



Ideas *That* Work

BUILDING COMMUNITIES THROUGH HOMEOWNERSHIP

PD&R



Office of Policy Development and Research



Ideas That Work

Ideas That Work offers practical advice on how to establish homeownership programs. It draws on the experiences and successes of OUP grantees nationwide who have developed and implemented a variety of programs and initiatives that promote homeownership.

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A faded, blue-tinted photograph of three construction workers in hard hats and work clothes working on a wooden roof. The workers are positioned across the roofline, with one in the foreground on the left and two others further back. The background shows a clear sky and some trees.

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BUILDING COMMUNITIES THROUGH HOMEOWNERSHIP

August 2006

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Introduction

Ideas That Work: Homeownership

An additional 5.5 million minority homeowners by 2010. President Bush, in his effort to promote homeownership at the national level, set this goal in a June 2002 speech at the U.S. Department of Housing and Urban Development. While this goal is ambitious, HUD recognizes that the personal and community benefits reaped from homeownership overshadow any challenges that may stand in the way of achieving this goal.

Homeownership: A National Emphasis With Personal and Community Benefits

Owning a home is more than having a roof over one's head. Homeownership offers a long-term investment that will, hopefully, build wealth over time. A home that promises to increase in value can represent a family's most precious asset. The security that this home provides to low- and moderate-income families can increase their stability, produce better outcomes for children, and help homeowners feel a part of community life.

The benefits of homeownership do not end with the individual. Homeownership also benefits communities in myriad ways. Homeowners who anticipate a return on their housing investment are more likely to maintain

their properties, thereby improving their neighborhoods and surrounding communities. These improvements help to stabilize neighborhoods, which, in turn, are able to access resources to improve schools, support small businesses and churches, and build the capacity of community-based organizations.

National Initiatives That Depend on Local Involvement

To achieve its goal, HUD has devised several strategies. These include:

- Establishing the American Dream Downpayment program.
- Increasing funds for housing counseling.
- Strengthening the Federal Housing Administration mortgage insurance program.
- Fighting housing discrimination and predatory lending practices that victimize both buyers and owners.
- Proposing a Single Family Housing Tax Credit that would encourage housing construction and substantial rehabilitation in low-income neighborhoods.

These national initiatives depend on local involvement and commitment—the same kind of involvement





and commitment that has been exhibited for decades by engaged colleges and universities.

Community Anchors That Can Have a National Impact

Colleges and universities are uniquely positioned to support and encourage homeownership opportunities in the communities in which they belong. Because institutions of higher education (IHEs) have a stake in their neighborhoods' well-being, they understand the necessity of being active participants in the life of those neighborhoods—and they have a great deal to offer.

IHEs are repositories of knowledge and can be used to develop homeownership programs and design the management strategies that will govern day-to-day operations. As community stakeholders, IHEs serve as points of contact with key groups, organizations, and experts who can contribute their unique talents and resources to homeownership initiatives that often require a multifaceted approach due to the multiple activities—such as offering training and financial assistance to prospective homebuyers, building affordable housing, improving the community so families will want to make it their home, and helping existing homeowners maintain their houses and meet their civic and financial obligations—that are being conducted.

HUD understands that IHEs are a valuable resource that can make an equally valuable contribution to homeownership promotion. The Department's Office of University Partnerships (OUP) supports homeownership and other community revitalization initiatives through several grant programs, including Community Outreach Partnership Center (COPC), Historically Black Colleges and Universities (HBCU), Hispanic-Serving Institutions Assisting Communities (HSIAC), Alaska Native/Native Hawaiian Institutions Assisting Communities (AN/NHIAC), the Community Development Work Study Program (CDWSP), Doctoral Dissertation Research Grant (DDRG), and Early Doctoral Student Research Grant (EDSRG).

Ideas That Work

The "Ideas That Work" that fill the following pages are drawn from the experiences and successes of OUP grantees across the country. These grantees have developed and implemented a variety of programs and initiatives that promote homeownership.

Chapter 1 outlines the unique academic resources that IHEs can bring to the process of designing community-based homeownership programs. The grantees described in this chapter are using applied research and university-facilitated community planning efforts to help local partners design and evaluate successful programs.

Chapter 2 describes how IHEs and their community partners can promote homeownership by either actively building affordable housing, marketing community neighborhoods to prospective homeowners, or developing a comprehensive neighborhood revitalization strategy of which homeownership is only a part.

Chapters 3 and 4 focus specifically on services that local partnerships can provide directly to prospective homeowners. *Chapter 3* presents several models for educating local residents about the home-buying process and helping them become mortgage-ready. *Chapter 4* explores the various ways in which local partners can provide prospective homeowners with the financial assistance they may need to complete a sale—including downpayment assistance, individual development accounts, and employer-assisted housing programs.

Chapter 5 presents several unique programs through which OUP grantees support homeownership by training the individuals who will eventually build and finance owner-occupied homes.

While this publication offers many practical ideas, it will not provide all the information needed to design and establish homeownership initiatives. Therefore, a resources section is included at the end of this publication. This list of resources can be used to locate additional information about a variety of homeownership topics.

In addition, the individuals who agreed to be interviewed for this publication have generously agreed to provide their contact information so readers can e-mail or call them with specific questions about particular programs. Readers are urged to take advantage of this opportunity to learn valuable lessons from those who are successfully using university and college resources—as well as HUD support—to improve local neighborhoods by promoting homeownership.



Supporting Affordable Homeownership Through Research and Technical Assistance

Many colleges and universities bring unique academic resources to the process of designing and implementing community-based homeownership programs.

These institutions of higher education (IHEs) are not building affordable housing, training prospective homeowners, or providing low-interest mortgage financing. Instead, they are working behind the scenes to lend their knowledge and experience to pressing community issues that can be addressed, in part, through affordable homeownership. Armed with the knowledge and guidance of their local colleges or universities, neighborhood residents and stakeholders are much better prepared to plan for the future of their communities and to develop and implement strategies that will bring those plans to fruition.

This chapter features three IHEs that support local homeownership initiatives through research and technical assistance:

- **Virginia Polytechnic Institute and State University** in Blacksburg, Virginia—a CDWSP grantee—conducts housing research for the Commonwealth of Virginia and other public and private entities.

Its director identifies four basic homeownership-related research topics that all OUP grantees could pursue on behalf of their communities. See page 2.

- **Mercer University** in Macon, Georgia—a COPC grantee—has helped to lay important groundwork for a major infill housing project that promises to revitalize the city's Beall's Hill neighborhood. The university facilitated an award-winning planning process in the neighborhood and conducted several research studies that have helped to shape the city's approach to the infill project. See page 6.
- Researchers at the **University of Texas at El Paso**, a HSIAC grantee, believe that a home cannot be affordable unless it is energy efficient. The university's Energy Center is applying its research to the local housing market by paying nonprofit developers \$500 in HSIAC funds for every house that they build using the center's energy-efficiency standards. See page 10.



Habitat House, Macon, Georgia, Mercer University



Virginia Polytechnic Institute and State University Blacksburg, Virginia

University Researcher Asks Hard Questions About Homeownership

Ted Koebel, director of the Virginia Center for Housing Research (VCHR), asks tough questions for a living. He makes it a habit to question the assumptions others take for granted. Also, he tries his best to remain objective about the issues he is studying, even when he is directly engaged in those issues as a board member of Community Housing Partners Corporation, a nonprofit community developer serving the southeastern United States.



Dr. Koebel (far right) and students

Koebel, a professor of urban affairs and planning at Virginia Polytechnic Institute and State University in Blacksburg, thinks that other university researchers should do the same.

“When everyone is making the same assumptions and no one is questioning anyone else’s assumptions, it’s a recipe for disaster,” says Koebel. “Researchers cannot get caught up in noble goals, and they cannot afford not to ask the hard questions. One of our missions is to be more objective, to take a step back, and do the 180-degree thinking.”

What topics are most in need of the university researcher’s critical thinking? In the area of homeownership, Koebel suggests several topics, including the following:

Does Homeownership Build Wealth?

Sometimes doing 180-degree thinking means questioning assumptions that are engrained in our thinking and testing what Koebel calls *rival hypotheses* to see if they might better fit the situation. For example, Koebel suggests that researchers should begin their

homeownership-related research by questioning the basic—and sometimes sacred—assumption that homeownership actually helps low-income families build wealth.

“The fact that homeownership builds wealth is a working hypothesis, but there are rival hypotheses,” says Koebel. “The primary rival hypothesis is that homeownership might actually decrease wealth.”

To test this rival hypothesis, the university researcher could study the experiences of new homeowners to determine what circumstances help homeowners succeed in building wealth, and what factors create the opposite effect, says Koebel.

“It could be that we are moving some households into homeownership too soon and at too great a risk,” says Koebel. “Perhaps we could keep these families in affordable rental housing for longer, allow them to build larger savings, and then move them into a homeownership position that would build wealth. Is this a better solution? We won’t know until we test it.”

How Can We Mitigate the Risks of Homeownership?

Every housing researcher should get to know what Koebel calls the *fragile homeowner*. This homeowner “was leveraged to the hilt going into homeownership and now has a 105 percent loan-to-value ratio or higher, and a debt-to-income ratio of 40 percent.”

Koebel estimates that there is a fairly large number of fragile homeowners. He worries about what will happen to these individuals when they hit the inevitable bit of bad financial luck—a sharp spike in energy costs, a 20-percent tax assessment increase, or a home that did not appreciate as expected. How many of these fragile homeowners will face foreclosure? How can they reduce their risk of losing everything?

The applied researcher can play a critical role in answering these questions by identifying the risks that new homeowners face and by offering research-based suggestions for how homeowners might mitigate those risks. For example, researchers might investigate the particular risks faced by families that buy older homes.

“The gaps in information about old housing are enormous,” says Koebel. “What percentage of households buying older housing can anticipate a capital reserve requirement of \$10,000 in the first 5 years just to cover the unexpected? I don’t think we have that knowledge right now. However, this is knowledge we need to have because we are exposing households to those risks.”

What is the Best Way to Market a Homeownership Program?

Market research is a fundamental requirement for any homeownership program, whether a community partner is developing affordable housing, providing financial assistance to homebuyers, or offering homeownership counseling and homeowner education. Community partners need solid information about the potential market before they design any service program, says Koebel. Universities are in a great position to offer that information.

“Very often, a partner only has vague notions—and sometimes just wild dreams—about the volume that it might be able to do,” he says. “So it pays to do some reality checking on what the market is. Is the program focusing on first-time homebuyers? What is the market and what is the income segment that the program is targeting? What are the age characteristics of the market? What are the household characteristics? What are the underserved markets? Generally, a program cannot be all things to all people. University researchers can help their partners figure out what niche or niches the program really should try to serve.”

“Engagement can spark additional inquiry into what is going on, but it also can spark strategic thinking and interpretation of trends ...

We are here to reflect and think about what could be done, and where things are headed.”

—Ted Koebel, VCHR Director

IF YOU ARE CONDUCTING APPLIED RESEARCH ...

Ted Koebel, director of the Virginia Center for Housing Research, offers this advice to colleges and universities interested in conducting applied research in the area of homeownership:

* **Maintain your objectivity.** Do not become an advocate, says Koebel. “If all a community gets from having a university as a partner is an advocate with a Ph.D., I do not think it gets much.”

* **Always test your assumptions.** It is a good idea to design outreach programs so that the university researcher can collect information that allows him or her to test assumptions about issues that the program is supposed to address. The assumption most in need of testing? “You need to test whether what you’re doing is successful,” says Koebel. “If you do not build that analysis in, then you’re not going to adapt to changes in the market.”

* **Do not limit yourself to the usual suspects.** Universities can call on a wide variety of experts to help conduct homeownership-related research. It is fine to start looking for help in the applied research departments, including urban planning, urban affairs, and social work, says Koebel, but do not stop there. Bring in people from other fields, such as business, civil engineering, and construction science. “Affordable housing may not be the focus of their career, but they may still have valuable knowledge that they can bring to the research,” says Koebel.

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MORE ABOUT THE VIRGINIA CENTER FOR HOUSING RESEARCH

The Virginia Center for Housing Research (VCHR), part of the Research Division at Virginia Polytechnic Institute and State University in Blacksburg, is “an interdisciplinary study, research, and information resource on housing for the Commonwealth of Virginia.” The center consults on housing issues with the General Assembly in Virginia; Federal, State, and local agencies; nonprofit organizations; private industry; and other colleges and universities across Virginia.

VCHR works on a variety of sponsored research projects. In addition to being an OUP grantee through the Community Development Work Study Program, the center also provides technical support and research capability to HUD’s Affordable Housing and Technology Division. Recent sponsored research includes national studies of innovation in home building, community acceptance of affordable housing and community reinvestment, and assessments of housing markets and needs throughout Virginia. In addition, VCHR has published numerous reports on topics such as housing tenure and affordability, property tax relief, a national survey of housing ordinances promoting affordable housing, rural housing, homeownership patterns, and employer-assisted housing.



Top and bottom: Affordable housing developments, Blacksburg, Virginia

How Can We Fix a Program That is Not Working?

University researchers can help their community partners become what Koebel calls *learning organizations* that assess their past performance and use that information to improve future performance. This type of evaluation is part of good business operations, says Koebel.

“The factors that lead to a successful business operation in lending or housing production are some of the same factors that build success in any type of business,” says Koebel. “How do you make sure you are being efficient? How do you make sure that you have the appropriate quality controls in place? How do you make sure that you are responsive to your customers? These are all questions that university researchers can help answer.”

The Importance of Being Engaged

No matter what topic a researcher focuses on, he or she needs to be engaged with community partners on an ongoing basis. Otherwise, the researcher will find out about a housing or homeownership trend 10 years after it occurs, says Koebel. People working in the field can provide timely information about the dimensions of the problems facing communities, but they rarely have the chance to step back and reflect on those problems. The university researcher, by instinct and training, is more likely to do that.



Blacksburg duplex dedication

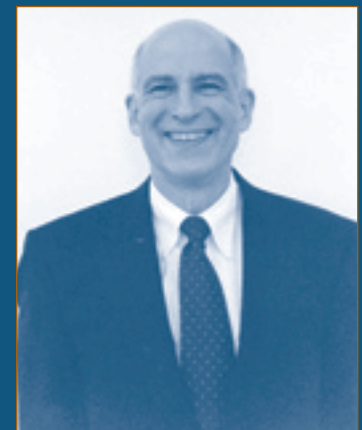
“Engagement can spark additional inquiry into what is going on, but it also can spark strategic thinking and interpretation of trends,” says Koebel. “I think we have to remind ourselves that this is our role. We are here to reflect and think about what could be done, and where things are headed. We can make the suggestions, and test our assumptions with the people who have the field knowledge and expertise. To me that is the model of the land-grant university, and it is a very successful model. I think we need to refurbish it some, so it is more focused on the pressing problems of urban communities. It is a very good model.”

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* **Do not look for a full-time commitment.** You may have more success recruiting university researchers for a particular project if you call on them only periodically and do not expect their ongoing commitment to your work. “Everybody does not have to be heavily involved in doing this work all the time,” says Koebel. “Start by getting people engaged in a short seminar or conversation. Let them offer another perspective on how you might approach a particular problem.”

* **Embrace research, no matter what kind of institution you are.** Although they are not research institutions, community colleges can still get involved in research activities, says Koebel. Establish a partnership with a research institution on specific research projects. Or, conduct your own community-based research using the expertise that you have on your faculty. Any department that teaches classes for small business owners can also help local organizations develop business plans, or can conduct market analysis and risk assessment, says Koebel.



Ted Koebel



Mercer University Macon, Georgia

University Works Behind the Scenes to Facilitate Neighborhood Revitalization

Residents of Macon, Georgia, may not know it, but they probably have Mercer University to thank for a major infill housing project that promises to rejuvenate the city's Beall's Hill neighborhood. The university's COPC is not building any of the new homes that will soon fill the neighborhood's numerous vacant lots. Nor has the university been working on the front lines to purchase land, negotiate with local builders, or make neighborhood infrastructure improvements. Yet, COPC's behind-the-scenes research and planning work and its quiet support of the project's key partners has set the stage for the redevelopment effort and has helped move it forward.

At this point, Mercer does not mind working behind the scenes, says Dr. Peter Brown, director of the university's Center for Service-Learning and Community Development and director of its COPC. In fact, Mercer has made very conscious decisions over the past few years about how it would become involved in the revitalization of its neighborhood, and the limit of its involvement.

"Mercer took a pledge that it would not purchase any property in the neighborhood," says Brown. "The university had expanded aggressively in the past 15 years into adjacent neighborhoods and that was one of the legacies we had to overcome. People were already suspicious of us. We needed to build trust and show that the university had something valuable to contribute."

Instead of playing the active role of land developer, Mercer opted for what Brown describes as a *softer* role as a facilitator and convener for the redevelopment



Beall's Hill Development

process. This allowed COPC to focus on bringing needed resources to the neighborhood: involving Mercer students in a series of neighborhood cleanups, establishing successful afterschool programs, helping low-income homeowners acquire necessary funds to fix the exterior of their homes, and providing \$15,000 in downpayment assistance to Mercer employees who agreed to purchase neighborhood

homes. Mercer also contributed significant equity to the neighborhood's HOPE VI project to leverage low-income tax credit financing for 97 units of mixed-income, multifamily replacement housing.

"Most important," adds Brown, "we have worked very hard to build partnerships in the community and to keep those partnerships alive."

Beall's Hill

Originally home to working class whites, the Beall's Hill neighborhood in the central south section of Macon has undergone tremendous changes in the past few decades. The 30-block neighborhood is home to 2,000 residents, the majority of whom are African American (90 percent), unemployed (64 percent), and renters (76 percent), and whose median income is \$10,696. Most homeowners are elderly people who have lived in Beall's Hill for years and have watched the neighborhood's infrastructure deteriorate before their eyes.

Probably most devastating to the neighborhood's well-being was the fact that it had no political structures, other than local churches, around which residents could

organize themselves. Mercer's first task, then, was to help local residents establish the kinds of organizations that would give them a voice in planning and implementing Beall's Hill's redevelopment.

Two new neighborhood associations and a community development corporation (CDC) called CORE Neighborhood Revitalization Inc., all established with Mercer's help, have provided this voice. In addition, the neighborhood now enjoys the strong presence of several of Mercer's institutional partners, who are taking an active role in the revitalization process. These include the city of Macon, the Macon Housing Authority, the Macon-Bibb County Land Bank Authority, the Historic Macon Foundation, Habitat for Humanity, and the Beall's Hill Development Corporation, a nonprofit housing developer that was established as a partnership of Mercer, the city of Macon, and the Macon Housing Authority.

"Beall's Hill was one of the most neglected neighborhoods in the city," says Brown. "It had few spokespeople and a highly transient population. We wanted to change people's lives but we knew it would be impossible unless we stabilized the neighborhood."

COPC and its partners had a comprehensive, long-term vision for the neighborhood—they wanted to protect and support existing homeowners and to redevelop the neighborhood so it would attract mixed-income homebuyers. Yet, the first steps in the revitalization process were sharply targeted and very short-term in nature. First, the university facilitated a design charrette so that neighborhood residents and stakeholders could work together to develop a shared vision for the neighborhood. Second, students enrolled in Mercer's Walter F. George School of Law spent 2 years creating a database of vacant and abandoned neighborhood properties so that COPC partners would have a concrete picture of where infill development in the neighborhood could occur.

Design Charrette

The design charrette, which took place over 6 days in November 2001, "really helped create a different level of vision for the neighborhood," says Brown. The unique gathering brought a dozen mid-career professionals in architecture, planning, and related community development fields to Beall's Hill to help residents, business owners, local officials, and representatives of churches and other institutions take an in-depth look at the neighborhood and examine how it could be improved.

Mercer and the city of Macon competed with several other cities around the country to host the charrette, which was staffed by fellows of the Knight Program in Community Building at the University of Miami School of Architecture. The multi-day workshop yielded a comprehensive action plan and a series of recommendations that participants felt should be carried out in Beall's Hill over the next several years by the local government, public agencies, nonprofit organizations, churches, and others.

MERCER'S PROPERTY ACQUISITION PLAN

About 90 properties have been acquired thus far for a major infill housing project being carried out in the Beall's Hill neighborhood of Macon, Georgia. The three-step acquisition process has earned the city of Macon a Magnolia Award from the State of Georgia Department of Community Affairs. The process, designed to enhance the city's ability to clear titles on vacant property, begins once a property has been identified for redevelopment. At that point:

1. The Macon-Bibb County Land Bank Authority, which is Macon's land acquisition agent, acquires the property for the city using HOME funds. City purchase of the property allows the Macon Housing Authority, when necessary, to institute condemnation proceedings to clear titles on vacant land.
2. The Beall's Hill Development Corporation then purchases the land from the Land Bank Authority using city bond money. The corporation is a nonprofit housing developer established as a partnership between Mercer University, the city of Macon, and the Macon Housing Authority.
3. The corporation then resells the land to nonprofit and private builders who are interested in *replanting* a block. Developers must begin building a model home on the property within 90 days of purchase.

"It sounds a little complicated, and it took quite a while to work it out," says Peter Brown, director of the Mercer COPC. "However, it has turned out to be a very effective way of getting a critical mass of properties so that real redevelopment is possible. That is the thing that has kept investment out of these neighborhoods. Private developers do not have access to condemnation powers, so it is hard for them to get enough property to make a project worth their while."

MERCER BUSINESS STUDENTS IDENTIFY BARRIERS TO HOMEOWNERSHIP

You might not associate marketing with affordable housing, but student researchers in the Stetson School of Business and Economics at Mercer University in Macon, Georgia, suggest that you cannot have one without the other. The students were asked in 2000 to investigate why low-income residents of Macon's central south neighborhoods were not taking advantage of community programs that would help them become homeowners.

"We have been programmed to think that affordable housing is a privilege, it is a perk, you build it, and they will come," says Peter Brown, director of the university's COPC. "Well, they were not coming and we wanted to find out why."

The students conducted focus groups and personal interviews with community leaders, program administrators, service providers, and residents participating in the Macon Housing Authority's Family Self-Sufficiency (FSS) program. In their findings, students identified several barriers that prevent local residents from pursuing and obtaining homeownership. These barriers include:

* **Lack of knowledge.** Community residents knew very little about the requirements to purchase a home or borrow money and had no idea where to go for information. Administrators and bankers, on the other hand, were surprised by this lack of knowledge. Student researchers concluded that while good information on the home-buying process was available, the appropriate people were not "receiving, processing, and able to use the information."

* **Lack of trust.** Local residents do not trust financial institutions and are unwilling to

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671 Ash Street before renovation

Many of the charrette's recommendations were incorporated into a consolidated master plan for central south Macon. Those recommendations identified the need to renovate rundown houses, build new houses on vacant

lots, develop neighborhood-based retail, address parking issues, upgrade parks and public spaces, and make other improvements. The plan also established urban design and architectural guidelines for homes in the neighborhood.

"We realized that we needed a very detailed master plan that would embody the charrette's recommendations and that we needed to get zoning protection for these recommendations," says Brown. "We knew that the partners would only control a fraction of the properties in the neighborhood, and if the other builders did not build housing to our quality standards, the infill project would not be as effective. So we needed to have a consistent set of design guidelines for the whole neighborhood that every builder would have to follow."

The master plan was adopted by the Macon-Bibb County Planning and Zoning Commission in 2005. That same year, the city received a Charter Award from the Congress for the New Urbanism, which recognized its exemplary planning process and neighborhood plan.

Property Database

With the development of the master plan in progress, Mercer was able to put another key element of the infill housing initiative into place early in its COPC grant period. That is when university law students began their efforts to locate all the unoccupied properties in the neighborhood, identify them by ownership, and determine their tax valuation and title status.

"The challenge of infill development in older neighborhoods is that you've got tiny lots, they encroach on right-of-ways, and the titles are often clouded," says Brown. "Typically, the owner died and there are 14 heirs in 7 states who own a piece of this \$2,500 lot. People haven't paid taxes, so there are tax liens to deal with. Sometimes, it is impossible to even locate the owner of the property."

What stops neighborhood reinvestment, says Brown, is that private developers and CDCs do not have the time to research all of a neighborhood's properties to find lots that are ripe for redevelopment. It is a time-consuming process that took law students enrolled in a local government course 2 years to complete. Work-study students in the COPC office entered the collected information into a database, which was then turned over to the Macon-Bibb County Land Bank Authority. The authority, which

serves as a land acquisition agent for the city, used the information to launch the infill project.

“The Land Bank Authority had only an executive director and an administrative assistant,” says Brown.

“They did not have the time to spend all those hours researching these properties. We had a dozen students in there, each spending 2 hours a week over four 15-week semesters. That’s a lot of hours.”



671 Ash Street after renovation

The End Result

Equipped with the neighborhood master plan and the property database, the city of Macon and its partners have been able to move forward in a deliberate manner with the infill housing initiative, which so far has produced 17 building projects in the neighborhood. Of the 350 properties now entered into the database, about 90 have been purchased through an acquisition process that has earned the city of Macon a Magnolia Award from the Georgia Department of Community Affairs. (See box, page 7.)

Because partners are interested in transforming Beall’s Hill into a mixed-income neighborhood, current plans call for about 15 percent of the infill development to be affordable and the rest to be market rate. During phase one of the infill project, the partnership is using city bond money to make infrastructure improvements such as paving roads, installing new sidewalks and street lights, and building mini-parks and a pedestrian bridge. After these improvements are made, the partners will have to rely on proceeds from property sales to pay for future improvements. That seems like a realistic goal, given the fact that the value of the land sold during phase one has increased by 600 to 800 percent in 2 years, reports Brown.

“We have had two first-rate market studies, sponsored by the city and Mercer, that tell us the market is there if we can hit it,” says Brown about the prospects for the project’s success. “So the next phase for us is marketing. That will be a challenge. This is a low-income neighborhood, and so the perception of the community is that this housing has got to be a low-income project. We are leading with some of our market-rate houses as a way to try and shift that perception, but first, realtors, appraisers, banks, and mortgage lenders have to have their minds changed.”

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talk to others—especially *outsiders*—about their economic situation. FSS participants expressed fear of entering a bank and opening an account. Students suggested that much of this suspicion could be due to residents’ past experience with unscrupulous companies that prey on low-income individuals.

* **Past problems with credit or crime.**

Program administrators and bankers told student researchers that a criminal or poor credit history prevents most residents from qualifying for one of their programs. The Macon Housing Authority reported that only 1 out of 100 applicants met the credit requirements for Macon’s new HOPE VI development. Bankers estimated that only one loan application out of 20 makes it past the credit history requirement.

* **Income instability and long-term**

commitment. Renters who participated in student-run focus groups expressed doubts about their ability to make mortgage payments if they became homeowners. “They were worried about long-term job security,” says the report. “Most had absolutely no confidence that they would be employed 5 or 10 years from now.”

* **Lack of ability to save.** The students found that many residents would have to save for years to be able to purchase a home.

After reviewing study findings, the city of Macon and its partners decided to open a one-stop housing counseling center that offers information and classes to residents interested in purchasing a home. To help residents save for downpayments, the COPC helped CORE Neighborhood Revitalization Inc., a local community development corporation, establish an Individual Development Account program that allows eligible individuals to receive \$1 for every dollar they save in a designated account.



University of Texas at El Paso El Paso, Texas

Program Promotes Affordability Through Energy Efficiency

Self-described *solar wacko* Steve Cook does not have much trouble staying on message. He actually has two main messages that he tries to get across to anyone who will listen. The first message is that a home cannot be affordable unless it is energy efficient. The second is that making a home energy efficient is a lot easier and takes a lot less money than anyone thinks.



Home built beyond "code minimum" by JKS Homes, El Paso, Texas

"That is the part that really slays us," says Cook, referring to his staff at The Energy Center at the University of Texas at El Paso (UTEP), a Hispanic-Serving Institutions Assisting Communities (HSIAC) grantee. "Energy efficiency is all so easy, it is all so doable, and it is all so cheap."

The Energy Center, where Cook serves as assistant director, was established in 1988 and serves as a hub for the university's involvement in renewable energy and energy efficiency. Part of the university's Center for Environmental Resource Management (CERM), the center has changed its focus in recent years from pure research about energy efficiency. It now uses that research to support an outreach agenda aimed at increasing the number of energy-efficient, affordable homes in Texas.

"We've confined ourselves to promoting energy efficiency for homes that cost \$60,000 and under," says Cook. "We figured that there are already plenty of people out there building \$300,000 to \$500,000 green homes. Basically, we are trying to make sure that folks who are struggling to make their mortgage payments are not getting hammered by their monthly utility bills."

Cook is adamant about the connection between those utility bills and housing affordability, especially for low-income families. An average U.S. family spends 3.5 percent of its total budget on heating, cooling, lighting, and appliance energy, he says. However, low-income households spend about four times more than that, proportionately. Fourteen

percent of their total income goes to pay energy bills.

"Everyone tends to forget about energy costs when they buy a house," he says. "Everyone looks at principal, interest, taxes, and insurance and thinks that is all they need to worry about, but you have to add the energy. Your mortgage will get paid off one day, but you'll never pay off the utility bills. They keep coming back every month."

Convincing For-Profit Builders

While it is relatively easy to convince homeowners about the importance of controlling utility bills, convincing builders is not as easy. Energy Center staff are persistent as they work to dispel the misconception that energy efficiency adds a great deal to the cost of building a home. Cook usually challenges that assumption by presenting builders with the actual prices of specific energy-efficient features, and the names of local vendors who carry the items.

"That works very well," says Cook. "The builders do not always know how much an energy-efficient window or

door or furnace costs, but they imagine the worst. So we just go out and find a good price. Once you give them that price, there are no more arguments.”

Whether they argue or not, however, not many for-profit builders are adopting Cook’s guidelines for energy efficiency. Because energy efficiency represents an upfront additional cost of about \$350 per home, for-profit builders tend to be skeptical of the new features, says Cook, even when it is clear that those features offer better quality than standard features. For example, the Energy Center recommends using coated windows that help prevent heat gain in the summer and heat loss in the winter. A 3' x 5' coated window costs about \$11 more than a standard window. That is not much, says Cook, especially when you consider that “it really gives you twice the window.” However, he says, most for-profit builders did not buy coated windows until they recently became part of the new Texas building code.

“Generally, builders will not exceed code minimum and the reason they won’t is that they have a calculator and they can multiply,” says Cook. “Builders would not install these windows because they were building 200 homes a year, and they were putting 10 windows in each home. That is 2,000 windows times \$11. They looked at that figure and they said, ‘Wow, that is (equal to) my daughter’s education at the local university.’ They just do not see the benefit of them. They are simply trying to be more profitable.”

The situation frustrates Cook because he believes energy-efficient features will save homeowners money in the long run. The Energy Center estimates that \$500 worth of energy-efficiency features would add only \$4 to a homeowner’s monthly payment on a 30-year mortgage. The owner of an energy-efficient home may pay \$4 more each month to the bank, but he or she will pay \$20 to \$30 or less to the utility company each month. “Why would you not want to do that?” asks Cook.

The Nonprofit Connection

Spreading the word about energy-efficient, affordable housing has been easier among nonprofit builders. In fact, the Energy Center has successfully used HSIAC funds to make a deal with nonprofit housing developers who belong to the El Paso Collaborative for Community and Economic Development (EPC). The center promises to give EPC \$500 for every home that collaborative members build to the center’s specifications. Through the program, the Energy Center has recently been involved in building 10 energy-efficient homes in the El Paso Empowerment Zone and 22 Energy Star¹ homes are planned under UTEP’s most recent HSIAC grant. Over the years, the Energy Center has made this same arrangement with 15 area nonprofits, who have built 500 energy-efficient homes.

¹ ENERGY STAR qualified homes are independently verified to be at least 30 percent more energy efficient than homes built to the 1993 national Model Energy Code or 15 percent more efficient than the State energy code, whichever is more rigorous. These savings are based on heating, cooling, and hot water energy use and are typically achieved through a combination of: building envelope upgrades, high-performance windows, controlled air infiltration, upgraded heating and air conditioning systems, tight duct systems, and upgraded water-heating equipment.

IF YOU WANT TO PROMOTE ENERGY-EFFICIENT HOUSING ...

Steve Cook offers this advice to anyone interested in working with builders to increase the number of energy-efficient affordable homes:

* **Use prescriptive, not performance-based, standards.** A performance-based standard simply tells a builder what level of energy efficiency you want to see in a home. The builder could then decide how to reach that level. A prescriptive standard simply gives the builder a list of specific improvements that he or she must make. “Prescriptive standards are easier to inspect and everyone knows exactly what is expected,” says Cook.

* **Keep price increases to 1 percent, and put it in the specs.** If you put your energy efficiency features in the building specification, chances are their cost won’t even show up in the final bid price, says Cook. “We have discovered that if you suppress the cost increase to 1 percent or less, then builders cannot see it anymore,” explains Cook. “If I am building a house for \$45 a square foot, I am not going to turn in a bid of \$45.38 to account for the increased cost of energy efficiency. Builders just do not do that.”

* **Do the math first.** Once you’ve put together the list of energy-efficient features you want builders to include in their home design, find out how much these features cost. Call local vendors and search for the best price. Only then should you add these features to the bid specifications, says Cook. “Your goal is to get the same numbers

ENERGY CENTER'S REQUIREMENTS FOR ENERGY-EFFICIENT HOMES

What does it take to make a home energy efficient? Only about \$324, according to Steve Cook, assistant director of the University of Texas at El Paso's Energy Center. This cost will vary with climate and local conditions, but it will always be around 1 percent of the total cost of the home, or a penny on the dollar, says Cook. The Energy Center gives \$500 to nonprofit housing developers in El Paso that build with these energy-saving features:

- * **Insulate from top to bottom, inside and out.** Install 1-inch extruded polystyrene all around the home's perimeter slab from the top of the form to the depth of the footing. Use exterior sheathing with an R-4 or better insulation value. Use metal strap bracing to allow full sheathing coverage. Frame with three stud corners and ladder intersects. Insulate the hot water pipes before the sheetrock is installed. Insulate the pipes above the hot water heater after it is installed. Use R-13 or better insulation on all exterior walls and the perimeter of the furnace and water heater closet. Use R-30 blown-in insulation in the attic. (The slab insulation will cost an extra \$81, but the rest of the insulation adds no extra costs to the project.)
- * **Fill all the gaps that could let in cold or heat into the home.** Use a sill plate sealer, which is a foam strip placed under the bottom plate of all exterior walls. To fill the gap between the sheetrock and the floor, caulk the inside of the exterior plate with 25-year (or better) caulk. Do it again after the sheetrock is installed. Use foam or caulk to fill all top plate and exterior wall penetrations. Seal the return air plenum. (Filling these gaps adds no cost to the project.)
- * **Choose windows and doors wisely.** When choosing windows, pick any frame or glass combination that has a U-factor of .65 or lower, and a solar heat gain coefficient (SHGC) of .40 or less. (U-factor measures heat loss, and SHGC measures how well a product blocks heat caused by sunlight.) Use foam-filled steel doors with a U-factor of .35 or less. Fill the gaps between a window or door and the surrounding frame by using spray foam, backer rod, insulation, or caulk. (These upgrades add no extra cost.)
- * **Do not put air ducts behind sheet rock.** Install sheetrock inside the furrdowns before installing the ducting. Ducts always leak. When they are installed behind sheetrock, they leak heated or cooled air into the home's attic, which does not help anyone. The Energy Center tells builders to install the ducts in a heated or cooled space so that when they leak, they will leak inside where homeowners can benefit from it. In addition, install sheetrock around the inside of the walls below the furnace closet platform. (This will cost \$10 extra.)
- * **Use energy-efficient appliances.** For no additional cost, you can install a furnace that has an annual fuel utilization efficiency (AFUE) of 80 percent or better, a water heater with an efficiency rating of .60 or better, low-flow plumbing fixtures, and 1.6 gallon toilets. Add \$20 to the budget for a programmable thermostat, \$21 for fluorescent light fixtures in the kitchen and outside, \$20 to pre-wire the living room and master bedroom for a ceiling fan, and \$10 to run a gas supply to the laundry room.
- * **Think pastel.** Choose light-colored roof shingles to avoid heat buildup in the attic. It will not cost any extra money. If dark colors are a necessity, then consider installing a radiant barrier inside the attic.
- * **Do not let your energy escape.** Keep it inside by avoiding fireplaces and skylights.



An independent energy rater tests a home, El Paso, Texas

The \$500 check that nonprofits receive for each energy-efficient home more than covers the cost of the features specified by the Energy Center (See list of standards, page 12). In fact, says Cook, the center's list of required features, which includes a host of insulation and caulking requirements, costs only \$324. The center makes sure it is getting its money's worth by sending inspectors to each building site during various stages of the construction process.

"We enforce our standards," says Cook. "That is important, you have to do that. Because if you do not enforce them, then the contractors tend to build it the same way they always have."

In addition to creating a new market for energy-efficient homes, the nonprofit housing developers that belong to EPC also serve as a critical liaison between a builder and the average homebuyer. Many homebuyers do not understand enough about energy efficiency to ask for home features that will lower their utility bills. Those homebuyers who do request such features are often told by builders that their requests are impractical and expensive.

"Your average homebuyers are at sea," says Cook. "They are lost. They have no way to defend themselves against the average builder. This goes for people buying a \$50,000 home or a \$500,000 home. These nonprofits play a key role by being that buffer between the builder and the buyer. They are the housing sponsor. They are the ones that are keeping their clients out of harm's way. They are saying, 'We embrace this, let's do it.' Our job is to support them in that role."

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from the builders as you found yourself," he says. "So if you do not know what numbers you should be getting, you need to find out before you put the bids out."

* **Do not ask for things that are going to bump up the cost.** Try to be reasonable, says Cook. For example, do not ask a builder to put R5 perimeter slab insulation 2 feet deep if the foundation does not go 2 feet deep. "If they have to trench out that extra 4 inches or so, they are not going to like it and will make you pay for it," he says.

* **Do not be afraid to compromise.** You won't get far by being too rigid with builders, Cook notes. "We sort of cajoled the builders along," he says. "We compromised with some issues and we tried to make up for it in other places. If builders put in the wrong water heater, we would tell them that they had to wrap (the heater) and put heat trap fittings on the top."

* **Do not be satisfied with code minimum.** The Energy Center's standards place a home about 15 percent above the local building code. Even that does not satisfy the center, which is currently rewriting its standards so that homes built under its guidance will meet or exceed Energy Star standards. That is a full 30 percent above code minimum. "As a nonprofit, you are in a perfect position to take the lead and to push the envelope," says Cook. "That is exactly what we want to do."

Building Homes and Communities: A Holistic Approach to Promoting Homeownership

Communities that are in decline desperately need new homeowners to bring stability to their residential neighborhoods and to breathe new life into their economies. Ironically, the communities that are most in need of homeowners are often the ones that are least attractive to individuals and families who are shopping for homes.

The residential neighborhoods in these declining communities may be in disrepair, marred by vacant lots and dilapidated housing. Streets may lack trees and other green spaces that would give them charm. The community may not have stores where new homeowners can shop or good schools where they can enroll their children. A perception that the neighborhood is unsafe may scare away potential investors.

No matter what particular issues a community faces, neighborhood leaders will discover quickly that housing and homeownership programs alone will not make the problems disappear. The most successful community partners eventually realize that they need to undertake a more complex revitalization process that involves creating an environment where homeowners will want to live.

This chapter features three IHEs whose community partners came to such a realization:

- The **University of Tennessee at Chattanooga**—a COPC grantee—has helped to facilitate a partnership in Chattanooga’s M.L. King neighborhood that has taken on a variety of projects, from developing affordable housing to improving traffic patterns, so that homeowners and businesses will return to the once-vibrant community.
- **Johnson C. Smith University** in Charlotte, North Carolina—an HBCU grantee—is relying on infrastructure improvements and financial subsidies to attract homeowners to two new townhome developments that its community development corporation (CDC) is building in the city’s Lincoln Heights neighborhood.
- The CDC at **LeMoyne-Owen College** in Memphis, Tennessee—another HBCU grantee—is focusing equally on economic, community, and housing development in an effort to return the Soulsville neighborhood to its roots as a “community of homeowners.”

- The **Wright State University** in Dayton, Ohio—a COPC grantee—refused to be defeated when its innovative rent-to-own housing program did not produce the desired results. Instead, the COPC and its partners revised the program and then addressed broad community issues, including crime, foreclosures, and community pride, that could affect the success of future homeownership initiatives.



Housing project after renovation



University of Tennessee at Chattanooga Chattanooga, Tennessee

Chattanooga Initiative Makes Neighborhood More Attractive to Homeowners and Businesses

Business and residential losses following racial integration may have sounded the death knell for Chattanooga, Tennessee's M.L. King neighborhood. Until recently, the neighborhood was challenged by a high crime rate, deteriorating infrastructure, and dilapidated housing. Thanks to efforts from a variety of community stakeholders—including the University of Tennessee at Chattanooga (UTC)—M.L. King could be on its way back. A major portion of the revitalization effort has focused on taking concrete steps to make the neighborhood attractive again to prospective homeowners.

"The community had been a locus of black businesses and black churches for 100 years, but with integration, people had the opportunity to move to other areas," says Dr. Barbara Medley, director of the COPC at UTC. "Businesses in the community started to suffer and close. When they closed, the community declined so much that it couldn't attract a new residential population to replace residents who were leaving. This is the typical pattern in larger southern cities. Even some churches began to leave by the late 1990s."

The impetus to restore the M.L. King community's former affluence came in the late 1990s and was spurred by revitalization efforts taking place all around the neighborhood. Downtown Chattanooga and the nearby Highland Park neighborhood were experiencing tremendous growth, and UTC was seeking to build more student dormitories and expand its campus, says Medley.



Dr. Barbara Medley, COPC Director

"The M.L. King community is really right there in the middle of all of this," she says. "So there was a lot of interest in doing something about the neighborhood. At the end of the 1990s, this swelled into a major focus for people."

That focus came in the form of community meetings, which took place in 1998 and 1999, to discuss what local residents and business leaders wanted to happen in the community. Out of these conversations emerged the Martin Luther King Partnership, a loose federation of

community stakeholders that included local residents and neighborhood leaders, housing developers, business people, and university representatives. Also participating was the city of Chattanooga, the local CDC, and the Lyndhurst Foundation, a local philanthropic organization that supports initiatives to change urban communities.

"The partnership did not act as a decisionmaking group per se," says Medley. "Each of these individuals had some authority or responsibility in the community. They came to the table and agreed on a basic vision for the neighborhood. Then they went back to their organizations and began working in their own areas to take the community in the direction that it needed to go."

Basically, the partnership agreed that the M.L. King community would have to become far more attractive before anyone would be interested in buying a home or doing business there.

“There was a recognition that you really had to build the whole community in order to build any of the community,” says Medley. “You could not just focus on housing. You could not just focus on economic development. You could not just offer services to residents. You had to focus on all of it. You could not just build homes. You had to make the potential buyer feel that this was somewhere they wanted to live.”

That vision played itself out through myriad projects that the partnership and its members took on to make their community a nice place to live and do business. Those projects included:

Community organizing and planning. UTC pinned its hopes for community revitalization on the COPC grant that it received in 2000. In the meantime, other community partners pursued funding from the Lyndhurst Foundation and its Community Impact initiative. Community Impact is currently working in six Chattanooga communities, including M.L. King, to provide direct neighborhood and community development services, including leadership and community organizing training. COPC complemented that effort by sponsoring a variety of youth development, health, housing, crime prevention, and research projects. COPC research on the conditions of individual properties in the community led the partners to complete zoning and location analysis plans that have become blueprints for future development, says Medley.

New housing. A 1,500-unit student housing project built by UTC and 130 new single-family housing units constructed or rehabilitated by the Lyndhurst Foundation are expected to breathe new life into M.L. King. In addition, the Lyndhurst Foundation has formed a partnership with UTC to sponsor a Live Near Your Work program, which offers a \$15,000 incentive to full-time faculty and staff who buy homes in the community. So far, 10 university employees have taken advantage of the program. Similar programs are available to police officers, school teachers, and hospital employees. “All of this together has resulted in an increase in the residential population,” says Medley. “The existing population is becoming more stable now. Instead of people moving out of M.L. King, they are staying here and they are fixing up their homes.”

Help for existing homeowners. A façade grant program, also paid for with Lyndhurst Foundation funds, has provided \$2,000 grants to 25 residents to fix porches and paint their homes. In addition, homeowner and homebuyer workshops sponsored by COPC have provided information and services to help residents with home maintenance, security issues, and landscaping projects.

Community cohesion. COPC is working hard on community cohesion activities “because we have new residents now that need to be bonded into the community,” says Medley. “We encourage new residents from the outset that if



UTC Place

IF YOU ARE WORKING WITH PARTNERS TO MAKE A NEIGHBORHOOD MORE ATTRACTIVE ...

Dr. Barbara Medley, director of COPC at the University of Tennessee at Chattanooga (UTC), offers this advice to anyone interested in working with local partners to make a neighborhood more attractive to prospective homeowners:

*** *Identify strong community leaders.***

The success of the Martin Luther King Partnership was due, in large part, to a number of dedicated community leaders already living in the community. UTC’s COPC and its partners were essentially outsiders, says Medley. The partnership would not have been productive if local residents were not willing to invest time and energy in its initiatives. “We were fortunate that we had people who were very capable and very interested in seeing things move forward in M.L. King,” says Medley. “You need to have people onboard who are invested in the community because they own property or do business there. Otherwise, you really do not get anywhere.”

*** *Look for partners who want***

change. What made the Martin Luther King Partnership so successful, says Medley, is that the partners had a common desire to see the community change. “We had people at the city who wanted to see something happen. We had people who had some money who wanted to see something happen. We had a university that had a vested interest in seeing something happen. We had a residential

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Top: COPC at UTC; Bottom: Fletcher Hall, University of Tennessee campus

they want to see this community continue to grow, and if they want their investment to be secure, they need to be involved.”

A new community school. COPC partners felt that the key to stabilizing M.L. King would be its ability to attract families, “because they will settle and pretty much stay there as the kids grow up, and that is what we want,” says Medley. One key to attracting families, all agreed, was to have a school in the community. Even though M.L. King initially did not have the residential population to support such a school, UTC played a key role in making the project a reality. The University of Chattanooga Foundation donated land for a new elementary school, and UTC agreed to use the school as a teacher training site. To fill student slots, the school board agreed to open the elementary school to children whose parents work downtown or at the university.

New traffic patterns. Existing traffic patterns in M.L. King were keeping new residents and business from investing in the neighborhood, says Medley. There are two main thoroughfares. Martin Luther King Boulevard, at the center of the community, was a one-way street leading out of downtown Chattanooga. McCallie Avenue, where the university has its main entrance, was a one-way street that led into downtown. “Essentially what happened was that people would zoom downtown on McCallie and never stop, and then they would zoom back to the suburbs on Martin Luther King Boulevard,” says Medley. “No one was stopping to shop or see this community.” After 40 years of one-way traffic patterns, the partners were able to convince Chattanooga’s mayor and city council to change both streets into two-way thoroughfares. “It has really made all the difference,” says Medley. “We now have all of this interest in the development of Martin Luther King Boulevard. Businesses are trying to come in and buildings are being renovated. We would not be where we are today if we had not gotten those streets changed.”

New parks. Lack of green space was also viewed as a deterrent to neighborhood revitalization. Encouraged by the partnership, the city has developed two community parks in M.L. King. “You have to have trees and green space,” says Medley. “You have to have nice places for people to sit and enjoy the breeze and the grass and the flowers. Otherwise, you are surrounded by concrete and big buildings. People in the community really wanted this.”

“There was a recognition that you really had to build the whole community in order to build any of the community ... You had to make the potential buyer feel that this was somewhere they wanted to live.”

—Dr. Barbara Medley, COPC Director, UTC

Members of the Martin Luther King Partnership hope that these community improvements will help them turn the community around. Medley is optimistic that this will happen, and soon.

“I really think that 2 years from now, we will have a strong single-family residential presence, and we will have a strong student presence in the community,” says Medley. “M.L. King will again be a thriving community in which you will be able to find a lot of amenities.”



Residents help in rebuilding historic MLK neighborhood

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and business community that recognized the need for change. These people were willing to come together and talk about this and then go back and work to make it happen.”

* **Look for partners who are willing to compromise.** Every member of the Martin Luther King Partnership had to make compromises during the course of discussions about the community’s future. The university agreed to change its plan for student dormitories when local residents voiced concerns about the development. Local housing developers agreed not to build multifamily housing in the neighborhood. Business leaders and economic development officials agreed to adhere to certain restrictions on their efforts to bring new businesses to the neighborhood. Specifically, the partners did not want bars and clubs. “The M.L. King area has been known for its little bars and clubs,” says Medley. “We decided we did not need any more of them.”

* **Accept disagreements and move on.** Creating and maintaining the Martin Luther King Partnership did not always go smoothly. “There have been times when people have had trouble agreeing, and there have been members who have not been happy,” she says. “Generally, people do come back to the group and are willing to move on. They recognize that partnership is not just slapping each other on the back and drinking coffee together. Compromise, hard work, commitment of resources, and sacrifice are going to be needed. That is what real partnership is about. If we understand that concept, then we understand that you have to stay with it.”



Johnson C. Smith University Charlotte, North Carolina

LeMoyne-Owen College Memphis, Tennessee

University-Sponsored CDCs Develop Affordable Housing for Homeowners

Many OUP grantees do their community outreach work behind the scenes, providing technical and research assistance to community-based housing developers who take the lead in housing and economic development initiatives. Not so for two HBCU grantees who have been working on the front lines for years to build housing, promote homeownership, and attract new businesses to their neighborhoods.

Johnson C. Smith University in Charlotte, North Carolina, established the Northwest Corridor Community Development Corporation 14 years ago. The LeMoyne-Owen College Community Development Corporation (LOCCDC) has been operating in Memphis, Tennessee, since 1999.

Northwest Corridor CDC

While the Northwest Corridor Community Development Corporation works in 12 Charlotte neighborhoods, the bulk of its new housing developments are now centered in the city's Lincoln Heights neighborhood. Home to 2,000 residents, Lincoln Heights is considered a threatened neighborhood because of its poverty level and aging infrastructure. On average, local residents earn only \$16,000 a year, compared with other Charlotte residents who have a median income of \$64,000. Fifty percent of the neighborhood's housing



LOCCDC townhome development

consists of rental units, and homeownership opportunities are scarce, says former CDC Executive Director Terrell Blackmon.

In its efforts to increase the number of owner-occupied housing units in the neighborhood, CDC embarked several years ago on an ambitious project to build two townhome developments in Lincoln Heights. The

new construction was financed with a mix of private investment, city loans, and bank financing.

Vantage Pointe is a 26-unit townhome development consisting of four buildings that should be completed by the end of 2005. Phase one of the project, a 7-unit building, has already been completed and is fully occupied. A second development, called Phoenix Rising, will consist of 25 townhomes. That development, expected to be finished in 2006, sits adjacent to Vantage Pointe.

"It has been a work in progress," says Blackmon about Vantage Pointe. "We are talking about pre-selling townhomes in a community that has not had new homeownership in several years. It becomes a little difficult sometimes to change the perceptions that the Charlotte community has about this neighborhood and to attract people to live there."

An effort to provide a variety of neighborhood amenities has helped this marketing effort. Mecklenburg County has acquired several blocks of slum properties in the

Lincoln Heights neighborhood and plans to develop a new park there. About two blocks away, the University Village Shopping Center, another CDC development, provides a much-needed grocery store and other shops for residents. However, far and away, CDC's most successful marketing tool has been the significant subsidies that it can offer to first-time homebuyers. Downpayment assistance from the city of Charlotte's Neighborhood Development Department and the North Carolina Housing Finance Agency provides qualified buyers with as much as \$40,000 each to defray the cost of the \$106,000 units. (See chapter 4 for a detailed description of this and other financial assistance programs.)

LeMoyné-Owen College Community Development Corporation

The community surrounding LeMoyné-Owen College in Memphis is home to 15,000 residents and was once revered as the birthplace of some of the city's most prominent African American citizens. Despite its illustrious past, however, the neighborhood—now called Soulsville—has deteriorated in recent years as large numbers of residents moved to the suburbs, leaving behind what quickly became a poverty-stricken, crime-ridden, and drug-infested community. The neighborhood's average annual income is \$7,000, and, until recently, it had the highest crime rate in the city.

Now poised to share in a revitalization that has transformed downtown Memphis, Soulsville is beginning to change. A \$50 million HOPE VI project has already transformed one end of the neighborhood, and a new \$30 million project to turn the once-famous Stax Recording Studio into a museum promises to bring tourists to the other end.

To ensure that his neighborhood reaps as many benefits as possible from this new revitalization, CDC Executive Director Jeffrey T. Higgs, has structured his organization with three divisions that carry equal weight: housing development, economic development, and community development.

"We think all of those are very separate issues and all of them deserve a lot of attention," says Higgs.

Higgs has been true to his words. In the area of economic development, for example, LOCCDC used \$270,000 in HBCU funds to establish a revolving loan fund to support area small businesses in the Soulsville neighborhood, and asked the college's School of Business to offer technical assistance to borrowers to ensure their success. It later convinced the National Bank of Commerce to establish the neighborhood's first full-service bank branch, then committed itself to helping the bank secure the \$3.5 million in deposits it needed to remain open.

IF YOU ARE TAKING AN ACTIVE ROLE IN HOUSING DEVELOPMENT ...

Jeffrey Higgs, executive director of the LeMoyné-Owen College Community Development Corporation (LOCCDC), and Terrell Blackmon, former executive director of the Northwest Corridor Community Development Corporation, offer this advice to other CDCs interested in developing housing for homeownership:

- * **Have a good business plan.** A CDC's first order of business should be to put its goals down on paper in the form of a business plan, says Blackmon. Do not make the plan too ambitious, he advises. Identify one or two activities that are critical to the community in which you are working and then learn to do those things well. That way, you are more likely to do what you said you were going to do. "You can build a lot of credibility along the way," says Blackmon.
- * **Understand the neighborhood.** Higgs spent his first month on the job walking the Soulsville neighborhood and knocking on doors. He suggests other CDC executive directors do the same thing. "I think sometimes CDCs tend to forget that their name starts with *community*," says Higgs. "It's really about the community. People need to see you in the neighborhood, and not only from 9 to 5 when you've got your tie on. They need to see you on Saturdays in your jeans and t-shirt."
- * **Market the neighborhood.** A few years ago, the Northwest Corridor CDC rolled out a new marketing campaign for its entire service area known as the Historic West End. The campaign developed a logo and Web site for the neighborhood and installed trash receptacles along the corridor that identified the area as the Historic West End. "We had to reinvent ourselves and our image along the corridor," says Blackmon. The campaign seems to have paid off. Several commercial developments are now gearing up as a result of the campaign.
- * **Be a smart shopper.** When LOCCDC first opened its doors, it paid far too much for land and

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BUILD-A-BLOCK PROGRAM MAKES A BIG IMPACT

Several years ago, staff at the LeMoyne-Owen College Community Development Corporation (LOCCDC) made a critical decision about what the CDC's approach to affordable housing in its Memphis, Tennessee, neighborhood would be. Staff members did not want to just build one house here and another house there. That kind of housing development would hardly make a dent in the Soulsville neighborhood surrounding LeMoyne-Owen College. Instead, they wanted to make a big impact in the neighborhood by renovating one entire block at a time.

"We had seen what other CDCs had done, one house on this street, another house three blocks over," says LOCCDC Executive Director Jeffrey T. Higgs. "You really could not go into a neighborhood and see any critical mass. We wanted to have an impact. We wanted people to see that we were doing something. So we decided to take over a street and do infill housing on every available lot, and to do renovations on the houses that were empty or had been vacant."

That is exactly what happened on Saxon Avenue, beginning in 2001. One end of the street featured an older stable neighborhood with an active homeowners association, and plans for a \$60 million HOPE VI project. The other end of the street was home to LeMoyne-Owen College, a new \$20 million museum, and a significant number of empty lots and abandoned houses.

At the beginning of the project, Saxon had five empty lots and five empty and abandoned homes. During the next 4 years, the CDC:

- * Built three new homes on the street, using funds from the State Housing Finance Agency.
- * Purchased and renovated several homes using city funds.
- * Used a bank line of credit to purchase and renovate one house and build another.

Six families were living on the block in 2001; 16 families live there now. More will move in when the CDC gains title to the two remaining properties. One property, says Higgs, "has about 20 heirs all over America and we are having a hard time pulling them together so we can buy it."

"It really was a very strategic move to work on that block," says Higgs. "We knew people would be coming in and out of this neighborhood and going by this block and we had to make a difference there."

What makes a block a good candidate for the Build-a-Block program? When choosing a block to focus on, LOCCDC tries to assess where it will have the most impact. An active neighborhood association is an important asset. In addition, CDC staff must be sensitive to whether a community welcomes the project and if prospective homebuyers will be willing to buy homes there. "We have our eyes and ears to the ground in our neighborhood, so we have a sense of what streets people will move to," says Higgs.

On the community development side, LOCCDC used HBCU funds to help establish four neighborhood associations and two merchant associations through which residents could gain a voice in local decisionmaking. The corporation also received a \$300,000 grant from the U.S. Department of Justice to combat local violence and then persuaded the city of Memphis to establish two police substations in the neighborhood.

Finally, Higgs and his CDC have taken a very deliberate approach to improving the deteriorating housing stock in the neighborhood, which is located less than a mile from downtown Memphis. The corporation is using \$300,000 in State and Federal funding to carry out a Build-A-Block initiative that will upgrade the community's housing one block at a time. (See box above) The goal of all these initiatives, says Higgs, is to return the neighborhood to its roots as "a community of homeowners."



Housing and renovation, LeMoyne

“The first black nurse in the city of Memphis lived in this neighborhood,” says Higgs. “The founder of the first black bank in Memphis lived in this neighborhood. At one time it was a very affluent neighborhood.”

The key to bringing affluence back to the neighborhood, says Higgs, is to bring together five interdependent stakeholders that are at the core of any successful community revitalization initiative: government, community residents, educators, politicians, and corporations.

“If you can bring those five elements together in a neighborhood, then we think you really can begin to make some changes,” he says. “We think we’ve had some success in bringing all those elements together.”

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homes, says Higgs. Over the years, however, the organization has become a much savvier consumer. “I think we paid \$100,000 for the first house we built and we sold it for \$70,000,” recalls Higgs. “Today, I would run my housing folks out of here if they spent that kind of money.” Higgs says that LOCCDC now knows that it needs a good engineer, a good architect, and a good site manager to help hold costs down. Several years ago CDC decided to start its own construction company to avoid working with unscrupulous subcontractors. “Even though we are nonprofits, even though we get a subsidy, we still need to use good business practices,” says Higgs.

*** Do not feel like you have to do everything.**

When the Northwest Corridor CDC first began designing its two townhome developments, the plan was ambitious: with four staff people, CDC was going to build 52 townhomes in 3 years. It did not take long to realize that while CDC had the expertise to do the job, it did not have the time to make the projects happen. CDC is now in the process of identifying general contractors and private development partners to share management tasks on the townhome projects. “I still have fiduciary responsibility to our funders,” says Blackmon. “By utilizing the capacity of a private development partner, I actually am increasing my capacity to accomplish the goals of CDC.”

*** Surround yourself with good staff people and pay them well.**

The LeMoyne-Owen CDC has only lost one staff person since it opened its doors in 1999. To Higgs, that is a testimony to the quality of his staff and to the fact that they are paid well. “We probably have the highest payroll of any CDC in town,” admits Higgs. “However, members of my staff produce results and they make my life a lot easier.” Blackmon agrees. “I think CDCs as a whole are now hiring qualified people who may have some banking experience or may have real estate development experience,” he says. “To get qualified people to come onboard, you have to offer competitive salaries.”



Wright State University Dayton, Ohio

Rent-to-Own Initiative Leads to Holistic Neighborhood Revitalization

A 5-year-old planning process in the city of Trotwood, Ohio, is still guiding the work of COPC at Wright State University in Dayton, Ohio. Hired in 2000 to help Trotwood's Townview neighborhood carry out a community planning process, COPC remains heavily involved in helping community members address the three major issues that emerged from that process: homeownership, youth programs, and public safety. COPC has learned, often the hard way, that one issue cannot be addressed successfully unless all are addressed.

Work on executing the community plan began soon after it was adopted. That is when a subcommittee of residents and other community stakeholders proposed an innovative rent-to-own program that promised to stabilize the neighborhood by rehabilitating single-family homes and turning renters into homeowners within 1 year. The proposal was intended to address resident concerns, voiced during the planning process, about the growing number of vacant and dilapidated homes in the Townview neighborhood and the growing number of renters and absentee landlords.

Since its conception, the rent-to-own program has had its problems, but its supporters still view it as an important component of a broad community stabilization strategy.

"This community, like some others, has been stigmatized," says Dr. Jack Dustin, director of COPC at Wright State. "It was built in the 1950s, and it was built cheaply. It was a nice community for a while but over time some of the



A home in Trotwood, Ohio's Townview neighborhood

properties required a lot of maintenance. So rehabilitation now requires a lot of extra work and thought."

According to the original proposal for the rent-to-own program, the Townview Community Development Corporation (CDC), which COPC helped to establish, would purchase rundown homes in the neighborhood. The

homes would be identified by a quasi-public organization called City Corp, which serves as the development arm of Montgomery County in Ohio. Once the houses were purchased, City Corp would also hire the contractors to rehabilitate them.

"We tried to identify properties for the rent-to-own program that, if rehabilitated, would help turn around an entire block," says Dustin. "However, we had to be pragmatic, too. We had to look at what homes we could buy for the money we had, especially given the fact that we had to repair them."

The original program design called for CDC to rent each rehabilitated home to a qualified person for 1 year. At the end of that year, 50 percent of the rent paid by the renter would be applied to a downpayment so that the tenant could purchase the home. To prepare for homeownership, the tenant would be required to participate in a wide range of homeownership training programs developed by City Corp, who in turn would then help the renter arrange for financing for the new home. The rent-to-own program would be self-sustaining. Once the homes were sold to renters, the CDC would roll the



Young resident at her Townview home

money back into the program so that it could rehabilitate, rent, and sell more homes.

Challenges and Corrections

Like any new venture, the rent-to-own program has had its ups and downs. Ironically, the region's widespread economic decline has worked against the program. Banks are foreclosing on Townview neighborhood properties at a record rate and, in an effort to recoup their losses, are setting resale prices so high that CDC cannot afford to purchase and rehabilitate very many homes. In addition, CDC has faced competition for the least expensive properties from outside developers.

"The banks want \$53,000 for a home that may take \$40,000 to rehab," says Dustin. The home probably only has a market value of \$65,000 to \$70,000. So there is no way we could buy the home, rehab it, and sell it. We would lose \$20,000 to \$30,000. We couldn't make the numbers work."



WSU graduate students Roseanne Oliver and Arthur Gadsen, and David Dewberry discuss the Townview Financial Literacy training options with residents

IF YOU LAUNCH A NEIGHBORHOOD REVITALIZATION EFFORT ...

Jack Dustin, director of COPC at Wright State University, offers this advice for other grantees interested in revitalizing a neighborhood through homeownership:

* **Choose partners who have a stake in your success.** Dustin says that COPC could never have made any headway in the Townview neighborhood without the help of City Corp, a quasi-private organization that serves as the development arm of Montgomery County in Ohio. "It took the county agency to help us," says Dustin. "They had the capacity to locate homes for the rent-to-own program. In addition, they had a lot of investments in that community so they had an interest in seeing this neighborhood become more stable."

* **If necessary, reinvent.** Dustin has learned from experience that plans are made to be revised. Midcourse corrections are a big part of community outreach, and the most successful programs will not be ashamed to make them. "Even though you think you are going to carry out your program a certain way, in reality you may incur some kind of barrier," says Dustin. "Either you keep pushing against the barrier or you find a way around it. It has been our strategy to find a way around it."

* **Pay attention to board leadership.** Wright State's COPC works very closely with the Townview Community Development Corporation (CDC), which had

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Discussing housing-related issues at Townview Community Forum

Instead of ending the project, the partners changed their strategy. CDC would not rent rehabilitated homes to prospective homeowners, at least not at first. Instead, it would sell the homes to qualified homebuyers as soon as they were rehabilitated. This way, CDC could quickly roll money from the home sales back into the program while building a reputation in the community as a developer of quality and affordable homes. With a solid track record in place, CDC is hoping to become eligible for State programs that will provide enough funds to reinstate the rent-to-own program sometime in the future.

In the meantime, Wright State is using its New Directions grant to address other related issues raised during the community's planning process—issues that could eventually affect the success of the program. To reduce the rate of neighborhood foreclosures, for example, COPC instituted financial literacy programs to help existing homeowners retain the homes they already owned. It also developed a loan program to help homeowners maintain their homes and offered community awards for residents who planted attractive gardens. COPC-sponsored community cleanup days helped instill a new sense of pride in the neighborhood. In addition, CDC hired community police officers—and COPC established programs for young people and the elderly—so more residents would choose to remain in Townview.

“The community police officers made a huge difference,” says Dustin. “They organized people. They got people to deal with properties that were in disrepair and to take an interest in young people.”

All of these investments seem to be paying off. The first two homes completed through the rent-to-own program sold within a week. In addition to being well constructed,

the homes had several selling points: they were located about 100 yards from an elementary school with a good reputation, they were within walking distance of Townview's only park, and their immediate neighborhood already had a strong COPC presence. COPC runs afterschool programs in the neighborhood and sponsors an active youth council.

“We were stunned,” says Dustin about the quick sale. “But people like the cohesiveness of the neighborhood. While there is still a stigma associated with the community, there are just enough ingredients there that say that this might be a pretty darn good place to live.”

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A Townview home

COPC instituted financial literacy programs to help existing homeowners retain the homes they already owned. It also developed a loan program to help homeowners maintain their homes and offered community awards for residents who planted attractive gardens. COPC-sponsored community cleanup days helped instill a new sense of pride in the neighborhood.



Meet & Greet at Townview Community Forum

no paid staff. The relationship between COPC and CDC has been strained at times due to a lack of strong leadership on CDC board. Strong leaders who were initially recruited for the board resigned due to personal circumstances, says Dustin, and COPC had trouble recruiting equally strong leaders to replace them. COPC should have started working on board development at the very outset of its work, says Dustin. CDC board members would have benefited from training and workshops to ensure that they had the capacity to lead the organization.

*** Be prepared for setbacks, and accept them.** Wright State experienced multiple setbacks in its relationship with partners. While COPC was able to attract strong partners at the beginning of the project, the priorities of those partners changed over time due to internal issues. While understandable, says Dustin, the changes strongly affected the ability of the project to succeed. This can be frustrating, he says, but it also illustrates an important lesson that he feels every grantee needs to adopt early on. "You just have to do your best," he says. "If it doesn't work out, you need to be analytical and ask whether something more could have been done. But you can't beat yourself up over it."

Supporting Future Homeowners Through Financial Literacy and Homeownership Education

There is a huge difference between having the *desire* to buy a home, and *being ready* to take on this major purchase. That is why a large part of homeownership promotion involves making sure that prospective homeowners are familiar with the homebuying process, ready to take on the risks and responsibilities of owning a home, and able to qualify for a mortgage.

It is not an easy task. Many community residents come to homeownership training with a sense of urgency about their home purchase. They have decided it is time to buy a home, and they want to do so right away. However, if these individuals are not ready, buying a home may take as long as 18 months. Some individuals will need that long to repair a damaged credit rating so that a lender will consider financing their purchase. For those who lack basic knowledge about banking and credit, the process could take even longer and could seem overwhelming.

Preparing families for homeownership and guiding them through the hard work of becoming mortgage-ready can be challenging for OUP grantees and their community partners. COPC grantees featured in this chapter have met those challenges by offering customized

homeownership training and education programs and by providing moral support and tangible incentives so prospective homeowners will stick with the preparation process until they can close on a house.

- The **University of Texas-Pan American (UTPA)** in Edinburg, Texas, which has been sponsoring homeownership training programs since 1994, recently decided to offer a money management class for local residents who lack an understanding of banking, credit, and budgeting. After they receive this basic financial training, residents are much better prepared to attend COPC's homebuyer education classes and to become successful homeowners.
- **Indiana University-Purdue University Indianapolis (IUPUI)** offers \$150 in cash and coupons to local residents who attend all five sessions of its financial literacy classes. The classes are aimed at helping participants set financial goals and stick to them.
- **Youngstown State University (YSU)** in Youngstown, Ohio, has helped create a customized homeowner education program

for city residents. YSU's community partners offer homeownership counseling and classes to program participants and track each household's progress from the time it first contacts the program until well after it closes on a house.



Rebecca Gonzalez orients attendees about Project HOMME, UTPA



University of Texas-Pan American Edinburg, Texas

Indiana University-Purdue University Indianapolis Indianapolis, Indiana

Financial Literacy Classes Help Prepare Residents for Homeownership Education

Since 1994, when it became one of the first IHEs to receive a COPC grant, the University of Texas-Pan American (UTPA) in Edinburg, Texas, has taken great pride in the homeownership and small business training it offers to Spanish-speaking residents of the State's unincorporated border communities. Yet, despite COPC's success in helping residents of the *colonias* establish businesses and buy homes, something was wrong. A growing number of residents were attending COPC classes, but some participants were not getting as much out of the classes as they could have. COPC staff soon realized why. These residents, many of them recent immigrants from Mexico, needed to learn the basics of banking, credit, and budgeting before they could even begin thinking about mortgages and closing documents.

"As we started talking to these families on a one-to-one basis, we discovered that most of them were not familiar with credit, banking, and finances," says COPC Director Osvaldo G. Cardoza. "They do not realize how credit and credit scores are affecting their lives and are going to affect their lives in the future. They need help to start managing all the things that play into their credit rating, like their household budget, their debt, and their credit card usage. Also, they need to stay away from predatory lenders and wealth detractors, such as pay-day loans, rent-to-own, and pawn shops."



Potential homebuyers at the Cesar Chavez Day March/South Texas, University of Texas

The critical need for basic financial literacy is not limited to the rural areas of southern Texas, where Cardoza conducts out-reach for UTPA's COPC. A thousand miles away, in a much more urban environment, the COPC at Indiana University-Purdue University Indianapolis (IUPUI) discovered the same need several years ago after talking with community leaders in the WESCO community near the university.

From the time it was established in 1997, IUPUI's COPC had been helping neighborhood leaders develop long-term strategies to create local jobs by attracting businesses to the WESCO community. However, local leaders also wanted the university to focus on finding concrete ways for individual community residents to establish their own economic security. Specifically, IUPUI's community partners felt that local residents needed help in making better financial choices.

"When we started looking at economic development at the micro level, we began to realize that local residents really did not have a lot of access to the traditional banking systems and loaning institutions," says Meg Easter-Dawson, coordinator of IUPUI's Office of Neighborhood Partnerships. "We did a windshield tour of the neighborhood and found that there were a lot of check-cashing places, but the banks were leaving. We wanted to look at how that was impacting the financial choices that residents were making."

Financial Literacy in Indianapolis

IUPUI's first step under its 2003 COPC New Directions Grant was to gather partners who could help it design, market, and implement financial literacy classes. Among COPC's early partners were a community school; a group of neighborhood-based community centers that provide a variety of services to residents; WESCO Neighborhood Association; and the university, which had expertise in providing financial education. Later partners included several local banks, the Annie E. Casey Foundation, the Purdue University Cooperation Extension Service, the Center for Working Families, and State Farm Insurance.

"Sometimes you build that core of partners and, when you are having success and are organized, you have better luck in attracting some of the broader resources and business interests in the community," says Easter-Dawson.

In early 2004 the university's partners piloted two financial literacy classes, one in English and the other in Spanish. Initially, the classes were offered on an open-enrollment basis. While participants were encouraged to preregister, COPC welcomed anyone who showed up. The initial response was so good, in fact, that a second English class was added during the first session. Each class was attracting an average of 35 individuals until COPC felt the need to cap class size at 20. Six sessions have been held so far, and COPC expects to serve more than 250 individuals by the time the New Directions grant ends. "That is a lot more than we expected," says Easter-Dawson.

Class participants come from a variety of backgrounds. The local Veterans Assistance Center has encouraged several of its homeless clients to attend as a way to "get their act together," says Easter-Dawson. At the other extreme, some participants are working full time. "They have goals like wanting to purchase a home or wanting to get out of debt," she says. "They're looking for support in going about doing this."

COPC is using two separate curricula for the classes. One was developed by the Center for Economic Education at the university, which also conducts financial education classes for community groups and other organizations. Another curriculum was designed by the Purdue University Extension Service, which had developed money management learning materials in both English and Spanish. Both organizations employ trained educators who conduct COPC-sponsored classes.

Plans call for a continuation of the classes, several times each year, for as long as there is interest among local residents. COPC is also considering sponsoring a more in-depth financial literacy course for those who have already completed the current classes.

Money Management in Texas

Osvaldo Cardoza's plan was that *colonia* residents would attend UTPA's money management course first and then move into either the homeownership or business development courses that COPC has offered for several years. It has not worked out exactly that way. Residents who lack basic financial knowledge are still showing up to take homeownership and business

FINANCIAL LITERACY CURRICULUM FROM IUPUI

Financial literacy classes sponsored by COPC at Indiana University-Purdue University Indianapolis (IUPUI) include five 2-hour sessions that provide the following information:

* **Session 1: Economics (or Financial Planning) is Common Cents**

This introductory session covers the basics of money management, says Meg Easter-Dawson, coordinator of the university's Office of Neighborhood Partnerships. "It's like economics from a very common sense perspective," she says. "We talk about the everyday decisions you make about how you spend your money, and the long-term impact of those decisions."

* **Session 2: Stretching Your Dollars: Budgeting 101**

Class participants are asked to track their spending so they can begin to see how little expenditures can add up. Participants also talk about budgeting and working toward goals like homeownership. "Homeownership is a big piece of financial literacy, especially in Indianapolis, because oftentimes it is cheaper to purchase a home than it is to rent," says Easter-Dawson.

* **Session 3: Digging Yourself Out of Debt**

Students learn about debt, why they live in debt, and what strategies they can take to get out of debt and reestablish good credit. "Most of the people we're working with have pretty high debt," says Easter-Dawson.

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IF YOU START A FINANCIAL LITERACY PROGRAM ...

Oswaldo Cardoza of the University of Texas-Pan American (UTPA) and Meg Easter-Dawson of the Indiana University-Purdue University at Indianapolis (IUPUI) offer this advice to anyone interested in starting a financial literacy education program:

* **Do not do it alone.** Having good partners will help your initiative succeed. Cardoza works closely with a group of other community-based organizations that provide counseling, housing, and homeownership services in the *colonias*. The group meets monthly so members can keep each other informed of current activities. "One partner may be spearheading a housing fair and will invite the others to participate," says Cardoza. "I will share a calendar of our classes and ask the others to refer clients to us. It is just a nice place to get together and talk about common issues."



Left: IUPUI Predatory Lending Community Forum; Right: Potential homebuyers playing a homebuying game at the Cesar Chavez Day March/South Texas HOGAR Event

* **Garner community support before you start your initiative.** Make sure the community thinks a financial literacy class is a good idea, says Easter-Dawson. "If you think it is a good idea and the community does not agree, then do not bother," she says. Talk to community leaders or survey residents directly. Later, you can recruit these residents to participate in your classes, says Easter-Dawson.

* **Offer incentives to boost enrollment.** IUPUI offers a financial incentive to individuals who attend all five sessions of its financial literacy course. After each session, participants receive a \$10 gift certificate for a local grocery store. When they have completed all five sessions, participants receive \$100 that they can deposit in a savings account or checking account. Representatives from local banks come to the last session to help participants set up a bank account if they

do not already have one. Easter-Dawson says she thinks the promise of money brings students to the classes and keeps them coming back. The incentives are paid with funding that the Annie E. Casey Foundation has made available to the George Washington Community School, a COPC partner.

* **Serve food.** Both Cardoza and Easter-Dawson are adamant about the important role that food plays in bringing residents to meetings and classes. The promise of refreshments has always helped Cardoza attract residents to orientation sessions that explain UTPA's homeownership, business development, and financial literacy classes. Even local service providers are more likely to attend a partner meeting when they know food will be served, he says. In



Indianapolis, the first half hour of IUPUI's 2-hour classes are always devoted to food. Since classes begin at 6 p.m., the COPC provides each participant with a free box dinner. While participants eat, they can ask questions of the instructor or talk with other students.

* **Make it fun.** It is critical that a presenter knows the ins and outs of financial issues, but he or she also has to be able to make classes entertaining. "It cannot be like a regular school class," says Easter-Dawson. "It has to be engaging, it has to be interactive, and it has to be fun. If the class is boring, you will start to lose folks."

* **Give the message at least twice.** "People need to be hit with information more than once before they really begin to integrate it," says Easter-Dawson, who reports that some participants in IUPUI's financial literacy classes have asked to take the classes again, just for the sake of review. "I'm not worried about duplication. In fact, I think you need to develop your program so it allows for that."

development classes. The major difference is that Cardoza is keeping an eye out for them and now has an alternative class to which he can steer them.

“Sometimes in the homeownership classes, they will say, ‘I need to talk to you about my situation,’” says Cardoza. “I give them my business card—I give everyone a business card—and tell them to call me. Then I sit down with them and that is when I start to realize that this person has credit issues. So I suggest that they attend the money management class.”

The strategy seems to be working. Between July 2004 and May 2005, UTPA offered money management training to 220 families. Most of those families are second-generation immigrants—young married couples in their late 20s who are still living with a parent because they cannot afford a home of their own. Cardoza is trying to improve these numbers by spreading the word about money management training to whomever will listen. However, he is careful to do this in a way that respects the fears of his target audience. Many are recent immigrants from Mexico and not all have legal status in this country, he says. A fair number have a bias against conventional banking, due to problems they encountered with the Mexican banking system.

“When we go to talk to *colonia* residents, we do not wear ties, we have to dress down,” says Cardoza. “These residents find it very intimidating to talk to strangers. There are usually one or two local people who are self-proclaimed leaders and that other people look up to. So we try to work through these leaders as much as we can, maybe holding meetings in their homes.”

“We try to convince residents that we are from the university and that we have no ties to immigration or law enforcement,” continues Cardoza. “We try to put them at ease. We tell them that we are here so they can learn. It is a constant selling job.”

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* Session 4: Saving for Your Retirement

This session focuses on why it is important to save for retirement and what participants can expect from Social Security. “A lot of these residents do not have jobs that provide them with retirement programs,” says Easter-Dawson. “We are asking them to look at where they want to be in 30 years and what strategies they can implement to get there.”

* Session 5: Celebration and Rewards Night

Students who have attended all five sessions receive \$100 that they can deposit in a savings or checking account. Representatives from Bank One, a COPC partner, are on hand to help participants to open a bank account if they do not already have one.



WESCO Town Hall meeting, IUPUI



Youngstown State University Youngstown, Ohio

“Buy into Youngstown” Provides Customized Homeownership Training

Imagine you have decided to create a simple little program to promote homeownership in your university’s neighborhood, which is a transient area that is suffering from significant disinvestment. You have great intentions when you get your COPC grant, but you quickly realize that low homeownership rates affect your entire city, not just your neighborhood.

In fact, you discover that the real estate market is stable in only a small portion of your city. In most neighborhoods, it is unlikely that a house that is on the market will sell in a reasonable amount of time or for a reasonable price.

You also discover that city-funded homeownership training programs are not actually producing any new homeowners. The training they offer is generally viewed by banks and other lenders as a mere formality that pre-approved borrowers must endure so they can qualify for government-backed mortgages.

Armed with this new knowledge, you convince the city that you cannot accomplish anything on a neighborhood level unless there is some improvement at the city level. The city responds by offering you an incredible opportunity—and a difficult challenge. City officials tell you that they will consider funding one—and only one—program to promote homeownership across the entire city. However, there is one catch: the proposal better be a good one.



Council member Rufus Hudson, Second Ward, Virginia and Ernie McCullum; Jamael Brown, BIY; and Jeanette Edmunds, National City Bank participate in groundbreaking ceremony

What do you do now? Hopefully, you do exactly what COPC at Youngstown State University (YSU) in Youngstown, Ohio, did. You begin to think more broadly about homeownership promotion, and you find good partners—and lots of them—to help you carry out a citywide initiative.

YSU’s partners are a remarkable group, according to Jim Shanahan, who until recently served as senior research associate at the university’s Center for

Urban and Regional Studies (CURS). Those partners met regularly over a 6- to 8-month period to develop their proposal for a comprehensive and coordinated homeownership program. According to the proposal, YSU’s partners would pool their resources and expertise to launch a marketing campaign for specific Youngstown neighborhoods, train homebuyers and track their progress toward homeownership, and then conduct followup to ensure that homeowners were successful. The city’s Community Development Agency accepted the proposal and awarded the partners a \$50,000-a-year grant to implement what has become known as the Buy into Youngstown (BIY) Homebuyer Education and Counseling Program.

The Program

BIY is not the brainchild of any one person or organization. Instead, it truly belongs to the Family Service

Agency, an agency that conducts financial and homebuyer education; G.T. Community Empowerment Organization, which runs community programs in public housing communities; Consumer Credit Counseling Service, which helps clients manage their debt; Catholic Charities Housing Opportunities, which provides homeownership education and counseling; North Side Citizens' Coalition, which conducts financial literacy education programs; and CURS, which administered the university's 2000 COPC grant.

Each BIY partner has a distinct role to play in the program, based on what they do best, says Shanahan. For example, CURS does all the marketing and administration for BIY and is the first point of contact for prospective homeowners who want to join the program. Those individuals first meet with Jamael Brown, COPC's community organizer, to provide basic information about themselves and learn about the program. Brown then arranges for them to see one of the partnership's two counseling agencies.

During initial meetings, a participant's assigned counselor assesses the individual's needs and knowledge level and then designs an individualized homeownership training program. That program could include participation in workshops and classes offered by some BIY partners and financial management training or credit counseling services offered by other partners. No matter what the individual education plan entails, clients continue to meet with their assigned counselor on a monthly basis for as long as they remain in the program.

"The program is customized for each participant, depending on their situation," says Shanahan. "How long the person stays in the program depends on how many credit issues they have to resolve. Every case is managed individually by this one primary counselor who they see throughout the process. That process lasts until they are ready to receive their certificate, go to a lender, and be connected with the housing search itself." The typical client can expect to stay in the BIY program for 6 to 12 months, and to attend a minimum of 6 to 8 hours of one-on-one counseling, workshops, and classes, says Shanahan.

BIY stays in contact with clients even after they are deemed to be mortgage-ready. The partners have developed a list of preferred lenders, with whom they work closely to make sure BIY is adequately preparing clients for homeownership. More lenders are beginning to make referrals to the program if they have clients who fit into BIY's target market, which includes

"We did not want to just announce a workshop series and then let anybody stray in. That is what other programs ... have done, but after the workshops were over, nobody followed up. We do follow up."

*—Jim Shanahan
former Senior Research Associate, CURS*

HOMEBUYER EDUCATION: CURRICULUM FROM THE UTPA COPC

The University of Texas-Pan American (UTPA) incorporates the following topics into its homebuyer education classes:

- * Overview of homebuying process.
- * Advantages and disadvantages of homeownership.
- * Are you ready to buy?
- * Assessing readiness:
 - Capacity, credit, capital, and collateral.
- * How much can you afford?
- * Deciding what type of house.
- * Insurance.
- * Homeownership.
- * Financing requirements.
- * Calculating front- and back-end ratios.
- * What makes up a mortgage payment?
- * The importance of budgeting and money management.
- * Buying real estate.
- * Finding the right home.
- * Home inspections.
- * How much to offer.
- * Purchase contract and contract terms.
- * Sources of mortgage loans.
- * Comparing loan terms.
- * Applying for a loan.
- * Interim and permanent financing.
- * What to do if rejected.
- * How to request a credit report.
- * How to build credit history.

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individuals who cannot qualify for a loan now, but could qualify in 6 to 12 months, says Shanahan.

“We wanted to have a target market in mind,” he says. “We did not want to just announce a workshop series and then let anybody stray in. That is what other programs in Youngstown have done, but after the workshops were over, nobody followed up. We do follow up. We do not say, ‘OK you’re done, good luck.’”

Challenges

BIY has graduated only one new homeowner so far, says Shanahan. Twenty-four families are currently enrolled in the program and about six households are very close to graduating. The results may not be stellar, but BIY partners—who view the initiative as a long-term investment—are confident that the program will eventually become a strong and viable part of Youngstown’s revitalization. In fact, BIY expects to get a boost over the next few years when the city’s new HOPE VI project gets off the ground. The project is expected to produce 12 owner-occupied housing units per year, which in turn will produce a clear need for BIY’s services. The Youngstown Housing Authority has already agreed that all HOPE VI homeowners will be trained through BIY.

BIY’s biggest challenge seems to be convincing local residents that its program, although time consuming, offers a better service than local subprime lenders. Those lenders may provide mortgages in a shorter amount of time, but they are often encouraging buyers to make poor financial decisions, says Shanahan.

“There seems to be an incredible hesitancy on the part of households to invest time and effort into a program that is not an instant solution for them,” he says. “This is the main hurdle we have had to address. We found that you

have to contact 100 people and see 10 in order to sell 1 on the program.”

To complement individual marketing efforts, YSU and its partners are also working hard to market Youngstown neighborhoods to prospective homebuyers. The marketing effort was launched after a recent CURS study of city real estate transactions showed that two-thirds of established city homeowners move out of the city when they are ready to trade in one home for a better one.

“We wanted to improve that number. What these homeowners are looking for in the suburbs actually does exist in the city, but they just do not know about it,” says Shanahan.

BIY is focusing its efforts on turnaround neighborhoods that will host the city’s new HOPE VI project or have active neighborhood development corporations. In spring 2005 the partnership held its first Homebuyer/Homeowner Expo, which featured 30 exhibitors, including home repair companies, banks, and realtors. In addition, BIY is trying to get local employers to inform workers about city housing opportunities or to provide financial incentives, through employer-assisted housing programs, to employees who purchase homes within the city limits.

Despite the challenges that it has faced, BIY partners feel they have made much progress in the past 2 years, especially considering where they began.

“When we started, there had been no new for-sale housing stock built in the city of Youngstown in decades,” says Shanahan. “We have one [program] graduate now living in a home that was built under contract for them. That is one more than had been accomplished in a very long time.”



Youngstown Second Annual Home Expo



The McCullum family at the groundbreaking for their new Beechwood Place home

One of the brightest spots of the BIY initiative has been the partnership itself. Several of the partners had to give up their own funding from the city's Community Development Agency in order to join the partnership, and they had to agree to accept payment only for the services they rendered. The program's \$50,000 annual budget is structured as a cost-reimbursement system so that if BIY does not serve clients,

it does not get paid. Fortunately, the program can carry over funds from one year to the next so, well into its second year, BIY still has not exhausted the funds budgeted for its first year.

"We set it up that way for financial accountability," says Shanahan. "But that is one remarkable thing about the partners. They have not earned the money they expected to, but they have not jumped ship. That is a real test of a partnership."

"Of all the things that happened with COPC, this partnership is the one that I am most proud of," continues Shanahan. "One, because I like watching people develop and grow in the context of a collaboration like this. Second, because the potential for collaboration in other areas is constantly there. Everybody is so strapped for both time and money. I think all of our partners will agree that, together, we are able to accomplish so much more than we could ever do alone."

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- * Avoiding credit problems.
- * Credit problem solutions.
- * The closing process.
- * Preparing for the closing.
- * Closing documents.
- * Closing costs.
- * Home maintenance.
- * Property taxes.
- * Exemptions.
- * Home equity.
- * Awareness when dealing with contracts for deed.
- * Property taxes.
- * Homeownership benefits.
- * Making your payment, default prevention.
- * Keeping your budget.
- * Maintaining your home.
- * Home repairs, hiring contractors.



Jamael Brown, Community Organizer

Supporting Homeowners Through Financial Assistance

No matter how much counseling and education they receive or how many affordable homes are available for purchase in their communities, many low- and moderate-income families will not be able to settle on their new homes without some financial assistance. Fortunately, OUP grantees and their partners are there to provide families with the financial boost they need to meet their homeownership goals. That boost comes from a variety of programs, including individual development accounts, employer-assisted housing initiatives, and downpayment and closing cost assistance.

While financial assistance programs undoubtedly help individuals achieve their housing goals, they also provide engaged colleges and universities with critical tools for carrying out community development objectives. Some OUP grantees have used financial assistance programs to increase local homeownership rates, while others have established these programs to provide powerful incentives aimed at encouraging prospective homeowners to invest in and help stabilize challenged neighborhoods.

The financial assistance programs featured in this chapter illustrate the range of strategies that colleges and universities, government agencies,

and nonprofit organizations can employ to purchase their new homes:

- The Women's Center at **San Antonio College** in San Antonio, Texas—a HSIAC grantee—is working closely with the city of San Antonio to help its clients establish individual development accounts (IDAs) that can help them save to purchase a home, pay for their education, or start a business. For every dollar a participant saves in the account, the city will give them \$4.
- The **University of Chicago**—a COPC grantee—offers its full-time employees \$7,500 in downpayment and closing cost assistance if they meet certain income requirements and are buying a home in targeted neighborhoods. The university has invested \$1 million in the program.
- Downpayment assistance programs sponsored by **Elizabeth City State University (ECSU)** in Elizabeth City, North Carolina, and Johnson C. Smith University in Charlotte, North Carolina, are helping low- and moderate-income individuals become homeowners, while allowing both HBCU grantees to meet other related goals. ECSU uses its program to entice local residents to attend homeownership education and counseling. The assistance programs offered through Johnson C. Smith's community development corporation (CDC) have helped that CDC market and preserve the affordability of its new townhome development.
- **Long Beach City College** in Long Beach, California—a HSIAC grantee—is helping family childcare providers in southern California access the information and financial assistance they need to purchase homes from which they can provide their services. The college is also working closely with local officials to ensure that affordable housing being built in the city will meet the providers' business needs.
- For more than a decade, faculty and students at **Valparaiso University** in Valparaiso, Indiana—a COPC grantee—have supported Project Neighbors, a grassroots housing movement that uses volunteers to build affordable homes for low- and moderate-income families. These families can then purchase homes that are priced to reflect the actual cost of construction, which can be 50 percent lower than the home's market value.



San Antonio College San Antonio, Texas

San Antonio IDA Program Helps Residents Save for a Home

Mario A. Resendiz is a born salesman. He does not sell cars, boats, or any other tangible product. Instead, he touts the tremendous benefits that can come from saving money. To support his sales pitch, the director of San Antonio's Family SAVE program is offering residents of Bexar County, Texas, \$4 in Federal and local funds for every dollar they deposit in an individual development account (IDA).



College and community exhibitors

The Family SAVE program, sponsored by the city of San Antonio's Department of Community Initiatives, offers eligible Bexar County residents the opportunity to use IDA funds to make a downpayment on a first-time home purchase, start their education, or establish a small business. Participants in the program can deposit up to \$1,000 in a special bank account. Each account earns the usual interest rate, as well as a 4:1 match from the SAVE program. The availability of matching funds means that a resident who saves \$1,000 of his or her own money will actually have \$5,000 to spend on housing, education, or a business.

Since 2000, more than 500 residents have begun saving through the IDA program. Currently, there are 388 active IDAs, with 163 residents saving for education, 207 saving for a house, and 18 planning to start a small business. A total of 112 accounts have been closed, with the money spent on education (36 accounts), homes (66 accounts), and businesses (10 accounts).

The IDA program has been so successful that almost 90 individuals are now on the waiting list—waiting, actually,

for Resendiz to raise the funds from nonprofit organizations and the private sector to finance their accounts. The city of San Antonio runs SAVE with help from Assets for Independence (AFI), a U.S. Department of Health and Human Services (DHHS) grant program aimed at facilitating IDA-based savings nationwide. While the city has received three AFI grants totaling \$1.3 million since 2000, it is not allowed to disburse

any of those funds until it raises enough local money to satisfy the program's dollar-for-dollar match requirement. Without that local match, there are simply no IDA grants to distribute.

To date, some of the local matching funds have come from the city of San Antonio. In addition, Resendiz has raised money from such private institutions as Citigroup, the Annie E. Casey Foundation, Goodwill Industries of San Antonio, the Alamo Community College District, Frost Bank, the Young Women's Christian Association (YWCA), and Bank One of America. Some organizations have agreed to donate funds because their contribution can be earmarked for a particular type of IDA. For example, Levi Strauss and Company contributed \$25,000 to the program after it closed its manufacturing plant in San Antonio a few years ago. The company specified that its funds could only be used to support individuals who are saving to open a small business. In a similar arrangement, the Alamo Community College District donated money that has been set aside to help students save for an education at one of the district's five campuses.

Program Features

Individuals who participate in the Family SAVE Program must live in Bexar County. At least one person in the household must be working, and the family must have limited income and assets. Generally, a resident whose income is less than two times the Federal poverty line—approximately \$38,700 for families and \$19,140 for individuals—can qualify for the program.

There are some education-related requirements as well. All participants in the program must enroll in financial literacy classes, which are offered by the Department of Community Initiatives. Before prospective homeowners are accepted into the program, they must attend 8 hours of homebuyer education. Before they can draw down the money in their IDA accounts, individuals saving for college must show proof that they received academic counseling; those establishing a small business must attend a 12-hour business course offered in partnership with the YWCA.

An IDA account can be opened in one of four financial institutions that are program partners: Frost Bank, South Side Credit Union, Security Services Federal Credit Union, and Wells Fargo. IDA account holders must make at least one deposit every month for at least 6 months, but they have up to 4 years to reach their savings goal. Each client sets a monthly savings goal, with help from Resendiz.

At the end of each month, the financial institutions mail Resendiz a statement of each account. Using this information, the city generates an IDA statement for each participant showing how much the individual has saved to date and the current level of the matching dollars.

“We send the statement to the individual along with a little note that says, ‘Good job,’ ‘Way to go,’ or ‘Keep saving,’” says Resendiz. “When they receive the statement, the person can see the progress that they are making. It is a wonderful tool because they start to see the matching funds increase. They’ve saved \$500, but their account is worth \$2,500. That is exciting for them.”

While the match amount is listed on the statement, the actual matching funds are never actually deposited in an individual’s IDA account. Instead, when the person reaches his or her spending goals or reaches the program’s \$1,000 cap on personal savings, the city sends the appropriate matching funds to a third party. That third party could be a learning institution, in the case of an education IDA; a title company, in the case of a homeownership IDA; or a vendor, in the case of a business IDA. Checks are never sent directly to the individual.

Marketing

When Resendiz first took over the IDA program in 2004, there were approximately 70 active IDA accounts, out of a possible 510. A year later, the city had established as many accounts as it was able to given local donation levels. Resendiz attributes his success to two separate marketing blitzes he has conducted over the past 12 months—the first aimed at attracting county residents to the program and the second, launched in March 2005, to attract donors who would be willing to match the Federal grant.

IF YOU ARE PLANNING TO START AN IDA PROGRAM ...

Mario A. Resendiz, who manages the Family SAVE Program in San Antonio, Texas, offers this advice to anyone interested in starting an IDA program:

* **Study your audience.** When he first started marketing the city of San Antonio’s IDA program, Resendiz did some demographic mapping to identify the San Antonio neighborhoods where income-eligible individuals lived. “Those maps showed me where I needed to be and the communities where I needed to work,” says Resendiz.

* **Find out who is already working with your target population.** Resendiz also did some research to find out what other local, State, and Federal agencies in San Antonio were already servicing the population he wanted to reach with his program. “I met with them and did a presentation about the program,” he says. “They became very engaged.”

* **Get testimonials.** The best way to sell a program is to let other people tell your story, says Resendiz. As soon as clients begin spending their IDA accounts on education, homeownership, or a small business, Resendiz asks them to provide testimonials about the program to prospective participants. “That works perfectly,” he says. “They become my biggest champions in the community, and they start recruiting other residents for the program.”

* **Be energetic.** You have to believe in the product you are selling, and you have to get other people excited about it, says Resendiz.

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“When I first came here, we had the money but we didn’t have the people,” he says. “So my first marketing approach was getting the people in. I needed to show local organizations that there was an interest in the program, so they would invest in it.”

Resendiz conducted his marketing program with a little help from his friends, including Abby B. Gonzalez, a continuing education specialist at San Antonio College (SAC). Gonzalez, who staffs the HSIAC-funded Seguir Adelante Community Initiative at SAC’s Women’s Center and Adult Re-Entry Program, offers information, training, and other support to women who are interested in entering the workforce, returning to school, or buying a home. (See box this page.) She is one of several partners that Resendiz has trained and relies on to spread the word about his IDA program. Other partners include UU Housing Assistance Corporation, a housing counseling

and information agency; the YWCA, which offers the entrepreneurship training that participants in the business IDA must attend; and a network of family resource and learning centers located around the city.

“For about 9 months, I was working almost 12 hours a day, 7 days a week,” recalls Resendiz about his early days on the job. “It was nonstop. I spent Saturdays at health fairs, job fairs, and college fairs. On Sundays, I visited any type of religious organization that would let me talk to their congregation. During the week, I would hit all the community-based organizations. I soon realized that I had to develop a better plan. There is only one of me, and I was not going very far. I decided I had to get as many people helping me as possible.”

Using community-based organizations, including San Antonio College, to spread the message about the

SAN ANTONIO COLLEGE PROGRAM SHEPHERDS WOMEN TO SUCCESS

Continuing Education Specialist Abby B. Gonzalez works hard to give information about education, job training, and homeownership to displaced workers and homemakers who visit the San Antonio College (SAC) Women’s Center and Adult Re-Entry Program. Some clients lost their jobs when Levi Strauss and Company closed its local plant in San Antonio a year ago. Others are homemakers returning to the workforce after raising their children. The life transitions faced by both populations can be overwhelming.

“They know they need to go back to school, but they are scared to death or they think they don’t fit in,” says Gonzalez, who staffs the HSIAC-funded Seguir Adelante Community Initiative at the Women’s Center. “They have no idea what the first step is. They just happen to come through our doors because they live close to SAC and they want to go to school.”

Before Gonzalez’s program began, the first step for many of these women was to take a test that would assess their ability to succeed in college-level courses at SAC. Unfortunately, says Gonzalez, most of the women—who have been out of school for 5 to 20 years—were unprepared to take the test and, as a result, received disappointing news: they would be taking remedial classes for 2 years before they could even take a college-level course.

“She would be devastated,” says Gonzalez about her typical client. “It took so much motivation for her to walk to our campus, walk through our doors, and we just hit her with a ton of bricks.”

To help students avoid such a disheartening beginning, Gonzalez and her colleagues at the Women’s Center are doing all they can to help individuals gain the skills they need to succeed in school or get a job. Women who need to prepare for the college’s assessment test can strengthen their basic skills in the center’s computer lab. Those who need immediate employment can come

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IDA program has been very successful. “They have a captive audience,” says Resendiz., They are already dealing with low-income individuals who probably qualify for the IDA program, and they are often helping clients set goals that an IDA would help them accomplish.

“I tell every client that comes in here about the IDA program and you have no idea of how thrilled they are,” says Gonzalez. “They had no idea the program existed, and it has been around for years.”

While it is Resendiz’s job to work with clients once they are accepted into the IDA program, Gonzalez remains extremely involved in helping clients apply for assistance. She distributes IDA applications to her clients and also accepts and prescreens completed applications, making it unnecessary for applicants to travel to city offices to submit them. She also checks on the status of applications and follows through to find out why an application has not yet been approved.

“They are used to being turned down,” says Gonzalez about her clients. “They see it as just another ‘no’ to add to their list. But I say, ‘Let’s find out why.’ Sometimes it is only that they forgot to submit a required document.”

Gonzalez says that often the extra support she offers applicants makes the difference between success and failure. While some critics might think she is doing too much for her clients, she says her efforts pay off in the end.

“You can’t tell your client, ‘Here is the number, call him,’” says Gonzalez. “The client is not going to do it. It takes a lot for them to walk through our door. I am not going to ask them to go through another door. They need more help than that. That extra help is going to make a big difference in their lives and the lives of their children. That extra help is going to help them become self-sufficient and productive members of society.”

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“You can’t go in there and give a boring presentation,” he says. “These people are saying, ‘I can never own a house. I can never save that much money.’ You have to make them believe in it and then you have to stay engaged with them and keep them energized.”

* **Offer supplemental programs to help clients save money.** Resendiz connects his clients with a variety of city programs that can help them cut down on their spending and increase their ability to save. For instance, he encourages IDA clients to apply for utility assistance so heating or cooling bills do not interfere with their savings plans. Through another program, the Voluntary Income Tax Assistance program, IRS-trained volunteers complete tax forms for individuals who earn less than \$40,000 a year. The program can deposit an account holder’s tax refund directly into his or her IDA, ensuring that the refund is not spent frivolously. More importantly, the IDA match quadruples an individual’s tax refund, adding considerable value to the IDA account and bringing the dream of homeownership that much closer.



Mario Resendiz

to the center's 6-week training session for administrative assistants or 11-week training session for medical administrative assistants. The center's goal is to eventually get its clients to begin regular college courses so they can earn an associate's or bachelor's degree.

Once an individual takes care of the education and training part of their life planning, their next goal is usually homeownership, says Gonzalez.

"It's the typical American Dream," she says. "Once she has been working for 6 months, a woman tells us, 'I want my home now. How do I save? Where do I go to purchase a home? Do I qualify?' Homeownership makes them feel like they've made it."

Gonzalez does not actually offer homeownership services herself. Instead, she has worked hard to develop strong partnerships with agencies that do. A local agency called UU Housing conducts financial literacy training for all participants in the center's job training programs, and offers homeownership training to those who are interested. In addition, the city of San Antonio offers "fabulous programs," says Gonzalez, including an individual development account (IDA) program that gives eligible participants a \$4 match for every dollar they save.

While community partners are helping Gonzalez's clients gain practical skills and financial benefits, her job is to listen to their hopes and dreams and help them set and meet life goals. To Gonzalez, the opportunities are very clear.

"A woman can do a lot in this situation," says Gonzalez. "She can come to school. She can save with this IDA. Hopefully, she will want to get an associate's degree, and then we're going to encourage her to get a bachelor's. By the end of 5 years, she has saved for her home, she already has her degree, and she is ready to be on her own."



College information sessions

OUP-FUNDED RESEARCH SHEDS LIGHT ON IDA USE

Who opens IDAs—and who uses them most successfully? Michel Grinstein-Weiss, assistant professor of social work at the University of North Carolina, attempted to answer these questions in her doctoral dissertation, which examines the unique experiences and outcomes of individuals who used an IDA to save for homeownership. The dissertation was supported by funds from OUP's Early Doctoral Student Research Grant and its Doctoral Dissertation Research Grant.

Grinstein-Weiss based her dissertation on data from the American Dream Policy Demonstration (ADD), the first large-scale study of IDA as a community development and public policy tool. Beginning in 1997, ADD researchers followed more than 2,000 participants at 14 community-based program sites nationwide for 4 years. Fifty percent of ADD participants were saving to buy a home. In analyzing the data, Grinstein-Weiss came to these conclusions about homeownership IDAs:

Who saves more? Females, urban residents, and married couples save more in homeownership IDAs than males, rural residents, and single individuals. Among racial and ethnic groups, Latinos or Hispanics had the highest savings level, followed by Caucasians and African Americans. IDA participants with a college degree saved more than those who did not

attend high school. Participants with higher incomes and those who have assets—like a car or a bank account—were more likely to save more money more often.

How do program characteristics affect savings? The number of hours an individual spent in financial literacy class was highly

associated with savings outcomes for the homebuying group. In addition, programs with high match rates seemed to be more successful in encouraging savings. Participants who received \$3 for every dollar they saved were likely to save more frequently than those who received only \$1 for every dollar they saved. Individuals enrolled in programs with a higher monthly savings goal made higher and more frequent deposits. Finally, participants who used direct deposit saved more regularly.

How does race affect savings? African Americans tend to save smaller amounts in IDAs than Caucasians, the study found. However, higher savings rates among African Americans seem to be associated with certain program characteristics, such as a financial education requirement, a high match rate, monthly savings targets, and the availability of direct deposit. Only two characteristics—financial education and direct deposit—were associated with higher and more frequent savings among Caucasians.



Dr. Michel Grinstein-Weiss



University of Chicago Chicago, Illinois

Employer-Assisted Housing Program Gives University Staff a Shot at Homeownership

When human resources personnel give presentations about employee benefits at the University of Chicago, they spend the usual amount of time explaining the typical medical, dental, and retirement benefits. Then—to the surprise of many—they introduce a few benefits that workers will not find at many other city worksites.

For example, if you are one of its academic employees, the university will pay as much as 100 percent of your child's college tuition, even if he or she attends another school. The university will refer you to childcare or eldercare services if you need them; and will provide short-term counseling and referral for you or a family member free of charge. Through one of the newest additions to its benefits package, the university will provide you with \$7,500 in downpayment/closing cost assistance in the form of a forgivable loan if you meet certain income requirements and agree to buy a home in targeted neighborhoods. Only 20 other employers in Chicago currently offer such a benefit.

Since the Employer-Assisted Housing Program (EAHP) was established in May 2003, 625 employees of the university and its affiliated hospitals have applied for the benefit. More than 350 employees have received homeownership counseling and attended homeownership classes offered by Neighborhood Housing Services (NHS) of Chicago, a nonprofit organization that manages the program's day-to-day operations. As of September 2005, 78 university and 16 hospital employees had purchased homes.



Garland, Michelle, and Malcolm Taylor

Michelle Olson, assistant director of community and government affairs at the university, estimates that the university has invested \$1 million in the program to cover the costs of financial assistance and administration. "We are currently in an extended pilot period, and I fully expect the program to continue," says Olson. "I think it is something that the university is pretty pleased about."

Program Features

EAHP is available to full-time employees who have worked at the university or at the University of Chicago Hospitals for at least

1 year. The \$7,500 that employees receive through the program is actually a 5-year loan that is forgiven at a rate of 20 percent per year as long as employees work at the university or its hospitals and live in the homes they purchased through the program.

EAHP participants must meet certain income requirements and must be able to contribute 3 percent of the home's purchase price toward a downpayment. They must take part in counseling sessions and homebuyer education classes offered by NHS and only buy homes with a location and a purchase price that fall within program guidelines. The university based those guidelines on eligibility requirements that govern city of Chicago housing assistance programs. This means that employees who qualify for EAHP are also eligible to receive additional help from the city.

Employees can purchase homes in one of two designated geographic areas. The program's primary area consists of several neighborhoods: Oakland and North Kenwood to the north of the university, Woodlawn to the south, and Washington Park to the west. Income and price limitations are most flexible in these neighborhoods because they are farthest away from the university. Individual employees can qualify to purchase homes in this area if they earn less than \$72,384. Two-person households must earn less than \$90,480, while three-person households are eligible if their incomes are \$105,560 or less. Employees who meet the income restrictions can buy single-family homes or condominiums valued for no more than \$398,315, or existing and newly constructed two-unit dwellings that sell for no more than \$448,629.

The neighborhood of Hyde Park/South Kenwood—located adjacent to the university—makes up the program's *secondary area*. Individual employees can purchase homes in this neighborhood if they earn \$60,320 or less. A two-person household can buy a home in the neighborhood if it earns \$75,400 or less, while a three-person household can earn \$86,710 or less. Homes that qualify for EAHP include single-family or condominium units priced at or below \$325,894 and new or existing two-unit dwellings that cost under \$367,060. Participants who buy homes in this area must be first-time homebuyers.

Employees interested in EAHP apply at the university's Housing Services Office, which verifies their employment status and income eligibility and refers eligible individuals to NHS. Once connected with NHS, employees enroll in the organization's HUD-certified homeownership education classes. They also meet with Lillie Jernigan, an NHS housing counselor, who evaluates participants' mortgage readiness and recommends a plan through which they can repair their credit or take other steps to get themselves ready to buy a home. Once classes and counseling sessions are completed, employees are on their own until they are ready to make a purchase, says Jernigan.

"They really have to be motivated," she says about the employees. "When they have questions or don't understand something, they do call for help. However, the process is mostly up to them to work through, once we've taught them how."

When employees have found a home and a lender they like, Jernigan prepares the necessary documents and makes sure the university's \$7,500 check arrives at the closing table as expected. In addition, Jernigan can help an employee put together a financing package that often makes a huge difference in a home's selling price. Among the financial tools available to Jernigan are the city-administered TaxSmart program, which entitles first-time homebuyers to a Federal income tax credit; downpayment assistance from the Illinois Housing Development Authority

IF YOU ARE STARTING AN EMPLOYER-ASSISTED HOUSING PROGRAM ...

Lillie Jernigan of Neighborhood Housing Services (NHS) of Chicago, Jane Hornstein of Metropolitan Planning Council (MPC), and Michelle Olson of the University of Chicago offer this advice to anyone interested in starting an employer-assisted housing program:

* **Hire a nonprofit agency to manage the program for you.** The University of Chicago pays NHS \$60,000 a year to manage its Employer-Assisted Housing Program. This arrangement makes the program *a point and click operation* for the university, says Olson. "Working with NHS is the best thing we could have done, and it is the best use of our money." Besides allowing the university to avoid the hassles associated with program management, the arrangement has other benefits. NHS already has qualified counselors on staff who can offer homeownership education and shepherd employees through the homebuying process. Involving a third party also preserves the employee's confidentiality. "You don't want employees talking with someone in the workplace about personal things like credit and debt," says Jernigan. "This way, it's totally confidential and the employees feel secure about that." Because Jernigan's agency is a HUD-certified counselor, employees who participate in EAHP can tap into additional subsidies that help make their housing more affordable.

* **Choose your nonprofit partner wisely.** Employers can start searching for a nonprofit partner by reviewing a list of HUD-certified housing counselors in their area. In addition, Fannie Mae may be able to offer some recommendations for qualified homeownership counselors and educators. Choose a partner with experience and be clear about your expectations, says Hornstein.

* **Sign a memorandum of agreement that outlines each party's roles and**

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(IHDA), which could give buyers between \$3,000 and \$5,000, depending on their income; and additional downpayment and closing cost assistance from NHS, if the employee uses the agency as his or her lender.

“In some cases we have layered IHDA money, university money, and our funds to get people \$20,000 or pretty close to it,” says Jernigan. “Also, they still receive additional benefits after closing from the TaxSmart program.”

Background and Benefits

The University of Chicago’s Employer-Assisted Housing Program was developed in cooperation with the Metropolitan Planning Council (MPC), a nonprofit group of business and civic leaders that promotes planning and development policies necessary for an economically competitive Chicago region. MPC has been promoting EAHP since 1999, when it developed a model for employer-assisted housing through which employers hire nonprofit housing agencies like NHS to manage their programs. Over the past 7 years, MPC has garnered widespread support for EAHP, convincing the State of Illinois to create a program that offers tax credits of 50 cents on the dollar to employers who establish such programs. In addition, MPC’s promotional efforts have led the city of Chicago and suburban municipalities to use EAHP to increase the housing options available to their own workforces and to support other area employers that do the same.

EAHP’s first test in Chicago took place at a company called System Sensor, which agreed to provide \$5,000 in downpayment assistance to every eligible employee who attended an education and counseling program provided by an area nonprofit organization. The experience was a success. At the end of the program’s first year, System Sensor executive King Harris reported that the company had recouped its initial investment and saved about \$100,000 in turnover, recruitment, and other expenses, says Robin Snyderman, MPC’s director of housing.

Buoyed by its success with System Sensor, MPC began promoting EAHP to other employers in the city. To date, more than 40 regional employers, including the University of Chicago, have agreed to establish EAHPs, and more than 20 of those programs are up and running. The university, the recipient of a 2001 COPC grant, contracted with MPC to help design its program to facilitate the university’s partnership with NHS and to evaluate the success of EAHP. MPC also serves as a conduit between the university and the State of Illinois so that the

university can receive tax credits for the money it invests in the program. The revenue gained when the tax-exempt university sells its tax credits is only one of the benefits that has come from the program, says Olson.

In addition, says Olson, the university sees EAHP as a “terrific benefit that helps retention,” since employees can only receive the program’s full benefits if they remain at the university for 5 years. Finally, says Olson, the program is helping to expand the sense of community that the university has worked hard to create on campus and in its surrounding neighborhoods.

“Over 60 percent of our faculty and 25 percent of our staff live in our neighborhood and we like the feeling of community that this creates for us,” says Olson. “So, we want to support any program that will help our students, faculty, and staff interact with one another in the community setting. When employers testify before public hearings about affordable housing, it carries more weight than when the traditional housing advocates step forward to deliver the same message,” she says. “It’s very powerful when an employer says to a mayor, ‘Why should I pay property taxes in a town that is not helping to create housing that accommodates my workforce?’”

Employee Preferences

Like other area employers, the University of Chicago faces housing affordability issues in its neighborhood. Those issues affect EAHP participants, few of whom can afford to buy single-family homes, even with the university’s help. “Condominiums are really the housing stock we have to work with,” says Jernigan. “So people who are buying in these neighborhoods are generally shopping for a condo.”

A comfort level with living in inner-city neighborhoods is also an unwritten requirement for the program. Most EAHP homebuyers—47 of 73—were already renting apartments in the target neighborhoods and used the EAHP benefit to trade up to homeownership “and stay in the neighborhood that they love,” says Jernigan. Fourteen employees have moved to the neighborhoods from other areas of Chicago, and only 12 have moved from outside the city. Jernigan says many employees are hesitant or not interested in moving to outlying neighborhoods like Washington Park or Woodlawn, which have more vacant lots and fewer amenities than other neighborhoods. While both neighborhoods are experiencing a resurgence of residential development, they are still viewed as less safe than Hyde Park, although this is not necessarily true, says Jernigan.

Despite the hesitance of some employees, however, Jernigan has great hope that EAHP's new homeowners will play an important role in revitalizing their communities—even if that change is only evident at the block or street level.

"I talk a lot about this in my homeownership classes," she says. "I tell people, 'You're not just making an investment in your personal financial future. You are making an investment in a community.' I see this happening. When you own a home, you feel a sense of ownership not only for your own property, but for your whole neighborhood."

Jernigan saw some evidence of this sense of ownership recently when she attended a housewarming party given by a university employee who had purchased a home through EAHP. "She bought on a street that she was pretty nervous about, but she found a place that she loved," says Jernigan. "Now she knows all of her neighbors, and she loves them to pieces. There were neighbors at the housewarming who had lived on the same street for 10 years. Up until then, they had seen each other and nodded and waved, but they had never talked. It took one of our clients to bring them together. That was a hopeful sign for this program."

There are other hopeful signs that have little to do with the number of homes purchased or the amount of community transformation taking place. Jernigan says she would consider EAHP a success based solely on the fact that it has provided education and counseling to hundreds of prospective homeowners.

"My personal goal is to educate people," she says. "So even employees who aren't purchasing homes in these areas still are benefiting. They have more control over their finances than they did before they came to us. Sometimes people are so scared to look at their own credit. Just getting them over that hump is worth an investment of time and money."

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responsibilities and their accountability to one another. This is important because counseling agencies and employers are not used to working together. "These are entities that speak different languages, and they have different work styles and cultures," says Hornstein. "Sometimes there may be a disconnect between an employer's expectations and the housing counselor's understanding of what they are delivering. Make sure the lines of communication remain open."

* **Market the program.** Just because EAHP is listed as an employee benefit does not mean employees will necessarily know about or participate in the program. You will still need to spread the word and encourage participation. The University of Chicago markets EAHP during new employee orientations and other programs. In addition, the University of Chicago Hospitals sponsor lunchtime bus trips through the target neighborhoods to get employees more comfortable with the idea of living nearby. "They get a local radio personality to ride along and talk about what is going on in the neighborhoods," says Hornstein. "They get a wide mix of folks to go. It's been a huge success."

* **Do not expect an onslaught.** Hornstein says that prospective employers usually worry that if they offer EAHP, every employee will want to buy a house and program costs will skyrocket out of control. The program does not usually work like that, she says. "Typically 10 percent of your workforce is going to think about moving in any given year," says Hornstein. "Maybe 2 percent will actually do it. If you have 150 people in your workforce and you get five closings a year, that's great." For those still worried about runaway costs, Hornstein suggests that they put some restrictions on the program. For example, the University of Chicago initially limited its program to 70 university employees and offered EAHP on a first-come, first-served basis.



Elizabeth City State University Elizabeth City, North Carolina

North Carolina Downpayment Assistance Goes Hand-in-Hand With Counseling

Fifty new homeowners in Pasquotank and surrounding counties in North Carolina have the Community Development Program (CDP) at Elizabeth City State University (ECSU) to thank for their new homes. For the past 5 years, CDP has been using its HBCU grants to provide downpayment and closing cost assistance to local residents. For about 85 percent of participants, that money has made the difference between being renters and being owners.

“Housing is such a major problem for rural northeastern North Carolina, whether you are talking about rental housing or homeownership,” says CDP Director Morris Autry. “Even those who are paying rent are paying extremely high rents.”

ECSU established the downpayment and closing cost assistance program in an effort to increase homeownership rates in the area. While county-wide rates (65 percent) are only slightly lower than the State average (69 percent), rates for Elizabeth City are only about 40 percent, says Autry. The low homeownership rate is particularly incomprehensible, he says, given the fact that, up until 3 or 4 years ago, local renters could easily purchase a home for the same amount of money they were paying in rent.

“A lot of the problem was that they didn’t recognize how much they were paying in rent,” says Autry. “They thought that a \$600 rent was normal and there was



New home purchased through ECSU's CDP

nothing they could do about it. They didn’t realize that there were programs out there that would help them buy a house for about the same amount of money.”

Autry runs one such program. Those who qualify can receive up to \$3,000 in downpayment and closing cost assistance. CDP will pay all reasonable closing costs and 50 percent of the

downpayment. The assistance is really a deferred loan, secured by a deed of trust. If the individual stays in the house for 5 years, the entire loan is forgiven. If an owner sells the house before the 5-year period is up, he or she must pay back part of the loan on a prorated basis.

Autry’s office prequalifies prospective homeowners for the assistance and then directs them to visit one of the program’s approved lenders. That lender decides how much the client will be able to borrow and how much of a downpayment will be required.

“We make our assessment based on their income, the low- and moderate-income guidelines, and whether their credit is such that they are ready to pursue homeownership,” says Autry. “We don’t want to say that they have to have perfect credit, but we don’t waste our time putting together that letter of approval if we feel that no lender is going to touch them anyway.”

The Counseling Connection

If the process of obtaining downpayment assistance sounds easy for borrowers, it is not. Before an individual

“We don’t want to say that they have to have perfect credit, but we don’t waste our time putting together that letter of approval if we feel that no lender is going to touch them anyway.”

—Morris Autry, CDP Director

can access funds from the assistance program, he or she must attend at least 8 hours of homeownership education—a combination of classes and one-on-one counseling with CDP. Even if an individual has already attended homeownership training given by another agency, he or she must repeat the training at ECSU, says Autry. “We want to make sure that they are familiar with the process,” he says.

More often than not, the counseling uncovers what Autry says is one of the biggest barriers to homeownership among his clients, bad credit. In half the cases, credit problems are due to unpaid medical bills that the individual may have incurred as long as a decade before. Autry and his staff either will refer these clients to credit counseling or will work with them directly.

“Most of this bad credit started out many years ago, and it has just been lingering,” says Autry. “It is not something that happened last year or the year before. We try to explain that if you pay something off this month your credit is not automatically going to be better next month. We are really trying to get them ready for next *year*. It is not a quick fix. That is a problem. It’s hard to get people to stick with it.”

While CDP does its best to invite prospective homebuyers back for seminars and workshops while they repair their credit, not everyone comes back. Autry and his staff, who have counseled more than 200 people to assist 50, take a philosophical view of the dropoff rate. “That’s when you find out who is serious and who isn’t,” says Autry.

Part of the counseling process also involves working with clients to change their expectations about how much house they can buy with the money available to them. This has become particularly critical during the past 3 years as housing prices in North Carolina have soared. A home that sold for \$80,000 in 2002 is selling for \$120,000 today, but the incomes of local residents have not increased, says Autry.

“They get approved for \$80,000, and they decide they want four bedrooms, a living room and a den, wall-to-wall carpeting, and a marble bathroom,” he says. “We have to tell them that they are being unrealistic.”

Real estate agents do not always help the counseling process, says Autry, because they “are going to show clients exactly what they ask for.” Some realtors may assume that the buyer can borrow additional funds from

IF YOU ESTABLISH A DOWNPAYMENT ASSISTANCE PROGRAM ...

Morris Autry, director of the Community Development Program (CDP) at Elizabeth City State University, offers this advice to anyone interested in establishing a downpayment assistance program:

- * **Build relationships with local lenders.** CDP staff meet with lenders and real estate agents several times during the year. “Either we visit their office or they come to ours and we talk about what we’re doing and about the new products they have,” says Autry. “We ask the realtors to let us know when any homes for low- to moderate-income persons come on the market. I think staying in partnership with the local community is a big asset to our program.”
- * **Anticipate as many questions as you can.** It is important to anticipate every question that clients will pose and to have policies and procedures in place to address them, says Autry. “We thought we had done that, but we really didn’t,” he says. For example, early CDP policies did not clearly define what the term *first-time homeowner* meant. Some clients thought they would qualify for assistance if they had not owned a home in the past 3 years. Autry’s staff assumed that the program would only serve clients who had never owned a home. “It wasn’t really stated in our policies what we meant,” says Autry, “That led to confusion.”
- * **Follow your gut when evaluating prospective borrowers.** “You can get a feeling about how persistent they are,” says Autry. “Pay attention to whether they come in for appointments and whether they call and ask questions about what is going on with their lender or real estate agent. The key to their success will be whether they are really interested and committed.”

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DOWNPAYMENT ASSISTANCE HELPS CDC MARKET AN EMERGING NEIGHBORHOOD

When you are trying to attract new homebuyers to an emerging neighborhood, it helps to be able to offer \$40,000 in downpayment assistance to sweeten the deal. That is exactly what the Northwest Corridor Community Development Corporation (CDC) in Charlotte, North Carolina, is doing in the city's Lincoln Heights neighborhood. CDC is sponsored by Johnson C. Smith University, an HBCU grantee.

"That assistance gets the attention of a lot of potential homebuyers," says former CDC Executive Director Terrell Blackmon. "At least they come and give a look. It is a very attractive marketing tool."

The downpayment assistance actually comes from two distinct sources. The city of Charlotte offers one program, called House Charlotte, through which qualified homebuyers can receive up to \$20,000 in the form of a forgivable loan. Repayment requirements are structured to encourage residents to live in the neighborhood for at least 10 years. Payments are deferred for the first 5 years, and the loan is forgiven at a rate of 20 percent per year during years 6 to 10. If the homeowner stays in the property for 10 years, the loan is forgiven.

CDC also offers its homebuyers another product, from the North Carolina Housing Finance Agency, which provides up to \$20,000 to homeowners, but carries a 3-percent interest rate. The loan does not have to be repaid until the homeowner refinances or sells the home, or pays off the first mortgage.

No homebuyer can qualify for either program unless he or she attends 8 hours of homebuyer education, meets with a housing counselor, and uses an approved lender. CDC contracts with a local organization, called UJAMMA, Inc., to provide that training and counseling.

"This assistance lets us reach out to people who are earning as little as 40 to 60 percent of the area median income," says Blackmon. Borrowers must earn less than 80 percent of the area median income to qualify for assistance.

So far, the downpayment assistance has been a big hit among individuals who are buying townhomes in CDC's 26-unit Vantage Pointe development. Each of the seven households that have purchased Vantage Pointe townhomes so far has used the entire \$40,000 subsidy, says Blackmon. The 1,270-square-foot townhomes, which feature 3 bedrooms and 2.5 bathrooms, sell for \$106,900. The market-rate selling price has helped CDC to raise property values in the neighborhood, which was a major goal of the development, says Blackmon. At the same time, the subsidies have kept the homes affordable for low- and moderate-income families.

Before they moved to Vantage Pointe, most families were paying between \$600 and \$800 to rent 2-bedroom apartments.

"Even with homeowner dues of \$50 a month, those homeowners who utilize the entire \$40,000 have a mortgage payment of about \$550 a month," says Blackmon. "In most cases, that is still less than the rent they were paying."



Linda Barrett, housing counselor with the university's CDP, and Morris Autry, program director, providing homebuyer education and counseling at a seminar held during National Homeownership Month (June 2005).

family members to afford a more expensive home. Others may try to sell a relatively inexpensive home that appears to be in good shape but promises to present major maintenance headaches in the near future. In cases like this, Autry and his staff have to be the voice of reason, which does not always make them very popular.

“We always look at a house before we give a buyer the money,” he says. “Sometimes we have to tell the buyer that there is no way they can buy this house. We try to tell them the reasons why it makes sense not to buy it.”

Autry views this type of homeownership counseling and guidance as the heart of his program. In fact, CDP is so committed to this aspect of its program that it just expanded its counseling services to 11 counties with help from an \$80,000 grant from the U.S. Department of Agriculture’s Technical and Supervisory Assistance Program. “If we didn’t have the counseling, people would jump into situations that are not in their best interest,” says Autry.

The financial assistance is also important, of course, but Autry sees it mostly as a tool to attract homeowners to counseling.

“We definitely would not be as popular if we were just having seminars and workshops,” he says. “I think that has been part of our success. The promise of financial assistance definitely keeps our clients interested in counseling.”

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* **Recognize that not every deal deserves assistance.** Because downpayment assistance is a loan to the new homebuyer, CDP has a responsibility to protect its investment by making sure each purchase is a good deal for the borrower. Autry tries to take a look at older homes to make sure they will not present an undue maintenance burden in years to come—and he encourages all clients to get a home inspection. In addition, Autry prefers that his clients use traditional lenders, and he tries to exercise caution when reviewing loans that come from brokers. “We’ve had clients who are not mortgage-ready come back and say that a broker found them a 12-percent loan,” says Autry. “We have problems with that.” A lender does not need to be predatory to get Autry’s attention. If the loan is not a good business decision for a buyer—that is, if the debt-to-income ratio is not going to work—Autry has no problem saying no. “We say no when we can see that in 3 months, the buyer is going to be overextended,” says Autry. “Of course, that gets people upset with us.”

* **Use successful homebuyers to tell your story.** Each year, Autry plans a banquet during National Homeownership Week to promote homeownership and keep aspiring buyers on track. This year’s event attracted 55 participants. The highlight of the evening is always the testimonials that come from former clients who have recently purchased a home. “A lot of times the client can tell the homeownership story better than we can tell it,” says Autry. “You can see the joy on their faces when they talk about the day they moved in, how they picked out their furniture, and things like that. People listen to that.”



Long Beach City College Long Beach, California

College Helps Family Childcare Providers Find Secure Housing

When you work out of your home, the quality and stability of your housing becomes a business issue as well as a personal issue. That is why Long Beach City College (LBCC) in Long Beach, California, is using a HSIAC grant to help family childcare providers purchase homes from which they can provide their services.

The effort is having mixed success. California's soaring home costs do not make it easy for providers, who may earn \$30,000 a year, to buy a home. However, Yvonne Gonzalez Duncan, project manager of economic and resource development-workforce development at LBCC is not giving up easily.

Duncan manages two projects that help family childcare providers improve the quality of their care and the strength of their businesses. One, called Good Beginnings Never End, was initially supported by California's First Five program, a statewide early childhood education initiative funded with proceeds from taxes on tobacco products. The second project, called Child Care Is Good Business, is supported by the college's 2003 HSIAC grant and a grant from the John S. and James L. Knight Foundation, which focuses on school readiness.

Funds from all the LBCC grants allow a team of child development specialists to visit the homes of family childcare providers and to offer approximately 24 or more hours of onsite childcare and business training. The teams visit between 15 and 20 providers each week for a 12-week period before moving on to a new set of 15 to 20 providers. They have worked with about 250 providers



Yvonne Duncan

in the past 5 years, says Duncan. During each 2-hour visit, the teams offer an assessment of the childcare environment, health information, and literacy activities.

"We are working with the providers that really need help and are not necessarily reaching out for it," says Duncan.

In addition to providing training, LBCC team members also keep their eyes and ears open while they visit with providers. As a result, they have learned quite a bit about the challenges of providing family childcare services in Los Angeles County, including the business challenges posed by a provider's renter status.

"In a typical situation, a woman establishes this business in her home, then the landlord says 'I want my house back, you have to move,'" says Duncan. "Or the landlord raises the rent and the provider can no longer afford it. It didn't take us long to realize that housing was a big problem for childcare providers."

Using HSIAC funds, LBCC has surveyed both licensed and license-exempt providers in Long Beach to determine, among other things, their level of interest in becoming homeowners. The response was so enthusiastic that the city of Long Beach agreed to enroll 50 providers in its homeownership classes and to waive the \$25 fee it usually charges each class participant. So far, 26 providers have attended the classes, which are translated into Spanish and Khmer, the Cambodian language.

Providers have generally found homeownership training to be really helpful, says Duncan, and the project has

been able to address barriers to homeownership, such as credit problems, insufficient income, and the high cost of housing.

“The price of housing in California has just skyrocketed,” says Duncan. “The median home price in Los Angeles County was \$300,000 in 2003. It is much more than that now. It is very difficult to find affordable housing. Some of these providers make less than \$30,000 a year, so they cannot even think about buying \$500,000 homes.”

Duncan and her staff have been trying to identify some housing solutions for local childcare providers, but progress has been slow. Duncan meets quarterly with her HSIAC advisory board, which includes representatives of the Long Beach Housing Department and its Building and Planning Department. This forum has allowed Duncan and her staff to have some input into city plans to build new housing for low- and moderate-income families. In particular, Duncan is urging the city to review current plans to build condominiums for these families and, if possible, to focus on building housing that meets the unique needs of family childcare providers.

“We are trying to tell them that family childcare is not really conducive to a condominium,” says Duncan. “We are wondering if there is something else they can look at. We are finding that many of the providers are very isolated, especially if they are in an apartment. If providers live in second-floor units, they have no access to a yard. If they are taking care of infants and toddlers, they have to take a couple of strollers downstairs every time they want to take the kids outside. It’s difficult to manage the whole thing.”

Duncan has also taken the time to familiarize herself and her staff with city programs aimed at increasing homeownership so she can refer family childcare providers to those programs that offer a variety of home loan programs and IDAs. In addition, Duncan has recently entered into a partnership with Operation Hope, Inc. (OHI), a nonprofit one-stop center that offers economic education, financial case management, and homeownership education and counseling. OHI operates a network of inner-city banking centers called

*Operation Hope, Inc.
(OHI) operates a network of inner-city banking centers called HOPE Centers, which ... have created more than 800 new homeowners and small business owners.*

HOPE Centers, which, according to OHI, have created more than 800 new homeowners and small business owners. OHI has opened a HOPE Center in Long Beach. Duncan and her staff are currently negotiating a memorandum of agreement whereby LBCC will offer computer training to OHI clients and refer its family childcare providers to OHI for homeownership counseling and financial assistance.

In the meantime, Duncan and her staff are working hard to help family childcare providers improve their business and childcare skills so they will eventually have higher incomes that will allow them to afford better housing.

LBCC’s teams are encouraging providers to improve their skills by attending early childhood education and business classes at LBCC. They also help providers take full advantage of public programs that could help support their businesses. One such program, the federally funded Childcare Food Program, reimburses providers for the meals they provide to children in their care.

“We want to make sure that their business is viable,” says Duncan. “If they are licensed for 6 to 8 children and they are only taking care of two, we want to show them that they are losing money here. We work with them to determine if they could take care of more children, how to market their business, and how to improve the quality of their care. We are trying to convince them that they are professionals, that they do very important work, and that they deserve to own a home.”

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Valparaiso University Valparaiso, Indiana

Volunteers Build Homes and Better Lives for Low-Income Neighbors

A 1987 Sunday church service at Trinity Lutheran Church changed the life of Dr. Larry Baas, a political science professor at Valparaiso University in Indiana. It did not happen in the way one might expect. No angels sang, and Baas saw no heavenly visions. Instead, he heard a talk about affordable housing by Walt Reiner, a popular athletic coach at the university and director of its urban studies program. Reiner was also the leader of a grassroots housing movement called Project Neighbors.

Reiner had a special request for the Trinity congregation. He wanted to move an inner-city family—a family that was living in the Cabrini-Green housing project in Chicago—to the city of Valparaiso, and he wanted the church to find a home for the family.

The congregation—and Larry Baas—said yes.

Eighteen years later, Baas and his church are still involved in helping families and building affordable housing. Most of the work that church members do is based on a model developed by Project Neighbors, which uses volunteers to build affordable homes for low-income families. Once they build a home, Project Neighbors volunteers agree to nurture its families so they will eventually become successful homeowners and community members.



The Methodists and Mennonites (M&M) duplex built in partnership with Project Neighbors in 1999

“Basically, we treat them as part of the community,” says Baas about the families who move into Project Neighbors homes. “If they need something, we help them. If we need something, then they help us.”

COPC Involvement

Baas estimates that Project Neighbors has been involved in creating more than 60 housing units. Trinity Lutheran Church recently completed its fifth house, and Baas has worked on an additional

six homes as a member of Project Neighbors. COPC funds supported Project Neighbors while it built 11 homes in the mid-1990s. Those funds were used to hire a person who managed building projects, recruited and managed volunteers, worked with families, and developed and maintained community partnerships.

Even with so many construction projects under his belt, Baas still remembers his first family fondly—a single mother named Roz and her five children. “The family still lives here and we are still good friends with them,” says Baas. “It’s a wonderful story.”

Project Neighbors found an existing house for Roz, and Baas’ church helped to get it ready for the family, a project that included installing a new roof and doing other remodeling work. Later, the church built an addition on the home. Following the model established by Project

“Basically, we treat [the families] as part of the community. If they need something, we help them. If we need something, then they help us.”

— Dr. Larry Baas, Political Science Professor, Valparaiso University

Neighbors, the church then signed a contract with Roz, whose income was too low to qualify her for a mortgage. During her first year in the home, the church agreed to pay all family expenses that were not covered by Roz’s public assistance checks. After that, Roz and her family would be on their own.

It took a year longer than expected, but Roz did achieve independence and was able to purchase the home that the church had provided her. Baas’ wife helped Roz obtain an entry-level job as a cook at the local juvenile detention center. Roz is now director of food services at the same center.

Substantial Equity

Project Neighbors requires that a family live in its new home for 5 years before it can assume full ownership. This helps a new owner avoid the temptation to sell the home immediately and pocket the equity created by volunteers. That equity can be substantial. A recent, 1,700-square-foot home built by the church was sold to its new owner for \$70,000, which reflected the cost of construction. With a market value of \$140,000, the home already had \$70,000 worth of equity in it before it was even occupied.

When a family moves into its new home, that family assumes a second mortgage that covers the amount of the home’s current equity. This mortgage decreases incrementally over a 5-year period. After 5 years, the person is free to sell the house without paying off the second mortgage. “If the family sells the house in the first year, they can’t take that \$70,000 and run,” says Baas.

The Building Process

Most of the projects to build Project Neighbors homes follow a model, originally developed by Walt Reiner, which has been revised only slightly over the years. After a church or other organization agrees to sponsor a family, its first step is to locate land on which to build the home, says Baas. Land comes to Project Neighbors in various ways. In the early days, when land was relatively inexpensive, Reiner simply solicited donations to pay for a building lot. More recently, Project Neighbors has received land from the Valparaiso Community Development Corporation or borrowed money from local banks to finance the purchase of land and building materials. The willingness of banks to participate in the projects is a testimony to the goodwill and strong community partnerships that Project Neighbors has been able to build over the years, says Baas. In a recent project,



*Left: House built in the early 1990s by Project Neighbors and volunteers from Valparaiso University and other community churches;
Right: A duplex built by volunteers along with Project Neighbors*

TIPS FOR VOLUNTEER CONSTRUCTION TEAMS

Building Affordable Housing: An Organizer's Guide was produced by COPC at Valparaiso University to help faith-based organizations and other service groups replicate the Project Neighbors model. The following building schedule and list of volunteer jobs is included in the guide, which can be viewed at www.valpo.edu/organization/copc/affordhouse.html.

* Tentative Building Schedule *

Week 1: Site preparation.	Week 10: Siding, heat, inspect, insulate.
Week 2: Foundation.	Week 11: Drywall.
Week 3: Deck.	Week 12: Drywall.
Week 4: Erect house, windows, doors, using panelized housing.	Week 13: Drywall.
Week 5: Shingle, plumbing, siding, porch.	Week 14: Paint.
Week 6: Siding, plumbing, porch.	Week 15: Paint, trim.
Week 7: Siding, electrical.	Week 16: Trim.
Week 8: Siding, electrical, concrete, brick.	Week 17: Trim, floor covering.
Week 9: Siding, heat.	Week 18: Punch out.

List of Jobs for the Construction Team

- * Organizing Committee: Develops plan, oversees, and directs entire project.
- * Community Public Relations: Builds relationships with groups, businesses, and other parts of the community. Publicizes what the group is doing and lays the groundwork for future fundraising.
- * Legal Advisor: Provides advice on all legal matters.
- * Project Directors: Serve as technical directors of the project. These directors should have prior construction experience.
- * Onsite Organizers: Skilled mentors who direct volunteers on workdays.
- * Administrative Assistants: Help to implement the project directors' tasks.
- * Volunteer Construction Workers.
- * Director of Communications: Calls volunteers and maintains volunteer database.
- * Chronicler: Photographs, videotapes, and records events.
- * Financial Group: Pays bills, manages accounts, monitors loans and grants.
- * Nutritional Executive: Organizes and plans meal for work days.
- * Childcare Director: Organizes childcare for volunteers.
- * In-House Public Relations Team: These cheerleaders help to maintain the enthusiasm of the group.

for example, the First National Bank of Valparaiso gave Trinity Lutheran Church a construction loan for one of its housing projects after Project Neighbors signed a purchase agreement for the home.

Once the land is secured, volunteers like the members of Trinity Lutheran Church typically organize themselves into working teams that spend anywhere from 16 to 26 weekends building a home. Volunteers generally build panelized houses that can be put up with a crane in one day after a professional contractor builds the foundation. Then, a professional builder volunteers to manage the remaining construction tasks as well as the volunteers who show up each Saturday morning ready to work.

Electrical, plumbing, heating, and air conditioning work is usually completed by outside contractors, although it can also be done by knowledgeable volunteers. For other chores, volunteers who have received on-the-job training in a particular task often return to do the same job on subsequent building projects.

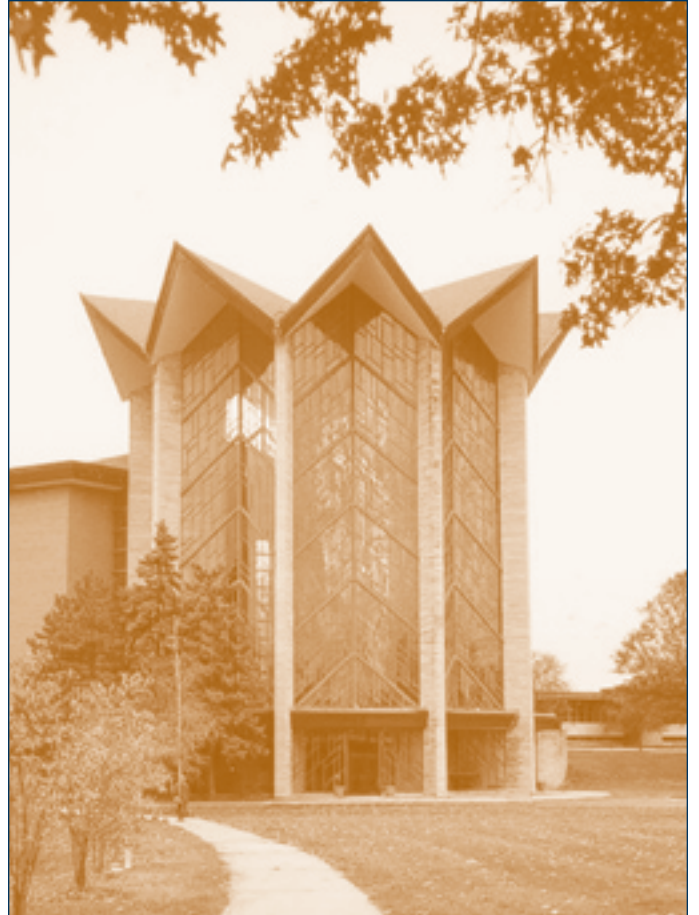
“We only work on Saturdays,” says Baas about his church’s projects. “The leader makes sure that on Saturday morning the equipment is there to do a particular job. One week we will paint. Another week we will put in the flooring.”

Baas, who admits that he is not particularly handy with tools, says that the construction tasks relegated to volunteers are fairly simple and easy to learn.

“I’ve worked eight times on the team that puts up the vinyl siding,” he says. “It may take us 10 weekends to do that. Someone has to know how to build the deck, but once you have it framed, anyone can pop the spokes in. We even do roofing. If someone starts you off with a chalk line, you can put a roof up.”

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Thiese-Chapel Resurrection, Valparaiso University campus

Influencing Homeownership Rates Through Academic Programs

No matter what their location or the condition of their local neighborhoods, all colleges and universities have one central goal, to educate. How they fulfill that goal most often depends on the academic needs of their student body and scholarly expertise of their faculty. However, when IHEs are actively engaged in their communities, other factors also determine what academic programs are developed and what degrees are offered. Engaged colleges and universities often use their classrooms to address economic and community development issues affecting their neighborhoods. Essentially, they are changing local neighborhoods by educating the individuals who will eventually play a role in solving local problems.

This chapter features three colleges and universities that support local homeownership promotion efforts through their academic programs:

- **Bakersfield College (BC)**—a HSIAC grantee—is building and then selling affordable homes in a distressed neighborhood of Bakersfield, California. At the same time, the college's newly redesigned residential construction program is providing

its students with practical, on-the-job training.

- **The University of Alaska Fairbanks-Bristol Bay Campus (UAF-BB)**—an AN/NHIAC grantee—is helping residents of rural villages in southwestern Alaska acquire marketable construction skills through classroom training and union apprenticeships. Many UAF-BB students are learning their trade while building affordable homes for the Bristol Bay Housing Authority (BBHA).
- **Los Angeles Trade-Technical College**—a COPC and HSIAC grantee—has established a Mortgage Finance program that is designed to increase the number of minority professionals working in the mortgage finance industry and, by extension, to increase the interest of mainstream lenders in serving ethnic and low-income markets. The program's focus on community development is also helping students appreciate the important role that homeownership can play in stabilizing neighborhoods.



BBHA carpenter Fred Noden works on foundation system for senior housing



University of Alaska Fairbanks- Bristol Bay Campus Dillingham, Alaska

Bakersfield College Bakersfield, California

College-Trained Construction Workers Boost Affordable Housing Workforce

Building affordable housing units does not always fit precisely into the educational mission of IHEs. While many are actively engaged in their communities, most see *bricks and mortar* as an area best left to community development corporations and other nonprofit builders.

Two OUP grantees have found a way to make bricks and mortar projects an integral part of their academic programs. Bakersfield College (BC) in Bakersfield, California, and the University of Alaska Fairbanks-Bristol Bay Campus (UAF-BB) in Dillingham, Alaska, have both launched projects that are improving the supply of affordable housing in their regions while training students in the construction trade.

Bakersfield College

What Ed Knudson calls a huge disconnect spurred BC to upgrade its residential construction training program and get involved in building affordable housing in its southern California neighborhood. Colleagues in the construction industry were complaining to Knudson about the difficulty in finding qualified laborers. Yet, Knudson knew the unemployment rate in Kern County was fluctuating between 10 and 13 percent. "That didn't make any sense to me," says Knudson, dean of the college's Office of Student Learning. At the same time, his involvement in a city-sponsored program called Leadership Bakersfield was exposing him to a local neighborhood that was deteriorating rapidly due to a lack of housing, business, and job opportunities.



Coleman scholarship recipients, Bakersfield College

The city of Bakersfield needed support for its revitalization activities in the neighborhood, and Knudson was determined to help the construction industry find qualified workers. So, he developed a plan that would use the college's resources to improve housing in the neighborhood and train local residents for the construction trade.

A 2003 HSIAC grant helped BC put Knudson's plan into action. During the past 2 years, the college has been able to create partnerships with the city of Bakersfield and private

industry, update its residential construction curriculum, and get students working in the community on a variety of job sites with private builders. In the summer of 2005, BC students also began working on one of three affordable homes that the college will build in the neighborhood that the city has targeted for revitalization. Bakersfield donated land for the college's project homes to the BC Foundation as part of its local match for the college's HSIAC grant. It also designated BC as an official city contractor, which gives the college access to construction loan funds and allows it to bid on additional lots in the neighborhood when it is ready to build more homes. "We fully intend to do that," says Knudson.

The faculty member who heads the residential construction program developed the college's new curriculum and will provide instruction for each project house. When a house is finished, the college's foundation will sell it to a qualified buyer whose financing will be

arranged by the city. Proceeds from the sale will be used to finance the purchase of additional lots. “Our hope is to have land for 2 or 3 years worth of projects always available,” says Knudson, who estimates that the college will be able to build two houses a year.

The new homes will add considerably to Bakersfield’s supply of affordable housing, which is becoming scarce. City housing prices are skyrocketing; housing values have appreciated by 38 percent in the past year, says Knudson. At the same time, new construction is at an all-time high—the city of 400,000 currently has 1,241 active building permits for new residential homes. Despite the trend toward expensive housing, Knudson says that BC is committed to building affordable housing, according to city guidelines, for the foreseeable future.

While the affordable housing angle is important, Knudson stresses that BC would not be pursuing the project unless it was also good for students, who seem to be thriving as they combine classroom training and job experience.

“We know that we can keep kids in school if we can get them using their hands and solving problems,” says Knudson. “The number of jobs in our workforce that require baccalaureate-level skills has not changed in 50 years. What has changed dramatically is the level of technical skill that is required of every person in the workforce. That is what community colleges do very well. We give students the technical skills they need to be successful on the job.”

When students enroll in the residential construction program, they climb onto a career ladder that they can exit after 18, 30, or 60 credits. Eighteen credits will probably qualify a student to work as a framer or sheetrock hanger, says Knudson. If students stay in school long enough to earn an associate’s degree, they will have more than 1,000 hours of work experience before they graduate and will be qualified for onsite supervisory positions.

While on-the-job training is now required for all students in the construction program, BC students do not receive special treatment from their field placement supervisors. All students must interview for their jobs and are evaluated like any other worker. Those evaluations affect how a student does academically. “If students do not perform well, they fail the class,” says Knudson. “If they get fired, they fail the class.”

“We also ask our employers to pay the students,” adds Knudson. “Employers that pay students will have an expectation of productivity, and they are more likely to give students jobs that are meaningful.”

University of Alaska Fairbanks

UAF-BB faces unique challenges as it tries to train residents of isolated Alaskan villages in the building trades. The biggest challenge by far is geography. UAF-BB’s service area is about 50,000 square miles and is made up of 33 isolated villages that are between 50 and 100 miles apart. Few roads connect those villages, making airplanes the preferred mode of transportation. The farthest village in the region is 600 miles away from the Bristol Bay Campus. Those who make that journey pay a \$1,000 airplane fare.

IF YOU START A CONSTRUCTION TRADES PROGRAM ...

Ed Knudson of Bakersfield College offers this advice to anyone interested in starting a construction trades training program:

* **Be prepared to do some**

convincing. You will need to have faculty members onboard before you can build a construction training program that involves community engagement, says Knudson. It is not a difficult process, he says, but you may have to do some convincing. “For the most part, our faculty members come from industry, and they are very concerned that their students can perform and be good workers when they leave here,” he says. “It is not a difficult process to convince them, but it requires that faculty members renew their vision of what our role is in the community and why we are here.”

* **Make a mandated work**

experience part of the program. “I am a firm believer that you have got to get students working, on some level, whether it is their own project house or whether it is on private work sites,” says Knudson. “Students are interested in learning specific, job-relevant skills. So, the sooner you get them using their hands and solving problems, the sooner their classroom work becomes relevant. You cannot make them sit for 2 years and then tell them to go find a job. You have got to get them a job right away.”

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These same geographical factors present unique challenges for Alaska's housing industry. It is extremely expensive for private individuals to build their own homes in the Bristol Bay region, which is located at the southwest corner of the 49th State. That leaves most of the private housing construction to the BBHA. Until 1992, the housing authority carried out its work using prefabricated homes that were imported from Seattle, says Dave McClure, housing authority executive director. Convinced that it could build a better quality and less expensive product with local labor, the authority began doing its own construction in 1993.

To ensure that its homes remain cost-effective and well-constructed, the housing authority established partnerships with UAF-BB and the Alaska Works Partnership, an association of labor unions, to train local residents in the construction trades. The project will help more Alaskans obtain their union cards so they can qualify for construction jobs that, in past years, have gone to workers imported from other States. The recent collapse of the red salmon fishing industry, which represented the backbone of the local economy, has made local residents and their villages more interested in these construction jobs than they have been in the past, says Deborah McLean-Nelson, director of UAF-BB. Ten years ago, when canneries paid \$2 for a pound of salmon, native Alaskans could support themselves year-round on what they earned fishing during the summer, she says. Now that canneries are paying only 40 cents a pound for salmon, summer earnings do not go very far.

"The income from salmon fishing has dropped so dramatically, it is making people realize that they need to get an education, and they need to get vocational skills," says McLean-Nelson. "These folks are highly skilled in a lot of areas. They have to be to live in this climate. But until now, they just haven't had the credentials to be able to get on a job that is unionized."

As a first step in developing their partnership, Alaska Works and BBHA teamed up to renovate a building on a U.S. Air Force base in King Salmon, at the north end of the Aleutian Peninsula. That building has become

the Southwest Alaska Vocational Education Center (SAVEC), which the Housing Authority leases from the Air Force. UAF collaborated with Alaska Works to design the curriculum for the center's Building and Maintenance Repair Apprenticeship program. It has also hired members of the Alaska Works Partnership to teach the courses.



Deborah McLean-Nelson, Director of BB Campus

SAVEC is equipped with classrooms and dormitories, since most trainees must live in King Salmon while the training classes are in session. The Bristol Bay Campus is using its AN/NHIAC grant to pay student travel costs and other activities. McLean-Nelson estimates that it costs the university \$2,000 to provide each student's room and board for a typical 2-week session. The center trained about 573 students with help from the campus' first AN/NHIAC grant.

Students, who are recruited through their village governing bodies, receive academic credit from the university for their coursework and also have the opportunity to complete an apprenticeship with a labor union, according to McLean-Nelson. This means that after they finish their coursework, students have 4,000 hours of field work ahead of them before they can attain journeyman status with a union. Many put in those hours while working on Housing Authority building projects.

"We have had five or six people make it through the entire process," says the Housing Authority's McClure. "From our perspective, when they reach journeyman status, then we have access to an individual who is highly skilled."

Skilled labor is just what the Housing Authority is looking for to meet the high demand for its building programs. The largest of those programs uses funds from the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) to build affordable homes for low-income Alaska natives. The authority builds about five homes per year through this program, says McClure, and does rehabilitation work through other Federal programs as well.

Having SAVEC trainees on the job has made the building process much easier and more efficient, which

means BBHA is able to build more houses and serve more people, says McClure. The Housing Authority's construction crews are more skilled than ever before, which makes the work go faster, says McClure. In addition, the Housing Authority does not have to retrain workers every time it starts a project, something it had to do prior to SAVEC. These improvements are especially important in light of the rising cost of home construction in the Bristol Bay region. Lumber costs have risen by 25 percent, and freight costs have increased by 18 percent in the past 2 or 3 years. In addition, the Housing Authority's funds are being cut back just as the local population is increasing.

"We have to do more with less, and SAVEC helps us do that," says McClure. "It's imperative that we achieve these efficiencies. Otherwise, we'd never be able to maintain our programs."

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Student with chop saw at SAVEC center

* **Work closely with local builders.**

Before you design a construction curriculum, talk to local builders about the kind of workers they are seeking. Find out what the builders need, and when they tell you, do not tell them you do not have the curriculum for that. Tell them, "We can help you out. We may have to adjust things a little bit, but we can figure it out." Then go figure it out.

* **Market the program in local neighborhoods.**

Bakersfield College has just opened a small outreach center in the community where its project houses will be located. Local residents can visit the center anytime to learn about the construction trades program. In addition, Knudson visits local high schools and attends career days to talk about the program. Future plans call for working with counseling centers for at-risk youth to identify potential students. "We are going for very personal, direct contact in order to recruit individuals into this program," he says.



Los Angeles Trade-Technical College Los Angeles, California

New Mortgage Finance Program Emphasizes Community Development

When graduates of the Mortgage Finance program at Los Angeles Trade-Technical College (LATTC) go off to make their names in the world, their success is not measured by how many three-piece suits they own, or the number of figures in their annual salaries. Instead, faculty and administrators of the new academic program judge their graduates on how effectively they reach out to prospective low- and moderate-income homebuyers in Los Angeles' inner city.

The Mortgage Finance program was created in 1999 with help from the Fannie Mae Foundation, which provided \$700,000 in grants to each of three community colleges—LATTC, Tiahoga Community College in Ohio, and Miami Dade Community College in Florida. Fannie Mae hopes the program will help to increase the number of minority professionals working in the mortgage finance industry and, by extension, increase the interest of mainstream lenders in serving ethnic and low-income markets.

While the LATTC program, directed by Dr. Allison Tom-Miura, has enthusiastically adopted Fannie Mae's goal to train minority professionals, the school has also incorporated a strong community development component into the mortgage finance curriculum that it offers to 150 students each year. In addition to learning the skills they need to succeed professionally, LATTC students also learn to appreciate the important role that housing ownership can play in the revitalization of low-income communities.



Student outreach about mortgage finance classes and free homeownership counseling services conducted by students

This unique, community-centered approach comes as no surprise to anyone familiar with LATTC, which has the distinction of being one of the only community colleges in the country that offers an associate's degree in community development. The college is closely affiliated with the Community Development Technologies Center (CDTech), a nonprofit organization that conducts applied research

and technical assistance, and has trained more than 1,000 individuals in the community development field over the past 2 decades. CDTech has also administered the college's COPC, HSIAC, and COPC New Directions grants, and was responsible for creating and designing the Mortgage Finance program.

"We are not training our students to sell loans in Beverly Hills," says Dr. Denise Fairchild, CDTech executive director, and founder and chairperson of LATTC's Community Economic Development Department. "Also, we are not training people to enter the predatory lending market. We wanted this program to focus specifically on inner-city markets, and we wanted the students who come through our program to understand that homeownership is one of several tools that can help us stabilize communities and build wealth."

The Mortgage Finance program is especially welcome in Los Angeles because many of the city's low- and moderate-income residents have no access to mainstream mortgages and other lending products. The reasons for this lack of access are complicated. However, Fairchild

suggests that part of the blame rests with the mortgage industry, which has ignored the inner-city mortgage market for decades and has chosen, instead, to focus on serving mainstream, middle-class communities. That is beginning to change now, she says, but the change brought some challenges with it.

“There is new awareness and renewed interest in this market,” says Fairchild. “But, we are also seeing the growth of subprime lending among both traditional and nontraditional financial institutions. Our goal is to increase both the financial literacy and the qualifications of residents, as well as the capacity of banking institutions to go beyond credit scores to underwrite loans.”

Community Development

By training minority students to be mortgage professionals, says Tom-Miura, the Mortgage Finance program is helping to create a mortgage-lending network that will serve and is more sensitive to the need of emerging inner-city markets. To create this sensitivity, the program emphasizes such topics as fair housing, fair lending, diversity awareness, community lending, economic development, and affordable housing development—in addition to teaching traditional mortgage finance skills. LATTC also helps students get community-based work experience while they are still in school. Many LATTC students are working with nonprofit organizations that sponsor financial literacy education and credit counseling services. The college is also developing a plan to send students into affordable housing developments around the city to help residents address their credit issues and begin thinking about buying a home.

“There is no shortage of opportunities to provide service-learning experiences for our students when you think about the demand for homeownership among low-income families,” says Fairchild. “Nonprofit groups have one or two staff people who provide homebuyer education and underwriting support, so having our students working with those groups could be very beneficial to both parties. We just have to find a way to manage all that.”

Fostering Partnerships

Strong partnerships with the local mortgage industry have helped LATTC’s Mortgage Finance program manage many challenges over the past 6 years. CDTEch worked closely with local bankers and lenders to develop the program’s certificate and associate’s degree. A 25-member mortgage



Denise Fairchild
CDTEch Executive Director

IF YOU DEVELOP A MORTGAGE FINANCE PROGRAM ...

Dr. Denise Fairchild, president and founder of the Community Development Technologies Center (CDTEch) and Dr. Allison Tom-Miura, mortgage finance director at Los Angeles Trade-Technical College (LATTC), offer this advice to anyone interested in developing a program to train mortgage finance professionals. Most of the advice centers around the importance of fostering good partnerships with the local mortgage finance industry.

* **Get industry involved.** The participation of local industry partners is critical to helping a program garner financial support and ensure that its curriculum reflects industry personnel needs. Initially, most of LATTC’s interaction with industry partners took place through a 25-member advisory committee established by CDTEch. “We had monthly meetings for over a year,” says Fairchild. “The whole program sings because of that industry relationship. The members of our committee had energy, they were enthusiastic, they became the faculty, they became the recruiters, and they provided additional resources. They weren’t talking heads. They really rolled up their sleeves and got busy.”

* **Don’t limit your partners to only one segment of the industry.** “You have to talk to a diverse set of industry professionals,” says Tom-Miura. “You don’t want to just talk to the Community Reinvestment Act people.” For example, as Tom-Miura works to diversify her program’s curriculum, she has been talking with human resources personnel in the industry. “They know the kinds of professionals that their institutions are hiring, where the growth is, and what their organization’s strategic initiatives are going to be over the next few years,” she says. “We are really trying to match the industry’s growth with our education and training programs.”

* **Help industry partners when they need it.** In addition to accepting help from its advisory committee and other industry parties, LATTC

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finance advisory committee has given industry leaders the opportunity to provide significant input into the program's curriculum. Advisory committee members are also actively recruiting new students and teaching courses, says Fairchild. The group consists of business owners and middle managers representing the mortgage finance, banking, and real estate industries, as well as representatives from local government and nonprofit organizations. High-level LATTC officials also participate in committee meetings.

In addition to asking industry leaders for their help, the Mortgage Finance program has been exploring ways in which it can help the mortgage finance industry increase the quality of its personnel and services. For example, when CDTech was developing its original plans for the Mortgage Finance program, staff researchers spent considerable time trying to find out what kind of training the industry's workforce was receiving and where that training was offered. They discovered that no standard training program for mortgage lenders even existed. Most training took place on the job.

"Mortgage lending is one of those businesses that still doesn't really require a degree," says Tom-Miura. "Because of that, there has been a lot of discussion about standards in the industry. As we listened to those discussions, we began asking ourselves how our program could help to prepare and develop standards. You can't just raise the standards without providing the education and training necessary to meet those standards. You need to help people develop the skills needed to fill these positions. That is what we are doing."

Curriculum in Transition

Students in the Mortgage Finance program can choose between two courses of study. To earn a Mortgage Finance Certificate of Completion, students must take eight courses that they can complete in two or three

semesters. A Mortgage Finance Associate of Arts degree requires the student to complete 42 units of required courses and 18 units of general education courses over 2 years. Most of the required courses are offered directly by the Mortgage Finance program. Other courses are offered by LATTC's Business, Community Planning, and Real Estate programs.

LATTC is now reassessing its curriculum and taking steps to diversify its course offerings and add several new certificate programs. Up until now, the courses have not addressed the full mortgage cycle, which includes origination, processing, underwriting, sale on the secondary market, and servicing.



Class in session, fall 2005

"We have some of these courses, but our emphasis up until now has been on the origination side," says Tom-Miura. "We are expanding our courses to provide that specialization, because that is what our industry partners are telling us, and that is what our students need to be competitive in the job market."

Retention has been a challenge for LATTC,

simply because the demand for skilled mortgage finance professionals is so high. Local companies are actively recruiting students after they have completed only a few courses, and offering them salaries that most students find hard to turn down. Tom-Miura expects that to change when LATTC's new certificate programs are introduced. Those programs—which will provide specialized training for bank tellers, housing counselors, loan processors, loan underwriters, loan officers, and mortgage brokers—will appeal to both new and returning students who need specialized skills to advance in their careers, she says. In addition, the certificate programs are expected to attract a greater number of older, nontraditional students who already have degrees but are interested in specializing in specific areas of mortgage finance.

"We are already seeing a lot of reverse matriculation," says Tom-Miura. "Students who have their bachelor's

Our goal is to increase both the financial literacy and the qualifications of residents, as well as the capacity of banking institutions to go beyond credit scores to underwrite loans.”

—Denise Fairchild

CDTech Executive Director

or associate’s degree—and sometimes their graduate degrees—are coming back to school to gain the particular skills that we are teaching. Mortgage lending is not taught in universities and colleges. This is a very specialized skills set that you can’t get anywhere else.”

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makes sure it also responds quickly whenever its industry partners ask for help. “I can’t tell you how many times I get requests for students to volunteer at an industry event like a conference, homebuyer fair, or symposium on housing,” says Tom-Miura. “This helps out our partners, but it is also great exposure for our students. They get to meet people in the industry, and they are exposed to the different kinds of jobs and professional associations. It’s also important that they learn how to represent our program and themselves.”

*** Offer students the opportunity to work.**

Blending work experience and classroom learning is essential to the success of a mortgage finance program. “The industry wants folks who can hit the ground running,” says Fairchild. “If you’re a new loan officer, they will give you 30 to 60 days to get your bearings, and then they want to see you close five and six loans a month. You can’t do that just coming out of a classroom setting. So work experience is important.”

*** Don’t worry about the money.** While LATTTC used a \$715,000 Fannie Mae Foundation grant to develop its Mortgage Finance program, Fairchild insists that other IHEs can develop similar programs without such a large budget. LATTTC used some of its Fannie Mae funds to build a state-of-the-art computer center and to pay student internship stipends. Now that outside funds have been spent, the college has agreed to pay the salaries of one full-time faculty member, 12 adjunct professors, and a full-time coordinator. “Every community college can find a couple of bank sponsors to get the program up and running,” says Fairchild. “You’ll need some initial upfront capital to hire a director, develop curriculum, build industry relationships, do some marketing, and provide for student support and counseling. If an institution is already committed to having a program like this, the money can come out of general funds. We had to prove the case for this program on campus, so we needed the initial external resources.”

Additional Resources

This section includes program descriptions and contact information on a variety of homeownership topics, including financial and informational resources. It lists Federal Government programs that support homeownership and downpayment assistance; financial literacy programs sponsored by foundations and national organizations; and other sources that provide information, technical assistance, or funding for homeownership programs. This list is not intended to be all-inclusive.

Department of Housing and Urban Development Programs

Program description: The Department of Housing and Urban Development (HUD) sponsors a variety of programs to help low-income, minority, and first-time homebuyers.

The American Dream Downpayment Initiative (ADDI)

Program description: ADDI assists low-income first-time homebuyers in purchasing single-family homes by providing funds for downpayment and closing costs, and for rehabilitation carried out in conjunction with the assisted home purchase. The amount of ADDI assistance provided may not exceed \$10,000 or 6 percent of the purchase price of the home. Any rehabilitation must be completed within 1 year of the home purchase.

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Phone: (800) 998-9999
TDD: (800) 483-2209
Fax: (301) 519-5027 or 5622
Web site: www.comcon.org

Self-Help Homeownership Opportunity Program (SHOP)

Program description: SHOP funds are used for eligible expenses to develop decent, safe, and sanitary nonluxury housing for low-income persons and families who otherwise would not become homeowners. National and regional nonprofit organizations or consortia with experience in using homebuyer and volunteer labor to build housing may apply.

Contact Information:

Community Connections Clearinghouse
P.O. Box 7189
Gaithersburg, MD 20898
Phone: (800) 998-9999
TDD: (800) 483-2209
Fax: (301) 519-5027 or 5622
Web site: www.comcon.org

Homeownership Voucher Program

Program description: HUD's Office of Public and Indian Housing's Homeownership Vouchers provide assistance to first-time homebuyers with their monthly mortgage and other homeownership expenses, including mortgage principal and interest and insurance premium; real estate taxes and homeowner insurance; public housing authority allowance for utilities, routine maintenance costs, and major repairs and replacements; principal and interest on debt to finance major repairs and replacements for the

home; and principal and interest on debt to finance costs to make the home accessible for a family member with disabilities.

Contact Information:

Public and Indian Housing Information and Resource Center
P.O. Box 3385
Crofton, MD 21114
Phone: (800) 955-2232

Indian Home Loan Guarantee Program

Program description: Congress established the Section 184 Indian Housing Loan Guarantee Program in 1994. The program is designed to offer homeownership, property rehabilitation, and new construction opportunities for eligible Tribes, Indian Housing Authorities, and Native American individuals and families wanting to own a home on their native lands.

Contact Information:

U.S. Department of Housing and Urban Development
Office of Native American Programs
Office of Loan Guarantee
1670 Broadway, 23rd Floor
Denver, CO 80202
Phone: (800) 561-5913 or (303) 675-1608
Web site: www.hud.gov/offices/pih/ih/codetalk

The Officer Next Door Program

Program description: This program offers HUD-owned single-family homes to law enforcement officers at a 50 percent discount from the list price. For example, if a HUD home is listed for \$100,000, an officer can buy it for \$50,000. In addition, program participants may apply for an FHA-insured mortgage with a downpayment of only \$100 and may finance all closing costs.

Contact Information:

HUD's Information Clearinghouse
Phone: (800) 569-4287
Web site: www.hud.gov/offices/hsg/sfh/reo/ond/ond.cfm

The Teacher Next Door Program

Program description: This program offers HUD-owned single-family homes to public and private school teachers at a 50 percent discount from the list price. For example, if a HUD home is listed for \$100,000, teachers can

purchase it for \$50,000. In addition, program participants may apply for an FHA-insured mortgage with a downpayment of only \$100 and may finance all closing costs.

Contact Information:

HUD's Information Clearinghouse
Phone: (800) 569-4287
Web site: www.hud.gov/offices/hsg/sfh/reo/tnd/tnd.cfm

Federal Housing Administration (FHA) Loan Programs

Federal Housing Administration (FHA) loans have been helping people become homeowners since 1934. The FHA, which is part of HUD, insures loans so that lenders can offer borrowers affordable options such as downpayments as low as 3 percent of the purchase price and including most of the closing costs and fees in the loan amount.

- ★ **Mortgage Insurance for One- to Four-Family Homes, Section 203(b).** Program description: This program provides mortgage insurance for individuals to purchase or refinance a principal residence. The mortgage loan is funded by a lending institution, such as a mortgage company, bank, and savings and loan association. The mortgage is insured by HUD.
- ★ **Mortgage Insurance for Low/Moderate-Income Buyers, Section 221(d)(2).** Program description: This program insures mortgage loans made by private lenders to finance the purchase, construction, or rehabilitation of low-cost, one- to four-family housing.
- ★ **Mortgage Insurance for Older, Declining Areas, Section 223(e).** Program description: This program provides mortgage insurance to enable individuals to purchase or rehabilitate housing in older, declining urban areas. Section 223(e) can be used only to supplement other HUD mortgage insurance programs.
- ★ **Rehabilitation Mortgage Insurance, Section 203(k).** Program description: This program enables homebuyers and homeowners to finance both the purchase (or refinancing) of a house and the cost of its rehabilitation through a single mortgage, or to finance the rehabilitation of their existing home.
- ★ **New Streamlined 203(k)** called the "Streamline (K)" Limited Repair program. Program Description: This program permits homebuyers to finance an additional \$15,000 into their mortgage to improve or upgrade their home before moving in.

- ☆ **Single-Family Cooperative Mortgage Insurance, Section 203(n).** Program description: The Section 203(n) program insures loans for persons buying a unit in a cooperative housing project. The loan is made by a lending institution, such as a mortgage company, bank, or savings and loan association.
- ☆ **The Energy-Efficient Mortgage (EEM) Program.** Program description: This program provides mortgage insurance for a person to purchase or refinance a principal residence and incorporate the cost of energy-efficient improvements into the mortgage. The borrower does not have to qualify for the additional money and does not make a downpayment on it.

Contact Information:

FHA Mortgage Hotline
 Phone: (800) CALLFHA or (800) 569-4287
 Web site: www.hud.gov/fha/loans.cfm
 Web site: www.hud.gov/ll/code/llslcrit.html (for a searchable listing of HUD-approved lenders nationwide)

Department of Veterans Affairs (VA)

The department provides assistance to help veterans achieve their dream of homeownership.

Program description: VA offers zero-downpayment loans through private lenders for military veterans and active-duty troops who qualify. The loans have low closing costs and interest rates competitive with market rates.

Contact Information:

U.S. Department of Veterans Affairs
 Phone: (800) 827-1000
 Web site: www.homeloans.va.gov

U.S. Department of Agriculture (USDA) Rural Development Programs

The USDA's Rural Housing Service (RHS) works with a wide variety of public and nonprofit organizations to provide the following housing options to low- and moderate-income communities throughout rural America.

RHS loan programs

- ☆ **Rural Rental Housing loans.** Program description: These direct, competitive mortgage loans provide affordable multifamily rental housing for low- and moderate-income families, the elderly, and persons with disabilities.

- ☆ **The Technical Assistance grant.** Program description: This grant provides financial assistance to nonprofit organizations to provide technical assistance to low- and very low-income households to build their own homes in a rural area. Funds may be used to pay salaries, rent, and office expenses of the nonprofit organization.
- ☆ **Rural Rental Housing Guaranteed Loan program.** Program description: RHS guarantees loans under this program for development of multifamily housing facilities in rural areas nationwide. Loan guarantees are provided for the construction, acquisition, or rehabilitation of rural multifamily housing.

Contact Information:

Rural Housing Service National Office
 U.S. Department of Agriculture
 Room 5037, South Building
 14th Street and Independence Avenue, SW
 Washington, DC 20250
 Phone: (202) 720-4323
 Web site: www.rurdev.usda.gov/rhs

Other Affordable Housing Resources

Local Homebuying Programs

Program description: In addition to Federal Government programs, there are local homebuying programs, including downpayment assistance programs, sponsored by individual states, local governments, or other organizations.

Contact Information:

Local Homebuying Programs
 Web site: www.hud.gov/buying/localbuying.cfm

Fannie Mae Corporation Community Homebuyer's Program

Program description: The Fannie Mae Corporation provides financial products and services to assist low-, moderate-, and middle-income families buy homes of their own. Its Community Homebuyers Program allows homebuyers to use a greater amount of their monthly income toward housing costs compared to other standard mortgage products. This mortgage requires a downpayment of only 5 percent.

Contact Information:

Fannie Mae Corporation
 Phone: (800) 732-6643
 Web site: www.fanniemae.com/homebuyers/findamortgage/mortgages/communityhome.jhtml?p=Find+a+Mortgage&s=Mortgage+Solutions&t=By+Alphabetical+Listing

The Nehemiah Corporation

Program description: The Nehemiah Corporation is a private California nonprofit organization. Its Nehemiah Program offers downpayment assistance to qualified homebuyers. This program offers free gift funds to be used toward the downpayment and closing costs for eligible FHA loan programs. There is no repayment of gift money required, no income or asset limits, and no geographic restrictions.

Contact Information:

Nehemiah Program
 Customer Service
 Phone: (877) 634-3642
 Fax: (916) 923-2457
 E-mail: dap@getdownpayment.com
 Web site: www.getdownpayment.com

The Housing Action Resource Trust (HART) Program

Program description: This is a downpayment assistance program for qualified low- and moderate-income homebuyers that offers free gift funds of up to \$15,000 for downpayment and closing costs for eligible FHA loan programs. HART does not require repayment of gift funds.

Contact Information:

Housing Action Resource Trust (HART)
 8711 Monroe Court, Suite A
 Rancho Cucamonga, CA 91730
 Phone: (888) 820-HART (4278)
 Fax: (909) 941-4012
 Web site: www.hartprogram.com

Partners in Charity (PIC)

Program description/activities: This nonprofit corporation promotes homeownership by offering downpayment assistance programs to qualified low- and moderate-income homebuyers. It offers free gift funds to be used

toward the downpayment and closing costs for eligible FHA loan programs. There is no repayment of gift funds required. PIC will gift up to 5 percent of the final sales price on a home.

Contact Information:

Partners in Charity
 613 West Main Street
 West Dundee, IL 60118
 Phone: (800) 705-8350
 E-mail: Info@partnersincharity.org
 Web site: www.partnersincharity.org

Johnson Development Corporation and Washington Mutual

Program description: Washington Mutual and the Johnson Development Corporation have joined resources to make urban homeownership a reality for American families. This partnership provides loan products tailored to meet the needs of low- and moderate-income communities, from low- and no-downpayment options to flexible credit and qualifying standards.

Contact Information:

Washington Mutual
 Missy Cousino
 Phone: (713) 543-3113
 Cell: (713) 594-9332
 E-mail: missy.cousino@wamu.net
 Web site: www.wamuhomeloans.com/help/jdc_locations.jsp

Financial Literacy Programs**Money Smart**

Program description/activities: This training program created by the Federal Deposit Insurance Corporation (FDIC) helps adults build financial knowledge, develop financial confidence, and use banking services effectively. Money Smart may be used by banks and other organizations interested in sponsoring financial education workshops, and its homeownership module familiarizes participants with the process of homeownership financing. The FDIC also offers an Hispanic Outreach Financial Education program to increase awareness of financial education in Hispanic communities nationwide.

Contact Information:

FDIC Call Center

Phone: 877-ASKFDIC or (877) 275-3342

Web site: www.fdic.gov/consumers/consumer/moneysmart/overview.html

National Endowment for Financial Education

Program description/activities: The National Endowment for Financial Education® (NEFE®) is a nonprofit foundation that offers programs and materials that encourage positive and sound financial decisionmaking and provide individuals with practical money management skills. These programs include education programs that focus on the general public and youth; collaborative programs where NEFE develops partnerships with other nonprofit organizations to develop financial materials; multimedia access, which includes basic personal finance information developed by NEFE and distributed to the general public through various channels, such as NEFE's Web site; and innovative thinking programs that support research and strategy activities, the NEFE Fellows program, and the NEFE grants program.

Contact Information:

National Endowment for Financial Education
5299 DTC Boulevard, Suite 1300
Greenwood Village, CO 80111
Phone: (303) 741-6333
Web site: <http://www.nefe.org>

ACORN Housing Corporation

Program description: ACORN is a nonprofit organization established to help low- and moderate-income people become and remain homeowners. Its housing counselors are HUD-trained and certified and provide one-on-one mortgage loan counseling, first-time homebuyer classes, and help clients gain access to mortgage programs with low interest rates, low downpayments, flexible underwriting guidelines, and low origination fees.

Contact Information:

Web site at www.acornhousing.org/index.php

Neighborhood Assistance Corporation of America (NACA)

Program description: NACA is a nonprofit corporation

devoted to stabilizing neighborhoods and maximizing homeownership opportunities for working people and families. Its housing consultants, real estate brokers/agents, and other local and national staff offer free comprehensive services throughout the homebuying process, including buyer education, credit and financial literacy counseling, real estate brokerage service, rehabilitation management, exclusive mortgage products, and postownership assistance to provide ongoing education.

Contact Information:

Phone: (888) 302-NACA

Web site: www.naca.com

NeighborWorks® America

Program description: NeighborWorks America is a national nonprofit organization that provides financial support, technical assistance, and training for community-based revitalization efforts. It offers a Financial Fitness program to help individuals and families develop sound money management skills.

Contact Information:

Financial Fitness Program
1325 G Street, NW, Suite 800
Washington, DC 20005-3100
Phone: (202) 220-2300
Fax: (202) 376-2600

The Nehemiah Corporation

Program description: The Nehemiah Pathways program offers confidential and professional financial education, credit counseling, and debt management programs to individuals and families nationwide. Based on an in-depth assessment of each individual's situation, Pathways works with creditors to establish a plan for paying off debt while providing counseling and education to help establish financial stability and control.

Contact Information:

Nehemiah Corporation of America
Mary Anne Kelly, Public and Media Relations
1851 Heritage Lane, Suite 201
Sacramento, CA 95815
Phone: (877) 634-3642
Fax: (916) 923-2460
E-mail: dap@nehemiahcorp.org

Johnson Development Corporation and Washington Mutual

Program description: The Solid Start financial educational program, available in English and Spanish, takes 12 to 18 months to complete and pairs perspective homeowners with a Washington Mutual home loan consultant who guides them through courses on banking basics, homebuying education, purchasing a home, and loan maintenance. Upon completion of the comprehensive and individualized coursework, the prospective homebuyer is expected to be in a good position to be approved for their first home loan.

Contact Information:

Washington Mutual
Missy Cousino
Phone: (713) 543-3113
Cell: (713) 594-9332
E-mail: missy.cousino@wamu.net
Web site: www.wamuhomeloans.com/help/jdc_locations.jsp

League of United Latin American Citizens (LULAC)

Program description: The National LULAC Housing Commission, a subsidiary of National LULAC, provides information and training to potential homebuyers in the Latino community.

Contact Information:

Beatrice Alba Martinez
National Chair
LULAC National Housing Commission
6500 Greenville Avenue, Suite 515
Dallas, TX 75206
Phone: (214) 750-8194
Fax: (214) 750-8195
E-mail: Beatrice@lulachousing.com
Web site: www.lulachousing.com

NeighborWorks® America

Program description: The NeighborWorks® Campaign for Homeownership promotes financial literacy to help low-income families achieve homeownership.

Contact Information:

NeighborWorks Campaign for Homeownership
Sheila Squier
Phone: (607) 273-8374
E-mail: ssquier@nw.org

Online Financial Literacy Resources

Program description: Practical Money Skills for Life helps consumers of all ages become financially savvy. Visa has partnered with leading consumer advocates, educators, and financial institutions to launch a national program, Practical Money Skills for Life, to improve the nation's financial skills. Through the Web site, practicalmoneyskills.com, this program provides free home-based financial literacy resources for adults and parents, including information from banking services, to buying a home, to preparing for retirement. It also includes classroom resources for financial literacy education.

For more information, visit the Web site at www.practicalmoneyskills.com

Managing My Money

Program description: Created through a collaboration of the Community Action Partnership™ and the National Endowment for Financial Education® (NEFE®), this online resource provides quick access to comprehensive financial modules, including tips for personal financial planning and responsible money management; employment basics; individual development accounts; and homeownership information, including what it takes to own and keep your own home, and ideas to help you if you are at risk of losing your housing.

For more information, visit the Web site at www.managingmymoney.com

Growing Your Money: Personal Financial Tools

Program description: This free toolkit developed by the Fannie Mae Foundation contains the materials and information necessary to launch a personal financial education program, including an instructor curriculum, and participant workbook, and it offers training in developing a spending plan, working with checking and savings accounts, understanding credit and your credit report, and getting a loan. To order a free training toolkit and up to 20 additional participant's workbooks,

call (800) 943-5775. To download individual sessions of the instructor's guide, visit www.fanniemaefoundation.org/programs/finance_tools.shtml and click on the session link.

Energy-Efficient Affordable Housing

ENERGY STAR

Program description: ENERGY STAR provides the technical information and tools that organizations and consumers need to choose energy-efficient solutions and best management practices. Energy-efficient choices can save families about a third on their energy bill with similar savings of greenhouse gas emissions, without sacrificing features, style, or comfort.

Contact Information:

United States Environmental Protection Agency
Climate Protection Partnerships Division
ENERGY STAR Programs Hotline
& Distribution (MS-6202J)
1200 Pennsylvania Ave NW
Washington, DC 20460
Toll-free hotline: (888) STAR-YES (782-7937)
Web site: www.energystar.gov

The Partnership for Advancing Technology in Housing (PATH)

Program description: PATH is a HUD-supported program dedicated to accelerating the development and use of technologies that radically improve the quality, durability, energy efficiency, environmental performance, and affordability of America's housing.

Contact Information:

Partnership for Advancing Technology in Housing (PATH)
451 7th Street, SW, Room 8134
Washington, DC 20410-0001
Phone: (800) 245-2691 Ext. 2
Web site: www.pathnet.org

U.S. Department of Energy

Program description: The Building America program is a private/public partnership sponsored by the U.S. Department of Energy that conducts research to identify energy-efficient solutions for new and existing housing

that can be implemented on a production basis.

Contact Information:

Office of Building Technologies
EE-2J/Forrestal Building
U.S. Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585-0121
Phone: (202) 586-9472 or (202) 586-1689

Energy Efficiency Publications and Online Resources

Electronic Resources

Program description: *Home Energy* magazine disseminates information on residential energy efficiency, performance, comfort, and affordability. It thoroughly covers residential comfort issues from a systems engineering approach.

Contact Information:

Home Energy Magazine
2124 Kittredge Street, #95
Berkeley, CA 94704
Phone: (510) 524-5405
E-mail: contact@homeenergy.org
Web site: www.homeenergy.org

EnergyIdeas.org

Program description: EnergyIdeas.org is the Web site for EnergyIdeas Clearinghouse, a comprehensive, technical resource that Pacific Northwest business, industry, government, and utilities use to implement energy. This Web site provides useful information for anyone who wants to significantly reduce energy use.

Individual Development Accounts (IDAs)

Corporation for Enterprise Development (CFED)

Program description: CFED is a nonprofit organization that works to expand economic opportunity. As such, it promotes IDAs to encourage asset building and economic opportunities among low-income individuals. CFED sponsors the IDA network, which serves as a gateway to the individuals, organizations, and ideas that are collectively shaping the IDA field. Members can exchange information and ideas about how to structure IDA initiatives and policies; access individualized

State pages that provide contact information for IDA initiatives, informational bulletins, an IDA job board, and discussion forums that cover topics like marketing, fundraising, asset-building policy, and financial education.

Contact Information:

Corporation for Enterprise Development
777 North Capitol Street, NE
Suite 800
Washington, DC 20002
Phone: (202) 408-9788
Fax: (202) 408-9793
E-mail: idainfo@cfed.org

Department of Health and Human Services (DHHS) IDA Initiatives

Program description: Assets for Independence Demonstration Program provides 5-year Federal grants to eligible organizations to establish IDAs nationwide.

Contact Information:

Mr. Jim Gatz
Phone: (202) 401-4626
E-mail: AFIPProgram@acf.hhs.gov
Web site: www.acf.hhs.gov/programs/fbci/progs/fbci_ida.html

Program description: Office of Refugee Resettlement (ORR) IDA Initiative awards grants to public and private nonprofit organizations to support the establishment and management of IDAs for low-income refugee individuals and families.

Contact Information:

Henley Portner, ORR Program Officer
E-mail: HPortner@acf.dhhs.gov

National Federation of Community Development Credit Unions (NFCDCU)

Program description: NFCDCU is a national, nonprofit organization that represents and serves a membership of more than 180 community development credit unions (CDCUs) across the United States. NFCDCU provides training, technical assistance, advocacy, capital, and outreach support to CDCUs in developing a range of financial products and services, including an IDA matching grant program.

The World Institute of Disability (WID) is a nonprofit research, public policy, and advocacy center dedicated to promoting the civil rights and full societal inclusion of people with disabilities. WID trains IDA providers nationwide to improve program access and outreach to people with disabilities.

Contact Information:

Megan O'Neil, Project Coordinator
Phone: (510) 251-4341
E-mail: megan@wid.org
Web site: www.wid.org/programs

U.S. Department of Housing and Urban Development
Office of University Partnerships
451 Seventh Street, SW
Washington, DC 20410-3000

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