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Moving Up to the  
American Dream

*From Public Housing  
to Private Homeownership*



U.S. Department of Housing and Urban Development

*Front Cover:*

*New townhomes in Richmond's historic Carver neighborhood,  
sold to public housing families on a "rent-to-own" plan.*

Moving Up to the  
American Dream

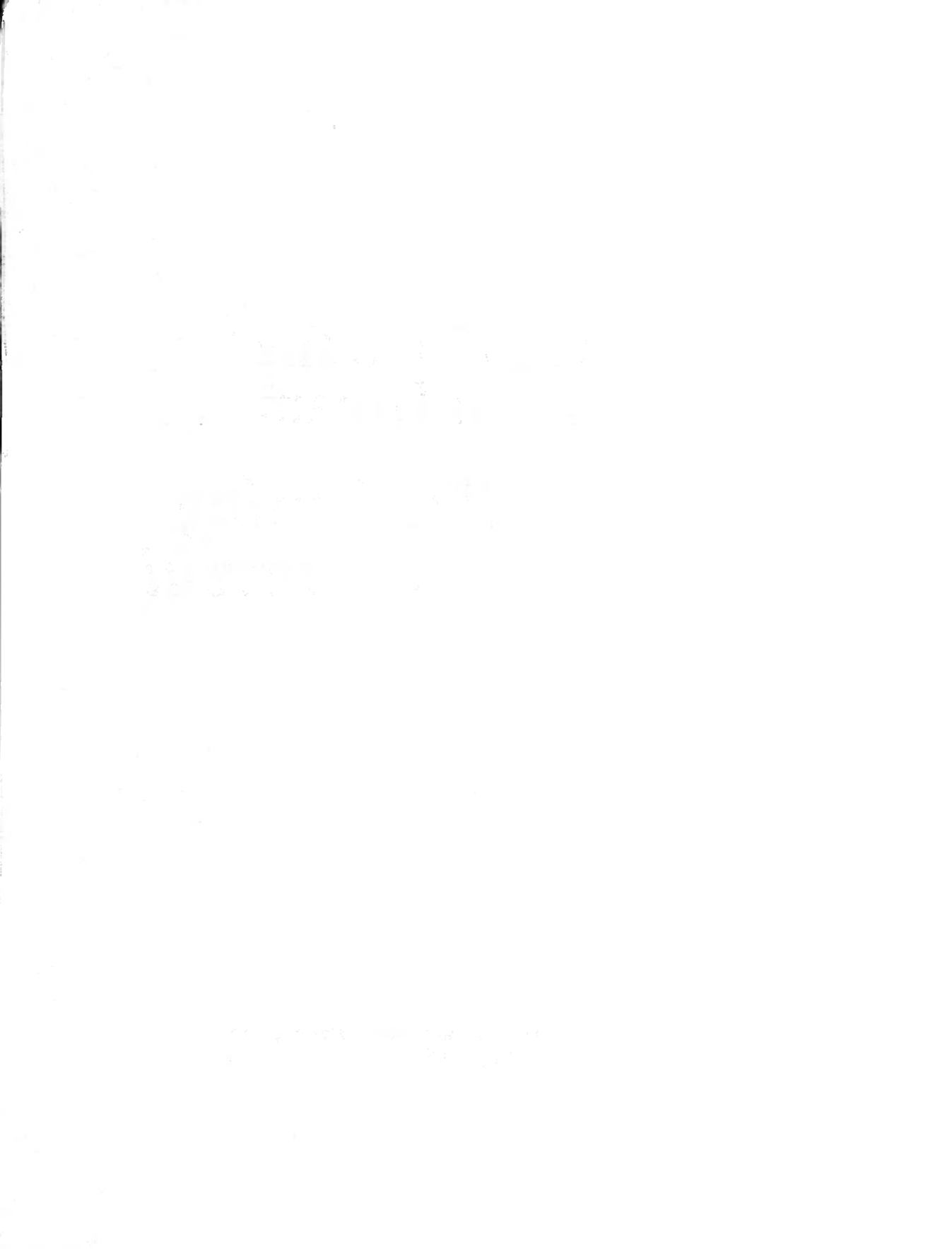
*From Public Housing  
to Private Homeownership*

DEPARTMENT OF HOUSING  
AND URBAN DEVELOPMENT

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U.S. Department of Housing and Urban Development  
July 1996





**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
THE SECRETARY  
WASHINGTON, D.C. 20410-0001**

Owning a home is a symbol of dignity and pride. Buying a home is a commitment to economic health, family stability, and community responsibility. Homeownership is one of our society's best platforms to lift up individuals and enable them to grow and thrive. That is why, as we prepare to enter the 21st century in a time of profound change, homeownership is still the American Dream. It is one of the most powerful and enduring values in all our lives.

Many of the more than one million families living in public housing, when asked, tell us their dream is to own their own home. They deserve the opportunity to move up the ladder of success, and achieve self-sufficiency. Homeownership is a very important way to accomplish these goals.

President Clinton has directed our Department to focus on several key priorities, including: the National Homeownership Strategy of expanding homeownership to a new all-time high; empowering communities through economic, physical, and social revitalization; and transforming public housing into what it was always intended to be — lending a supportive hand to people in need so they can pull themselves up to economic independence.

Our new initiative — enabling 25,000 public housing families to become private homeowners — is one of the best ways to increase homeownership, empower communities, and transform public housing. As I have traveled around the country as HUD Secretary, I have often met with former public housing residents who are now homeowners. In every case, they are excited, enthusiastic, and full of hope for the future. They are proud of their achievement, and we are proud that HUD programs play a part in enabling them to succeed. This is what our work is all about.

This book details the many success stories of individual homeowners and of public housing authorities, resident organizations, community development groups, mortgage lenders, and others in a partnership to make the American Dream a reality for families living in public housing. It can serve as a learning tool and model to inspire similar efforts in your community.

*Henry Cisneros*

THE UNIVERSITY OF CHICAGO

1925

THE UNIVERSITY OF CHICAGO  
DEPARTMENT OF CHEMISTRY  
LABORATORY OF PHYSICAL CHEMISTRY  
CHICAGO, ILLINOIS

REPORT OF THE  
COMMISSIONERS OF THE  
UNIVERSITY OF CHICAGO  
FOR THE YEAR 1925

CHICAGO, ILLINOIS  
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1926

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## Introduction

President Clinton introduced his National Homeownership Strategy to the American people by stating: "Our nation's greatest promise has always been the chance to build a better life. For millions of America's working families throughout our history, owning a home has come to symbolize the realization of the American Dream." More recently, the President emphasized what expanding homeownership can mean, especially for low-income families living in neighborhoods that need revitalization: "Homeownership is one of the best ways to empower local residents, to give them a stake in the community, and to increase the bonds that tie people together. It means commitment. If we have any hope of bringing success back to these inner cities, we have to have people there who care and who are committed. Homeownership can help us achieve that goal as well."

President Clinton introduced his National Homeownership Strategy to the American people by stating: "Our nation's greatest promise has always been the neighborhoods through increasing homeownership, provides a message of opportunity and responsibility for the residents of public housing in our nation's cities. Many public housing developments and their surrounding urban neighborhoods are badly in need of physical, economic, and social reinvestment. Homeownership can help restore optimism and faith to dispirited communities. Building new homes, renovating existing homes, and converting single-family rental housing to homeownership will attract much needed private and public capital, generate physical improvement, increase safety and security, stimulate new jobs and business opportunities, develop a stronger citizen base to bring back schools, stores, and services, and most importantly, be a source of renewed dignity and pride for families and communities.



*President Clinton addressing the National Homeownership Summit in Washington, D.C. on June 6, 1996.*

# The National Homeownership Strategy

President Clinton's National Homeownership Strategy starts with his commitment to dramatically expand homeownership opportunities in America. Specifically, the President asked Secretary Cisneros to form a nationwide public-private partnership to achieve all-time high homeownership in America by the end of the century. The National Partners in Homeownership was formed to work actively toward the goal of moving the national homeownership rate up to 67.5 percent by the end of the year 2000, generating 8 million new homeowners. For the first time in our nation's history, more than two-thirds of America's families will own their own home. The National Partnership has worked hard to carry out a comprehensive strategy of making homeownership opportunities more affordable and available by: cutting the costs of buying and owning homes; removing discriminatory and regulatory barriers; streamlining and simplifying the process of building and financing homes; and raising homeownership awareness through education and counseling, outreach, training, technology, and community involvement. The National Partners in Homeownership began working together in 1994 to develop and implement 100 key strategic actions designed to reach the ambitious 6-

year goal, particularly by forming local partnerships in communities, cities, metropolitan regions, rural areas, and states all across America.

Since the beginning of 1993, there have been 4.4 million new homeowners in America, and the national homeownership rate has grown to a 15-year high, just short of the previous all-time record set in 1980. In 1995, the one-year increase in the nation's homeownership rate was the largest in three decades, and the overall rate of growth was strongly reinforced by comparable expansion of homeownership for young adults, young families, women, African-Americans, Hispanic-Americans, low- and moderate-income families, first-time homebuyers, and urban households. These very positive trends have continued moving upward in 1996. Nevertheless, there still are many challenges ahead to reach President Clinton's homeownership goal, and particularly for homeownership opportunities to grow among those groups and communities furthest behind the overall national rate. No group poses a greater challenge in America today than the families living in public housing.



*From public housing to private homeownership: a home in Chicago now owned by a former public housing family.*



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## Homeownership for Public Housing Families

Of the more than one million households living in public housing nationwide, 300,000 of them are working families. Most of these families dream of owning their own home, but many of them have difficulties in saving enough money for the downpayment and closing costs, or in finding a home they can afford, or in learning how to navigate the complicated process of buying a home and protecting one's rights as an informed consumer. Special homeownership initiatives for these families can help them find affordable, quality homes with the right kind of financing to meet their needs. Education, counseling, and training are essential to ensure the success of homeownership initiatives for public housing families.

Those families living in public housing who do not currently have jobs, perhaps receiving unemployment compensation or welfare payments, may not yet be financially ready to own their own home. For many of these households, the opportunity to become a homeowner can serve as a major incentive to obtain skills education and job training, to search more actively for paid employment, and to begin saving for a downpayment on their American Dream home. Through the increasing availability of lease-purchase programs that enable families to pay rent that can later be converted to monthly home mortgage payments, they can now work harder and move faster towards private homeownership than many of them ever thought possible.



*The Chicago Housing Authority launching its new Homeownership Program in July 1996. The goal: private homeownership for 2,000 public housing families.*

# HUD's Goal: 25,000 Private Homeowners from Public Housing Families by the Beginning of the 21st Century

Since 1993, the Department of Housing and Urban Development has placed an increasingly strong emphasis on expanding opportunities for working families to move from public housing to private homeownership. HUD has worked closely with local public housing authorities to support programs that build new for-sale townhomes, that buy existing homes to be resold to public housing families, that provide financial and technical assistance to promote homeownership among public housing families, and that sell public housing residents their current homes if they want to purchase them. In addition, HUD has provided financial assistance to developers for building new homes to revitalize inner-city communities, and some of the newly-built homes in these "Homeownership Zones" have been purchased by working families who were previously living in public housing. For example:

- Since the beginning of 1993, HUD has approved nearly 4,700 public housing homes to be sold by local housing authorities for private homeownership, a 40 percent increase in such approvals over the previous four-year period. The average working family living in public housing pays between \$30,000 and \$45,000 to buy one of these single-family homes.
- HUD has granted more than \$1.5 billion through its HOPE VI program to transform severely distressed public housing developments into attractive and livable communities, and will be granting another \$480,000 this year. Of the 39 public housing developments nationwide currently undergoing demolition and dramatic change, funded by up to \$50 million in HUD's HOPE VI grants, 16 of these developments are planning to build new homes to encourage

homeownership for highly motivated families and create more mixed-income and stable communities of working families.

- In the past two years, HUD has provided extensive homeownership training workshops for public housing families in more than 50 locations nationwide, and the pace and volume of this training is steadily accelerating.
- HUD is working to change the Section 8 rent subsidy program to enable eligible recipients to own their homes, by providing assistance to help families pay their monthly mortgage payments. The Department is proposing new rules and seeking legislative changes to turn Section 8 into a powerful tool to support homeownership for low-income working families.

At the National Public Housing Summit in May 1996, Vice President Gore announced a Clinton Administration goal to demolish 100,000 deteriorated high-rise public housing units from 1993 through the year 2000. From the beginning of the Clinton Administration to the end of September 1996, HUD and local public housing authorities will have approved the demolition of 45,000 of these distressed units, nearly double the number of units approved for demolition during the previous 12 years. At the National Homeownership Summit in June, HUD Secretary Henry Cisneros pledged that 10 percent of the housing that replaces the 100,000 demolished units will be built for private homeownership. Now the Secretary has developed a plan committing HUD to utilize the National Homeownership Strategy and work together with the National Partners in Homeownership and the local homeownership partnerships to generate 25,000 new private homeowner families from public housing residents, including sales of existing public housing, and development or acquisition of new owner-occupied homes by public housing authorities for sale as private homeownership.

On August 7, Secretary Cisneros announced a new nationwide initiative to reach the goal of enabling 25,000 public housing families to move up to private homeownership, including the following HUD efforts: 1) up to \$30 million in grants to provide employment services and homeownership counseling for public housing families; 2) an additional \$500,000 for



*HUD-funded homeownership training for public housing families.*

expanded technical assistance to public housing authorities, non-profit groups, and public housing resident organizations to develop effective homeownership programs; 3) increased support from the FHA (Federal Housing Administration) for affordable and flexible single-family home mortgage insurance and for 203(k) purchase/rehabilitation loan insurance to save on the costs of financing home renovation; 4) increased secondary mortgage market support from Ginnie Mae, Fannie Mae and Freddie Mac to make more capital available for homeownership lending targeted to public housing families and urban neighborhoods; 5) proposed changes in current laws to make public housing homeownership more feasible, including allowing greater involvement by non-profit housing and community development organizations, and expanded use of Section 8 rental assistance for lease-purchase homeownership and for time-limited post-purchase assistance.

HUD will carry out the Secretary's public housing homeownership plan in the following three ways:

### **Selling Homes Already in the Public Housing Inventory:**

HUD permits and encourages local public housing authorities (PHAs) to sell public housing — garden apartments, townhomes, and single-family houses — to public housing families, and to other low- and moderate-income working families. HUD has been providing resources for such sales through several programs: Section 5(h), Turnkey III, and HOPE I. Newly appropriated funds are no longer available for Turnkey III or HOPE I, therefore HUD is very actively promoting the use of Section 5(h), inducing local housing authorities to sell public housing by providing them with a financial incentive: through 5(h), PHAs can retain the revenues from the sale of homes, and can use these funds to assist new homebuyers, and to build, acquire, or renovate additional homes in order to expand homeownership opportunities for public housing families. For example, Louisville has been a national leader of efforts using HUD's 5(h) program, with large-scale conversion to homeownership of two 1930s low-rise public housing developments, College Courts and LaSalle Place, creating 258 newly-renovated private homes.

The current number of public housing units approved for sale as private homes is rapidly moving towards 5,000 nationally, and HUD estimates future approvals of at least 3,000 per year for the next five years. Other HUD and federal government programs, including FHA single-family mortgage insurance, Ginnie Mae

(Government National Mortgage Association) secondary mortgage market support, funding for pre-purchase and post-purchase homeownership counseling, tax-exempt mortgage revenue bonds and mortgage credit certificates, HOME grants and Community Development Block Grants (CDBG) all can provide added resources to facilitate the sale of public housing for private homeownership.

### **Selling Homes Developed or Acquired for Homeownership by Public Housing Authorities:**

Local public housing authorities, with encouragement and support from HUD, engage in additional activities to promote private homeownership for public housing resident families, for families on their waiting lists, and for other low-income families meeting public housing income eligibility guidelines or receiving Section 8 rental assistance. PHAs pursue these activities by developing lease-purchase or "rent-to-own" programs for public housing families; by providing financial assistance such as low-interest loans or equity grants that enable public housing families to afford the costs of private homeownership; by offering homeownership training for public housing families; by creating savings plans and escrow accounts to help public housing families save for their downpayment to buy a private home; by "urban homesteading" — making abandoned and deteriorated houses available for low prices or even no purchase price in exchange for the new homeowner's commitment to make substantial repairs; and by many other ways. Different public housing authorities have pioneered and refined a wide variety of effective actions: Richmond has developed model lease-purchase and urban homesteading programs; St. Paul created a state-of-the-art downpayment assistance program called Home Ownership Made Easy (HOME) and an innovative lease-purchase program called HOMEWARD; Charlotte's Home Ownership Institute and Detroit's Homebuyers Clubs are leading the way in homeownership training for public housing residents; and Houston is proposing an innovative savings plan using escrow accounts supplemented by matching funds.

Public housing authorities also promote construction and renovation of homes for private homeownership as part of public housing revitalization plans to create mixed-income communities of working families. For example, of the initial \$1.5 billion in HOPE VI funds granted for transforming 39 distressed public housing sites, 16 of these redevelopment initiatives will build new homes for homeownership as a key method of improving their neighborhoods. Local

housing authorities are using HUD's public housing modernization, development, and resident initiatives funding to leverage state and local government and private sector resources to build and renovate homes for homeownership, and provide financial and educational support for public housing families to become private homeowners.

## Enabling Families to Buy Homes From the Private Sector and "Graduate" From Public Housing:

In many cases public housing families do not want to buy the housing they are currently renting, nor do they always receive assistance from public housing authorities to become private homeowners. Yet every year hundreds of public housing families move up to their American Dream: owning a home of their own. They accomplish this landmark achievement in their



*Before homeownership: a deteriorating neighborhood in East Brooklyn.*



*The same Brooklyn neighborhood with Nehemiah townhomes built for affordable homeownership. A majority of the new homeowners are former public housing families.*

*Photo by  
Camilo José Vergara*

family's lives, often after many years of trying, with the aid of various federal, state and local government programs, along with private sector, philanthropic, and community-based initiatives to make homeownership much more affordable and widely available.

A classic example of these partnership initiatives is the Nehemiah effort organized by the Industrial Areas Foundation (IAF) and local religious groups, first in New York City and then in communities throughout the nation. Beginning in the 1980s, a coalition of churches, synagogues, and mosques called the East Brooklyn Congregations (EBC) raised \$7 million for no-interest construction financing, obtained vacant land from the city government, and worked with an efficient, large-scale homebuilder to construct 2,300 for-sale townhomes that helped turn blighted neighborhoods into safe and economically thriving communities. Now the EBC is building another 1,200 affordable townhomes. During the past few years a coalition similar to the EBC, the South Bronx Churches, used the same Nehemiah strategy to successfully develop and sell over 500 townhomes. Both in East Brooklyn and the South Bronx, a majority of the Nehemiah homebuyers were public housing families — low- and moderate-income working families living in high-rise public housing located in nearby neighborhoods. The IAF is working with similar community-based coalitions of religious congregations in Baltimore, San Antonio, Philadelphia, Memphis, Los Angeles, Washington D.C., and other cities to build and sell large numbers of new homes to working families with modest incomes that cannot otherwise afford to own a good quality home. In these communities as well, some of the new Nehemiah homeowners are former public housing families.

Many other community-oriented non-profit organizations, including nationwide groups like the National NeighborWorks Network (Neighborhood Housing Services), Habitat for Humanity, the Enterprise Foundation, the Local Initiatives Support Corporation (LISC), ACORN, and YouthBuild, as well as literally thousands of local groups like New Community Corporation in Newark, BRIDGE in California, Community Builders in Boston, Chattanooga Neighborhood Enterprise, and Bethel New Life in Chicago, engage in similar kinds of affordable homeownership development and sales, providing homeownership opportunities that successfully appeal both to the dreams and financial realities of America's public housing families. Private sector for-profit firms — mortgage lenders, homebuilders, real estate agents, secondary mortgage market institutions — offer special financial assistance, outreach, education, and technical support to encourage affordable home-

ownership, some of which is within reach of public housing's working families.

The public sector plays a vital role in these activities with a wide variety of programs and resources, including federal, state, and local tax incentives, the sale of government-owned homes from mortgage or tax foreclosures, and private financing made possible by the Community Reinvestment Act. HUD has provided Nehemiah Homeownership Opportunity Grants, and now is requesting significant new resources to encourage and support the large-scale building of local Homeownership Zones to revitalize communities. HUD's Nehemiah grant funds have been used to develop and sell new private homes to former public housing families in Baltimore's Cherry Hill community, at the West Poplar Nehemiah Homes in Philadelphia, at Crawford Square in Pittsburgh, at Capitol View Estates in Columbus, at the Antonio Terry Estates in Seattle, and in numerous other cities throughout the country.

HUD's two major block grants to state and local governments — HOME and CDBG — enable communities to invest in affordable homeownership that can benefit public housing families. These block

grants are supplemented by more specialized funding through HUD programs like YouthBuild and initiatives such as the Empowerment Zones and Enterprise Communities. HUD's FHA insurance and Ginnie Mae guarantees provide crucial primary and secondary mortgage market assistance that makes home financing less costly and more available, especially for lower income homebuyers. FHA's single-family property disposition of foreclosed homes, supported by HOPE III grants to non-profit community developers, can be an excellent resource for creating affordable home-ownership opportunities. In addition, HUD is expanding its ability to fund non-profit homeownership counseling agencies, and to work with national and local homeownership partnerships to generate greater resources for financial and technical assistance to homeownership developers, lenders, and most importantly, to homebuying families.

*Former public housing families are among the new homeowners living in these newly built, affordable Nehemiah homes at Capitol View Estates in Columbus, Ohio.*



## Making a Difference in People's Lives

Where all this makes the most difference is in the lives of people such as Charlene Brown, who after 27 years of living in Chicago's public housing, finally realized her dreams of owning a home. With the help of HUD's 5(h) program, the Chicago Housing Authority (CHA) sold Charlene Brown a three-bedroom townhome for \$31,700 in the Wentworth Gardens Annex, a public housing development of 98 homes built in 1969 on Chicago's south side. The entire Wentworth Gardens Annex is now being converted by the CHA into private homeownership. Charlene Brown was one of the original residents at Wentworth Gardens Annex, and has lived there most of her life. "I have always wanted to be a homeowner, ever since I moved to the Annex in 1969," she declared on July 12, the day she became the proud first-time owner of her very own home. Charlene Brown has worked for the past nine years as a line leader at Followes Manufacturing, a Chicago office supply factory. She is the mother of five adult children, all of whom grew up in Wentworth Gardens Annex and now have families and jobs of their own.

The Firststar Bank of Illinois provided Charlene Brown with home mortgage financing, fully insured by the Federal Housing Administration (FHA). The Affordable Housing Program of AmeriQuest, Inc., a program sponsored by the non-profit National Conference of Christians and Jews, conducted the homeownership training and counseling that enabled her to obtain an affordable home mortgage loan. She is the first of 2,000 homeowners under the new CHA Homeownership Program. Chicago's Housing



*New homeowner and former public housing resident Charlene Brown proudly displays her flower garden in Chicago.*

Authority intends to sell 1,000 of its low-rise public housing to current residents, and enable an additional 1,000 families to move out of CHA housing by purchasing their own homes from the private market. Three more public housing families soon will become proud owners of their own homes at Wentworth Gardens Annex, all with FHA-insured home mortgage loans from Firststar Bank.

The same combination of dignity and pride of homeownership expressed by Charlene Brown in Chicago is displayed by Roxanne Brown in Philadelphia. Roxanne Brown recently bought and moved into her very own, newly built \$57,000 three-bedroom home in north Philadelphia after living for the past 11 years in the nearby Richard Allen Homes public housing development. A single mother of three children and a full-time office worker in the city's sanitation depart-



*First-time homeowner and former public housing resident Roxanne Brown and her 3 children cut the ribbon on their new Nehemiah home in Philadelphia.*



ment, Roxanne Brown is now a homeowner for the first time in her life. Her new home is one of the first of 205 West Poplar Nehemiah Homes currently being constructed by the Poplar Enterprise Development Corporation, a joint venture of the Enterprise Foundation and the West Poplar Neighborhood Advisory Committee. The West Poplar Nehemiah Homes is supported by nearly \$4.5 million in HUD's Community Development Block Grant funds provided by the city government, and an additional \$2.8 million of Nehemiah Homeownership Opportunity Grant funds from HUD to the non-profit developers. The Delaware Valley Mortgage Plan, a consortium of regional banks, is providing low-interest, flexible

mortgage financing, supported by homeownership counseling offered through HUD-funded counseling organizations. This combination of financial and technical assistance enabled Roxanne Brown, a former public housing resident earning \$25,000 a year supporting her family of four, to buy a new home with only \$1,760 in cash for the downpayment and closing costs, with mortgage payments less than \$350 a month. In the initial group of 64 homebuyer families at West Poplar Nehemiah Homes, 7 of them are long-time public housing families making the same dramatic change as Roxanne Brown — moving up the ladder to the American Dream of private homeownership.



*New homeowners under construction: Philadelphia's West Poplar Nehemiah Homes. Some of these homes are now owned by former public housing families.*

## “Best Practices”: Public Housing Homeownership Initiatives

### St. Paul, Minnesota

The city of St. Paul has created an ambitious partnership to enable public housing families and other low-income families to move up to the American Dream of homeownership. The Family Housing Fund of Minneapolis and St. Paul, a private philanthropy, has teamed up with the St. Paul Public Housing Agency and the St. Paul Department of Planning and Economic Development to design several innovative homeownership initiatives. The first initiative, a \$2 million program called HOME (Home Ownership Made Easy), targets public housing families with sufficient income to own a modestly priced home, but who do not have adequate savings to afford the downpayment and closing costs, lack familiarity with the homebuying and mortgage financing process, have poor credit histories, or face language and cultural barriers. St. Paul's HOME initiative funds Thompson Associates, a private real estate company, to engage in outreach, provide homeownership education and counseling, make home visits to participating families, conduct English language instruction, and connect prospective low-income homeowners with sympathetic real estate brokers.

Once the future homebuyers find the houses they want to purchase, St. Paul's HOME program can offer grants or deferred loans of up to \$15,000 to help cover the downpayment, with at least \$500 coming from the homebuyer's own savings. HOME can also provide loans of up to \$3,500 to cover closing costs. In addition the city government can offer low interest home mortgage financing, utilizing the federal tax-exempt mortgage revenue bond program. The homebuyer families can repay HOME's down-payment assistance by performing supervised community service, or through an "equity participation loan" due with interest when the home is later sold. The no-interest closing cost loans are due only if and when the homebuyers resell their homes. Also, Thompson Associates offers post-purchase homeownership counseling after the new homeowners move into their dream homes.

To date, HOME has trained nearly 600 potential homeowners, and directly assisted in the sale of 117 homes to low- and moderate-income families with average household incomes of \$21,000. Nearly 80 of these families previously lived in St. Paul's public housing. Many have expressed their appreciation for this opportunity of a lifetime with letters like the



*Estelle Kennedy and her family bought and renovated this home in St. Paul after living in public housing for 25 years.*

following: "I cannot believe I am the owner of this great house. I get up in the morning, before the boys wake up, and I walk around every room. I am proud, very lucky, and so thankful there is a HOME program to help bring these dreams to life. Five years ago, when I started out on this journey of self-sufficiency, I couldn't have believed all this would work out so great. We are all very happy, and the boys love it, too."

One of these proud new homeowners is Estelle Kennedy, who first moved into St. Paul's public housing with her three young children in 1968 and was still living in the same house 25 years later. With the help of St. Paul's HOME initiative, she was finally able to realize her dreams at the age of 65, buying and renovating her first home. Estelle told everyone she loved her house, saying "it felt like home." Estelle Kennedy and her three adult children were able to obtain an FHA 203(k) insured mortgage loan combining affordable financing of home purchase and property rehabilitation costs. Reuniting together again, Estelle and the rest of her family recently moved into their new home, located just three blocks from where they had once lived in public housing.

St. Paul's HOME initiative has been so successful that the cities of Minneapolis and Duluth have created similar programs. Minneapolis' HOME initiative has sold 45 homes and counseled over 300 families, and Duluth's newly-created HRA Homebuyer Assistance Program has already sold 10 homes and counseled 75 families.



St. Paul also has moved to serve public housing families with even lower annual incomes — at least \$12,000 — through a new “rent-to-own” initiative called HOMEWARD. With a one-time HUD grant of nearly \$4 million, plus additional funding from the local non-profit Family Housing Fund and from the state government’s Minnesota Housing Finance Agency, St. Paul’s Public Housing Agency during the past two years has purchased and renovated 35 scattered-site, three- and four-bedroom single-family houses, renting them to public housing families who want to become homeowners. These families have entered into agreements to buy their newly-occupied homes within five years, and the Public Housing Agency will provide the future homeowner families with financial counseling, homeownership training, the opportunity to escrow rent payments to save for their downpayment, and second mortgage assistance of up to \$25,000 when they purchase their home. Currently all 35 homes are occupied and committed for sale to the families living there. Once all these homes are sold within the 5-year time period, St. Paul’s Public Housing Agency will recycle the sales proceeds to support additional homeownership activities under its HOME and HOMEWARD programs.

## Louisville, Kentucky

Louisville, under the leadership of Mayor Jerry Abramson, has taken a proactive, entrepreneurial approach to promoting homeownership for public housing families and converting older public housing into physically modernized, private homeownership developments. The Housing Authority of Louisville has formed its own non-profit real estate development subsidiary, the Louisville Housing Services Corporation,



*HUD Secretary Cisneros presents the “Key to Homeownership” in Louisville at the dedication ceremony for LaSalle Place, a former public housing development converted to private homeownership.*

developing 365 affordable homes and selling them to low- and moderate-income homebuyers. David Osborne and Ted Gaebler’s well-known book, *Reinventing Government*, highlighted Louisville’s Housing Services Corporation as a true innovator in the field of housing and community development. The Housing Services Corporation has redeveloped its two oldest public housing sites, College Court and LaSalle Place. Both of these developments were built during the 1930s with funding from New Deal jobs programs. Louisville’s Housing Services Corporation redesigned and renovated these low-rise structures, transforming them both entirely into private homeownership. The sales revenue from the conversion of 100 units at College Court was used to help finance LaSalle Place, 158 private condominium homes completed and sold with the assistance of more than \$8 million in HUD’s public housing modernization funds. Secretary Henry Cisneros joined the new homeowners for the dedication ceremony.

At LaSalle Place, sales prices ranged from \$18,000 for a one-bedroom home to \$36,000 for a four-bedroom home. The monthly mortgage payments range from \$209 to \$324, and the homes are affordable to working families with annual incomes as low as \$8,000 and as high as \$27,000. The average yearly income of all 158 homebuyers is \$16,000, and the Housing Authority received 1,150 applications to buy the 158 homes. Nearly one-quarter of the homes at LaSalle Place were sold to former public housing families, including many who were already living there before the extensive renovations. The Housing Authority provided the first mortgage loans at low interest rates, and also made available no-interest second mortgages that need not be repaid as long as the homebuyer owns and lives in the home for at least five years. Homeownership counseling and other self-sufficiency programs were offered to public housing families that wanted to become private homeowners. The Housing Services Corporation is now recycling the sales revenue from LaSalle Place into additional homeownership developments, expanding beyond its 365 new homes to further increase affordable homeownership opportunities for Louisville’s public housing community.

The Housing Authority of Louisville is proud of its pioneering role in encouraging private homeownership among public housing renters. Luevenia White, one of the only public housing resident leaders ever appointed to serve on the Housing Authority’s Board of Commissioners, has recently purchased a home through the Louisville Housing Services Corporation. Luevenia White, a 50-year old widow and mother of seven children, was living in public housing at Sheppard

Square and serving as president of the resident council before she moved out and bought her own home. At the same time that she attained her dream of becoming a homeowner, she also became a private entrepreneur, successfully starting her own home-based small business selling and distributing household cleaning products.

## Richmond, Virginia

The Richmond Redevelopment and Housing Authority (RRHA) has made promoting homeownership a centerpiece of its urban revitalization and family self-sufficiency activities. Indeed, RRHA's 1994 annual report, entitled "A Home of My Own," focuses primarily on Richmond's ambitious neighborhood homeownership initiatives. Two of these program efforts are especially targeted at enabling public housing families to graduate into private homeownership.



*New townhomes in Richmond's historic Carver neighborhood, sold to public housing families on a "rent-to-own" plan.*

The first of these initiatives is a lease-purchase program involving the conversion and sale of new or rehabilitated single-family houses from public housing to private homeownership. Currently the RRHA is selling

84 lease-purchase homes throughout the city, with 34 of them concentrated in the Carver neighborhood. During the next three years, 124 additional homes in various neighborhoods will also be sold. The 34 Victorian-style homes at Carver are newly built, 1,100 square foot, three-bedroom townhomes designed to fit into the fabric of this historic African-American community. They are the first new homes constructed in the Carver neighborhood in half a century, and were funded with \$2.6 million in HUD and city funds. These 34 new homes are selling for \$58,000 to \$60,000, and are part of a larger neighborhood revitalization effort, spearheaded by the Carver Area Civic Improvement League, that includes the planned rehabilitation of 225 homes and construction of 45 new homes. Already, over 125 older homes in the Carver neighborhood have been substantially renovated.

To participate in Richmond's lease-purchase program, eligible public housing or Section 8 families must earn at least \$14,000 annually, have steady employment and good credit. If accepted into the program, they will rent their new homes for one to three years, while attending homeownership training sessions that cover everything from household budgeting to home repair. When the family has saved enough for a downpayment and completed the training classes so that they are ready to own their own home, the RRHA can assist them with special mortgage financing packages to fit their needs. The RRHA is working together with FHA single-family home mortgage insurance and private lenders such as NationsBank, First Union, Central Fidelity, and Crestar Bank, to generate affordable homeownership financing.

Gladys Randolph is typical of the Carver neighborhood's new first-time homeowners. She raised her family in Richmond's Gilpin Court public housing development, and her grown children "are all successful and I'm very proud of them." Since she finally moved from public housing to own her own home in the Carver neighborhood, she reports "My children are so proud. Now when I come home from work, I really feel like I'm coming home."

The other main Richmond initiative enabling public housing families to move to private homeownership is the RRHA's Urban Homesteading Program. This program offers opportunities for families to buy dilapidated houses in targeted neighborhoods for discounted prices — sometimes as little as one dollar — and then receive low-interest financing to fully renovate their new homes. In some cases, the FHA 203(k) program is used to insure mortgage loans covering the costs of home purchase and major home improvements. Over 100 homes have already been

renovated through the Urban Homesteading Program, increasing the city's property tax base by more than \$6 million. The RRHA's annual report explains the advantages of urban homesteading: "Homeownership is a stabilizing force. Crime goes down in neighborhoods that are vibrant and well-maintained. Homeownership builds stronger communities, improves the quality of life, and strengthens the city's tax base... These homes possess their own distinct architectural charm and when rehabilitated, help rebuild deteriorated neighborhoods into thriving communities of working families who are committed to maintaining their property."

Through Richmond's Urban Homesteading Program, for example, 11 homes were renovated on First Street in the Jackson Ward. First Union Bank worked with the RRHA to provide private mortgage financing, helping turn a block of rental units into a street of homeowners anchoring the community's revitalization. One of the 11 new homeowners, Vera Barley, mother of two young boys, says "If you had asked me two years ago about buying a house I probably would have laughed. If it weren't for the Urban Homesteading Program, it would have been years before I could have purchased a home. Children need a place to put down roots. I'm just grateful I could buy a home now while they're young, and in a neighborhood where people care about each other. I just can't tell you what it means to have a home of my own."

## Pittsburgh, Pennsylvania

In Pittsburgh's Lower Hill District, adjacent to and overlooking the downtown "Golden Triangle" of gleaming office towers, an attractive new neighborhood called Crawford Square is being built where



*Affordable new homeownership, including by former public housing families, in Crawford Square near downtown Pittsburgh.*

there was once deterioration and abandonment. Crawford Square is a \$55 million, 18.5 acre, mixed-use, mixed-income community planned for 550 new homes and apartments along with an expanded shopping center, entertainment and cultural center. Crawford Square — a partnership between a private developer, McCormack Baron, a private lender, PNC Bank, Pittsburgh's Urban Redevelopment Agency and its various subsidiaries, and two non-profit neighborhood organizations, the Hill Project Area Committee and the Hill Community Development Corporation — represents the largest single neighborhood development and the first new large-scale homeownership construction within the city of Pittsburgh in several decades. HUD is also a key partner, having already provided over \$2 million in grant funds to support the development of Crawford Square.

Part of HUD's financial support enables working families with modest incomes, including former public housing renters, to afford owning some of the recently completed for-sale homes. The early construction at Crawford Square calls for 57 homes, with more new for-sale homes to be built in future years. The URA is using \$675,000 in HUD's Nehemiah Homeownership Opportunity Grant funds to provide second mortgages



*Newly built home in Crawford Square bought by Joseph Florentine and Tracey Dyer after living in Pittsburgh's public housing for 45 years.*

that effectively reduce the home purchase prices by \$15,000 per home. Crawford Square's new first-time homebuyers include several former public housing families earning between \$21,000 and \$28,000 a year. For example, Joseph Florentine and Tracey Dyer, who have lived in Pittsburgh's public housing since 1951, will be moving during August into their very own, brand new, three bedroom single-family home. Similarly, Edna Council has been living in Pittsburgh's public housing since 1954, but not any longer: last winter she moved into her own new townhome in Crawford Square. The environment of Crawford Square, with its attractive planning and design, quality construction, and breathtaking views of the surrounding city, is clearly a fulfillment of the American Dream for these former longtime public housing families.

### Charlotte, North Carolina

On Sunday, June 23, 1996, a very unusual commencement ceremony took place at the Little Rock A.M.E. Zion Church in Charlotte. Fifteen public housing residents received their diplomas from the Charlotte Housing Authority (CHA) as the first graduates of the CHA's Home Ownership Institute. The Institute is a 13-month intensive curriculum designed to move highly motivated public housing families to greater self-sufficiency through the opportunity and responsibility of private homeownership. Charlotte's Home Ownership Institute provides the education, the credit counseling, the technical preparedness, and the financial training for participating residents to graduate not just with a certificate, but to ultimately obtain a deed of property ownership for their very own home. Charlotte's first 15 homeownership graduates were required to have an annual income of at least \$12,000, with 18 months of stable employment before entering the program. Many of the graduates spent over a year juggling both day and night employment, plus family responsibilities, to do their homeownership homework and attend classes and counseling sessions at least three times a month. Some of the students found new, higher-paying jobs during the year they were part of the Home Ownership Institute.

Charlotte's Home Ownership Institute is the centerpiece of ambitious plans to redesign and rebuild Earle Village, a dilapidated 400-unit public housing development, and to revitalize the larger First Ward neighborhood near downtown that surrounds and includes the Earle Village complex. HUD granted \$42 million in funds through its HOPE VI program to radically transform Earle Village into a mixed-income, attractive, and vibrant community. Charlotte's Home Ownership Institute is funded by HUD's HOPE VI

grant. According to the innovative Earle Village redevelopment plan, the Home Ownership Institute will have its own new building and a place of honor in the new neighborhood. The Charlotte Housing Authority plans to build 80 homes intended for homeownership by former public housing families, primarily from Earle Village. Homeownership for these public housing families will include both condominiums and cooperatives, to reduce individual household costs and reach out to working families with lower incomes.

Charlotte's Housing Authority already has a track record for promoting homeownership, having previously sold nearly 400 homes built for private ownership targeted to former public housing families. These homes are mainly located in two new single-family home subdivisions called Pine Valley and Windsong Trails.

The first 15 public housing graduates of Charlotte's Home Ownership Institute include:

- Mr. and Mrs. John Davis — he is a maintenance supervisor at a local business and she is a health care aide.



*Commencement ceremony for the first 15 public housing graduates of Charlotte's Home Ownership Institute in June 1996.*

- Mr. and Mrs. Thomas Johnson — he is a school bus driver, she is in a job training program, and they have lived in public housing for 26 years.
- Angela Boulware, who grew up in Earle Village and raised three daughters there. She now works as both a school bus driver and a janitorial supervisor, and says that the main lesson she learned from the Home Ownership Institute is "just keep going; you can do it."
- Donna Hayes, a 34-year old mother of seven children who works as a hotel maid supervisor by day and an office cleaner by night. She said at her

graduation ceremony: "This should let people know you can't stereotype people on public housing...A lot of people have the ability to do things, and if you give them the chance, they'll do it."

## Detroit, Michigan

The "Motor City" was once a beacon of American homeownership, but population and job losses in the past few decades have taken their toll. Currently Detroit is experiencing a rebirth of economic



*Scattered-site public housing sold to a resident family for homeownership in Detroit.*

investment and neighborhood renewal, and rising homeownership is an important part of this upswing. Playing a supportive role is the revitalization of Detroit's public housing, including a major push to expand homeownership opportunities.

Detroit currently is working on the transformation of Parkside Homes into the "Villages at Parkside" through a \$48 million HUD HOPE VI grant along with an additional \$11 million in HUD public housing funds. The Parkside HOPE VI plan includes a strong homeownership component, enabling 350 public housing families to buy a home. The Detroit Housing Commission has established a homeownership initiative that features the Parkside Homeownership Club, formed by public housing resident families. Members of the Homeownership Club will work 100 hours of "sweat equity" to qualify for a \$900 credit toward their downpayment and closing costs. Also, they must complete a 32-week course divided into Homeownership training by the Church of the Messiah Housing Corporation, and Home Maintenance training at Wayne County Community College, in order to receive a \$9,000 subsidy when they buy their home. This \$9,000 comes in the form of a "soft" second mortgage from the Detroit Housing



*Germaine Knowles, a former public housing resident, now owns her American Dream home in Detroit.*

Commission that is fully forgivable if the new homeowner family lives in and properly maintains their home for 10 years. Local private lenders will provide the first mortgages, in most cases with FHA single-family home loan insurance.

The first Parkside Homeownership Club training class of 16 graduated in May 1996. One of the graduates, LaDonne Johnson, waited 15 years for the opportunity to own her dream home. She is very pleased with her Homeownership Club training: "It's been a wonderful learning experience. It's a milestone in my life because a home is something I've always wanted...I know I'll get my home now because of the skills I've learned..."

Detroit's Housing Commission also plans to sell 227 public housing scattered-site homes that it now owns throughout the city. These single-family homes will be sold to public housing families currently living in them

who want to and can afford to buy their houses. The families must undergo homeownership training and counseling before they can buy their homes, and they are required to join a Homeowners Club organized to provide ongoing support after their home purchase is completed. Private lenders will provide first mortgage loans on favorable terms, and the Detroit Housing Commission will offer second mortgage financing assistance to make buying these 227 homes more affordable for public housing families. The first four homes will be sold in August 1996, including a brick two-story, five-bedroom house, with wood floors and a fireplace, a basement and two full baths, that was completely renovated by a non-profit community organization called U-SNAP-BAC. The proud owner of this new home, former public housing tenant Germaine Knowles, paid \$39,000 to buy her American Dream home.

## Houston, Texas

The city of Houston, led by Mayor Bob Lanier, recently initiated an aggressive citywide homeownership partnership called Homes for Houston. Houston's goal is to expand affordable homeownership opportunities and revitalize neighborhoods through a public-private partnership in which 25,000 new homes are built and sold within the city — 5,000 a year from the beginning of 1996 through the end of the year 2000. Houston's city government, working with private mortgage lenders, homebuilders, and real estate brokers, along with non-profit community organizations, will commit local and HUD resources to help finance this ambitious partnership. Part of the overall effort to expand homeownership includes several initiatives by the Housing Authority of the City of Houston (HACH) to increase homeownership for public housing families and other low- and moderate-income families.

Houston's most significant public housing homeownership effort to date is the plan by the Housing Authority to sell its entire inventory of 366 scattered-site single-family homes to the public housing families currently living there. The Housing Authority obtained most of these houses through property tax defaults or mortgage foreclosures during the economic recession in the mid-1980s, and it has maintained them at a fairly high standard so they will appear indistinguishable from the surrounding homes in these middle-income neighborhoods. Houston's Housing Authority has tried hard to preserve the anonymity of the public housing families living in the scattered-site homes, which should now make it easier for these families to purchase them and live as private homeowners in relative harmony with their neighbors.

To make these scattered-site homes more affordable to public housing resident families, the Housing Authority is selling them at only 70 percent of their appraised value. Home purchases are being financed by private mortgage lenders, in most cases with FHA insurance. To discourage immediate speculation and encourage long-term owner occupancy, the Housing Authority attaches a "silent" second mortgage lien that is forgivable after five years, giving the new public housing homebuyers a strong financial incentive to remain in their homes for at least five years before any resale. The average income of the new homebuyers is \$24,000. If the current residents choose not to buy their homes, the Housing Authority will make them available for sale to other eligible Houston public housing families. When any of the homes are sold to non-occupants, the existing renters can move either to other public housing or to private subsidized housing. Each home sold will be replaced by a Section 8 rental assistance certificate, to ensure that the overall supply of low-income rental housing is maintained, even as the opportunities for affordable homeownership are significantly expanded.

Houston's Housing Authority has sold 18 of the scattered site homes, with 6 more sales scheduled to close soon. One excited new homeowner is 34-year old Carnita Delmore, mother of two boys "and a pet cat." Carnita Delmore, who works at an office management company, was able to buy her three-bedroom home for \$42,000, a substantial discount from the appraised value of \$60,000. She had sufficient savings to manage the modest downpayment of \$1,500, and her monthly mortgage payments are just \$75 more than she was previously paying in rent. Houston's homeownership



*Houston's low-rise and scattered-site public housing can be an important resource for the city's partnership to expand homeownership opportunities for working families.*



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training helped her get over the fear and inexperience of being a first-time homebuyer: "It frightened me to purchase. Buying a house is a big step and what scared me was repairs." But now that she is a homeowner, fear of the unknown has given way to the dignity and pride of her personal achievement: "When I first heard about this opportunity, I jumped for joy." Carnita Delmore and her family are full of enthusiasm for their new dream home.

Houston's Housing Authority, as part of the city's overall homeownership strategy, is hard at work developing an innovative plan that would utilize HUD's Section 8 rental assistance to help low-income families save enough for the downpayment to buy a first home. Under this plan, highly motivated working families, with sufficient income and adequate credit, could apply for a special program to assist them with the lease-purchase of a home. Each family would be required to engage in homeownership training, and sign a contract with the Housing Authority to follow key rules and guidelines. These prospective homeowners would pay no more than 30 percent of their income in rent, but they would also pay an additional \$25 per month into an escrow savings account to enable them to accumulate the cash for their downpayment and closing costs. The Housing Authority would deposit its own matching \$25 contributions into the escrow accounts every month. As an added work incentive, HACH would increase its monthly matching contribution by an amount equal to any reduction in rent subsidies caused by a rise in the participating family's monthly income. While HACH's matching contribution would increase, the family's minimum required monthly escrow payment would remain at \$25.

Upon completion of the program, the family would receive the savings funds accumulated in their escrow account — containing at least \$1,200 plus interest and possibly more — which they would then use for a downpayment to purchase their own home. Local lenders from the Houston Housing Partnership, Realtors from the Houston Board of Realtors, non-profit homeownership counseling agencies and community organizations, and others actively promoting Homes for Houston would work together with the city government and the Housing Authority to make the American Dream of homeownership come true for low- and moderate income working families. HUD is currently evaluating Houston's new idea for expanding homeownership among public housing families and other low-income renters.

## Washington, DC

The District of Columbia Housing Authority (DCHA), led by its court-appointed receiver, David Gilmore, is developing a citywide partnership to promote and expand homeownership for public housing families. The local partnership strongly reflects the National Homeownership Strategy, with partners such as HUD, Fannie Mae, the Local Initiatives Support Corporation (LISC), the National Cooperative Bank and other private mortgage lenders, the D.C. Housing Finance Agency, community development corporations, public housing resident councils, and many other Washington-based organizations. Responding to the call by Secretary Cisneros for 25,000 public housing families nationwide to become new homeowners by the end of the decade, D.C.'s partnership will aim for up to 2,500 new homeowners to emerge from the ranks of public housing families and other low- and moderate-income families. This goal is to be accomplished through the construction and rehabilitation of affordable homes, and the sale of public housing to private homebuyers.

A key move to activate this partnership is the immediate plan to sell 57 vacant scattered-site homes owned by the D.C. Housing Authority. Over the next few years, the DCHA is planning to sell all 310 of its scattered-site houses, one-third of which are currently vacant. The first step involves the discounted sale of 57 homes located in Columbia Heights and Shaw, two neighborhoods in northwest Washington along 14th Street that were hard hit by the 1968 riots and are finally going through a period of recovery and reinvestment. Under the plan, the D.C. Housing Authority will sell the 57 properties to non-profit community development corporations (CDCs), and these community developers will renovate the homes and resell them to public housing families for private homeownership. The eight CDCs have already built, rehabilitated, managed, and sold affordable housing in their respective neighborhoods. One of the largest CDCs, Manna Inc., will provide homeownership training for the public housing families and other low-income homebuyers by forming Manna Homebuyers Clubs.

Private mortgage lenders plan to offer combined purchase and rehabilitation home loans to be insured by FHA under its 203(k) program, helping the non-profit developers to save on financing costs. This savings will be passed on to the public housing homebuyers through more affordable home prices. Fannie Mae intends to purchase the FHA-insured 203(k) mortgages, providing an additional incentive

for the private lenders. Since many of the scattered-site houses are very large in size, the community developers will divide some of them into smaller homes and thus increase the total number of affordable homes available for purchase. Most of the homes will be sold for single-family homeownership, though some of the larger houses may be converted to limited equity cooperative ownership, to make them more affordable for working families with lower incomes. One of the CDCs, a group called Washington Inner City Self Help (WISH), specializes in cooperative homeownership, and the Washington-based National Cooperative Bank will support the financing of these homeownership cooperatives.

When the renovation and sale of the first 57 homes is completed, the DCHA plans to sell the remaining vacant houses, and then to sell the occupied homes, with first priority of homeownership opportunity made available to the public housing families living there. At the same time, the D.C. Housing Authority is working to expand homeownership in several other ways. In its reconstruction of the now-demolished Ellen Wilson public housing development located on historic Capitol Hill, the DCHA is working with the Telesis Corporation, a private developer, to build 134 homeownership townhomes. HUD has provided \$25 million in HOPE VI grant funds for the demolition and redevelopment of the Ellen Wilson site. In addition, the DCHA is currently planning to convert 92 public housing townhomes at Capitol View to

cooperative homeownership, convert 54 public housing townhomes at Frontiers to condominium homeownership, convert 28 public housing townhomes at Montana Terrace to condominium homeownership, and develop hundreds of new single-family homeownership townhomes at Fort Dupont, Sheridan Terrace, Montana Terrace, Eastgate Gardens, Valley Green, and several other public housing sites. At Capitol View, the DCHA proposes using Section 8 rental assistance certificates to help low-income working families meet the monthly costs of cooperative homeownership.

Finally, the DCHA, working with HUD and numerous private sector, foundation, and community groups, will actively encourage public housing families to become private homeowners, particularly in the steadily expanding stock of new and rehabilitated homes made available through efforts of CDCs such as the Development Corporation of Columbia Heights, one of 9 non-profit developers of the affordable new Nehemiah homes and a neighborhood shopping center at 14th and Belmont Streets, N.W. Many effective community development organizations operating in the nation's capital, such as the Marshall Heights CDC, Manna, Jubilee Housing, the Enterprise Foundation, LISC, the Neighborhood Reinvestment Corporation, Habitat for Humanity, and numerous others, including the newly-formed, Industrial Areas Foundation-organized, church-based Washington Interfaith Network (WIN), can contribute to the success of this public-private partnership to expand homeownership opportunities for public housing families.



*Demolition of the long-vacant Ellen Wilson public housing in Washington, D.C. clears the site for development of affordable homeownership.*



*Local public housing families and other guests watch and celebrate demolition at the Ellen Wilson site.*



## A Nationwide Movement and A Federal-State-Local Partnership

Literally hundreds of public housing authorities are actively engaged in expanding homeownership for public housing residents. First of all, many cities continue to close on public housing sales, such as several recent home sales in Milwaukee, Wisconsin; Grand Rapids, Michigan; and the Luzerne County suburbs of Wilkes Barre, Pennsylvania. Some cities are pursuing lease-purchase strategies, like San Antonio, Texas. The San Antonio Housing Authority has established a non-profit subsidiary, the San Antonio Homeownership Opportunities Corporation, to build new homes, acquire and rehabilitate existing homes, and sell them on a lease-purchase basis to low-income families, including public housing families. For homes located in the westside "Colonias" neighborhoods, the San Antonio Housing Authority will work in partnership with Communities Organized for Public Service (COPS), an IAF-affiliated, church-based community development organization that has made good quality, affordable homeownership for low- and moderate-income working families a major focus of its organizing activity. With financial support from the San Antonio city government using HUD's CDBG funds, more than 1,000 new homes have already been built on the westside to revitalize these neighborhoods

*Renovating older homes for new homeowner families from public housing: before (left), and after (right), in Altoona, Pennsylvania.*



and expand homeownership opportunities. Other cities, such as Omaha, Nebraska; Fresno, California; and Vineland, New Jersey, also have active and successful lease-purchase programs for public housing families.

Using HUD's 5(h) program, many public housing authorities are engaged in new development of single-family homes, often entire subdivisions, intended for sale to working families from public housing as well as other eligible homebuyers. These include the Lexington-Fayette County Urban Housing Authority in Kentucky, with its ambitious "House" Program to build 96 new homes for homeownership by public housing families. These attractive single-family homes are built throughout the city's neighborhoods. So far 55 have been sold, with another 20 planned for sale by



the end of 1996; the HOME Choice initiative in Altoona, Pennsylvania, which also conducts renovation of for-sale homes; the Housing Authority in Edinburg, Texas that is involved in a joint venture with the Sunrise Homeownership Partnership using HUD's HOME funds; the Lynchburg, Virginia Redevelopment and Housing Authority Homeownership program, which utilizes HUD's CDBG funds and support from the Virginia Housing Partnership; the Housing Authority of St. Louis County, Missouri, which is developing two large subdivisions with HUD funding, including Meacham Park, where Habitat for Humanity is building some of the homes; the Royal Court Townhomes in Camden, New Jersey, an \$8.8 million renovation of 93 for-sale homes by the Camden Housing Authority and the Royal Court Homebuyers Association; and the Housing Authority of the County of Scotts Bluff, Nebraska, which has put together a public-private partnership with the state government, HUD and the U.S. Department of Agriculture, and a local community development coalition, to build and sell new homes to public housing families in Gering and several other local communities. Others include 80 new homes in Pritchard, Alabama; 30 new homes in Pacoima, California; 15 new homes in Harlingen, Texas; 10 new homes in Providence, Rhode Island; 20 new homes in Kern County, California; and 36 new homes in Lee County, Virginia.

Many housing authorities have been very aggressive in recycling the revenue from previous sales of public housing, using the sales proceeds to build additional new homes for sale to public housing families. High Point, North Carolina, for example, is building a new 15-home subdivision, and all of the homes are pre-sold; Johnston, Rhode Island is using sales revenue to buy existing homes and sell them in a continuous cycle; in Broken Bow, Oklahoma, the Housing Authority has built and sold 24 homes and plans to build and sell 100 more; Toledo, Ohio's Lucas Metropolitan Housing Authority has sold over 60 homes to public housing



*New homeownership for public housing families in Lynchburg, Virginia.*

families and plans to use the revenue for its extensive public housing sales to fund an ambitious local homeownership initiative; in Battle Creek, Michigan, the Housing Commission leveraged the sale of 88 homes into the construction and sale of 69 more; in San Benito, Texas, the Housing Authority is using funds from home sales proceeds to pay for development of 19 additional homes; and in Millville, New Jersey, the Housing Authority is using revenue from the recent sales of 28 homes to provide grants for low-income first-time homebuyer families.

Some of the cities have recently revived long-delayed Turnkey III programs, with homes built years ago for public housing authorities but never sold, until now, under new HUD and local leadership. The best example is New Orleans, Louisiana, where the Housing Authority is about to close on the first 10 homes of over 100 ready for sale in Christopher Park. Other cities that have been actively completing Turnkey III develop-



*New homeownership for former public housing family in Highpoint, North Carolina.*



*New home and homeownership for a former public housing family in Lexington, Kentucky.*

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ment and sales of new homes in new subdivisions, many of which are sold to public housing families, include Roanoke, Virginia; Somerset, Kentucky; Spartanburg, South Carolina; and Rockford, Kankakee, Springfield, Peoria, Elgin, and East St. Louis, Illinois.

Numerous housing authorities are expanding their scattered-site home sales, notably Phoenix, Arizona, which will soon have sold 20 city-owned homes; and the Housing Authority of Jefferson County, Kentucky, which is selling 68 homes in the Newburg area near Louisville. Other cities include Charleston, West Virginia, which has sold 6 homes; Hampton, Virginia, where the Redevelopment and Housing Authority is rehabilitating and selling 20 vacant foreclosed homes; Manistee, Michigan, which is selling 48 scattered-site homes; Sioux City, Iowa, which has sold 43 homes; Niagara Falls, New York, which has enabled 21 public housing families to own their homes; Geneva, New York, selling 16 homes; Las Vegas, New Mexico, renovating and selling 13 homes; Boyne City, Michigan, selling 26 homes; Petersburg, Virginia, renovating and selling 40 homes; and Montgomery County, Maryland, where the nationally-recognized Housing Opportunity Commission recently sold 14 homes.

Several other cities have experimented with innovative program initiatives. One such example is the Housing Authority of Lincoln, Nebraska, which is using Section 8 operating reserve funds to support a homeownership downpayment assistance program that has enabled 158 public housing families to become private owners of their very own homes. In Watervliet, New York, the Housing Authority is to form an Affordable Housing Partnership, working with the private sector and state and local government to provide downpayment assistance, affordable mortgage financing, and deferred loans, enabling public housing families to buy homes. Another interesting model is in Norfolk, Virginia, where the Redevelopment and Housing Authority, an agency with a solid track record in public housing homeownership including the sale of 362 homes, has now designed a creative scattered-site Transitional Housing for Homeownership initiative. Under this plan, the NRHA has set-aside 23 homes for rent to public housing families that are preparing

themselves for homeownership. The families focus on getting financially prepared, as well as all other forms of social and physical readiness, with the aid of homeownership training and counseling. So far 21 of the 23 families have succeeded in becoming homeowners.

HUD-supported private non-profit homeownership development activities — using Nehemiah, HOME, and CDBG funds — are important ways that local communities provide homeownership opportunities for public housing families. This is the road to the American Dream in Wilson, North Carolina, where the Wilson Community Improvement Association's new subdivision, Adventura East, is a path to homeownership for former public housing families; and the same is true for the Tierra Del Sol Housing Corporation's new Nehemiah Homes in Las Cruces, New Mexico; for the Horace Mann-Ambridge Neighborhood Improvement Organization's new Terrace Homes in Gary, Indiana, also a HUD-funded Nehemiah Development; for the award-winning non-profit Housing and Neighborhood Development Services (HANDS) in Bowling Green, Kentucky, which is using HUD's HOME funds to build 20 new for-sale homes, and recently sold the first completed home to a public housing family; and for the Central Alabama Opportunities Industrialization Center in Montgomery, Alabama, currently rehabilitating 64 foreclosed homes obtained from the Resolution Trust Corporation, and selling many of them to former public housing families for \$100 downpayment.

Finally, a new partnership in Atlanta, Georgia is directly linking homeownership for public housing families with a broader community empowerment initiative. Atlanta's Empowerment Zone Corporation has committed over \$11 million in HUD funds to build or renovate 900 homes located in the Empowerment Zone. The Atlanta Housing Authority will manage the newly-created Family Self-Sufficiency Center, to provide homeownership education and job training to public housing families and other low- and moderate-income residents of Atlanta's Empowerment Zone. The strategy is clear: 900 new homeowners will revitalize neighborhoods, and homeownership will create real economic opportunity for families.

The case studies described in this book represent just a small sample of a large and growing movement for 25,000 public families to realize their dreams of private homeownership by the year 2000. Here is some further evidence of the gathering momentum from around the country:

**Public Housing Homeownership:  
Home Sale Closings Scheduled by Local Authorities from  
August through December, 1996**

<b>Public Housing Authority</b>	<b>Number of Home Sale Closings</b>	<b>Public Housing Authority</b>	<b>Number of Home Sale Closings</b>
Wausau, WI	25	San Antonio, TX	4
Lexington-Fayette County, KY	20	Randolph County, WV	4
Fort Myers, FL	19	Petersburg, VA	4
Jefferson County, KY	19	Chicago, IL	3
Grand Rapids, MI	17	Milwaukee, WI	3
Grant County, WA	15	Waterbury, CT	3
Lynchburg, VA	11	Broken Bow, NE	2
New Orleans, LA	10	Lee County, VA	2
Puerto Rico	9	Dade County, FL	2
Highpoint, NC	6	Harrison County, WV	1
Providence, RI	6	West Hartford, CT	1
St. Louis, MO	5	Burwell, NE	1
Pritchard, AL	5	Norwich, CT	1
Muskegon, MI	5	Gothenburg, NE	1
Johnston, RI	5	Parkersburg, WV	1
		Hall County, NE	1

Similarly, the following public housing authorities are using HOPE VI grant funds to create homeownership opportunities:

**Public Housing Authorities Using HUD's Hope VI Funds  
To Create Private Homeownership Opportunities**

<b>Public Housing Authority</b>	<b>Public Housing Development Site</b>
Baltimore, MD	Lexington Terrace
Boston, MA	Orchard Park
Charlotte, NC	Earle Village
Cleveland, OH	Carver Park
Chicago, IL	Cabrini-Green
Detroit, MI	Parkside Homes
Detroit, MI	Jeffries Homes
El Paso, TX	Kennedy Brothers
Los Angeles, CA	Pico Gardens
Los Angeles, CA	Aliso Gardens
New Haven, CT	Elm Haven
Pittsburgh, PA	Manchester
San Juan, Puerto Rico	Cristantemos y M.A. Perez
St. Louis, MO	Darst-Webbe
San Antonio, TX	Springview

## Moving up to the American Dream: From Public Housing to Private Homeownership



*Armentha Saunders enjoys her front porch and flower garden in Lynchburg, Virginia. Armentha and her husband, John Saunders, will soon "graduate" from public housing and own this new home.*

This brief review touches on some of the "best practices" around the nation by many thousands of hard-working people, and by public and private institutions working cooperatively in national, state, and local partnerships to accomplish one vital goal: to bring the American Dream of private homeownership to 25,000 families currently living in public housing. Public housing was always meant to be transitional: a helping hand to lift people up out of difficult circumstances, a platform to launch families into better and more prosperous lives. It can be so now, more effectively than ever before, if we all work together with high energy and optimistic spirit. We can do this, as housing authorities and families all across the country have already demonstrated. What is at stake? The ability of hard-working families like Charlene Brown's in Chicago, Roxanne Brown's in Philadelphia, and so many others to attain the American Dream and help ensure the future prosperity and strength of families, communities, and our nation's democracy.

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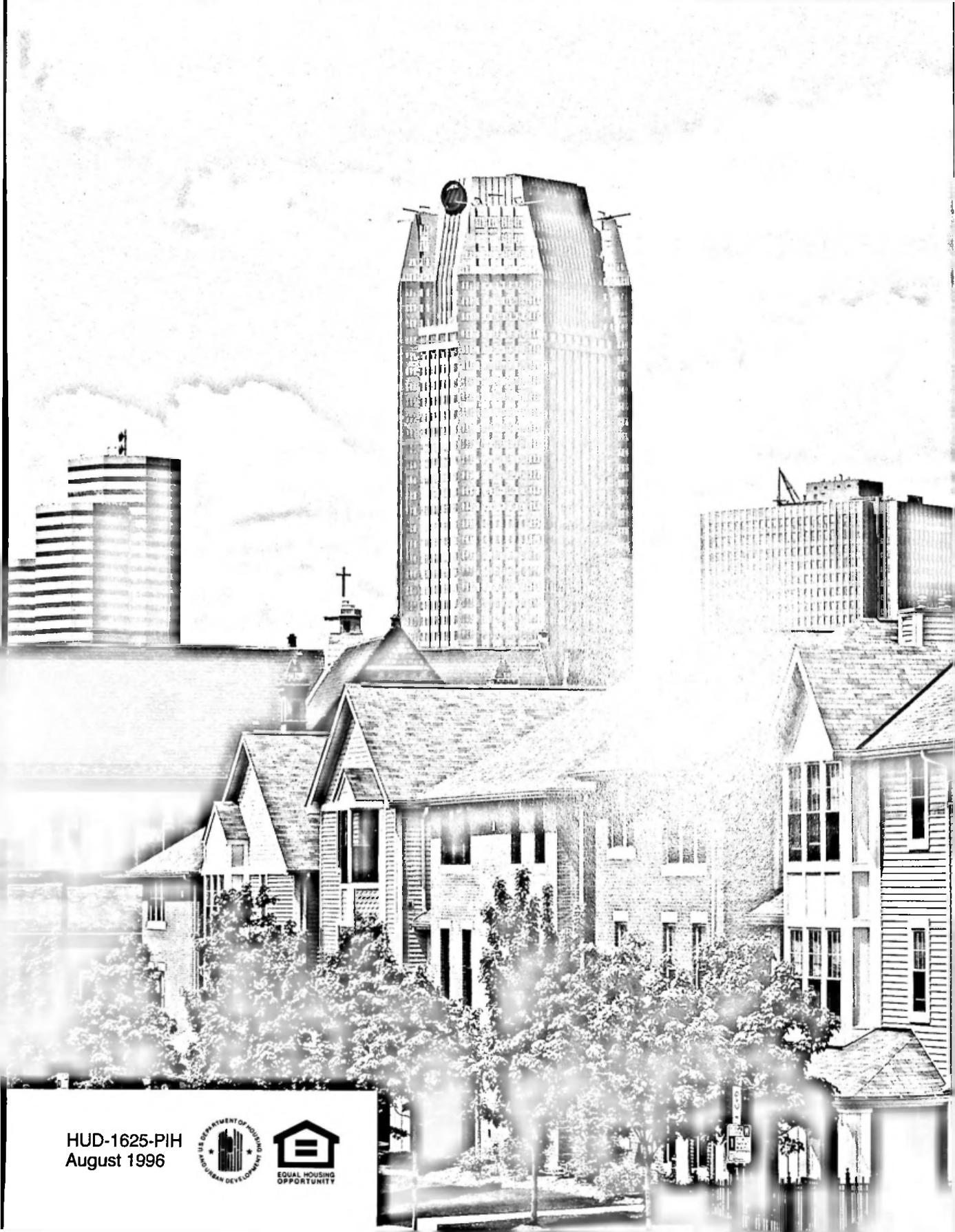
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*Back Cover:*

*Affordable new homeownership,  
including by former public housing families,  
in Crawford Square near downtown Pittsburgh.*



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