

Self-Helper

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Let Your Thoughts Be Heard!

In the February 2nd Federal Register, the new administration published their Request for Information and their Notice of Intent to hold public forums regarding the Section 523 Mutual Self-Help Housing Program. ([Click here to view the forum schedule.](#)) Four locations within Region III, OH, VT, IA & DC, have been selected to host these meetings. NCALL strongly encourages grantees to attend one of the sessions, preferably one within Region III and closest to you. This may be the Washington, DC location for some.

At these forums Rural Development will solicit feedback and information on the current methods of delivering the self-help program for review. [Click here to link directly to the questions.](#) For those unable to attend a session, instructions for receipt of written comments are provided.

The administration genuinely wants to receive comments and ideas on how to make the program work for the grantees and the participants. This is an opportunity for you to have a positive impact on self-help housing and to help make the program work for you. Attend prepared to make substantive comments on program regulations and issues. Typically, comments are being limited to three minutes each, so preparing your thoughts are key. The proposed regulations could be implemented if no major issues or solutions are brought forth during this time of comment.

The [proposed regulations](#) included such issues as going to a NOFA process for grant approval and doing away with predevelopment grants. Prior to attending one of these meetings, reread the proposed regulations and meet with your staff to discuss what programmatic changes could be made to make it operate more smoothly in your area.

See [our website](#) for the comments NCALL made on July 13, 2007 regarding the proposed regulations.



Providing extensive, quality services for self-help housing

Remember "Who Moved My Cheese?" - Energy Efficiency, Green Building & Job Creation Could Be the New "Cheese"



Who Moved My Cheese? by Dr. Spencer Johnson is the story of four characters living in a "maze" who face unexpected change when they discover their "cheese" has disappeared.

This story reveals truths to organizations dealing with change. We each live in a "maze." As individuals and self-help organizations, we look for the things to help us improve... the "cheese."

One character eventually succeeds and even prospers from the change in his "maze," and shares what he has learned along the way by writing his personal discoveries on the maze walls, the "handwriting on the wall." Likewise, when self-help organizations see the "writing on the wall," many are invited to enjoy less stress and more success by learning to deal with the inevitable change.

So, what might the "cheese" be in today's mutual self-help housing?

The current Administration talks about priorities for Alternative

Energy and Job Creation. Can we tie these priorities into our self-help housing programs?

A strong argument could be made that the "cheese" has moved to building energy-rated homes by using affordable energy efficient and green techniques. Many of you are already building energy-rated homes that are reducing utility costs for homeowners. Another item to consider, Rural Development allows ratio stretches if energy-rated homes are being built. Energy appliances are also providing tax credits for the homeowners. Building energy rated homes is opening up additional grant or soft second financing from communities, counties or state housing agencies. Using affordable energy efficient and green building techniques can highlight your organization as a leader in the community and be looked favorably on by USDA/Rural Development.

As mentioned earlier, Job Creation could also be the new "cheese." It is a story that is heard fairly often among our programs...a participating family joins a self-help program and is later using their new skills to get a better job in the construction field or coming to

work for the nonprofit itself. In addition to that "Job Creation" connection, there is the fact that self-help mortgage funds that turn over 5-7 times in the community. This means that just one self-help loan of \$130,000 can create \$600,000-900,000 of economic development and jobs in the community. Jobs that retain employees, add more work for subcontractors, area suppliers, closing agents, title companies, architects, appraisers, building departments, and so-on greatly benefits the local economy.

NCALL encourages you to not only look for this new "cheese," but to showcase it as well. The more positive press related to these issues the better. In the long run, it may help show off your agency and bring much needed extra funds into the program.

NCALL first did a "Cheese" article in the Winter 2006/2007 edition of the Self-Helper. [You can reread that article, "Raising the Bar while Raising Roofs," by clicking here.](#)

Welcome New State Director

Since the last newsletter, the Obama administration has announced the last new State Directors in Region III.

VERMONT & NEW HAMPSHIRE - Molly Lambert has served as the President of the Vermont Captive Insurance Association and as Vermont's Secretary of Commerce and Community Development. She also sought

to improve local business in her role as Executive Director of Church Street Marketplace in Burlington, Vermont.

We welcome Ms. Lambert and look forward to meeting and working with her in the future.

If a Picture Paints 1,000 Words, What are Your Photos Saying?

Photos are an important part of marketing and recruiting participants for our Mutual Self-Help Housing Programs. Photos tell a story. What story are you telling with the photos you use in your recruitment ads and flyers?

Frequently we see photos like the ones to the right —construction pictures. Family labor is certainly an important part of the program, but it might not be the first image you want prospective participants to see. Instead of encouraging families to look into the program more, these images might scare them off.

Then there is also the very popular, put-the-family-on -the-porch-and -stand-in-the-street photo. The goal seems to be to try to include both the family and the entire house. This is not possible and leaves the home and the family looking too far away to be interesting or intriguing.

Some marketing focuses on the completed home. When taking this photo, ensure that the weather is pleasant and sunny that day and wait until the landscaping has matured a bit. This will help to make the homes look as desirable as possible.

NCALL recommends that in the initial marketing attempts, grantees try to stir up the emotions of their prospective participants. Try to inspire or move them to contact you for more information. One method that may help accomplish this is to include photos with past participants. Bring the family out away from the house and zoom up on them. The home will be seen in the background. Photos showing ecstatic families and stories or quotes from them may be considerably more effective than ones showing them working.

Keep in mind—at this stage you are just trying to get calls coming in. Detailed program information will still be given. But the volume of calls and response to ads is sure to increase if you focus on the positives at the start.



NOT GOOD



BETTER



BEST

SHOP to Help with Declining Land Values?

As non-profit, tax-exempt corporations, self-help housing organizations do not have at their disposal the same remedies available as for-profit builders, and must absorb losses caused by the impact of the recession on land values. Many organizations cannot afford to take on such losses and therefore cannot use this prepared land in development. As such, Self-Help is losing families seeking an opportunity to gain home-ownership. It also causes a loss to the local economy for builders and suppliers working with the program.

A group of housing organizations, led by the National Rural Housing Coalition (NRHC), are talking to legislators regarding an additional appropriation of \$50 million in the Self-Help Opportunity Program (SHOP), to be used for the purpose

of providing assistance (including refinancing of existing sites) in order to facilitate affordable housing construction in communities in which existing self-help housing programs have encountered a significant decline in land values. They determined that a targeted appropriation of \$50 million would yield some \$300 million in mortgage financing, create over 3000 jobs and construct 1400+ units of affordable housing.

In February, housing organizations were seeking a supplemental appropriation in the jobs bill for SHOP. The Senate passed its version of the Jobs Bill, and did not include additional SHOP funding. Further measures are planned by NRHC, including a push to put the additional funding into the 2011 Appropriations Bill. See www.ruralhousingcoalition.org.

SHOP Update

For the first time since the late 1990s, the FY 2011 budget proposes to eliminate SHOP funding. HAC is organizing a call among current SHOP intermediaries to discuss a strategy for keeping the program funded. It is possible that the House and Senate will move to restore SHOP funding, but they need to hear from you. Stay tuned for more information from HAC or visit them at www.ruralhome.org!

Please Note: The National Rural Housing Coalition (NRHC) has recently published their new website. It also has a new address. You can now visit them at www.ruralhousingcoalition.org.

Impact Fee Waivers May Help Improve Affordability



An impact fee is a charge assessed by a community on new development projects. They are designed to generate funds to pay for the increased services or to build public facilities necessitated by the growth of new construction projects. Impact fees are paid only once at the issuance of the building permit, and the cost can vary greatly by location. In most states, the use of impact fees is authorized under state law. The state law enables communities to enact locally-determined impact fees on developments occurring within their community.

Any implementation of impact fees

or use of the impact fee revenues must then fully comply with the intent of the state law. The impact fees should serve to at least partially provide funds necessary to support the increased demands for services and infrastructure.

To help maintain housing affordability and stimulate development in targeted areas, some communities provide impact fee reductions for qualifying projects, or in some cases will waive fees altogether. A case could be made for fee reductions or waivers for very affordable housing projects. Some states require that the waived fees be replaced with funding from another source. This

replacement requirement helps to ensure that communities have sufficient funds available to them to meet their growing infrastructure and public service needs, if impact fee revenue is reduced or waived. While some communities use federal CDBG funds or funds from a local housing trust fund to fill this gap, other jurisdictions have come up with more creative strategies like forgivable or no interest loans.

If these fees are high in your area, affecting affordability, or you think it would be in the project's best interest to get these fees waived, talk to your local building authority.

Are High Real Estate Taxes Hurting Your Homeowners?



YouthBuild McLean County (YBMC), Bloomington, IL is building self-help homes in Carlock, IL. About 18

months ago assessments were so high that taxes were calculated to be \$4,600 per year. This was causing serious alarm for the self-help homeowners, YBMC and RD.

Through combined efforts of the YBMC staff; the RD State Director; RH Program Director; and the McLean County Assessor, assessments were able to be lowered without affecting the value

of the homes. This allowed real estate taxes to be reduced considerably, and was a celebrated change for the homeowners!

Real estate taxes are again creeping up, and YBMC is in contact with the McLean County Assessor once again to see what options are available to minimize taxes for the new homeowners, without reducing market values in the subdivision.

Is this an issue in your area? If your organization has found other creative ways to reduce taxes, contact jlordan@ncall.org. We will continue to share what has worked!

Self-Help Partnering Webinar

NCALL plans to begin offering at least quarterly webinars. These webinars will be another method NCALL will use to offer the grantees in Region III with the highest level of training possible. Our first webinar will be held on April 28, 2010 at 10:00 a.m. EDT. The topic we have chosen to kick off this new series is Partnering.

Referred to as a return to the “old way” of doing business... of putting the “handshake” back into the process... partnering promises to dramatically change the course of how people do business now and in the future. It embraces the concept of honor, integrity and working together in ways which allow more to be accomplished by two or more individuals, than each person or group of people working separately in order to complete difficult and challenging projects.

The Self-Help Partnering Process emphasizes four cornerstones: **Communication, Teamwork, Conflict Resolution, and Commitment** between all the parties involved. Those parties are Rural Development, the Self-Help Grantee, families, and the Technical & Management Assistance Provider

We invite you to get involved in this interactive webinar, as we explore each one of these cornerstones throughout the construction process. We believe you will find that the Partnering Process teaches us how to effectively work together towards achieving common goals.

NRSHHA – Now is the Time to Join!

There are a lot of changes afoot in the Mutual Self-Help Housing Program. With the economy, changes in appropriations, regulations and the administration, it seems like a great time to come together. The National Rural Self-Help Housing Association (NRSHHA) is a great way to join with your fellow grantees.

At the November meeting, this group not only discussed important issues facing the program, but elected new steering committee members. The new members from Region III are Russell Huxtable, MHDC, Delaware (President) and Patty Griffiths, Community Action Commission of Fayette County,

Ohio. Please contact these members at rhuxtable@milfordhousing.com or pgriffiths@midohio.twcbc.com if you have additional questions.

Regional Conference Call Planned

NCALL will be hosting another regional conference call on May 11th to discuss green building techniques. Please attend and be prepared to share your current strategies and methods. More information will be coming out on this call later in April.

1st Self-Help Purchase/Repair Program in our Region!!



Southeastern Wisconsin Housing Corporation of Racine County (SEWHC), Wisconsin has just received Rural Development approval to modify their current grant to include a Purchase/Repair element. This modified grant is to complete 15 new homes and 15 purchase/repair homes. This will be the first Purchase/Repair grant in NCALL's region since the early 1990's.

This is a possibility that NCALL has been examining for grantees given the difficult economic climate for new construction. Prior to this approval there were no Purchase/Repair grantees in our region and only a few in the country.

This is the scenario that worked for SEWHC:

Background and Feasibility -

Marketing/Recruiting for prospective participants in the mutual self-help housing program is a growing challenge. SEWHC is in a high-cost area. The area economy has been weaker from 2008 until now, primarily due to auto worker job reduction. Most of these employees were above the low income level. Real estate taxes are at the \$3500 per year level for new self-help homes. Area incomes for many VLI and LI have not kept up with the income necessary to meet underwriting requirements. SEWHC has been producing new construction self-help since 1970. Participants can be found, but putting groups together in a timely manner to match the production schedule has become extremely difficult.

They have steadily reduced the number of homes (and staff in the current grant) over recent Section 523 Grants, due to the overwhelming time and effort needed to find eligible applicants at the \$155,000 level. In their area, only 1 in 20-25 prequal clients may be mortgage-ready at the \$155,000 level. So, to complete 25 new homes, 500-625 clients would need to be contacted, and go through the prequal process.

U.S. Census Bureau data for their county shows that population increased 9.5% from mid-2000 to mid-2008 vs. 4.9% for WI. The homeownership rate is 69.1% vs. 68.4% for WI. The median value of owner-occupied units is \$128,400 vs. \$112,200 for WI. The median household income is \$54,084 vs. \$50,567 for WI, with their other three counties reflecting similar data. This data shows that this area is a higher cost area and helped make this program appropriate for the area.

Also of note is the repayment income needed at mortgage levels from \$110,000 to \$170,000 with \$26,000 being the minimum repayment income. 171 listings were found thru the MLS for homes under \$125,000 in their four county area.

Need - SEWHC was able to prove that a purchase/repair program could be very effective in their area as evidenced by the number of quality, lower-cost existing homes on the market. This includes listings of previous self-help borrowers, other 502 borrowers, foreclosed properties,

and short-sale possibilities. The much lower mortgage amounts needed vs. mortgage amounts needed for new construction will benefit more VLI and LI prospective participants.

Planned Repairs: Each home will be inspected on an individual basis with repairs that will vary. They plan to seek homes built after January 1, 1978 (to avoid lead based paint issues), that are structurally sound, but need improvements, that may include energy-rated furnace, duct cleaning and wrapping, electrical, plumbing, energy-rated water heater, sinks and faucets, roof replacement, exterior and/or interior paint, floor covering, windows, insulation and fill dirt.

Their research shows that the average existing home purchase "as-is" will be approximately \$120,000. Some quality homes may be purchased for \$85-90,000, and some may be in the \$150,000 range. (If a client qualifies for that much, they intend to discuss new construction with them first.) Average repairs will be in the \$10,000 range and some, if not all improvements would be energy related. The homeowner will contribute a minimum of 125-150 hours of family labor and the Construction Manager will work with each homeowner one-on-one.

This is one example of how and why purchase repair is right for SEWHC and may be right for other areas of the region. We will keep you posted on this grant's progress!

YBMC - A Building Green Leader using RHED Grant Funds

YouthBuild McClean County, a mutual self-help housing grantee in Illinois, recently made great strides in becoming an affordable, green building leader. They received a HUD Rural Housing and Economic Development (RHED) grant in the amount of \$180,000 to help expand their affordable green building practices.

Two of the central themes YouthBuild McClean County values in constructing homes is creating a high quality home and making sure that the home is affordable for the owner. In remaining true to this theme, YouthBuild is now able to offer homeowners additional funding from a \$180,000 RHED grant they received. As the grantee, they will be able to purchase energy efficient/green products for homeowners.

The participating families will earn credit towards energy efficient and/or environmentally friendly products, as they accrue work hours on the self-help homes. One item purchased for eligible families will be a solar hot water system. They bid many green items including photovoltaic, radiant floor heating, and Solar thermal systems. YouthBuild wanted to purchase an item that was cost effective, low maintenance, had a good warranty, and gave the highest return on investment. After thorough research and deliberation, Solergy

was chosen to install solar hot water systems.

As the homeowners will not be purchasing the solar hot water systems from their loan funds, they will see an immediate return and have the potential to gain up to 60-80% savings on their domestic hot water energy costs. Additional RHED funds will go towards bamboo flooring, fiber cement siding, icynene insulation or other items previously budgeted in their loans that are energy efficient and/or use environmentally friendly materials.

Recently, Solergy conducted a training for the homeowners on how to operate and maintain their solar hot water system. There is a 10 year warranty on the panels, 6 year warranty on the tank, and a 3 year warranty with the installer. Families not interested in this system can of course elect not to have it.

This is a very exciting opportunity for the homeowners that will further lower their utility cost, and allow those eligible to have more money going back towards their loan after the build process. The RHED funds received are another way YouthBuild is working to increase the affordability for the homeowner, and to create a healthier more sustainable home.

This is a great demonstration to see how green systems can be affordably incorporated. Way to go YouthBuild! Thanks for sharing your news and this great idea with us!!

Save the Date!!

The Housing Assistance Council has begun preparing for their National Rural Housing Conference 2010! Plan to join rural housers from around the country in Washington, DC, December 1-3, 2010! See www.ruralhome.org for more information.

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