

Self-Helper

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Inside:

| Title | Page |
|---|------|
| NRHC Protests 502 Direct Transfer | 2 |
| SHARES Update | 2 |
| Builder's Risk Coverage | 2 |
| USDA Appropriations Update | 2 |
| CAC of Fayette County Uses Solar Panels | 3 |
| NCALL's Lisa Spellman Newly Certified | 3 |
| SHOP Updates and Timeframe Reminders | 4 |
| Payment II Assistance Plan | 4 |
| National Homeownership Month Activities | 5 |
| Make Sure to Stay Exempt | 6 |
| NCALL Welcomes Grantees | 6 |

Back in Business

It is a pleasure to share that NCALL is back in the Self-Help Technical and Management Assistance (T&MA) business again. After a three month hiatus caused by a "stop work" order, USDA has implemented bridge contracts to enable the T&MA Contractors to provide services on an interim basis. Therefore, NCALL's Self-Help Team, which has been chomping at the bit, began providing services to the 21-state Northeast, Region III June 1st.

The three months were frustrating in several ways. As a mission-driven nonprofit intermediary, NCALL's reason for being is the provision of technical assistance and training. For twenty-five years, the T&MA function has been important to the productivity and integrity of the self-help housing program. Each member of our Self-Help Housing Team has a strong desire to be working with the 523 grantees and Rural Development personnel to assure that "value added" assistance is provided for this unique rural program.

The only change in our services under the bridge contracts is that there is no distinction between prospective and predevelopment grantees because RD is not offering any new predevelopment grants. All of the current prospective organizations we are working with understand that they have to skip the predevelopment stage and submit the Preapplication and Final Application all at once and then wait until there is funding available for new grants. The technical assistance to operating grantees remains the same.

Just in case you forgot, NCALL's Self-Help Team is made up of the following dedicated and experienced people: Sherry DeZwarte as Coordinator; Ulla Moore, Mark Lasocha, and Lisa Spellman as Specialists; and Donald Pierce and Jill Lordan as Contractors. Please call Sherry if you have any questions.

All of us at NCALL look forward to continuing to serve you.



First in Housing Services, Because We Care

NRHC Protests 502 Direct Transfer



In mid-July the National Rural Housing Coalition (NRHC) sent out a letter informing its members that the US Department of Agriculture and the Rural Housing Service were preparing a plan to transfer up to \$12 million in budget authority appropriated for low income home ownership, home repair and farm labor housing to home ownership guarantees

for moderate income households. The NRHC sent a letter to the House of Representatives Committee on Appropriations in protest of this plan.

Information such as this is crucial to Mutual Self-Help Housing Grantees. If your organization is not yet a member of the NRHC, NCALL recommends that you consider joining.

Builder's Risk Coverage



As some of our grantees have discovered recently, not all builder's risk insurance covers theft and vandalism.

This is especially true for items that are not enclosed and/or attached to the house.

Please make sure to review the participants' Builder's Risk coverage to ensure that their insurance would cover them in the event of theft or vandalism. Some policies will include these coverages and some will need additional riders. It just takes a bit of vigilance on the part of the grantee to ensure that the participants are not at risk financially.

SHARES Update

SHARES is a very useful tool for grantees, Rural Development and NCALL. We understand however, that at times it can be confusing and a bit frustrating. Therefore, we have added a new "SHARES Q&A" section to our website for Mutual Self-Help Housing Grantees to assist them with some frequently asked questions. We will be updating this as questions come in. Please email your specialist with any ideas of questions to include here.

On April 7th the responsibility of handling SHARES within USDA Rural Development was transferred to the IT staff in St. Louis. Consequently, all grantee SHARES questions and problems should flow through the T&MA contractors, not to RD. If there is a problem NCALL cannot answer, we will contact the appropriate RD staff and get back to you ASAP.

USDA Appropriations Update

| USDA / RHS Program <i>(dollars in millions)</i> | FY 08 Appropriation | FY 09 Proposed Administration Budget | FY 09 Proposed House Budget | FY 09 Proposed Senate Budget |
|--|---------------------|--------------------------------------|-----------------------------|------------------------------|
| 502 Direct | \$1,129 | 0 | 1,121 | 1,121 |
| 502 Guaranteed | 4,220 | 4,849 | 4,190 | 4,190 |
| 504 Loan | 35 | 18 | 34 | 34 |
| 504 Grants | 30 | 30 | 30 | 29.7 |
| 514 Farm Labor Hsg. Loans | 22 | 0 | 27.5 | 17 |
| 515 Rental Housing | 70 | 0 | 69 | 69.5 |
| 516 Farm Labor Grants | 10 | 0 | 9.9 | 7.5 |
| 521 Rural Rental Asst. | 482.09 | 997 | 1005 | 1005 |
| 523 Self-Help TA | 39 | 0 | 38 | 38 |
| 533 Hsg. Preserv. | 9.9 | 12 | 8.9 | 8.9 |
| 538 Rental Hsg. Guar. | 130 | 300 | 129 | 129 |
| RCDI | 6.3 | 0 | 6.2 | 6.2 |

CAC of Fayette County Uses Solar Panels for Energy Efficiency



Ohio explained the technical aspect of the solar panels. "Fayette County is a leader. Partnering affordable homes with affordable energy is a key to progress and I can see it being replicated across the state," said Greenfield. The solar power will work in harmony with utility power. The homes that have solar panels will get a

E-Star Homes). CAC of Fayette County has refined their house designs to meet E-Star Standards. According to the Ohio Department of Development Office of Energy Efficiency, Arbor Village will be the largest new construction development with renewable energy in the State of Ohio.

Typical installation costs for these solar panels runs about \$17,760 per house. But CAC of Fayette County accessed a state grant of \$7,560 per house and a federal tax credit of \$2,000 per house. The panels, once installed, have a warranty of 25 years, but should have at least a 50 year life span, according to the supplier.

CAC of Fayette County, a self-help housing grantee in Ohio, recently unveiled a new, energy saving program. Residents in their Arbor Village Sub-division celebrated National Homeownership Month with the installation of solar panels on the first of 10 sub-division houses.

Their Housing Director, Patty Griffiths, is excited to be part of this groundbreaking effort. "We will be able to study and compare the utility costs of the solar homes with the non-solar homes to determine whether this makes overall homeownership more affordable in the long run," said Griffiths. "This is also one more step in our efforts towards making our homes more energy efficient and green. I think we will see the real cost savings to the homeowners over the next several years as utility prices rise faster than they have in the past."

Randall Hunt, State Director, USDA/Rural Development, congratulated CAC Fayette County for its many successes. Hunt was especially impressed with the idea of renewable energy being used. "I appreciate this kind of thinking outside the box. This project makes affordable housing more affordable." Hunt said.

Geoff Greenfield of Third Sun Solar and Wind Power Limited of Athens,

portion of their power from the sun. The remaining portion of power will come from the utility grid. The solar homes are built the same and will function the same way as the non-solar homes, but with lower electricity bills since part of the overall kilowatt hour usage of the homes is provided by free solar energy. Twelve 180-watt panels are being installed which should provide each house with 2,160 kwh of power, according to Greenfield. An electric inverter is used to convert direct current power from the solar panel to usable house current. A meter measures current both ways, and the utility generally pays the user a rebate for excess power.

Following the presentations, homeowners flipped the switch on the energy converter and turned on the lights, which were powered by solar energy. The solar power systems were funded in part by a grant from the Ohio Department of Development's Office of Energy Efficiency, as well as the City of Washington C.H.'s low interest loans, and the Ohio Housing Trust Fund.

USDA/Rural Development allows a 2-point ratio stretch for Principal, Interest, Taxes and Insurance; as well as a 2-point ratio stretch on Total Debt for homes that are Energy Rated (or

According to the Department of Energy the average North American home uses 9,206 kwh per year. When the sun is out the system routes any excess power to the power grid. At night, or on overcast days, electricity from the grid is used. Houses using solar power are almost always connected to the local power grid. "The rising cost of energy has more people interested in renewable energy," said Greenfield.

NCALL congratulates CAC of Fayette County for this advancement in energy efficient self-help homes. Way to go Fayette County!!

NCALL's Lisa Spellman Newly Certified

NCALL Self-Help Housing Specialist Lisa Spellman is now a NeighborWorks certified Housing Counselor. This designation came from completing the Homeownership Counseling and Community Lending Professional Certificate Program in February.

NCALL congratulates Lisa and is pleased with the knowledge she can bring to the self-help housing grantees in Region III.

SHOP Updates and Timeframe Reminders



As you are aware, the Housing Assistance Council's (HAC) SHOP 2008 application round closed on June

30th. To those that submitted applications for this round, great job and good luck! As a member of the SHOP Advisory Committee for HAC, we would like to share some information regarding previous SHOP rounds and clarify some potential questions regarding SHOP closeout. Specifically, we would like to address the timeframe in which SHOP money loses its federal character and becomes funds that may be expended for continued affordable housing activities not limited to SHOP eligible purposes.

Since inception of the SHOP program through the 2007 round, HAC has been awarded a total of \$77 million in SHOP funds, which HAC then passes to affiliates to be used for the production of 6,874 units. This brings the total commitments by HAC to \$101,486,243 with current disbursements of \$76,478,408. As a result of development delays and difficulties experienced by some affiliates, HAC, in a few rounds, has not met its HUD unit obligations.

Shortly after the release of the HUD SHOP NOFA, HAC requests SHOP applications from eligible organizations developing self-help housing. HAC bases its proposal to HUD on the total amount of funds and proposed number of units submitted by potential affiliates. Each year, HAC and other regional and consortium organizations compete for the SHOP. Historically, HAC has received approximately 30% of the total SHOP funds available. While waiting for the HUD SHOP award announcement, HAC underwrites all the applications received to determine project feasibility, past per-

formance, and the organization's ability to deliver units by the specified deadline (4 or less units – 2 years; 5 or more units – 3 years). Although past performance is weighed in HAC's underwriting process, HAC is aware that one project is different from another and takes this into the overall consideration of future funding round applications. HAC has developed the strategy of relending the non-forgivable (or repayment) portion of the funds to other eligible applicants in an effort to achieve unit benchmark and production goals. This practice has occasionally resulted in an increase of the total number of units developed for each round.

HAC cannot close out a SHOP program round with HUD until all obligated units are completed and occupied. However, HAC is still able to close out with affiliates provided all the affiliate's committed units are completed and occupied, as well as other requirements satisfied (i.e. required repayments and submission of certificates of occupancy). Prior to closeout, the grant conversion funds (forgivable portion) may only be used for SHOP-eligible activities.

HAC initiates the two-step closeout process that mirrors the HUD closeout process. First, the affiliate receives and completes the Financial Closeout Report, which provides an accounting of all SHOP funds received and expended, the status and number of units developed, a listing of other funds leveraged and the use of earnings, including the forgivable portion. Then, HAC executes the Affiliate Closeout Agreement. This acknowledges that all terms of the grant agreement have been met and, more importantly, releases the SHOP funds from federal restrictions and the funds may be used to continue affordable hous-

ing activities undertaken by the organization.

Occasionally, organizations are unable to meet their committed number of units. HAC understands that this is sometimes a result of many issues that are out of the control of the self-help housing affiliates. However, HAC's obligation to HUD remains the same. In these cases, HAC employs a number of strategies, one of which is to convert the affiliate's SHOP funds to a non-forgivable loan at the prevailing interest rate (currently 5%) and reallocating the SHOP funds to an organization that will deliver the units by the deadline.

As 523 grantees in Region III, we know you strive to complete your SHOP requirements on time. If this becomes impossible for any reason, please inform HAC as soon as you are able. This allows HAC to work with you to offer assistance or, if necessary, take other steps to ensure that all units committed for that round are delivered on time.

Payment II Assistance Plan

USDA Rural Development's rework of the 502 payment assistance plan went into effect this Spring. A worksheet to help determine borrower payment can be found on NCALL's website at www.ncall.org.

So far there have been no problems noted within our region for borrower qualifications. If your organization is experiencing problems with this new method, please contact NCALL at 302-678-9400.

National Homeownership Month Activities

Another busy Homeownership Month has drawn to a close. Many successful events were held throughout NCALL's 21 state region. NCALL staff attended events held by CAC of Fayette County; Interfaith Housing Alliance of PA; Marquette Habitat for Humanity; MHDC; Southeast Wisconsin of Racine County; and Telamon West Virginia. Community Con-

cepts in Maine also held an event but NCALL personnel were regrettably unable to attend due to timing and overlapping travel. All of the grantees did a wonderful job planning and carrying out these events. National Homeownership Month provides Mutual Self-Help Hous-

ing Grantees with a wonderful opportunity to showcase their programs to their towns and communities. Thanks for all of your hard work to help spread the word of this successful program!



Self-help participant Rhonda Fernengel hangs siding on her new home in Shippensburg, PA during Interfaith Housing Alliance of Pennsylvania's Work Day.



Left to right are: Patty Griffiths, Housing Director for the Community Action Commission of Fayette County, Randall Hunt, USDA/Rural Development State Director, Ed Roberts of the office of Ohio Sen. Sherrod Brown and Andre Harper of the office of Ohio Sen. George Voinovich.



Student volunteers enjoy a picnic lunch before returning to work at an event at Community Concepts' self-help project in Maine.

MHDC volunteers work on a foundation at their Build Day in Delaware.



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NCALL is an affiliate of the United Way of Delaware



Make Sure to Stay Exempt

Benefits of 501(c)(3) Status

Being tax exempt under IRS Code section 501(c)(3) provides a number of benefits:

1. Exemption from Federal income tax;
2. Tax-deductible contributions;
3. Possible exemption from state income; sales and employment taxes;
4. Reduced postage rates;
5. Exemption from Federal unemployment tax;
6. Tax-exempt financing.

A tax-exempt organization is a

trust, unincorporated association or a nonprofit corporation.

Do Not Jeopardize the Organization's Exempt Status

Follow these safeguards to maintain an organization's tax exempt status:

1. Must ensure that its earnings do not go to individuals. This is an **absolute**. Any amount will jeopardize the organization's tax exempt status.
2. Must restrict its lobbying activities to an insubstantial part of its total activities.

3. Must **absolutely** refrain from participating in political campaigns of any candidates.
4. Must not operate for the benefit of private interest, such as the founder or the founder's family.
5. Must be operated exclusively for exempt purposes.

Having 501(c)(3) tax exempt status is very beneficial, make sure to maintain all of the rules to keep this standing.

NCALL Welcomes Grantees!!

NCALL wants to welcome the following grantees:

- Kentucky Highlands Community Development Corporation, located in London, Kentucky, plans to build 12 homes in Clinton County, Kentucky over the next two years.
- Community Concepts, Inc., South Paris, ME, 36 homes
- Community Action Commission of Fayette County, Washington Court House, OH, 28 homes
- Southern Maryland Tri County Community Action Committee, Hughesville, MD, 34 homes
- Threshold Housing Development Corporation, Uniontown, PA, 12 homes
- YouthBuild McLean County, Bloomington, IL, 12 homes

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!

In accordance with Federal law and U.S. Department of Agriculture policy, this institution is prohibited from discriminating on the basis of race, color, national origin, sex, age, or disability. (Not all prohibited bases apply to all programs).

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice), or (202) 720-6382 (TDD).

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