or
- work day, saving on personnel and utility costs. Using normal attrition over time, rather than laying off employees, will also reduce staff while helping to maintain morale and staff loyalty.
- **Look closely at your equipment and supply costs.** Get several cost estimates and, if possible, do joint purchasing with other non-profits or through cooperatives to increase your purchasing discounts. Buy government surplus property at significant savings if it is available in your area and if your organization qualifies. Ask suppliers for discount terms, then establish purchasing policies and a payment system that will let you qualify for those discounts.
- **Examine employee benefit expenses.** Where appropriate, consider using temporary or part-time employees whose benefits cost less. Remember that reducing benefits for existing employees can affect morale, productivity, and turnover. If you must reduce the employer's share of benefit costs by having employees contribute more or part of the cost, consider establishing a

Cafeteria Plan, a flexible spending plan that can offer tax benefits to both the employer and employees.

- **Take a close look at space costs and rental obligations.** Explore ways to reduce current space needs and/or the number of office locations without harming operations.
- **Review telephone, postage, and other communication costs.** Have competing long distance companies analyze your usage and submit detailed written estimates. When facing a rigid deadline, consider sending a fax instead of using next-day delivery. Take advantage of today's technology by using e-mails or teleconferencing instead of long-distance calls and travel. Use Skype to place calls via the web as well as teleconferencing. Go to [skype.com/business/](http://skype.com/business/) to try for free!

In addition to these suggestions, solicit input from the employees, they too may have some good ideas. Take a good look at your financial picture. Can you enhance the organization's cash flow? If so, identify the needed changes and take action!

## 2010 USDA Budget

President Obama released his first budget overview for 2010 in late February. The release came as a summary, with the final numbers not being released until April.

No details have been made available about USDA's housing programs, but HUD programs include \$4.5 billion for CDBG, a first ever \$1

billion for the National Housing Trust Fund, increased funding for Housing Choice Vouchers and Project-Based Rental Assistance, a new energy innovation fund, and a New Choice Neighborhoods Initiative. The budget outline proposes reforming, but not eliminating, the HUD Rural Housing and Economic Development program.

**As of April 1, USDA Rural Development is increasing their interest rate from 4% to 4.625%.**

## Changing of the Guard – Vilsack named USDA Secretary



Tom Vilsack was sworn in as the 30<sup>th</sup> Secretary of the U.S. Department of Agriculture (USDA) on January 21, 2009. Appointed by President Barack Obama, Vilsack received unanimous support for his confirmation by the U.S. Senate.

Secretary Vilsack has served in the public sector at nearly every level of government, beginning as mayor of Mt. Pleasant, Iowa in 1987, and then as state senator in 1992. In 1998, he was the first Democrat elected Governor of Iowa in more than 30 years, an office he held for two terms.

Vilsack was a leader among his colleagues. In addition to serving on the National Governors Association Executive Committee, he also served as chair of the Governors Ethanol Coalition, chair of the Democratic Governors Association, and founding member and chair of the Governors Biotechnology Partnership. During his tenure as Governor, Tom Vilsack initiated a comprehensive effort to increase economic opportunity and create good-paying jobs. He started Vision Iowa, a program to invest in cultural and recreational infrastructure throughout the state. A combination of venture capital initiatives created an entrepreneurial environment for innovation. The Iowa Values Fund provided an economic growth strategy focused on creating and retaining jobs in targeted sectors including life sciences, financial services, and advanced manufacturing. Each of these initiatives created under Vil-

sack's administration contributed to the rebuilding of local economies in small towns and rural communities across the state.

Throughout his public service, Tom Vilsack has pursued an agenda dedicated to the principles of opportunity, responsibility, and security. He is recognized as an innovator on children's issues and education, economic and healthcare policy, and efforts to make government more efficient and accessible.

A native of Pittsburgh, Pennsylvania, Vilsack received a bachelor's degree from Hamilton College in Clinton, New York, in 1972 and earned his law degree from Albany Law School in 1975. He moved to Mt. Pleasant – his wife, Christie's, hometown – where he practiced law. The Vilsacks have two adult sons and a daughter-in-law.

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## Dallas Tonsager to Take Over Rural Development



In mid-March, President Barack Obama announced his intention to nominate Dallas P. Tonsager to

be Under Secretary of Agriculture for Rural Development.

"Dallas Tonsager is well aware of the challenges and opportunities in rural America. He has dedicated his life to enhancing the success and

improving the lives of farmers, ranchers and those living in rural areas," said Secretary Vilsack.

Tonsager currently serves as a board member of the Farm Credit Administration (FCA), a position to which he was appointed in 2004. He also is a member of the Board of Directors of the Farm Credit System Insurance Corporation. Prior to his appointment to the FCA, he was Executive Director of the South Dakota Value-Added Agriculture Development Center, where he coordinated initiatives to better serve producers who developed value-added agricultural projects.

Tonsager was appointed by President Clinton as the South Dakota State Rural Development Director in 1993 and was named one of two outstanding state directors by USDA in 1999. In partnership with his brother, he owns Plainview Farm in Oldham, S.D., a family operation that includes corn, soybeans, wheat and hay. He is a graduate of South Dakota State University. He and his wife, Sharon, have two sons.



### Area Loan Limits

As of March 1, 2009, USDA has finalized and published new area loan limits. To determine the loan limits for your location, visit <http://www.rurdev.usda.gov/rhs/sfh/RHS%20Area%20Loan%20Limits.htm>.



NCALL has cautioned of incompatibility issues with Vista and SHARES. A fix has now been created for this problem!

The problem lies in the fact that the Jlnitiator plug-in that is currently available on the SHARES web site does not support Windows Vista on a typical installation. The solution is simple; just replace a small file. Once the file is replaced, the compatibility issue will be resolved.

Please contact NCALL's Meghan Fitzgerald by email at [mfitzgerald@ncall.org](mailto:mfitzgerald@ncall.org) for step-by-step instructions on how to install the repair.

### Congratulations on #17!

Congratulations Southeastern Wisconsin Housing Corporation of Racine County. In March, their 17th grant was approved to build 25 homes in Racine, Kenosha, Walworth and Rock Counties.

### NRSHHA Notes

The National Rural Self-Help Housing Association was founded in 1988 to increase opportunity, to share information, training, problem solving, and any other activity for the mutual benefit of its members. Now is a good time to team up with other grantees to solve the issues of the day.



Time to pay to the NRSHHA annual dues. The cost increased this year for the first time in 20 years. They now range from \$200 to \$750, depending on the amount of the grant that your organization receives. Refer to the recent e-mail that NRSHHA sent out to ensure you pay the correct amount.

Contact [NRSHHA@selfhelphousing.us](mailto:NRSHHA@selfhelphousing.us) with any questions.

Additionally, the NRSHHA is currently conducting a survey. They sent the survey out by e-mail in late February. They will be compiling the data to study certain trends in the industry. Please complete the survey, if you have not already, and return it as soon as possible.

*NCALL recently published several new training guides on our website. Visit [www.ncall.org](http://www.ncall.org) to view or download our new manuals and PowerPoints:*

- *Recruiting & Marketing Best Practices Guide*
- *Preconstruction Meetings Manual*
- *Leveraging Guide for Mutual Self-Help Housing Grantees*
- *Construction Supervisor Best Practices PowerPoint*

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