

Self-Helper

Spring 2014
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A Reason to Celebrate



Looking for a reason to celebrate? Amid the frustration of potential funding cuts, the difficulty of finding families, and the problem of keeping participants motivated...we all need a reason to celebrate. It just so happens that the celebration in itself may help with the problems you are experiencing.

Homeownership Month is coming; June will be here soon! Use this time to take a stand, reach out to the public, hold events, talk to congressional and local leaders. There is no better time than now to shine a spotlight on why this program is so important to communities and to the families that participate. Need an idea? Hold an Open House, a Work Day, a Public Meeting, or a *Why We Need Better Housing* Tour. Spread the word by getting articles or notices in the newspaper, on the radio or use your Facebook page to promote your event. Invite your current and past participants, government leaders, nonprofit and for-profit partners, donors and staff.

Point out interesting facts about the program: According to the National Rural Housing Coalition (NRHC), 1) Nationwide the average sweat equity earned is \$25,006; 2) Over half of the participants in self-help are minority households, a population that typically faces barriers to affordable homeownership; 3) The Self-Help Housing Program is cost effective and creates jobs. Every 100 homes built under this program creates 324 jobs, \$21.1 million in local income and \$2.2 million in tax revenue; 4) The proposed budget cuts will reduce the program 74% since 2010. 5) In the 60 year history of the Section 502 direct loan, more than 2.1 million families have become homeowners, building their wealth by more than \$40 billion; 6) Section 502 is the most cost effective federal housing program. On average, each loan costs only \$3,000 over its entire lifetime.

Very likely these events will boost the spirits of your participating families, staff and supporters, as well as potentially encouraging additional funding!



Providing comprehensive, quality services for self-help housing

FY '14 & '15 Appropriations

For the first time since 2008, Congress agreed on and passed a budget in January for the current FY 2014. The specific numbers by program are in the table below.

According to the National Rural Housing Coalition, the Congressional mid-December budget agreement set top line discretionary spending at \$1.012

trillion and eliminated the sequesters in 2014 and 2015. They will return in 2016 unless something changes.

The budget for the upcoming FY 2015 was also released in early March. Although many USDA programs were kept at level spending amounts, there were severe cuts to both the 502 Direct

Loan Program and the 523 Mutual Self-Help Housing Program, among others. The National Rural Housing Coalition is working to increase funding to levels similar to the current fiscal year. The deadline to get Reps to sign onto the House letter was March 28th, the Senate letter deadline is April 2nd.

| USDA Rural Development Program (dollars in millions) | FY 13 Final* | FY 14 Final | FY 15 Administration Request |
|---|-----------------|----------------|---------------------------------|
| Loans | | | |
| 502 Single Fam. Direct | \$900 | \$900 | \$360** |
| 502 Single Family Guar. | 24,000 | 24,000 | 24,000 |
| 504 Very Low-Inc. Repair | 28 | 26.28 | 26.28 |
| 514 Farm Labor Hsg. | 25.9 | 23.8 | 23.9 |
| 515 Rental Hsg. Direct | 31.3 | 28.4 | 28.4 |
| 538 Rental Hsg. Guar. | 150 | 150 | 150 |
| Community Facility Loans | 2,200 | 2,200 | 2,200 |
| Grants & Payments | | | |
| 504 Very Low-Inc. Repair | 34 | 29.5 | 28.2 |
| 516 Farm Labor Hsg. | 8.84 | 8.336 | 8.3 |
| 523 Self-Help TA | 30 | 25 | 10 |
| 533 Hsg. Prsrv. Grants | 3.6 | 3.54 | 0 |
| 521 Rental Assistance | 907 | 1,110 | 1,089 |
| RCDI | 6.12 | 5.97 | 4*** |
| HUD Program (dollars in millions) | FY 13 Final* | FY 14 Final | FY 15 Administration Request |
| HUD Programs | | | |
| CDBG | \$2,948 | \$3,3030 | \$2,800 |
| HOME | 1,000 | 1,000 | 950 |
| SHOP | 13.5 | 10 | **** |
| Housing Counseling | 45 | 45 | 60 |
| Housing Trust Fund | 0 | 0 | 1,000 |
| Choice Neighborhood Initiative | 0 | 120 | 150 |

* Figures shown do not include the 5% sequester or 2.5% across the board cuts.

** This does not include any reserve at the National office for Self-Help Housing loans. (The last 2 years this was \$5 million.)

*** Limited to tribal colleges.

**** Funded \$10 million as a set aside under the HOME program.

The Rural Definition Resolution



For the last year or so, the *Self-Helper* has been reporting on

an issue which could effect many self-help programs nationwide: the rural area definition issue. NCALL is pleased to announce that the issue has been resolved favorably!

In January, the House and Senate signed the 2014 Farm Bill. The final bill includes language extending the eligibility for USDA rural housing programs of places where population is growing. Communities

that were eligible based on 1990, 2000, or 2010 decennial census data will continue to be “grandfathered in” – that is, they will remain eligible areas until receipt of the 2020 census data or until their populations reach 35,000. In addition, about two dozen places that have been designated eligible under some provision of law will also remain eligible until the 2020 census or their populations reach 35,000.

Any areas that were to become ineligible when the grandfather clause ran out will continue to be eligible until their population

exceeds 35,000. Communities that had previously become ineligible over the last 30+ years will be eligible starting May 6, 2014. This date has been provided by Rural Development as the date when these areas will resume their eligibility, as long as their populations have not gone over 35,000 and they are still rural in character.

This issue is resolved now through the receipt of the 2020 census data, which is expected in the year 2022. At this time the issue will need to be addressed again.

New Housing Wage Report Released

Looking for new statistics to make your case for affordable housing? In late March, the National Low-Income Housing Coalition released its annual [Out of Reach](#) report. This report calculates the Housing Wage, the wage a person would have to earn to afford a two-bedroom, market-rate apartment, for each state and all metropolitan areas. The report also includes an average housing wage for rural communities in each state and in the country as a whole.

According to *Out of Reach*, there is not a state in the country in which a minimum wage worker can afford to rent a one- or two-bedroom apartment at Fair Market Rent. For the country as a whole, the 2014 two-bedroom Housing Wage is \$18.92, more than double the federal minimum wage. This problem extends to nonmetropolitan communities as well, where the mean living wage for nonmetropolitan America is \$13.24, which exceeds the nonmetropolitan renter wage (\$10.24) by \$3.

New Income Limits Published

The 2014 Income Limits for the Single Family Direct Loan Program were published in February. View the new limits at <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do?pageAction=pageLoad&requestInfo=DirectIncomeLimits&NavKey=incomelimit@11>.

Self-Help Program Prepping to Hit Major Milestone



Next year, in the Spring of 2015, the Self-Help Program will hit two major milestones! The program will hit its 50th anniversary and 50,000 homes built. This is a really big deal and we are excited to be able to celebrate this with our grantees. The NRHC and the Self-Help Housing Directors Association are going to be helping to plan some big events!

We can't wait!

Best Practices in Sustainability



When purchasing copy paper and office furniture or choosing a commercial printer for your organization's letterhead and

marketing materials, **always** look for the [FSC](#) (Forest Stewardship Council) certification label/logo. The FSC label signifies that a product is manufactured using only wood and paper from independently certified sustainable forests.

But Why should this matter to me?

- Deforestation and forest destruction is the second leading cause of carbon pollution, causing 20% of total greenhouse gas emissions.
- By creating demand for products from responsibly managed forests, FSC certification helps protect forests for future generations.

More than 40,000 American family forest owners are now FSC certified. When you purchase products with the FSC logo, you are saying to the landowner, "thank you for taking care of your forest."

- Forests are home to nearly half of the world's species, including some of the most endangered birds and mammals, such as orangutans, gorillas, pandas, and Northern Spotted Owls.

Should I also look for the FSC label when purchasing building construction materials?

- Absolutely! Most Green Building Certification Programs give a preference for housing that uses FSC certified products.
- Many government funding agencies award points for projects that use FSC certified products.

- The costs associated with many FSC certified products are becoming more competitive with conventional products.

As people continue to become more aware of the importance and advantage of using sustainable materials, they are realizing that these products are not only good for the environment, but can save them money in the long run through lower heating bills and healthier air quality.

Affordable Technology for Nonprofits

Did you know that by becoming a member of [TechSoup](#), nonprofits qualify to receive donated or discounted software, services and technology from top brands, such as Microsoft, Adobe, Intuit, and Cisco? Additionally, donations from more than 50 TechSoup donor partners are available.

It's rather easy to join, simply follow these steps:

1. Sign up
2. Check donation [eligibility](#)
3. Register your organization

Once your organization becomes a member, you can browse over 450 products from eligible program and request a donation. TechSoup is not an outlet or retailer, so your request will not be approved immediately. Although it may take a day or two to receive a notification of approval, the benefit of obtaining software at a heavily discounted price is worth the wait.

Annual Statistics

Regional—NCALL has compiled the annual statistics for Region III in FY 2013. Seventy-seven 502 Direct loans closed and the region served 44% VLI participants. The average loan amount was \$126,027 with equity averaging \$25,758 per home. The region was responsible for leveraging \$9,047,906 in 502 loans and \$656,153 in other funding.

Nationwide—Forty-five 523 grants were obligated in FY13 for a total of \$25.6 million, leaving \$2.6 million in carryover. The carryover funds will be added to the FY14 obligation. The total \$900 million in 502 direct funding was obligated (the entire federal budget) with 41% of that being for VLI. NCALL is unsure how much was used specifically for Self-Help Housing loans.

Whitehouse “Green Mortgage Appraisal Roundtable”

NCALL wanted to follow up on an article that was in the last newsletter on appraisals for energy efficient housing. The article focused on what was happening within our region to help encourage appraisers to see value in the “green” products and energy efficiency. In mid-March, the Whitehouse partnered with HUD to host a Green Mortgage Appraisal Roundtable with national leaders from the lending, realtor, homebuilding and appraisal industries.

The roundtable discussion was an initiative of President Obama’s Climate Action Plan and one step in a series of actions the Administration is taking to accelerate the adoption and use of energy efficient improvements in single-family homes. The event highlighted actions both the Federal government and industry can take to achieve market transformation in this area. A discussion was held regarding the ways that industry leaders can address key challenges when valuing high performance, energy efficient single-family homes and improvements.

For many Americans, this is a key “pocketbook issue.” According to the National Association of Realtors’ Annual Home Buyer/Seller Profile, 87 percent of people surveyed said a home’s heating and cooling costs were “important” or “very important.”

According to the Whitehouse, there has been a substantial increase in interest in energy efficient or green homes – as well as solar energy – in

America. Energy Star Certified Homes now account for as much as a third of all new homes and the number of homes built to such green standards as LEED for Homes, Enterprise Green Communities Criteria, the National Green Building Standard, and regional or local certifications, continues to grow.

With help from the Administration, programs at HUD and the Department of Energy, the industry has been working to meet this rapidly growing demand. Between 2009 and 2012, more than 1.25 million existing homes were upgraded to improve their energy efficiency.

Another plan announced is the expansion of the toolkits of consumers and the housing industry to make sure energy information is being shared. The Department of Energy’s [Home Energy Score](#) offers a “miles per gallon” type rating that can easily be applied to homes across the country. The Federal Housing Authority (FHA) has also made significant progress in updating existing policy for its energy efficient mortgages. These steps include:

- Making it easier to use the FHA PowerSaver program for home energy retrofit loans;
- Updating the FHA energy efficiency policies, including solar and wind technologies, weatherization and the Energy Efficient Mortgage.

The housing industry has also taken key steps to help homeowners

better understand the quality of energy efficient homes. Qualified assessors now score homes on a scale of 1 to 10 and provide recommendations for cost effective efficiency improvements. A growing number of Multiple Listing Services include green data fields and toolkits in their markets. Appraisers are also developing energy efficient appraisal reports, tools, and training that have the potential to catalyze the industry.

Early evidence is showing that these are not only smart investments for long-term cost savings and our environment, but they are also having a “contributory value” for homeowners. A [recent study](#) by the University of North Carolina with IMT showed that loans on Energy Star Certified Homes are a good bet, with foreclosure rates are one-third lower than non- Energy Star homes.

The roundtable was also a forum for assessing the barriers to accurate and reliable valuation of energy efficient or green homes, and identifying actions financial institutions, government agencies, builders, appraisers, and realtors can take to support these efforts. The Administration says it’s working together with the housing industry, to improve the way American’s buy their homes, save middle-class families money, and help preserve our environment.

Ulla Moore Retires



After joining NCALL's Self-Help Housing team in 1993, Ulla Moore is retiring at the end of March.

She has been traveling

throughout NCALL's 21-state region, providing assistance to our grantees for over 20 years. We are sad to see her go, but wish her well!

She is staying on with NCALL in a part-time capacity to assist the financial director with accounting duties.

Ulla's contributions to the self-help team over the past 21 years have been invaluable. We thank her for her endless ability to travel throughout our region and her dedication to the program. Ulla, we wish you all the best!!

Regional Conference Call Planned

NCALL will be hosting another regional conference call on **Thursday, April 24th at 10:00 a.m.** for an open discussion. Please join us and be prepared to share your thoughts and questions. More information will be coming out soon.

NCALL Welcomes Frank Datillo



NCALL is pleased to welcome Frank Datillo to the Self-Help Housing Team. Frank is starting in

April as a Self-Help Housing Specialist. Frank has a construction background and most recently worked in Wilmington, DE as the

Construction Manager at the nonprofit Inter-Neighborhood Foundation. Prior to serving there for many years, Frank had his own construction company.

We are excited for the many skills and construction knowledge that Frank will bring to the grantees in NCALL's region.

Welcome Frank!

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Rural Development Interest Rate

The Rural Development 502 Direct Note Rate dropped to 3.75% for April. Keep this in mind when qualifying applicants!!

