U.S. Department of Housing and Urban Development
Office of Policy Development and Research

International Year of
Shelter for the Homeless
1987

Official U.S. Special Merit Award Projects

Monographs

*Housing America:
Freeing the Spirit of Enterprise*

Foreword

Today, close to one quarter of the world's population is inadequately housed. Although governments and international organizations are doing much to meet this massive need, demographic trends show that shelter problems worldwide are likely to worsen. New approaches and the resources of not only governments, but the private sector and the people themselves, are required if we are to reverse these seemingly inexorable trends.

The projects highlighed in this volume are examples to the United States and the world of how local communities and organizations have combined forces with government and the private sector to improve shelter, services, and neighborhoods. We congratulate them and offer their experiences as new, community-based approaches to local problems.

Our hope is that these officially designated International Year of Shelter for the Homeless Special Merit Award Projects will be helpful to other nations in their battle to provide adequate housing for their people. Efforts like these will enable all of us to help the world community achieve the goal of decent shelter and a better quality of life for all.

Samuel R. Pierce, Jr.
Secretary of Housing and Urban Development

June Q. Koch, Ph.D.
Assistant Secretary for Policy Development and Research
and U.S. Domestic Focal Point for IYSH

Valerie J. Dancy

U.S. Department of Housing and Urban Development
Office of Policy Development and Research

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for the Homeless • 1987

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Monographs

February 1987

Photographed at the U.S. Department of Housing and Urban Development's ceremony October 6, 1986, to honor the 16 Special Merit Award Projects, from left to right: The Hon. Susantha DeAlwis, Ambassador of Sri Lanka (one of the speakers); David O. Maxwell, member of the IYSH Merit Award Selection Panel; M. Peter McPherson, Administrator of the U.S. Agency for International Development (speaker); Stuart Butler, Ph.D., member of the IYSH Merit Award Selection Panel; June Q. Koch, Ph.D., Assistant Secretary for Policy Development and Research, U.S. Department of Housing and Urban Development, and U.S. Domestic Focal Point for IYSH; John Koelemij, Past President, National Association of Home Builders (speaker); Laura Genero, Deputy Assistant Secretary for International Social and Humanitarian Affairs, U.S. State Department (speaker); Frederik Schlingemann, Inter-Agency Affairs Officer of the U.N. Centre for Human Settlements (speaker); and David D. Roberts, Immediate Past President, National Association of Realtors (speaker). A complete list of the Selection Panel members is on page 2.

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Table of Contents

Introduction

The General Assembly of the United Nations has officially designated 1987 as the International Year of Shelter for the Homeless (IYSH). The goal of IYSH is to focus world attention and resources on developing new shelter policies and strategies for the poor to help them achieve economic self-sufficiency.

Dr. June Q. Koch, Assistant Secretary for Policy Development and Research of the U.S. Department of Housing and Urban Development (HUD), has been designated the IYSH U.S. Domestic Focal Point. As part of the United States' participation in the International Year of Shelter for the Homeless, HUD sought to identify exemplary local activities that explore new ways and means of improving the shelter and neighborhoods of low-income families through use of local initiatives in partnership with the private sector.

Projects were nominated for the national award program by local governments, private nonprofit organizations, and community associations; 166 have been officially recognized as U.S. IYSH projects.* A selection committee comprising both public and private sector representatives was convened to help HUD choose 16 projects from those 166 to receive IYSH Special Merit Awards. These projects are profiled in this volume. Committee members included:

*For a complete list, see *A Directory of Official U.S. IYSH Projects*, which includes an address, name of contact person, and brief description of each of the 166 projects.

Jack Anderson, Syndicated Columnist

Robert Arganbright, Executive Director, AMOCO Foundation, Inc.

Stuart Butler, Ph.D., Director of Domestic Policy Studies, The Heritage Foundation

Kent Colton, Ph.D., Executive Vice President, National Association of Home Builders

Honorable Johnny Ford, Mayor of Tuskegee, Alabama

Honorable Wilbur P. Gulley, Mayor of Durham, North Carolina

Cyril M. Kuefler, Vice President, Brokerage Committee, International Real Estate Federation

David O. Maxwell, Chairman of the Board, Federal National Mortgage Association

Lieutenant Colonel Ernest A. Miller, Director, National Public Affairs Office, The Salvation Army

Lewis Ranieri, Managing Director, Salomon Brothers

Robert L. Woodson, President, National Center for Neighborhood Enterprise

Criteria

To qualify as an official U.S. IYSH project, a project must be targeted to the poor, focus on private sector action, and promote coordination between the public and private sectors to meet the special housing needs of the poor. Projects must also focus on one or more of the following areas established by the United Nations:

- Providing or improving shelter, particularly through individual and community action, with emphasis on private sector involvement.
- Providing or improving community facilities and services (sanitation, waste disposal, low-cost transportation, and health and social services).
- Encouraging the use of low-cost materials and construction techniques, methods, and skills.
- Generating jobs in housing construction, maintenance, rehabilitation, and management.
- Initiating state and local policies, legislation, and regulations for encouraging affordable housing and for improving housing and community services.
- Improving the management of housing.
- Increasing the availability of funds to finance the construction or purchase of housing.
- Identifying and testing low-cost techniques for housing construction, particularly those using local materials, methods, and skills.
- Providing education, training, and information for improving local capability in the areas of housing management and maintenance, neighborhood services, and community organization.

The 16 Special Merit Award projects, in addition to meeting these criteria, have successfully created a new kind of partnership in the fight against poverty—a tripartite relationship that links needy families, the private sector, and government.

The Special Merit Award Projects

These 16 diverse projects demonstrate one important principle—that there is no single road to improving a community's housing. Most of the 16 are "bottom-up" projects that began with a concrete analysis of the unique conditions in their communities. Inevitably, unique solutions evolved.

Yet the reason for gathering these projects in a single volume is that many of these unique solutions are adaptable to other communities. The "land trust" concept, for instance, which is the centerpiece of Burlington's project, is being developed in Dallas as well as other cities. Many projects have shown immense resourcefulness in developing funding sources, forging formal and informal partnerships with businesses, banks, and city governments, and inspiring volunteerism—in other words, doing more with less, and doing it well.

"I see the provision of adequate housing as a basic aspect in the global assault on poverty."

Prime Minister Premedasa of Sri Lanka, in proposing IYSH to the 1980 United Nations General Assembly.

Burlington, Vermont

Burlington Community Land Trust

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In 1984, Burlington, Vermont, created the Burlington Community Land Trust to provide a mechanism for creating affordable homes for low-income families and ensuring they continue to be available to this segment of the population. The Land Trust is an innovative program that allows residents to own houses and lease the land from the Community Land Trust in return for affordable housing. Its beneficiaries have an average income of $17,000—about 60 percent of the city's median income. Through a combination of municipal, religious, and private funding, the Land Trust has assembled 16 properties supporting 26 affordable housing units, and a partnership with a youth employment program is making possible low-cost housing rehabilitation.

Community Context

Burlington, Vermont's largest city, is located in the northwest corner of the state, fronting on Lake Champlain. It has a high concentration of academic, banking, real estate, medical, and high-technology professionals who are employed in the manufacturing and service industries that have fueled the Northeast's recent economic resurgence. Burlington enjoys an unemployment rate of only three percent—less than half the national rate—and the median income for a family of four is $29,900, a high figure for this largely rural state. The city, and especially its downtown area, is experiencing a building boom, with $200 million worth of construction proposals awaiting city approval.

One effect of this economic growth has been a reduction in the supply of affordable housing. Rents doubled from 1970 to 1980 and have doubled again in the 1980's. Vacant apartments are virtually nonexistent, and the influx each year of 10,000 out-of-town college students exacerbates the shortage since students rent 10 percent of the city's unsubsidized rental housing units.

Yet few young families can afford to become homeowners. New homes have a median price of

$69,000 and existing homes $67,500. At today's interest rates, a median-income family would need a downpayment of $12,000 to buy a home. A family at 80 percent of median would have to put down more than $20,000 in order to keep monthly payments within an affordable range.

In the early 1980's, this growing problem prompted the city to examine ways of achieving neighborhood improvement without displacement and housing rehabilitation without price inflation. The city wanted to help as many low-income families as possible to own their own homes, knowing that the longer these families stayed in rental apartments, the less likely they would be able to buy.

Creating the Land Trust

City officials began to look for a planning mechanism that would ensure the long-term availability of affordable housing. They explored the idea of creating a land trust and funding it under HUD's Community Development Block Grant Program. However, in 1983, a citywide general fund surplus enabled the city to fund the trust with its own funds. To achieve greater flexibility and stability, the city's Community Development office then opted to create the trust as a private nonprofit corporation rather than as a city government program.

The city brought the Institute for Community Economics to town for a community presentation on the land trust concept. As a result of that meeting, more than 30 volunteers formed legal, finance, outreach, and acquisition committees to plan for the creation of the trust.

The Burlington Community Land Trust was incorporated in May 1984, under the direction of the Land Trust Board, which currently comprises 12 members representing the new property owners (leaseholders), the general membership, and the public sector.

The Board selected Tim McKenzie as Executive Director. McKenzie, a neighborhood activist and bluegrass musician who had grown up in the Old North End, a low-income area of the city, had participated in developing the idea for the Land Trust. While he had no experience with housing programs, he seemed to have the necessary commitment, neighborhood connections, and interpersonal skills to launch the new venture. Assisted by one part-time clerk, he operates with an administrative budget of $56,000 per year.

The Land Trust Concept

Burlington thus became the first American city to apply the land trust concept to affordable housing and to make it part of a citywide affordable housing strategy. The idea was not new, however.

The trust mechanism has historically been used to create private entities to preserve land—including beaches, forests, gardens, and historic areas—from development or abuse. In the past decade, trusts have been promoted by groups such as the Institute for Community Economics, which see trusts as a way to provide poor people with secure land tenure and thus the first step to economic independence.

The "community land trust" model adopted by Burlington divides the ownership of property between two parties:

- A nonprofit corporation (the land trust), which acquires and holds title to the land in perpetuity.
- Second parties—whether individuals, families, businesses, or cooperatives—that *own* the houses or commercial buildings and *lease* the land beneath from the Land Trust.

Leases are long-term, contain restrictions on the leaseholder's use and development of the property, and limit the price at which the buildings may be resold. Should the leaseholder decide to sell, the Land Trust has the first option to buy—at the below-market price stipulated in the lease.

The leaseholder receives a low-interest loan to purchase the house. In addition to making loan payments on the house, the leaseholder pays the land taxes plus $5 per month for the lease. Loan payments remain the same even if family income grows.

Through months of negotiation with the Vermont Housing Finance Agency, the Burlington Community Land Trust developed a lease mechanism that protected the lender's leasehold interests in the event of a foreclosure. Currently, the Land Trust must pay any amount due in the event of default. If it fails to cover the default, the land interests revert to the lender, along with the building. A foreclosure means that the Trust loses the property. As a result of this agreement, Burlington banks, as well as the Vermont Housing Finance Agency, now regularly mortgage Land Trust homes.

Burlington Community Land Trust

This duplex on Manhattan Drive was the Burlington Community Land Trust's first acquisition. The Burlington Youth Employment Program, which teaches work skills to troubled teenagers, carried out the renovation.

Land Trust Projects

The Land Trust's first acquisition was of a property at 81 Manhattan Drive. The renovation was carried out jointly with another innovative program funded out of the city's 1983 fund surplus—the Burlington Youth Employment Program.

Burlington Youth Employment Program

The Burlington Youth Employment Program is a nonprofit corporation set up to teach work skills to neglected, abused, or delinquent teenagers. Youth hired by the program must sign a contract to go back to school after working through the summer.

The Youth Program's director had been working with the Land Trust to find a property for the young trainees to renovate. Although the Program had raised $45,000 from foundations for its Manhattan Drive renovation project, it needed a buyer for the renovated property. The Land Trust obliged by purchasing an option to buy the Manhattan Drive property for a no-interest loan of $5,000.

After the renovation was completed, the Land Trust bought the property for $65,000, even though the appraised value was $80,000. The city estimates that performing rehabilitation through the Burlington Youth Employment Program saves up to $20,000 per home because labor costs are low, the Job Training Partnership Act provides subsidies, and public sector funds support the overhead. The two- and three-bedroom units sold for $28,000 and $32,000, respectively, and two families now occupy them and share a common yard.

The partnership between the Burlington Youth Employment Program and the Land Trust has continued. The Land Trust purchased a house at 3 Bright Street which the Youth Program renovated; later the Youth Program purchased 42–44 Front Street, a three-unit building, and sold it to the Land Trust in January 1987.

Community Health Center

In 1985, the Land Trust purchased a combined house and storefront property on North Winooski to house the Burlington Community Health Center. The Land Trust packaged the acquisition, provided the financing, and hired the Burlington Youth Employment Program to do the rehabilitation; a private contractor converted the commercial storefront into the Health Center facilities. Loans from the Institute for Community Economics and the Sisters of Mercy provided the rehabilitation money. When the Land Trust sold the building to the Health Center, it took back a two-year mortgage for $46,000. Situated in the heart of the old North End, the Health Center serves thousands of local persons a year.

Howe Meadows

The Land Trust's largest and most complicated acquisition has been three years in the making and shows how a process of trade, negotiation, and compromise among diverse interests led to the building of six new affordable homes and a substantial increase in the Land Trust's financial base.

Northshore Development owned two parcels of land: one a strip of land fronting Lake Champlain and the other a large former working farm called Howe Farm. The state acquired some of the farmland to build a connector highway linking the downtown to the interstate highway north of town.

Northshore Development and the city agreed on an arrangement whereby the developer gave the city a parcel of 11 acres sandwiched between the new roadway and an existing neighborhood, on which the city could build about 40 units of affordable housing. In turn, the city granted zoning variances and a five-acre parcel of city-owned land so that Northshore could develop condominiums on its Lake Champlain property. The city also secured a waterfront bicycle path and an improved public beach at that site.

Homeowners in the neighborhood adjacent to Howe Farm became alarmed, however, when they learned that low-income housing would be built close by. After negotiating with the neighborhood residents, the city and the developer agreed to scale back the affordable housing component to nine of the 40 houses. Northshore built all 40 moderately priced houses, and ultimately the number of Land Trust houses was reduced to six because the developer was unable to secure approval to cut some infrastructure costs.

Northshore donated $200,000 worth of the Howe Meadows land to the Land Trust. The houses themselves are valued at about $65,000, but they were sold for only $40,000. The Land Trust induced the Vermont Housing Finance Agency to set aside loan funds at 8.25 percent for the first-time buyers of the Howe Meadows affordable homes.

Northshore estimates it will lose $100,000 on the subdivision, but it is willing—as are the city and the Land Trust—to try such an arrangement again.

The city is encouraging other developers to become involved in linkage programs, so the Land Trust is likely to have more such opportunities to tie affordable housing into new residential and commercial developments.

Funding

The Land Trust's original funding came from the city—a commitment of $200,000 for two years out of the 1983 fund surplus. Burlington set performance standards for use of the funds; in particular, the Trust was to acquire 10 properties during the term of the agreement. The city also added $60,000 in Community Development Block Grant funds in 1985 and 1986 to assist with administrative costs, and it intends to make future community development resources available to the Land Trust.

Through fundraising activities supported by the city funds, the Land Trust was able to assemble $130,000 in private low-interest loans (ranging from zero to eight-percent interest and two- to eight-year terms). These funds provided short-term financing to several parties—families lacking downpayments, the Health Center, and the Burlington Youth Employment Program.

In 1985, the Society of St. Edmunds, a Catholic religious order with a college in the area, provided a five-year $25,000 mortgage from its retirement fund at six-percent interest. The mortgage bought time for the buyer of the first Land Trust house (who had just been divorced and whose ex-husband had a bad credit history) to establish her own credit history and increase her income. The Society's treasurer explained: "We had retirement funds to invest, and we decided to do something useful with the investment. The appeal of the Land Trust is that (1) it provides long-term affordable housing; (2) it

The newly renovated Community Health Center serves a large population in an old section of Burlington. The Land Trust bought the property and obtained loans from the Institute for Community Economics and the Sisters of Mercy to finance the rehabilitation. The Burlington Youth Employment Program did the work. The house to the right was also renovated through a partnership between the Land Trust and BYEP.

Burlington Community Land Trust

brings together diverse parts of the community; (3) the lower income beneficiaries participate; and (4) our funds will be paid back at the end. No man is responsible for making the land—God did that. Saying that the land belongs to the community makes sense."

Northshore Development Company's donation of the Howe Meadows land increased the asset base of the Trust by $200,000 and enhanced the organization's credibility with lenders.

Overall, the Land Trust has raised more than $500,000 in mortgage financing for its projects. In all but two cases, the completed houses have been sold to leaseholders with financing from conventional lenders. Most loans originated from local banks and were sold to the Vermont Housing Finance Agency.

The Land Trust has enjoyed a significant level of individual volunteer involvement as well. The city, the state housing finance agency, nonprofit groups, private lenders, and other community interests have been represented on the Board and the committees since the beginning. These volunteers have served as advocates for the Land Trust, helping to justify its existence to the private sector. Board members' priorities are to develop long-term stability in Land Trust funding and to keep rejuvenating the Board with new volunteers.

Impacts

Because of Burlington's high housing costs, the Land Trust has primarily served families earning between $14,000 and $30,000; the average income of Land Trust beneficiaries is about $17,000. While most of these families could not have purchased a home without the Land Trust's help,

This old, dignified building at 62–68 North Champlain Street was badly in need of repair when this photo was taken. The Land Trust saw its potential as a housing cooperative and so acquired and renovated the building. Now six resident families jointly own the building and lease the land from the Land Trust.

Executive Director Tim McKenzie expresses some disappointment in not being able to serve families with incomes below $10,000. He suggests that lower income families might be served through a multi-family program. While McKenzie does not want to make the program merely a stepping stone into the housing market, he does acknowledge that some families may have the opportunity to "move up," freeing Land Trust houses for lower income families.

The city has several reasons to be pleased with the Land Trust's success:

- The initial investment of $200,000 has been leveraged into three times that amount in private contributions and mortgages.
- Those new homeowners who used to receive Federal subsidies (such as Section 8) may never have to apply for public assistance again, as they see their equity grow.
- The limited equity lease provisions ensure that these homes will remain affordable in the future, presumably without the need for additional public investment.
- The real estate and banking industries, which at first rejected the Land Trust notion, now accept it; they have seen it work.
- The Burlington Community Health Center, the only community health service in the city, now has a permanent home in one of Burlington's lowest income neighborhoods.
- While the Land Trust does not employ people directly, its funding of building improvements has produced some jobs in the construction trades.

Volunteers help prepare the site for an office building renovation carried out by participants in the Burlington Youth Employment Program. Many Burlington adults have rallied behind both the Land Trust and BYEP in their efforts to promote affordable housing and youth employment opportunities.

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...e sums up the key feature ...and trust approach: "There's ...rtage of schemes to make ...ing affordable to low-income ...ilies. The trick is to keep it affordable."

The Burlington Community Land Trust concentrates on this long-range view of affordability. It has a solid financial base and dynamic leadership. Its major problem, however, might be too much local growth. The early efforts of the Land Trust focused on creating affordable housing, with donations to the leaseholders taking the form of low-interest loans and extremely inexpensive land leases, which do not grow with family income. It is quite possible that the Land Trust may eventually become "land poor" as land values rise while the land leases remain static.

At its current funding level, the Land Trust is vulnerable in another way; if one or more leaseholders default, the lenders have the right to terminate the lease. The Land Trust must maintain liquidity and strengthen its financial base to address such problems.

To date, the city has provided most of the financial support. While this could be justified in the early years, it is becoming less appropriate as time goes on. New avenues of funding include the Burlington Employee Retirement System, which the city administration hopes will invest in the Land Trust. The pension fund can provide the Trust with a good income and solid collateral, and at the same time the Trust could be beneficial to pension fund members who need help in obtaining affordable housing.

Theoretically, the land trust mechanism is adaptable to any American city. In Burlington, the expressed purposes of the land trust were to remove land from the speculative market, keep housing affordable, and preserve public access to open land. The projected benefits of the land trust, which are making it increasingly attractive to other jurisdictions, include:

- Tying public subsidies to property rather than to people, so that the subsidies could serve successive occupants.
- Achieving development without displacing entire neighborhoods, by insulating some of the housing stock from market forces.
- Stabilizing rents without resorting to rent control
- Accomplishing planning objectives without using stronger governmental powers such as eminent domain, taxation, and zoning laws.
- Returning property to the tax rolls by allowing the trust to acquire "surplus" land and buildings from churches, schools, Federal or state agencies, or the city itself.

Land trusts have been remarkably successful in tapping private resources for the public good, especially in soliciting funds for low-interest loans from churches, religious orders, and even private individuals.

The idea of a community land trust directed to low-income residents may be one of those rare ideas that transcends local political labels of "liberal" and "conservative." All who have been involved with Burlington's experiment agree that the Land Trust will be long-lived and will remain independent, nonprofit, and nonpolitical.

Center for Battered Women and Austin Apartment Association Transitional Housing Program

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The Transitional Housing Program in Austin, Texas, is a cooperative effort between the Center for Battered Women and the Austin Apartment Association. The program has two goals: to break the cycle of homelessness of battered women by making apartments available at low cost until the women are financially able to live independently, and to free them from the fear of further violence.

Introduction

The Austin Police Department receives more than 17,000 domestic disturbance calls each year in this rapidly growing city of about 445,000. The Center for Battered Women was founded in 1977 to respond to the needs of these callers. It provides an emergency temporary shelter, counseling and referral services for women and children, a 24-hour hotline, and an Outreach Center that provides counseling to hundreds of women and children who cannot be housed because the shelter is full.

Since it first opened its doors, the Center realized that temporary shelters were not the solution to the housing problem of battered women. The 30-day maximum stay in the shelter did not give the women time to make the changes in their lives necessary to become financially self-sufficient. In the Austin area, private housing is expensive, and Federal housing projects and subsidized apartments maintain waiting lists of several years. Security deposits frequently amount to hundreds of dollars, and developments that accept children are hard to find. It is difficult for women who need the Center's services to mobilize the resources necessary to live independently.

The Center's early attempts to establish a transitional housing program for battered women were unsuccessful due to limited resources. It was not until late 1985 that a joint agreement between the 1,000-member Austin Apartment Association and the Center for Battered Women resulted in a pilot program called the Transitional Housing Program to meet the housing needs of battered women.

How the Program Works

The Center for Battered Women receives more than 400 calls each month from women seeking temporary shelter and counseling on how to protect themselves and their children. After initial crisis intervention through the Center's various counseling services, some of the women choose to return to their batterers, but many others choose to find an alternative to living with violence. These women are introduced to the Transitional Housing Program by counselors either at the shelter or at the Outreach Center. The counselors work with the women to help them prepare and qualify for the program; sometimes they need job placement or job training guidance.

Eligibility Criteria

To be eligible for the housing program, a woman needs to be working or in job training at the time she applies, must have child care arrangements if she has children, and must be in touch with a counselor at least twice a month. She must do *one* of the following: file for divorce, file for court orders to protect her from physical violence, or reside in a different city from her husband (e.g., have just moved to Austin). These legal requirements have not proved restrictive to women who apply to the housing program; most have taken or are ready to take one of these steps by the time they decide to leave their batterers.

When the program started, there were additional eligibility requirements. The Center and the Association have had to relax some of these requirements in order to broaden the program's impact and help more women. For instance, when the pilot program first began, women were required to reside in the shelter for 30 days before they could qualify for the Transitional Housing Program. The requirement was removed, however, because during the initial three months of 1986, 91 percent were found to be ineligible on that basis alone. Since the shelter could house only a small proportion of the women who needed alternative housing, the requirement was needlessly screening out many otherwise eligible women. A requirement to attend counseling sessions was also removed. Meeting this requirement was difficult for many who had to be at work or who could not make adequate child care arrangements.

The Placement Process

Judy Reeves, program director of the Center for Battered Women, serves as director for the Transitional Housing Program. She and two counselors share the responsibility for determining whether a woman meets the program's eligibility requirements. They also provide guidance as to which social services can be of help. These services include ongoing emotional support through individual and group counseling, information and referrals, legal advice, and counseling for children. After placing a woman in the housing program, Center staff members continue to counsel about the services that can best suit her needs and those of her children.

Once a woman has been approved for the program, she is referred to the Austin Apartment Association. An Association member keeps an ongoing list of apartments that have been donated to the program, and

Members of the Public Relations Committee of the Austin Apartment Association meet to work out details of their participation in the Transitional Housing Program. Association members have assigned more than 80 apartments for occupancy by women enrolled in the program.

Center for Battered Women and Austin Apartment Association Transitional Housing Program

Members of the Austin Apartment Association make some of their apartments available to women in the Transitional Housing Program. The apartments, scattered in complexes like this one, offer the women an opportunity to lead new, independent lives.

matches the woman and her family with an apartment that suits her needs in terms of size and location.

In 1985, the Austin Apartment Association began to look closely at the needs of the Center for Battered Women, responding to intense media coverage of women in public life who had come forward to disclose their personal histories of abuse. At the recommendation of an Association member, also on the Center's Board of Directors, the Association adopted the Transitional Housing Program as its 1986 "Program for Community Service." Association members responded enthusiastically by assigning 80 apartments for the program's specific use for 1986, saying they recognized an obligation and wanted to make a contribution to the city of Austin "to give something back to a community that had been good to the real estate industry." Newly solicited Association members pledge additional apartments for 12-month periods.

Owner Guidelines

The Apartment Association provides owner guidelines for apartment owners who wish to participate in the Transitional Housing Program. The guidelines educate members on the problems (practical, psychological, and emotional) of battered women, describe the Center for Battered Women and its services, and contain suggestions on security deposits, rent concessions, leases and legal concerns, and tax benefits.

Apartment owners waive security deposits for women in the program since the Center for Battered Women guarantees all security deposits. When the program started, apartment owners reduced the rent by one-third, but most of the women still could not afford the rent because they had large child care costs. Now they frequently reduce the rents still further. Leases are for three months, with three-month options to renew, and a one-year maximum in the program.

The guidelines also state that even though the Center for Battered Women prequalifies each participant, neither the Center nor the Association assumes any liability for her actions. For instance, once in the program, each woman pays her rent directly to the apartment manager. Nevertheless, the guidelines recommend that before taking legal action against a woman for nonpayment of rent, an owner contact the Center for help in resolving the problem.

Program Operational Support

The Austin Apartment Association handles all the paperwork for the Transitional Housing Program that relates to the women's use of the apartments and acts as liaison between the apartment owners and the Center's staff. The part-time Association volunteer who matches the women to appropriate apartments also coordinates furniture donations, repairs and maintenance of apartment units, and the services of the Association members to the Center facilities.

Austin Apartment Association members repair and maintain the apartments at no cost to the Center or to the women. In addition, Association members donate furnishings that the women may take when they leave the program.

Other Services Available to Participants

Individual and Group Counseling

The Center provides social services to women in the Transitional Housing Program through the Outreach Center which is separately located. The counseling staff at the Outreach Center have designed support services based on the assumption that physical, emotional, or sexual battering causes deep emotional, intellectual, and spiritual wounds, affecting a woman's self-esteem and self-concept. It focuses on discovering and healing those wounds.

The counseling program, although based on the concepts of peer support and self-help, is highly structured and involves both individual and group sessions. The sessions encourage women to look ahead and help them to prepare both short- and long-term plans. For example, the group may talk about when to look for another job, when to ask for a raise, or how to go about getting child support. Women are helped to break their plans into smaller tasks so they are not overwhelmed by their efforts to become independent.

Children's Services

Counselors at the Center for Battered Women also focus on the needs of the women's children. Services available to the children work to strengthen the bond between mother and child, assess the child's need for other community services, and prevent or reduce child abuse and neglect through services to both mother and child. Specific therapeutic individual, group, and family

At the Center for Battered Women, volunteers staff a program that provides activities for the children while their mothers participate in support groups.

For most children, the stay at the Center can be stressful. Volunteers try to alleviate feelings of fear and insecurity by providing personal, caring attention.

Center for Battered Women and Austin Apartment Association Transitional Housing Program

Volunteers are an important part of Austin's programs for victims of domestic violence. Approximately 135 volunteers contribute more than 1,000 hours each month to the Center for Battered Women. Here they sign in to work in the children's program at the Center.

counseling activities help the children.

Center Corps

The Center for Battered Women's Center Corps program provides direct assistance to women in the housing program in the form of transportation, assistance with medical bills, and utility or rent money. If the cost of utilities becomes a problem, staff can mobilize resources and collect money for utilities from local program support groups such as Austin's churches, which maintain an active commitment to the Center's programs.

Joint Programs

The Center for Battered Women also uses existing community resources and currently operates joint programs with several agencies: Legal Aid Society of Central Texas, the Austin Women's Center, Parents Anonymous, and AWARE (Austin Women's Alcohol Resource and Education Center). Women in the Transitional Housing Program participate in these joint programs thus receiving legal advice, assistance in job placement, and referral services for chemical dependency. They can also attend support group meetings held at the Center by these organizations.

Staffing the Housing Program

The Transitional Housing Program is entirely dependent on the volunteer time donated by Austin Apartment Association members and on the services the Center provides in its emergency shelter and Outreach Program. An Apartment Association volunteer spends several hours a week finding appropriate apartments for the women and acting as liaison with the Center for Battered Women, in addition to working full-time elsewhere. The Association members contribute time as needed for repair and maintenance. Approximately 135 other men and women provide more than 1,000 volunteer hours each month to the Center's various programs. The Center also has 10 full-time employees. While much of their time is given to women and children in the emergency shelter, many hours are also spent meeting the needs of women in the Transitional Housing Program, who use Center services. Because the director of the housing program also works full-time as the Center's program director, many other duties overlap. The cost of administering the Transitional Housing Program is absorbed by the Center for Battered Women.

Program Success and Replicability

One of the factors important to the success of the Transitional Housing Program is the availability of housing and the participation of apartment owners. Not only do members of the Austin Apartment Association get community recognition for the contributions to the housing program, but they also receive tangible benefits. The Center writes tax receipts for apartment owners for the full amount of rent concessions donated (the difference between the normal rental rate and the rate the woman is paying) and for the total normal rent for any time the apartment is vacant during the donated year.

In a city where the private housing and apartment supply now exceeds demand, renting at a reduced rate is preferable to not renting at all. In addition, some of the women stay as permanent residents after becoming financially self-sufficient; they may also provide leads for potential new apartment residents.

Another important factor to the success and replicability of this pilot program is that the Center for Battered Women, its emergency shelter, and various community-based support services were already in place. They were easily extended to women in the Transitional Housing Program. No separate outlay of funds was needed to provide these services, although the project does require significant staff time and resources.

Lastly, the Center for Battered Women and the Austin Apartment Association both feel that a transitional housing program has the best chance for success if providers of housing and social services are both involved in operating the program.

The Transitional Housing Program is still evolving, and the operational guidelines are constantly changing in order to better serve the women for whom the program is designed. The Center is willing to share its experiences with other communities.

Women and children sheltered at the Center for Battered Women eat their evening meal. Families in the shelter may stay up to 30 days. Longer term help in finding permanent housing is available through the Transitional Housing Program, which places women in apartments made available by the Austin Apartment Association.

A Profile of a Transitional Housing Program Participant

Nancy, divorced after 13 years of marriage, left her husband for the fourth time and came to the Center for Battered Women with her two children. She had endured nine years of physical abuse from her husband, who worked only sporadically and spent all the couple's money on drugs and alcohol. On the day she and her children entered the shelter they had no food, and the family was living without water or electricity. This as well as repeated evictions had been the pattern of the previous two years.

With assistance from the Transitional Housing Program, Nancy and her children now live in their own apartment. Nancy, a college graduate, works as a waitress and periodically obtains additional part-time employment to supplement her income. Before job pressures interfered, she and other program participants at her apartment complex met in a support group they formed. Nancy continues to attend the Parents Anonymous support group, recognizing a need to improve her parenting skills.

Nancy is now looking for a better job so she can move closer to self-sufficiency. She sums up her feelings about her present situation by saying that she never could have taken the step toward independence without the Transitional Housing Program. "I feel as if I have my personality back. I am smiling again."

Dallas, Texas

Common Ground Community Economic Development Corporation

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Community Economic
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Common Ground Community Economic Development Corporation is a nonprofit corporation set up in 1982 by 12 neighborhood groups representing low-income areas of inner city Dallas, Texas. While Common Ground provides a broad array of services to lower income neighborhoods, its primary focus is the preservation of low-income housing, particularly substandard single-family housing stock. It has relocated a number of houses standing in the path of redevelopment, using largely private funds rather than governmental support. To date, 56 homes have been acquired and 42 completely renovated for sale or lease to occupants earning less than $12,000 per year. More than 250 people have used Common Ground's Community Jobs Program to locate employment.

Community Context

Dallas is a relatively young city, composed primarily of newer neighborhoods and modern office buildings. Because of its recent rapid economic growth, Dallas has a strong self-image that is pro-business and oriented toward individual opportunity. Local public investment is usually directed toward economic development, public assistance to the poor is limited.

Dallas' strong economic climate of the 1970's and early 1980's contributed to the housing problems faced by low-income residents. Low-income neighborhoods ringing the city's downtown were cleared to make way for the expanding office market. The city demolished more than 1,000 housing units per year during the 1970's and almost 500 per year during the 1980's. Land set aside under eminent domain for highways, parking lots, schools, and other projects removed many South Dallas residential units. East Dallas faced gentrification pressures; West Dallas was affected by industrial lead pollution.

In 1977, there were 93,400 housing units affordable to low-income families at rents less than $200 a month. By 1980, the number of units renting for less than $200 fell below 43,000. According to the 1981 Annual Housing Survey of the U.S. Department of Housing and Urban Development, 70 percent of families earning less than $10,000 per year had to pay more than a third of their income for housing. Many were paying more than half.

Neighborhood identity in Dallas is strong, but neighborhood community development has had little public-sector support. Public housing in West Dallas is concentrated at a high density. Much of the responsibility for housing lower income families has been relegated to the religious community and philanthropic interests.

Common Ground's geographically scattered target neighborhoods—South Dallas, Fair Park, East Dallas, West Dallas, and Oak Cliff—contain one-third of the city's population below the poverty line. Their 115,000 residents have a median income of less than $10,000. The neighborhoods are 80 percent black, 10 percent Hispanic, and 10 percent white. While many houses in the target areas are visibly deteriorated, East Dallas shows the effects of gentrification and housing there has generally been too expensive for Common Ground to acquire.

The vacancy rate in subsidized housing and substandard housing is four percent. By contrast, the vacancy rate among market-rate rental apartments (particularly one- and two-bedroom apartments) is 14 percent.

Both deterioration (leading to condemnation) and reinvestment (leading to "upscaling" or gentrification) can result in the loss of housing for low-income families; Common Ground must carefully tailor its development strategy to the characteristics of each target community.

The Project Begins

Common Ground Community Economic Development Corporation was chartered in 1982 by 12 Dallas neighborhood groups that came together to fight the loss of lower income housing. They wanted to improve housing conditions without causing gentrification and at the same time provide work for the numerous highly skilled small-scale contractors that exist in many low-income areas.

The neighborhood groups that met in 1982 were already involved with a broad spectrum of community issues and had varying degrees of success in fighting community problems. For instance:

- East Dallas Neighborhood Association worked on neighborhood issues of zoning, property taxes, and land use to slow down land speculation and housing demolition. By 1981, it had achieved the rezoning of 600 acres in three inner-city areas.
- Lower Peaks Branch Civic Organization first organized to achieve

This is how Nellie Clark's house (shown on the opposite page) looked before Common Ground renovated it.

Common Ground Community Economic Development Corporation

Roofing contractor Clay Williams works on one of the houses Common Ground is rehabilitating in Dallas. All Common Ground renovations are done by minority contractors.

flood control; members living in a flood-prone neighborhood found it difficult to qualify for home improvement loans. In 1982, the city agreed to a flood control program.

- The West Dallas Involvement Committee built its organization through a five-year struggle to control industrial lead pollution. A smelting operation adjoined the largest concentration of public housing in Dallas, and the incidence of lead toxicity among neighborhood children was alarmingly high. Victory was achieved through a court-ordered cleanup and shutdown of the lead smelter.

- The Bois D'Arc Patriots organized to work for tenant rights; it was the first organization in Texas to publish a tenant's rights handbook.

- The Frederick Douglass Voting Council was instrumental in filing the lawsuit that eventually overturned the at-large City Council representation system in Dallas, which effectively excluded minorities from the Council.

The neighborhood groups that came together to form Common Ground experienced a pattern of displacement and housing demolition that affected all inner-city neighborhoods. Why did they join forces? According to Common Ground Executive Director John Fullinwider, "The market had condemned and destroyed our neighborhoods, and we needed to pick up the pieces. To do this, we needed a nonprofit development company, and none of the groups could fund the operation on its own."

Common Ground started by accepting the donation of substandard housing that was "red-tagged"—local jargon for a house marked by the city for demolition, either because of housing code violations or as a result of redevelopment activity. By August 1983, Common Ground had accepted title to 11 houses and six vacant lots donated by a limited partnership which had changed its mind about investing in the area. Two other houses scheduled for demolition were donated to the organization and moved to two vacant lots. Media coverage of the move dramatized displacement and the loss of housing that had accompanied previous renewal activities.

The Southland Connection

The Southland Corporation's massive CityPlace development program—22 million square feet of new construction over 20 years on 200 parcels of land—created an unexpected opportunity for Common Ground.

Many lots acquired by Southland had abandoned housing in places that the city had red-tagged; the city pressed Southland to upgrade or demolish the units. Other units were occupied by low-income renters who would be difficult to relocate. Southland did not want to displace dozens of low-income minority families; when it found out about Common Ground's house-moving activity, Southland contacted John Fullinwider.

In the end, Southland agreed to donate 42 homes suitable for moving and rehabilitation, if Common Ground could get them moved before construction started. Southland also agreed to fund almost 80 percent of the moving costs, donating $190,000 for that purpose.

By summer 1986, all but 10 homes had been moved to new sites; many of the lots were donated by neighborhood property owners. Several homes are either undergoing rehabilitation or waiting for the Common Ground construction crews to catch up with the house movers.

The Dallas Community Housing Program

Common Ground calls its housing effort the Dallas Community Housing Program. The program, with the Southland project as a nucleus, attempted to acquire, relocate (if necessary), rehabilitate, and lease up to 60 housing units to families earning less than $12,000 per year. By summer 1986, 54 homes were acquired, 34 relocated, and 39 renovated and put into use.

Putting an average house into service requires the following expenses:

Acquisition	$ 5,000
Move/foundation	$ 6,500
Site/utilities	$ 1,075
Rehabilitation	$13,700
Insurance/interest	$ 985
Contingency	$ 2,000
Management overhead	$ 1,400
Total	$30,660

These estimates include a contingency and some margin for extra costs. The first 28 houses completed by Common Ground had development costs of only $24,000 apiece.

Most houses acquired by Common Ground were donated rather than purchased. Moving costs account for about one-fifth of total costs. John Fullinwider says, "House moving is cheaper than new construction, but it is not cheaper than buying a board-up on site." He believes that in the future the organization will focus on buying boarded-up buildings already in place.

Common Ground acts as its own general contractor and hires exclusively minority subcontractors. Its warehouse stores donated and salvaged materials used in rehabilitation. The organization employs a full-time carpenter/maintenance man; Common Ground's construction supervisor also coordinates the work of volunteer church groups.

Common Ground tries to serve the neediest families with its housing program, giving priority to families that have emergency needs. For instance, the first family to move into a Common Ground house had been displaced by a fire in which two children died. The father had lost his job and desperately needed help. He was able to move into a Common Ground house rent-free until he "could put the pieces back together."

After the publicity from the early house-moves, Common Ground was deluged with applicants. When the organization agreed to acquire the Southland houses, it had to take care of those residents first. Today, Common Ground has many more applicants than it can deal with, and it interviews five or six

Many activities extend beyond housing. Organizers of Common Ground's family day care project meet to work out details of the program to provide affordable day care to inner city women.

Common Ground Community Economic Development Corporation

Hill Hotel, just east of downtown Dallas, is a 10-unit rooming house that provides transitional housing for people working their way out of shelters. Eventually, Common Ground intends to turn the facility into a supportive residence for the homeless mentally ill.

families for each house. Because the group is well-known and receives referrals from a number of agencies, Common Ground does not need to advertise

The average Common Ground family earns about $11,000 per year; some have no income. Common Ground charges rent based on ability to pay, and it still uses the 25-percent-of-income rule rather than the 30-percent rule mandated for Federal programs to determine the maximum proportion of income that should be paid for housing. All of the families currently rent, although those who have earned income have been promised an opportunity to buy their homes.

A new mechanism that Common Ground hopes to implement soon—providing ownership opportunities while preserving long-term affordability—is the community land trust. Common Ground will sell the house and lease the land to the resident. The price of the house is based on an appraisal. The difference between the price and the mortgage the family can afford is recorded as a second mortgage by Common Ground. It accrues interest at a rate of six percent and is not due until sale. At time of sale, the house is appraised (separately from the land), and the first and second mortgages are paid off. The owner receives the remainder.

Fullinwider believes that this arrangement will benefit both the owner and Common Ground. It uses the market, rather than a formula, to determine price. The use of the second mortgage means that Common Ground will always control its subsidy, and the price to the new homebuyer is moderated.

Not all Common Ground tenants will be able to buy their homes. Some have little income; others are elderly, with no desire to take on ownership responsibilities. For these families, Common Ground will remain as landlord and charge very low rents or help the family obtain a Section 8 certificate.

Single-Room Occupancy Housing

Another problem Common Ground is addressing is the shortage of rooming houses—known as single-room occupancy housing. Some of the homeless (such as the deinstitutionalized) are eventually ready to reintegrate into society and need transitional housing. Yet there are almost no rooming houses to serve such people.

Common Ground purchased a 10-room rooming-house/motel facility in East Dallas known as the Hill Hotel. For $50 to $60 per week, which is well below market, the occupants have a furnished room and utilities, shared or private bathroom, linen and towels, and once-a-week maid service (provided by one of the residents). When vacancies occur, Common Ground gives priority to homeless individuals, particularly the homeless mentally ill, working in partnership with the main downtown shelter.

Other Activities

Common Ground is continually trying to expand its services to low-income neighborhoods. In 1985, the organization started the Community Jobs Program, staffed by a full-time and a part-time jobs counselor. When unemployed or underemployed persons come to Common Ground, a counselor works with them to determine skills and interests and to prepare them to seek employment. Through November 1986, Common Ground placed 260 low-income clients.

The organization's most recent effort has been the creation of a Community Loan Fund to serve as a lender of last resort. The fund will initially be capitalized with $250,000. The Junior League of Dallas has provided a $125,000 challenge grant and will match contributions to the fund.

Common Ground also intends to start a Community Development Credit Union to return some banking services to the community and to reinvest any savings in low-income areas.

A Unique Partnership

Common Ground receives virtually no public sector support: its houses, land, and other assets have come primarily from the private sector. The biggest private sector support by far has come from Southland Corporation's donation of the 42 houses and $190,000 for moving expenses.

In a similar fashion, the Atlantic Richfield Company's ARCO Foundation supported Common Ground with $75,000 in 1984 and $40,000 in 1985. Common Ground also provides an opportunity for private individuals to make charitable donations to the cause of low-income housing in Dallas.

But the organization recognized early that it could not rely solely upon contributions; it also needed a steady source of loan funds to maximize the leverage of its donated resources. It approached Dallas Federal Savings & Loan for a loan commitment.

One of the bank's vice presidents, who had previously run Dallas' Neighborhood Housing Services Program, was highly supportive of Common Ground's request; she demonstrated from the bank's own lending data that there were very few foreclosures on small mortgages. The bank granted a standing mortgage credit line of $600,000, half to the organization and half to qualified homebuyers.

Another key source of financial support came from the BankAmerica Foundation through the Local Initiatives Support Corporation (LISC). LISC supports nonprofit organizations that have not been able to establish a financial relationship with a private lender or that are undertaking their first or second project. LISC loaned the organization $500,000 at three percent for two years. Common Ground reinvested the funds at 12.5 percent. The net income was about $45,000 annually, plus the ability to use the Certificate of Deposit as collateral.

While Common Ground's success has hinged on such key corporate

Volunteers from Highland Park United Methodist Church work on a home Common Ground renovated in Dallas' Fair Park area. Such volunteer efforts, together with donated materials, help Common Ground cut rehabilitation costs.

Common Ground Community Economic Development Corporation

Before Common Ground renovated it, this house looked ready for the bulldozers. Now it once more provides a decent, safe, and sturdy home for a low-income Dallas family

contributions, it also relies upon grass-roots volunteer efforts. In addition to making donations, local churches have provided volunteer labor for many rehabilitation jobs Common Ground and North Dallas Shared Ministries, a coalition of 42 churches, have started an "adopt-a-house" program, where a church is encouraged to select a particular house, organize work crews, and help with donations. Royal Lane Baptist Church adopted one house and put in a work crew for an entire week, completing the demolition and preparing the house for rehabilitation. Preston Hollow Presbyterian Church, Midway Hills Christian Church, Highland United Methodist Church, Northway Christian Church, and the First Unitarian Church of Dallas have participated in the program.

Common Ground also encourages churches to serve as lenders in the provision of low-income housing. For instance, North Park Presbyterian Church has loaned the organization $50,000 at six percent interest for its rehabilitation.

Common Ground's Successes

Common Ground Community Economic Development Corporation has become a very effective agent for improving the housing and jobs of low-income families in Dallas. The strength of the organization is its broad base of support in low-income neighborhoods. With more than a dozen member organizations, Common Ground speaks for a large constituency and comes into direct contact with thousands of Dallas residents.

In four years, Common Ground has had a tremendous impact on some of Dallas' low-income communities.

- Many low-income families have been housed. The Dallas Community Housing Program has acquired 56 houses. Forty-two of those have been rehabilitated and made available to low-income families. Of the first 42 families housed by Common Ground, 40 are black, 28 are headed by women, and 14 are elderly. The average income of these families is around $11,000. Common Ground has made it possible for them to reduce their housing cost burden from 50 percent of income to less than 30 percent.

- The neighborhoods are visibly improved. Empty lots that collected vandals and trash are now filled with homes. Boarded-up houses have become residences. The city provides some public improvements.

- The hundreds of thousands of dollars of rehabilitation work has filtered back into the communities through jobs and profits to the subcontractors—almost exclusively minority-owned firms

- The Community Jobs Program has helped 215 people locate new jobs since February 1985.

Common Ground had a good chance to succeed because it was stepping into a void: nonprofit development groups were almost nonexistent, and many socially minded corporations, churches, and individuals were eager to support community development

The organization has managed to draw support from private entities who typically would not be expected to partner a low-income advocacy group. Says Fullinwider, "Most people would not expect a group like ours to be able to work with large private corporations like Southland, but we did and were successful."

Common Ground's Vice President John Stuart is also its construction manager. A retired aircraft mechanic, he deals with contractors and coordinates the work of volunteer church groups.

Willie Faye Daniels, President of Common Ground's board of directors, got involved in housing issues when she organized her fellow tenants to improve living conditions in their federally subsidized apartment complex.

John Fullinwider is Director of Common Ground. A former schoolteacher, he often puts in 12-hour working days at the office the organization shares with several other community action groups.

Santa Monica, California

Community Corporation of Santa Monica Self-Help Construction Program

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Community Corporation of Santa Monica is a private nonprofit corporation established in 1983 to increase the supply of affordable rental housing in Santa Monica, California. Community Corporation purchases and rehabilitates, constructs, and manages rental housing complexes and makes use of private and public subsidies to render the units affordable to low- and moderate-income renters. All projects involve tenant self-help and a creative blend of government and private funds for long-term financing.

Community Profile

Santa Monica, California, a beachfront city near Los Angeles, is a densely populated community of more than 88,000 people, generally considered an ideal city for families or retired persons. Recently, however, Santa Monica has experienced a major influx of single affluent professionals. To meet the sudden demand for housing, builders are constructing new units, primarily condominiums. Prices on existing units are escalating, with nearly half the homes valued at $200,000 or more. Affordable homes are becoming scarce, and the supply of affordable rental housing is particularly acute. According to Census statistics for 1980, almost one-third of the renters in Santa Monica pay 35 percent or more of their income for rent, an amount considered to be excessive.

In the late 1970's, alarmed by rapidly increasing rents, voters enacted a rent control ordinance. Besides limiting rents on residential units, the ordinance also prohibited the demolition of rent-controlled units unless the units were replaced on a one-for-one basis. In order to produce affordable units, the City Council adopted a measure which required residential developers to make 25 percent of their units affordable for low-income families.

Despite these attempts to increase the supply of affordable housing, the shortage remained acute. Low- and middle-income renters, particularly families, found it increasingly difficult to find a place to live. At the same time, many existing affordable units were deteriorating.

The Beginning

Private citizens began to look for other solutions. Two neighborhood associations in the Ocean Park and Pico neighborhoods tackled the problem separately. The Ocean Park Community Organization recognized the need for a nonprofit corporation which would build new housing to replace affordable units lost through beachfront redevelopment. The Pico Neighborhood Association, located in Santa Monica's largest low-income and minority area, was also looking for an entity which could preserve existing affordable housing. The two neighborhood groups joined forces to create the Community Corporation of Santa Monica.

Community Corporation, officially chartered in 1982, spent its first year and a half assessing needs and building a coalition among local community and business people. Administrative money for Community Corporation came from the Federal Government's Community Development Block Grant (CDBG) Program, which provides funds to eligible jurisdictions for a wide range of community and economic development activities.

Early in 1984, the Pico Neighborhood Association identified a deteriorated and overcrowded 12-unit apartment building on 20th Street which needed the services of Community Corporation. Because of poor management, tenants lived with high crime as well as broken stairwells, dangling railings, roaches, and leaky plumbing. Half the building had no hot water. The central courtyard had been gradually taken over by local drug dealers and drunks. The tenants lived in fear, and the children could not safely play outside.

Because the owners faced bankruptcy and foreclosure proceedings, Community Corporation was able to buy the property for a reasonable price. Community Corporation worked with the Pico Neighborhood Association to educate the tenants about the advantages of placing the building under nonprofit ownership and management.

The tenants were also involved in planning the rehabilitation of the project, which was done in such a way that none of the tenants were displaced during the three-month construction period. Emergency repairs were made immediately, and to alleviate crowding, additional bedrooms were added to units occupied by large families.

With the help of the Pico Neighborhood Association, the tenants began to develop solutions to the building's crime problem. They set up a crime watch and met with the local police chief who promised to increase patrols in the area. To provide a safe overview of the property, a second-story walkway was added between two sections of the building.

Financing for acquisition and rehabilitation combined private and public financing. First Federal Savings Bank of California, which already held the mortgage on the building, provided the rehabilitation financing. This bank generally does not make such loans. However, First Federal was impressed with Community Corporation's well-researched and detailed presentation and it

Tenants of an apartment complex Community Corporation acquired and rehabilitated on Kansas Street construct a playground on a formerly unused courtyard area. Picnic tables were also added. Much of the affordable housing the Corporation has made available in Santa Monica has benefited families with young children.

Community Corporation of Santa Monica Self-Help Construction Program

committed to upgrading the community. The bank managers were convinced that financing the development was a sensible investment.

Subsidies to make the units affordable for low-income families were provided through two HUD programs—the Section 8 Moderate Rehabilitation Program (which provides a 15-year subsidy that includes the cost of moderate repairs to the property) and the CDBG Program. CDBG funds were provided by the Pico Neighborhood Association through its Neighborhood Trust Fund, the repository for part of the local CDBG funds under the Pico Neighborhood Association's control. Before the Corporation acquired the building, rents were about $400 a month. They are now as low as $90, depending on the family's income.

Taking Off

As a result of this rehabilitation effort, Community Corporation established credibility and went on to undertake additional projects. At this time, the BankAmerica Foundation created a revolving loan fund to help community groups undertake housing and community development projects. The program was called the Neighborhood Partnership. It would lend $10 million to promising projects throughout the country via an intermediary organization, the Local Initiatives Support Corporation (LISC), which has extensive contacts with neighborhood-based organizations.

LISC searched for groups that had the expertise to develop projects but lacked strong working relationships with local private lenders. The object was to lend money to nonprofit developers who, in turn, would deposit the funds in a local bank. Given the size of the deposit, nonprofit organizations would then be able to request favorable loan terms from the participating financial institution.

Community Corporation applied for LISC funds to acquire and rehabilitate two apartment complexes on Kansas Street. Based on the strength of its application, Community Corporation received the largest single loan made from the BankAmerica Foundation Neighborhood Partnership funds—$804,000. Community Corporation chose to deposit the money in First Federal Savings Bank of California because of the bank's demonstrated cooperation on the 20th Street project. The Pico Neighborhood Trust Fund provided the downpayment for the purchase of the two buildings, and First Federal provided the construction financing. Permanent loans made use of proceeds from a California Housing Finance Agency tax-exempt bond issue.

Community Corporation borrowed the BankAmerica Foundation money from LISC at 3 percent and then placed it in a one-year certificate of deposit at 11 percent. The Corporation used the profit to establish an affordable housing revolving loan fund, which now provides the capital and predevelopment money needed for Community Corporation to compete successfully in the marketplace.

The Corporation also used the BankAmerica Foundation loan to generate private investment in the two buildings and to obtain financing for other developments. The loan was used to leverage more than $4 million in

To keep construction and renovation costs down, tenants do much of the work themselves. Yet cost-consciousness does not necessarily mean spartan surroundings. A new picket fence will grace the front yard of this townhouse, one of 16 renovated by Community Corporation on Kansas Street.

Creating affordable housing is a partnership that includes the beneficiary families. Working with government, lending institutions, and foundations, Community Corporation offers opportunities to families who would otherwise find townhouses with picket fences out of their financial reach.

loans from other financial institutions, of which $1 million was used exclusively for housing rehabilitation. Every dollar in local and public funds was matched by more than two dollars in private funds.

Community Corporation has adopted the style of operation of its first project for all its other developments. Tenants are consulted about the renovations and participate to a large extent in the planning and work. No tenant is displaced during rehabilitation. To make units affordable, HUD Section 8 certificates subsidize the rents of eligible families so that no more than 30 percent of their income goes toward housing.

Physical changes to the rehabilitated buildings were reflected in positive changes in the social environment. For example, before Community Corporation acquired its Kansas Street property, the tenants rarely gathered together because the buildings were designed with separate outside entrances for each unit. Apartments were also isolated by rear fences which separated each yard from an infrequently used courtyard. Renovations included fixing the courtyard to serve as a community area with picnic tables and playground equipment. Gates were built into the fences to permit access to the courtyard from the apartments.

Rehabilitation of this apartment complex involved the addition of bedrooms to two apartments. A shortage of affordable rental housing prompted the formation of Community Corporation's Self-help Construction Program. The Corporation's ability to turn previously deteriorated apartment buildings into attractive homes has started to alleviate the problem.

A New Venture

Word of Community Corporation's success spread throughout Santa Monica. Sixty-two families in a building on Cloverfield Boulevard, angry about the deteriorating condition of their building, became interested in buying it and approached Community Corporation for help. The Corporation bought the building, secured funds for rehabilitating it, and helped the families form a cooperative.

Rehabilitation, including sandblasting all exterior walls, replacing the roof, reconstructing the rotted structural system, and installing new plumbing, was conducted without tenant relocation. The work required a high level of coordination and construction monitoring by Community Corporation.

The tenants are forming a limited equity cooperative so they can eventually acquire the development from Community Corporation. Each family will own shares worth $750 in a cooperative that will own the building. Families will make monthly payments to the cooperative for project upkeep. Although payments will increase current rents by about $60 to $75, families feel that owning their own apartments in the rehabilitated building far outweighs the cost of the increase. As Nancy Hall, a tenant for the past 10 years said, "It means we can have a say in how and where we want to live."

Under the limited equity cooperative, profit is limited to 10 percent. Families who want to move out will be required to sell their shares at affordable prices to other low- and moderate-income families, rather than selling them at market prices.

Financing a cooperative is complex because most traditional lending sources are unwilling to lend to limited equity cooperatives. The City of Santa Monica provided $1.1 million from its CDBG funds for acquisition and rehabilitation. In addition, the National Consumer Cooperative Bank, created by the Federal Government to facilitate the development and growth of cooperatives, has committed to providing a $1.1 million loan. Before creation of the Cooperative Bank, cooperatives, including housing cooperatives, found it difficult to secure loans from conventional lenders. Because

Community Corporation of Santa Monica Self-Help Construction Program

Community Corporation was unfamiliar with the Coop Bank's loan requirements and processes, it used a nonprofit intermediary, the National Mutual Housing Network, to prepare the loan application. (See page 66 for a description of the National Mutual Housing Network's activities in Washington, D.C.)

The cooperative is still under formation. Community Corporation has furnished training on organizational and legal aspects of forming a cooperative. Tenants have participated in all phases and decisions of the long process.

Community Corporation's responsive job in managing the Cloverfield project has had some unanticipated consequences. Some renters see an advantage to continuing under Community Corporation's management rather than forming the cooperative. Before the loan commitment from the Coop Bank expires, the tenants will have to decide if they indeed want to purchase the property or remain as renters with Community Corporation continuing to manage the development.

Regardless of the outcome, under the Tenant Ownership Rights Charter Amendment approved by Santa Monica voters in June 1984, tenants who are unwilling or financially unable to buy their apartments may not be evicted. Instead, tenants will pay rent to the cooperative based on the city's rent control law. Elderly or disabled tenants may continue to occupy their apartments for as long as they wish.

The Self-Help Program

An important aspect of rehabilitation of all properties is the self-help program. The properties that Community Corporation acquired were so deteriorated that even after health and safety hazards were eliminated, the buildings still lacked the "finishing touches" that would make them attractive to families. Community Corporation developed a self-help program to accomplish these final touches and engaged the services of Building Women, a nonprofit general contracting firm, to supervise all the self-help projects.

The self-help construction activity involves residents in every step of the process. Tenants solve building problems, design the improvements, prepare the construction timetables, and receive training on the safe use of materials and tools. Entire families—including children—saw, hammer, and paint. Families in Community Corporation buildings work together to repaint their apartment buildings, erect security fencing, build outdoor play equipment for children, and design and build places for resident gatherings.

This self-help program results in permanent improvements that enhance appearance, security, and usefulness. Vacant spaces are now play and recreation areas. In addition, residents have acquired valuable construction and home repair skills and take pride in their accomplishments.

Funding for the self-help component has been provided by a $35,000 grant from the California Housing Advisory Service and $5,000 from the Atlantic Richfield Foundation (the philanthropic arm of one of the United States' largest petroleum companies).

The self-help program has changed the social environment at these developments. As one resident said, "Before we started meeting, all we

This eight-unit rehabilitation project involved a second floor bedroom addition. Even major renovations like this one were accomplished without displacing tenants. Tenants participated both in renovation planning and execution.

said to one another was hello and goodbye. Now we know each other, talk to each other, help each other with problems. Our kids play together."

Other Developments

Community Corporation is undertaking various other kinds of activities. One is the acquisition of "move-on" housing, where the Corporation acquires houses or multi-family complexes that are on sites under new development. Rather than demolishing the existing buildings, developers are selling them to Community Corporation, which moves them to new sites and rehabilitates them. A further impetus to this activity is the ban on demolishing rent-controlled housing.

There are other opportunities as well. Two local hospitals, Santa Monica Hospital and St. John's Hospital, wanted to expand but were prevented from demolishing adjacent rental housing. They are making 40 housing units available to Community Corporation. The hospitals are providing the land onto which the buildings will be moved, architectural services, and capital for development. As part of an innovative design, Community Corporation will cut one of the buildings in half and reassemble the pieces at right angles. The total value of the two hospitals' contribution is $1.3 million.

Community Corporation is also developing another limited equity cooperative which will contain 43 apartment units on five scattered sites in the Ocean Park neighborhood. These units will replace some of the affordable housing which was lost through beachfront redevelopment. The increased property tax revenue generated by this redevelopment area has been allocated by the city to subsidize the new affordable housing cooperative.

Self-help is not only important to keeping costs down but also serves as a means of creating a cohesive neighborhood environment. By working together on the renovations, families build ties that continue even after the renovation is finished. Many also acquire construction and repair skills that will be useful to them as future homeowners.

Keeping Costs Down

In total, Community Corporation has renovated 126 units and is in the process of developing an additional 155 units. Community Corporation's staff has grown from 1 person to 12—4 in development and 4 in management, plus several part-time staff and volunteers. The Corporation's annual budget is $350,000, funded in part from its 1.5-percent development and management fee. The Corporation works with local realtors to identify properties and local architects for design work.

It seeks to ensure that housing is affordable to low- and middle-income renters in a variety of ways, including mixed-income developments, adoption of inexpensive modular construction techniques, and reduction of management costs.

Since local demand for housing is high, Community Corporation has had success in producing mixed-income developments. In these apartment complexes, annual increases in market-rate rentals provide a growing subsidy for units occupied by low-income households. Additionally, an affordability reserve fund is established to assist low-income residents once the term of Federal housing assistance ends.

Several of Community Corporation's new construction projects were built at reduced cost by making use of modular housing design. Under this approach, a "no-frills" standardized housing unit can be quickly built on the site or assembled in a factory and moved to the lot. Residents in the building provide the finishing touches on the interior and exterior.

Community Corporation was able to reduce the costs of managing its projects by creating its own management company instead of hiring an outside firm. These and other savings are expected to hasten the day when Community Corporation's dependence on public funding will be minimal. The Corporation expects its operations to be self-sufficient, with income from the management company being used for continuing development.

San Jose, California

Emergency Housing Consortium, Inc.

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The Emergency Housing Consortium is a private, nonprofit organization serving homeless individuals and families in two California counties. It combines short-term shelter with comprehensive support services and self-help programs designed to aid the transition to permanent housing. Onsite children's services and a computerized housing network are among the innovative program features.

The Homeless of Santa Clara and San Mateo Counties

Santa Clara and San Mateo Counties have homeless populations that have been estimated at 13,000 and 7,000, respectively. Some of the homeless are young adults and some are elderly, but a large proportion are families with children. Many of the children are malnourished and both emotionally and educationally handicapped because their most basic needs are not met.

This situation contrasts sharply with that of most of Santa Clara County, which comprises the San Jose Metropolitan area, where the median household income is one of the highest in the nation. A high-technology boom was responsible for the name "Silicon Valley" by which Santa Clara County is known worldwide. Growth in a broad spectrum of electronics and computer-related industries has produced concurrent gains in other segments of the economy. The labor force is highly skilled. Despite some recent problems in the electronics industry, the county's unemployment rate is expected to remain below state and national levels for some time to come

Yet the 1980 Census reported 130,000 low-income households. The number of households falling below the poverty line in 1980 was nearly 19,000. When the household income of these groups and the cost of rental housing in the area are compared, it indicates that both groups may be paying more than half their income on rent.

Low-income families in this part of California face both a high cost of living and a housing market in which the average home sells for $138,000, the average monthly rent for a three-bedroom house is $700–$750, and the average rental deposit is $2,000. Low-paying jobs, poor or nonexistent credit histories, and little or no savings make the homeless unable to compete in this setting. For some individuals, other problems such as mental or physical illnesses, alcoholism, or drug dependencies are additional factors.

Social service workers in the area see the factors contributing to homelessness as falling into two groups, the first economic and the second social. The economic factors include the lack of affordable housing, the gap between wages and the cost of living, and inadequate or uncoordinated assistance programs.

The social factors have to do with several related deficiencies—in the homeless population's survival skills and support groups, in the community's commitment to help, and in the resources to provide a transition into mainstream housing. The Emergency Housing Consortium's shelter system addresses this second set of factors.

Program Overview

The Consortium has developed a comprehensive shelter system that gives homeless people quality shelter for the short term, plus self-help programs leading to permanent housing and self-sufficiency. Broad-based private and public funding, in-kind donations from the private sector, and extensive volunteer support have enabled the Consortium to expand rapidly and to develop a variety of innovative and successful programs.

The Consortium has grown from sheltering nine homeless families in one shelter in 1981 to operating six shelters with a total capacity of more than 800 beds by the end of 1986. Forty full-time staff and more than a hundred volunteers operate major facilities in Gilroy, San Martin, San Jose, Santa Clara, Menlo Park, and Redwood City.

The private, nonprofit Consortium has also developed an array of innovative services tailored to specific needs and designed to address the underlying issues that prevent homeless people from obtaining housing and jobs. Innovative components include extensive education in self-help skills, a computerized housing information network, a transitional housing system for those needing more time to make the move to permanent and affordable housing, three children's activities programs, and a bed and

Many children who come to the shelters are educationally handicapped or show signs of emotional distress. Programs like Head Start and after-school care provide the attention and secure environment these children need.

Emergency Housing Consortium, Inc.

The Santa Clara Family Living Center provides 30-day shelter for 42 families in this leased building, formerly part of a mental hospital complex. The shelter provides comprehensive services, including Head Start for preschoolers and elementary and after-school programs for children 5 to 13 years of age.

breakfast program for chronically mentally ill persons who are homeless.

The Shelters

The Consortium's six shelters are quite different from one another. They reflect the creative ways the Consortium has been able to find and adapt existing structures to meet the needs of specific populations.

- **Sanctuary Special Needs Shelter.** Opened in 1984, this shelter serves 80 single adults, elderly persons, mentally and physically disabled individuals, and a few teenagers in three buildings the Consortium owns in San Jose. In addition to offering shelter, Sanctuary Special Needs Shelter offers counseling and other assistance to enable individuals who lack family or community supports to become self-sufficient.

- **South County Family Living Center.** Opened in 1982, this Consortium-owned, 11-unit apartment motel in the rural community of San Martin provides 30 days of shelter to homeless families.

- **Arturo Ochoa Migrant Center.** From the middle of May to the middle of November, this state-owned camp houses migrant workers. During the winter months, its 100 housing units used to stand empty, but in 1982 the Consortium negotiated an agreement with the County Housing Authority, which manages the camp, to turn it into a shelter during these months. This is the first migrant camp in California to be used for this purpose.

- **Santa Clara Family Living Center.** This 42-family residence, a surplus building leased from a mental hospital, provides 30-day family shelter and three onsite children's programs— Head Start, an elementary school, and an after-school program.

- **Menlo Park Family Center.** San Mateo County's first shelter offers 30-day lodging plus a transitional housing program in its 22-apartment motel.

- **Redwood City.** The Consortium's newest shelter for homeless families and senior citizens will open in Redwood City in May 1987. The city and county allotted funds for the purchase of the facility and have contracted with the Consortium to operate the program. The shelter will house 50 people.

Despite this shelter growth, the number of people needing housing is still greater than the number of available beds. To avoid having waiting lines at some shelters and unused beds at others, the Consortium has developed a computerized system that keeps track of available beds throughout the day and evening. The homeless reserve shelter space by telephone. The number is listed in the telephone book and is well-known to social service agencies in the area. The telephone receptionist may provide an immediate room assignment and give directions for reaching the shelter or may place the caller on a waiting list if space is not available.

Each shelter has a coordinator and an assistant, as well as maintenance, custodial, security, and tenant education personnel. Additional staff may include child care workers, kitchen workers, a volunteer coordinator, and administrative staff, depending on the type of shelter and the services offered.

The coordinator interviews each new arrival, explains the shelter rules and, with the help of tenant education staff, develops an intervention plan to meet the person's or the family's specific situation and needs. The goal is to find permanent housing within 30 days. The plan includes a checklist showing daily goals and tasks to accomplish during this period, which may be extended if circumstances warrant.

The Consortium program's shelter component is designed to restore dignity to homeless people by providing quality living accommodations. There are no dormitories. Both single people and families have privacy, and families are housed together. Each shelter has a playground. The Consortium provides medical care, bus passes, infant care items, clothing, furniture, and household items. Residents receive respectful treatment and have a voice in shelter policy.

The Programs

Providing shelter is only the beginning. The Consortium has developed a variety of services to help adult shelter residents acquire the knowledge and skills they need to obtain permanent housing and employment. Other goals are to offer a protective environment to the dependent homeless—children, elderly, and mentally and physically disabled.

Tenant Education—The HOMES Program

Education is a key component of this Consortium effort to help the homeless attain self-sufficiency. The tenant education program, HOMES (Housing, Opportunities, Management, Employment, and Skills), equips individuals and families with knowledge and skills in several crucial areas: finding and keeping a job, obtaining housing and maintaining good relations with the landlord, improving personal and family relationships, and managing time and money.

Employment Development. Consortium staff help shelter residents with actual job searches, job readiness, and training. In individual and group meetings, they provide employment counseling, teach interview techniques, and help residents develop the skills they need to obtain and keep a job.

Workshop Program. This element of tenant education is designed to help shelter guests find and stay in permanent housing. Once a week, experts from the housing, banking, and human service fields volunteer their time to conduct mandatory two-hour workshops during which shelter residents learn about tenant and landlord rights and responsibilities, personal budgeting, and ways to relocate. Members of a regional association of apartment landlords conduct some of the workshops. Their involvement has been important in securing rental housing for the homeless.

Outreach. To keep families in blighted neighborhoods from joining the homeless population, the Consortium develops or participates in workshops, community meetings, training for service providers, and visits to individual families. Through these activities, the Consortium seeks to help families maintain their households and work

Comprehensive services include medical examinations for Head Start children. The Santa Clara Family Living Center has a special clinic room where these examinations can take place. Local agencies provide the medical staff.

Emergency Housing Consortium, Inc.

with neighbors to improve neighborhood conditions. Local officials designate the neighborhoods targeted for this program.

HOMES staff also provide shelter residents with counseling and referrals to private and public services that can provide further help in finding housing or employment, managing finances, or coping with personal problems.

Computer Housing Network

The need for up-to-date, reliable information on rentals and other available housing for the poor surfaced early, so the Consortium developed a computerized housing information network with three local nonprofit housing agencies. Apple Computer Corporation donated five microcomputers, software, and training, and the Santa Clara County government provided $50,000 in salaries for staff to operate the network. The network members subsequently added an electronic bulletin board which provides a large number of groups throughout the area with lists of available housing opportunities.

Much of the information for the network is gathered by shelter guests. Each guest is asked to bring in at least five pieces of verifiable rental information weekly obtained during planned housing searches. The information is entered through a program that permits matching of family characteristics to available rentals. The network also receives housing information from community volunteers, real estate management corporations, and landlords.

Children's Activities

Many shelter children show various signs of emotional withdrawal, abuse, neglect, and malnutrition. Some are educationally handicapped as well. The Consortium has developed a children's activities component to meet these children's need for a secure educational and recreational environment.

Onsite Head Start. The Santa Clara County Head Start Program and the Consortium developed an interagency agreement to provide comprehensive services to home-

Paul Charleston sought shelter in December 1985. A former baker, Paul had worked for five years as a truck driver but lost his job when the company went out of business.

Paul worked in the kitchen when he was a shelter guest. Now he is the paid cook at the Santa Clara Family Living Center, preparing breakfast and dinner for 200 to 250 people each day.

Paul perceives his job as much more than that of a cook and does much to make sure the kitchen is the nicest, warmest place in the shelter.

Shelter guests are often discouraged when they first arrive. Paul tries to help, smiling, encouraging guests to join him in the kitchen.

less families at the Santa Clara Family Living Center. The Consortium provides a classroom as well as a clinic room for physical examinations. The shelter staff recruit children for the program, and the Head Start staff work with local agencies to provide the services.

Parents are involved throughout. They provide input into the initial and subsequent assessments, receive a copy of the child's service plan, and at the end of the shelter stay, have a conference with program staff to review their child's progress. A community worker makes regular visits to the family in their new home, and the child continues in Head Start if an opening is available in the new neighborhood.

Participation in the Santa Clara Family Living Center's Head Start program helps children acquire important learning skills. Shelter staff recruit children for the program, and Head Start staff work with local agencies to provide services.

Onsite Elementary School. The Santa Clara Unified School District provides a one-room school for students in kindergarten through grade six who live at the Family Living Center. The state-funded program ensures an uninterrupted education for the children.

After-School Program. With funds from the Hewlett-Packard Company and the Whitney Foundation, the Consortium provides after-school activities for children between the ages of 5 and 13. One shelter is offering the program, and two more will do so during 1987–1988. The activities are varied and include recreation, the arts, school work, discussions, and sports.

Transitional Housing Program

Some homeless persons need time to prepare for the transition to permanent housing. The Transitional Housing Program provides temporary housing for periods of six months to one year, plus counseling and other assistance. The Consortium has purchased a seven-unit apartment building with the help of a one-percent $292,000 loan from the San Jose Redevelopment Agency. The program will be available to homeless families, elderly individuals, and single adults.

Bed and Breakfast Program

The Bed and Breakfast Program, housed in the Sanctuary Special Needs Shelter, provides long-term shelter to 50 mentally disabled homeless persons. Santa Clara County has an estimated 2,000 citizens in this category. The Consortium runs the program under contract from the Santa Clara County Mental Health Department, with $180,442 in state funds for the homeless mentally ill.

Bed and Breakfast provides safe, clean, low-cost housing in a supervised environment for people who cannot live independently but for whom a structured board and care program is inappropriate. Each resident receives a bed, a locker for belongings, and evening and breakfast meals. Guests are charged $150 a month but can exchange labor for all or part of the costs. The shelter staff help residents with some basic living tasks, such as budgeting their money or buying clothes. The guests take part in Sanctuary Special Needs Shelter programs and are served by existing community support systems.

Structure and Staff

The Emergency Housing Consortium is governed by a board of directors consisting of 14 volun-

Emergency Housing Consortium, Inc.

Residents regularly consult shelter bulletin boards which present information on employment and housing opportunities. In addition, Consortium staff offer individual and group counseling to help homeless adults obtain training, conduct job searches, and secure jobs.

teers drawn from more than 30 human service agencies, churches, and corporations. The full-time staff of 40 is supplemented by more than 100 volunteers.

The executive director, Barry Del Buono, has held the post since the Consortium was formed. Much of the Consortium's success in developing public and private financial support has resulted from Del Buono's cultivation of contacts among corporate and nonprofit organizations in the region. He is assisted by an administrative team with management, fundraising, consultation, and fiscal accountability.

The staff of the tenant education component consists of a social worker, a job developer, a workshop specialist, and a computer specialist, plus two onsite members assigned to shelters. The tenant education staff coordinate the efforts of the housing, banking, and human service volunteers who help conduct the workshops attended by all shelter guests.

Volunteers participate in many aspects of shelter operation. A volunteer coordinator handles recruiting, regularly contacting local church groups and community organizations. Volunteers receive orientation, training, and a pocket-sized handbook that offers general information, guidelines for volunteers' shifts, and rules for shelter guests. Some former shelter residents have become volunteers and even staff members.

Funding

The Consortium needs to raise more than $1,000,000 each year for its general operating, rehabilitation, and acquisition funds. Fortunately, the Consortium has been able to develop numerous funding sources, including churches, private foundations, corporations, and established agencies such as the United Way of Santa Clara County. The Consortium also solicits money from public sources—city loans, state grants under California's Emergency Shelter Program (see page 38), and HUD Community Development Block Grants—to purchase housing, rehabilitate shelters, and provide bus transportation. In-kind donations and extensive volunteer support from the private sector have made it possible to keep daily costs down to $8 per resident.

Funding for Fiscal Year 1986-1987 comes from the following:

Community donations	$350,275
Government grants	$427,447
United Way	$141,319
Program service contributions	$194,950

The community donations include $100,000 in volunteer time and

$100,000 to $200,000 in supplies and professional consultation. Donations from corporations have included furniture, trees and shrubs, computers, carpeting, paint, and storage space. Corporations have also provided the labor to perform many tasks. The program service contributions include money from guests in the Bed and Breakfast and Transitional Housing programs as well as contributed guest labor.

Results and Impacts

Every day the Consortium shelters a larger proportion of the area's homeless population. When the program began, it sheltered only one out of four homeless people. Now the proportion is two out of four, despite a rise in the total number of homeless. From July 1985 through June 1986, the Consortium sheltered approximately 5,000 people, and half of the adults were currently or recently employed. During the same year, 262 families successfully made the transition into permanent housing.

Other results: The Santa Clara County Department of Social Services has been able to reduce the number of children placed in emergency foster care, saving money for the state (more than $50,000) and relieving stress for many children. And outreach efforts in tenant education have led to cleaner apartment complexes and some drop in crime.

During 1987, the Consortium will open a Homelessness Resource and Learning Center to provide technical assistance to organizations serving the homeless and those interested in duplicating the Consortium's model of service provision. The Center also plans to publish and distribute a newsletter, statistical analyses, surveys, and guides to shelter programs.

Success and Replicability

Innovations in the Consortium's shelter system—such as programs for homeless children and the Bed and Breakfast program—together with the quality of its services, encourage funding sources to renew their commitment to the Consortium. Word of the programs has spread. Cities and counties now call on the Consortium for resources and technical assistance in opening shelter programs.

Some of the program's key concepts can be replicated in many parts of the country. Communities may choose to replicate a single component, such as the computerized network of housing information, or they can adopt a group of components like those serving families and children at the Family Living Center. Some may even wish to adopt the entire Consortium shelter model to provide comprehensive programming for both immediate and long-term needs of the homeless.

State of California

Emergency Shelter Program

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The State of California's Emergency Shelter Program makes grants to non-profit organizations and local government agencies that provide temporary shelter to California's homeless. ESP funds are state funds. The purpose of the grants is to assist existing shelter providers in acquiring, maintaining, expanding, and stabilizing their operations. The grants are recommended by 64 local boards composed of representatives of public agencies and private organizations and administered by the state. The Emergency Shelter Program encourages a search for private funds and provides technical assistance to grantee organizations. In three rounds of funding since 1983, the program has provided 207 grants totaling $13.6 million; these have been matched by $16 million in private and local government funds. These awards are providing 5.6 million nights of shelter for California homeless persons.

Background

In California, an estimated 50,000 to 75,000 people are without shelter each day, including single men and women, single- and two-parent families, victims of abuse (including women, children, and the elderly), veterans, youth, the mentally and physically disabled, and victims of catastrophic diseases such as AIDS or cancer.

The homeless population reflects the state's geographic, ethnic, and socio-economic diversity. In remote rural areas, homeless people include migrant workers and unemployed timber, fishery, and farm workers. In major urban areas, they include people who have been discharged from mental institutions, are chronically indigent, or are the victims of factory closings and layoffs. In both urban and rural areas, numerous homeless persons do not speak English and may speak only a single Philippine, Central American, or Vietnamese dialect.

More than 500 agencies—nearly all nongovernmental—continuously provide shelter to the homeless in

California. Their financial support comes from a variety of public and private sources—religious and secular charities and agencies, foundations, corporations, individual contributors, and allocations from municipal and county budgets.

Federal support for shelters derives primarily from the Federal Emergency Management Agency (FEMA), which is charged with ensuring that communities can respond to both man-made and natural disasters. In five funding rounds FEMA has given California $47 million for emergency food and shelter programs. Forty-eight regional FEMA boards—known as Local Boards for the Emergency Food and Shelter National Board Program—distribute the funds allocated under this program. The fund allocations formula is based on numbers of persons unemployed and living in poverty. The money is used for food, small rehabilitation projects, and vouchers for housing some homeless people in hotels, motels, and apartments.

The Program Begins

In 1983, because the number of homeless continued to outstrip shelter capacity, the California Legislature passed a bill authorizing grants to local shelter providers for needs not covered by existing public and private funds. The California Department of Housing and Community Development was charged with administering this Emergency Shelter Program (ESP). The state program was designed to complement and expand the successful FEMA program, using only state funds. ESP sought to increase the capacity of existing shelters while taking account of the diversity of the homeless population and of local needs and resources.

To assist existing shelter programs and to increase the number of shelter beds, legislators gave priority to major shelter development—"hard costs"—and provision of new shelter beds. Seventy percent of funds were targeted for hard costs and 30 percent for "soft costs" such as program operation.

Program designers asked shelter providers to identify specific activities falling within these categories that they thought most needed funding. Under hard costs, they identified site acquisition, shelter rehabilitation and expansion, and equipment. Soft costs they wanted funded included rent vouchers, one-time payment of rent to prevent eviction, certain program costs, and grant administration. This list—fleshed out and slightly modified over the course of the program—constitutes the basic blueprint for funding under the program.

Site acquisition. An organization can use the funds to purchase or lease land; to buy existing buildings or buy modular units and move them to the site; to pay for architectural or engineering costs; and to pay for title escrow and other closing costs, including property taxes.

Rehabilitation and expansion of shelters. The grant can pay for materials, labor, local government fees, and architectural and engineering costs.

Equipment. This includes only essential items like furniture, bedding, cooking and eating equipment, heaters, stoves, refrigerators, and bathroom fixtures. It does not include radios, television, and recreational equipment.

Shelter vouchers. These can be used to obtain temporary hotel, motel, or apartment accommodations.

The Harbor Interfaith Shelter in San Pedro is a 21-unit apartment building funded with $155,000 in ESP dollars. The shelter contains 3 one-bedroom apartments and 18 bachelor units. It offers emergency or transitional housing for temporarily homeless individuals and families.

Emergency Shelter Program

The formerly homeless Davis family is now stabilized at the Harbor Interfaith Shelter, where the young couple are night supervisors. Paula is intake counselor at the shelter, and Dennis is returning to vocational school to complete an electronics training program. The family rents its apartment from the shelter, which received $155,000 in ESP funding.

One-time payment of rent. Grant money can be used for one month's rent to prevent eviction caused by unemployment or loss of government assistance.

Program costs. A grant may cover utilities, maintenance, or staff providing direct client services.

Grant administration. A maximum of five percent of the grant amount can be used to pay for such items as office space and supplies, telephones, printing, and mailing.

Person Shelter Days

The program designers devised a simple numerical device to allow them to measure the anticipated and actual effects of the new funding. Prospective grantees are asked to estimate the number of additional "person shelter days" the new site, equipment, or vouchers would make possible. A "PSD" is one day and night of shelter for one person. An overnight stay for a family of four, for instance, constitutes four PSD's. The estimate includes a vacancy factor—say 90 percent—to accommodate family size and seasonal variations. After the grant money has been used, shelter providers report the actual number of PSD's provided.

The system was adopted because it encouraged cost effectiveness, fairness in comparing applications, and uniform accountability, while allowing for flexibility in the way each organization would use its grant to accomplish its PSD goal. Each grantee is committed by contract to provide the proposed PSD's. Award disbursements—with allowances for start-up and construction predevelopment time—are based on actual PSD provision. California has also found the PSD to be a particularly useful measure in reporting to the governor, the legislature, interested providers, and advocates for the homeless.

Matching Funds

One of the goals of the Emergency Shelter Program is to encourage even greater use of private sector funds. Priority is given to grant applicants who obtain matching funds totaling at least 25 percent of the ESP grant. The funds can be in the form of cash, equipment, or services, including donated professional services, unpaid staff time of salaried shelter staff, and out-of-pocket expenses of volunteers. Volunteer time is not considered an eligible in-kind contribution.

As it turned out, the 25-percent minimum has been very conservative. During the first three years of the program, grant recipients have far exceeded the minimum. Indeed, some grantees have succeeded in developing matching resources that were higher than ESP's grants. The three-year match average is 117.4 percent.

Local Board Involvement

ESP determined that every area in the state required some type of assistance and identified 64 regions to receive ESP funds. Each region was allocated a portion of the total ESP appropriation using a formula similar to FEMA's (the number of persons unemployed and in poverty). The minimum regional allocation goal was set at $10,000. Unused portions of regional allocations would revert to a statewide pool to be used by the state for serious, immediate unmet needs.

The maximum grant for a single provider is $250,000 or the region's allocation, whichever is smaller. To be sure that the state funding would have a substantial impact on a shelter provider's effectiveness in meeting homeless needs, ESP established some minimum amounts for individual grants. For instance, in regions in which the allocation is between $50,000 and $100,000, only two grants are made, at least one of which is for $50,000 or more

The state authorized local boards representing shelter service providers— both public and private—to review applications and recommend award of the funds allocated to each region. In regions that already had local FEMA boards, ESP used these boards instead of creating new ones. The experienced FEMA boards have established credibility and are considered to represent all local interests impartially The use of the FEMA structure would also promote consistency. ESP staff helped each jurisdiction establish its local board or modify its FEMA board membership to ensure adequate representation of shelter providers.

Board members are volunteers drawn from local government and social service organizations, shelter care providers, charitable and nonprofit organizations, government officials, labor organizations, housing authorities, homeless coalitions, and various construction and development trade organizations. Each board is convened by a private sector representative.

The local boards solicit applications from shelter providers in their area and offer the applicants technical assistance in completing the forms. Two or more boards sometimes work together to consolidate their work responsibilities and allocations

To be eligible for ESP funds, an applicant must be a nonprofit or local government agency that currently provides temporary shelter (that is, shelter for no more than 60 days or up to 180 days for the mentally or physically handicapped) The shelter must not discriminate or require payment or participation in religious activities as a condition for receiving shelter. It must provide onsite or accessible counseling to help clients obtain income and permanent shelter, and it must meet all local government standards regarding the physical facility and access by the handicapped

The local board reviews each application and determines eligibility according to type of activities to be funded, completeness of the application, administrative costs, type of services being provided, and nature of the agency or organization requesting funds. The board prioritizes the applications according to rank score and submits them to ESP for review. This process, from announcement of the availability of funds to the submission of the ranked applicants to ESP, takes approximately 80 days. The ESP review takes another 45 days.

Funding the Projects

The main thrust of ESP funds has been to provide the "glue" to generate a program or hold an existing program together. For example, several projects have been awarded funds to make structural changes which otherwise would not have been made.

Other projects have used ESP funds to provide beds while one facility is closing and another is opening. Still other projects, which have funds committed to developing beds, use ESP funds for operating costs. Especially in remote rural areas, the use of ESP vouchers and one-time rental payments is critical.

In making the final awards, the state considers the region's economic status, living costs, and funding resources. Rural areas have received grants averaging $16,000, while grants in metropolitan areas like Los

To prevent warehousing homeless persons, California's Emergency Shelter Program requires shelters that receive grants to provide comfortable surroundings and support services. Shown here is the elementary school classroom that the Emergency Housing Consortium of Santa Clara and San Mateo Counties provides in one of its family-oriented shelters. ESP granted $430,000 to the Consortium for program support, rehabilitation, and site acquisition.

Emergency Shelter Program

Angeles and San Francisco have averaged $95,000. Overall, grants have averaged about $66,000, matched by private funds of $77,000.

ESP has completed three rounds of funding so far. In the first round, 30 grants totaling nearly $2.7 million were made. Two subsequent rounds provided $5 million each. Since its inception in 1983, ESP has provided 207 awards totaling $13.6 million, and it has generated an additional $16 million in matching funds, equipment, and services.

ESP funds have resulted in the provision of 5.6 million person shelter days. This figure represents roughly a third to a half of the shelter beds in the state, or 6,000 out of 15,000 beds.

Staff Responsibilities

The Emergency Shelter Program staff in Sacramento, the state capital, consist of eight people in the State Department of Housing and Community Development, including five housing development specialists, a fund disbursement officer, and two persons who provide secretarial support. They have prepared detailed manuals to help potential grantees gather and document the information the state needs to make funding decisions and administer the contract. The staff conduct regional workshops for applicants at the beginning of each round of funding to explain program policies as they affect each region. They also organize and train local boards.

Staff help shelter care providers go through the complex process necessary for hard-cost activities. ESP helps grantee organizations estimate costs, prepare requests for bids, and negotiate multi-source financing packages. They help them bring facilities into compliance with codes and regulations and work out procedures for managing the projects. To accomplish this, ESP staff lead workshops for local board members and shelter providers and provide extensive telephone consultation. This technical assistance has contributed to success in implementing major development projects; 87 percent are on schedule or have been completed.

The information ESP staff gather on the extent and characteristics of the homeless population in the state forms the core of a research library that helps policymakers improve their strategies for combating homelessness.

This five-bedroom house in a San Francisco Bay area residential neighborhood serves as shelter for women and children, including abuse victims. It is operated by a nonprofit group, United Filipinos of the City of Alameda, using a $68,775 grant from the Emergency Shelter Program. Another $90,000 was raised in local funds.

Success and Replicability

California's Emergency Shelter Program shows how state funds can be used effectively and efficiently to complement—but not duplicate—existing public and private efforts to assist the homeless. The program's emphasis on funding long-range development and on making grants that are substantial enough to have an impact has led to tangible, visible results. The use of local boards to distribute the funds ensures local decisionmaking and accountability.

Other states that wish to adopt the ESP model can take advantage of California's experience. Over the first three years of funding, program staff in Sacramento, in cooperation with local boards and shelter providers, have hammered out guidelines, procedures, and forms necessary for implementing all the steps in this state and local partnership. States interested in launching similar programs could build on this effort; they need not start from scratch.

The Emergency Shelter Program is a joint public-private sector venture that provides for minimum state involvement and maximum local decisionmaking. It focuses on problems or issues that have a major long-term impact, and it provides for accountability and maximum benefit to the shelter care providers, the state, and the homeless themselves.

Self-Supporting Multi-Client Service

The Volunteers of America in El Cajon, San Diego County, acquired and renovated a commercial site for a self-supporting, multi-use shelter. Seven beds in individual rooms are used by paying clients enrolled in an independent living program. The remaining beds are divided into separate women's and men's dormitories providing temporary shelter. Income from the independent living accommodations pays for nearly two-thirds of all program operating costs.
Award: $200,000 for site acquisition and rehabilitation.
PSD's: 27,728.

Elevator Repair Saves Beds

Repairing an elevator enabled the 324-bed Weingart Center in the Los Angeles Skid Row area to continue providing temporary shelter on two of its six floors. The center provides onsite medical care, seven-day-a-week mental health services, a detoxification program, and transitional housing accommodation.
Award: $157,500 for rehabilitation.
Total PSD's: 333,756.

Coordinated Local Government Services

The Fresno Housing Authority used an ESP grant as downpayment on a 32-unit apartment house. The county welfare department rents all the units to house homeless families, and it provides the families (as necessary) with food, transportation, clothing, and intensive counseling. The rent underwrites the mortgage balance and some rehabilitation costs.
Award: $250,000 for acquisition and rehabilitation.
PSD's: 40,880.

Decentralized Urban Consortium Uses Computers, State Surplus Land

The six-shelter Emergency Housing Consortium in Santa Clara and San Mateo Counties uses a computerized resident reservation system to eliminate waiting lines at shelters and to identify low-cost rental vacancies. The main shelter occupies several centrally located, unused, state-owned buildings.
Awards: $430,116 for program, rehabilitation, acquisition, and equipment.
Total PSD's: 263,810.

Shelter for the Homeless With Special Needs

The Episcopal Sanctuary in San Francisco avoided facility closing by replacing unsafe and deteriorating furniture and equipment at a 120-bed facility that assists exclusively the elderly and mentally and physically disabled.
Award: $48,493 for equipment.
Total PSD's: 39,480.

Help for Homeless Disabled

In Orange County, the Dayle McIntosh Center acquired, rehabilitated, and equipped a large single-family home to provide a full range of client services and shelter to physically disabled homeless persons.
Awards: $40,800 for site acquisition, equipment, program, and one-time rent to prevent eviction.
Total PSD's: 7,901.

Lydia Bundy (top left), Deputy Director of the Emergency Shelter Program, visits the House of Ruth in Los Angeles during snack time. The House of Ruth is a single-family home shelter for women and children. It received $100,000 in rehabilitation funding from ESP.

Americus, Georgia

Habitat for Humanity

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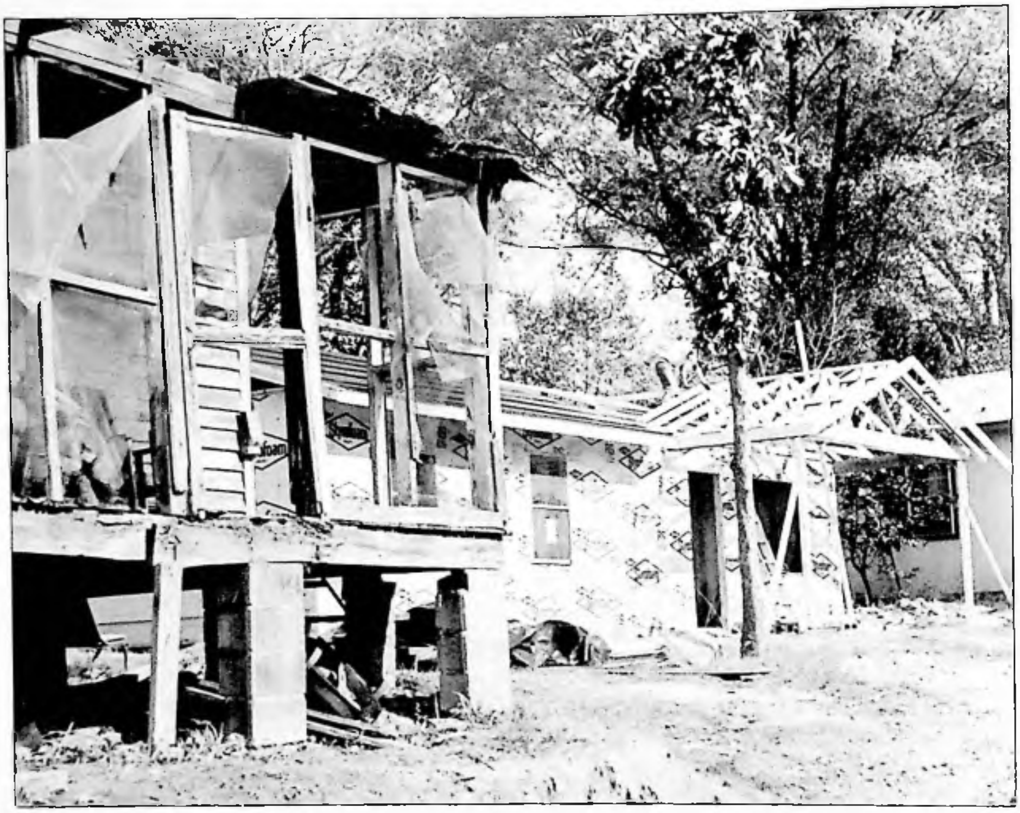


Habitat for Humanity is a nonprofit international organization headquartered in Americus, Georgia, dedicated to building and renovating houses for low-income people in many communities in the United States and overseas. Habitat uses no public funds, and construction is done largely by volunteer and self-help labor. The organization is supported by contributions from individuals, corporations, and churches. In the United States each local Habitat project raises its own "Fund for Humanity" to finance local construction and provide no-interest mortgages to the new homeowners. Habitat for Humanity's overseas projects are also locally directed, but funds and some volunteer help are supplied by the U.S. organization.

Roots in Georgia and Zaïre

Habitat for Humanity's roots are in rural Georgia, in the deep South. In 1968, Millard Fuller—a lawyer, entrepreneur, and near-millionaire—having radically reassessed his personal and religious priorities and divested himself of his wealth, settled with his family in Koinonia Farm, an interracial farming community near Americus, Georgia. Members of the community sought to live as the early Christians did, sharing their resources and working together for the common good.

With the community's founder, the Rev. Clarence Jordan, Fuller determined to tackle the squalid housing conditions of the poor in Sumter County. They formed a plan to build homes near Koinonia Farm and to sell them to the poorest people in the county. They would raise a pool of money—a "fund for humanity"—from contributions of churches and individuals and from shared profits in Koinonia's farming operations. The houses would be sold at no profit to people who would be given long-term, no-interest mortgages. As monthly mortgage payments came in, the money would go back into the fund for humanity to build more houses. The first group of 27 homes, called Koinonia Village, was completed in 1972 and, with the infusion of more money and participants, a second group of 32 homes was later built.

In 1973, the Interdenominational Church of Christ of Zaïre invited Fuller and his family to test if what was being done in Sumter County could be done in other parts of the world. The family moved to Mbandaka, Zaïre, and with a $3,000 donation from Koinonia Farm, started a Mbandaka fund for humanity. Habitat leaders were able to persuade the local government to give the church enough land for 114 houses right in the center of the city, on a strip that had stood empty because it served as a buffer between the homes of white settlers and those of black townspeople.

Three years later, 114 houses were under construction, 56 more were laid out on an adjacent parcel of land, and a new project was planned in a neighboring village. A National Habitat for Humanity Committee was formed in Kinshasa, the capital, to coordinate the projects. Today Zaïre has 551 new homes, financed by the Fund for Humanity and built with self-help and volunteer labor. The movement has spread throughout Zaïre, to other African countries, and to countries in the Caribbean, South America, and Asia.

Habitat for Humanity Is Formed in the U.S.

Fuller returned to the United States and joined with colleagues to extend the Habitat movement to other parts of the United States. In San Antonio, Texas, several people joined to form the San Antonio Fund for Humanity, an incorporated, independent nonprofit organization. The group raised money from individuals and churches to build a house on an inner city lot it had bought for $1,376. They worked up a slide/tape show about the proposed project and made presentations to local churches and community organizations to raise funds and recruit volunteers. Support grew slowly but steadily. The group selected Ernesto and Sylvia Torres, who had been living with their four children in a nearby three-room shack, to be the homeowners.

A local contractor obtained materials at the lowest possible price, and work crews including the family and volunteers spent nearly two years building a sturdy, three-bedroom brick-veneer house for a total cost of $16,700. The Torres family made a downpayment of $400, and the San Antonio Fund for Humanity gave them a long-term, no-interest mortgage. Their monthly payments were $50; taxes, insurance, and utilities cost another $35 per month. Over the next couple of years, the family added a fence, grass, trees, and flowers, and joined volunteers working to build the second San Antonio Fund for Humanity house.

The international Habitat for Humanity, Inc., was officially incorporated in 1976 with headquarters in Americus, and the San Antonio experience set the pattern for scores of other projects throughout the United States.

Although Habitat for Humanity derives its inspiration from the Christian gospel and much of its funding from Christian denominations, local churches, and individual church members, it is not affiliated with any specific denomination, and has participants of many religious persuasions.

Steps in the Local Process

Local U.S. projects, like that of San Antonio, are called "affiliated projects." They raise their own funds and assume responsibility for recruiting their own volunteers, with the Americus headquarters staff providing leadership, coordination,

Millard Fuller founded Habitat for Humanity 15 years ago to help poor people build decent homes for themselves. He still directs the nonprofit organization which raises money and recruits volunteers for a worldwide operation that currently includes 170 U.S. communities and 18 foreign countries.

Habitat for Humanity

In Americus, Georgia, site of Habitat for Humanity headquarters, volunteers—including former President Jimmy Carter—help erect a new home for one of the area's very-low-income families. Americus is also the site of Koinonia Farm, an interracial community where the idea for Habitat for Humanity was first conceived.

technical assistance, and a national identity and image.

To start an affiliated project, a local group submits a detailed plan to the Habitat for Humanity board of directors in Americus. The plan includes information on the proposed site, construction or rehabilitation design, estimated cost, in-kind services to be obtained, number of volunteer hours, and mortgage repayment arrangements.

The members of the board of directors in Americus approve projects they judge to be viable and in accord with the Habitat goals and operating principles that were developed in Koinonia, Zaïre, and San Antonio. A partnership is then formed between the national organization and the local Habitat project.

The Covenant

The local Habitat for Humanity is guided by a "Covenant," the basic moral—not legal—agreement between the local project and Habitat for Humanity, Inc.; it contains six principles, or requirements, each local group must meet:

- The local board of directors should be an ecumenical committee composed of representatives of participating churches.
- The local Habitat must not make a profit on construction or charge interest on mortgages.
- Homeowners must be selected through a nondiscriminatory process.
- Habitat-built homes must be simple, decent, and safe, and their cost should be within the means of low-income families.
- Homeowners' mortgage payments must revert to the local Fund for Humanity, to be re-used for building or renovating more houses.
- The local project must maintain financial records and make them available for annual inspection.

Some of these requirements, such as those regarding the governing board membership, the selection of recipient families, and the cost-conscious approach to construction, are common to many housing organizations. Others merely ensure that the sometimes inexperienced local organization adheres to sound managerial practices. Every local Habitat organization must be prepared to "stay in business" many years, if only to manage the long-term mortgages to recipient families.

Other principles, like the prohibition against making a profit on the house or charging interest on the mortgage, have attracted considerable attention because they are important departures from general practice, even for nonprofit organizations. From the outset, Fuller and his colleagues were aware that their organization did not "fit" into the normal mold of grass-roots organizations dedicated to creating low-income housing.

They were determined to maintain their independence and so adopted another prohibition which, although not spelled out in the Covenant, is equally important to the organization: No government funds will be requested or accepted by Habitat for Humanity or any of its local affiliates. Habitat makes a distinction, however, between the house and the surrounding streets, sewers, and sidewalks, which are considered to be government responsibilities and may therefore be paid for with public funds.

Within this stringent operating framework, local groups nevertheless have a good deal of latitude in the kinds and scope of the projects they undertake. Some projects involve all new construction while others focus on rehabilitation of existing housing. Projects range from building a single home in a single town to building entire subdivisions or rehabilitating large apartment houses and turning them over to cooperative ownership.

The Fund for Humanity

The Fund for Humanity forms the core of each local Habitat project. It is the source of all construction funds and homeowner mortgages. Each locality is responsible for raising money to build the fund and for receiving the mortgage payments after the new owners take possession.

The money comes from many private sources. The local Habitat board may ask participating churches to enter the Habitat project into their annual budgets, or it may issue a general appeal for funds to churches, local charities, and private individuals in the community.

Although each Habitat must raise a critical mass of money before it can undertake a project, much fundraising takes place as volunteers are recruited and even as construction is in progress.

A Helping Hand

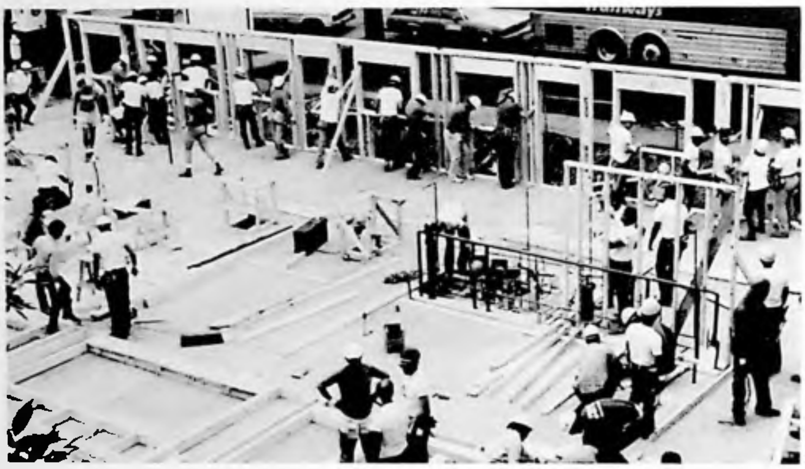
Once the local board has acquired the land for the new home, or the building to be renovated, it selects a beneficiary family or group of families. The process differs from site to site. In small, closely-knit communities, families in need are already known and may indeed have sparked the formation of the local Habitat group. In large cities, Habitat taps a network of churches, social service agencies, and other institutions for names of candidate families.

The final decision, in the end, is based on both need and economics. Ironically, while Habitat for Humanity is designed to serve those whose shelter needs are the greatest—the very poor—it cannot build houses for people who have no income at all or who cannot afford even the small monthly payments on Habitat's no-interest mortgages.

Habitat offers people "a helping hand, not a handout." From its roots at Koinonia Farm, Habitat organizers have emphasized self-help and homeowner independence. Homeowners pay for their houses by taking on a mortgage obligation to repay the Fund for Humanity's cash outlay, even though Habitat adds no profit and charges no interest.

The no-interest mortgage follows the Biblical injunction against usury, but it is also a very effective way to keep mortgage payments within the reach of the people Habitat most seeks to help. Fuller and other Habitat leaders acknowledge that inflation is likely to diminish the actual value of the payments over time, but they say the loss is offset by increased giving as more and

The banners and balloons celebrate Habitat for Humanity's completion of an ambitious rehabilitation on New York City's Lower East Side. Nineteen low-income families can now move into new duplex apartments in this formerly abandoned, vandalized building. The renovation took two years to accomplish, with each of the families contributing more than 500 hours of labor. The families received 20-year, no-interest mortgages to pay for the apartments.



On Chicago's West Side, approximately 150 volunteers converged on an open, vacant, littered lot in July 1986. The Chicago volunteers, including several dozen building trade apprentices who volunteered through the Chicago Building Trades Council, were joined by some from Georgia and a handful of Federal prisoners, released temporarily through a prison ministry effort. The prospective new homeowners also labored many hours to transform the vacant lot into four single-family homes. Within two weeks, the job was done.

For Arbie Nelson, who had been paying $400 rent in a condemned building that had a collapsed porch, rats, and no gas or water, the volunteers were a welcome sight. "I'm in a hole," she said, "but I'm coming out of the hole when I move." The monthly mortgage payment on her new five-bedroom home would be $250. For the first time she and her children would have a decent place to live.

more people are moved to contribute to a venture that puts decent housing within reach of the very poor. To lessen inflation's impact, however, Habitat encourages families to repay their mortgages early if they can.

Participating families help choose a house design to meet their needs and do much of the construction themselves through "sweat equity"—whereby they commit a stipulated number of hours of their own labor to get the job done. The actual number of sweat equity hours varies from project to project, as does the type of work to be performed and its timing. These arrangements are worked out between Habitat organizers and beneficiary families. Hundreds of hours of sweat equity labor are essential to keep costs down.

Habitat is constantly searching for materials and methods that can further reduce costs. Homes are built using techniques and materials that are appropriate to the region. The houses are simple, sturdy, and comfortable, but they have no frills.

Probably the most effective way Habitat projects cut costs is by minimizing the number of paid workers through the use of volunteers. Wherever possible, Habitat projects recruit volunteers with construction skills—architects, plumbers, electricians, concrete workers. These, together with paid contractor staff, work alongside novice volunteers and homeowners.

Because of its emphasis—indeed dependence—on volunteer help, construction of Habitat projects can sometimes be slow. The progress is often accelerated, however, by the infusion of entire volunteer work camps made up of students and other young people, members of other organizations, and even furloughed prisoners.

Volunteers from the American Jewish Society, for instance, toiled for several weeks on a construction project in Amarillo, Texas. Another organization, World Vision, funds the Prison Fellowship program whereby all over the country groups of Federal prisoners are furloughed for one to two weeks and housed in local homes so they may join Habitat construction crews. And through a local arrangement in the Mississippi Delta, state and county prisoners are released each morning to work on a Habitat house and return to their cells in the evening.

Thus volunteers form the backbone of Habitat's enterprise. Their number and variety—both for local projects, for Americus headquarters, and for overseas work—has often been marvelled at. Volunteers are of all ages and from all walks of life—blue-collar and white-collar workers, professionals, students, housewives, retirees. The call to offer time and labor to help others, while proclaimed from an unabashed Christian perspective, finds a broad response both inside and outside the Christian community.

Tithing

Another Biblical practice that permeates Habitat's operation is the tithe—the giving of a proportion of one's income to help others—traditionally one-tenth. In the first local Habitat in San Antonio, some families pledged 10 percent of their house payments, and a realtor pledged 10 percent of his commission. Their examples have been followed in many other communities.

In most localities, the new recipient homeowners themselves tithe their labor by contributing a certain number of hours to the construction of a neighbor's house. The proportion of hours varies but is generally substantial.

Overseas Projects

One-tenth of each local Fund for Humanity is designated for building houses in other countries. Since the average cost of a house overseas ($2,400) is one-tenth of the cost of a Habitat-built U.S. house ($24,000), funds raised in the United States to build one house actually build two.

Today, Habitat is building homes in Zaïre, Kenya, Uganda, Malawi, Burundi, Zambia, Tanzania, Papua New Guinea, India, Haiti, Nicaragua, Guatemala, Peru, Bolivia, Canada, Costa Rica, the Dominican Republic, and the Philippines. Projects in these countries are called "sponsored projects" because Habitat for Humanity assumes funding responsibility and provides some of the volunteers. The projects are nevertheless started and run by local leaders.

Habitat Headquarters in Americus

Direction for all U.S. and overseas projects takes place from Americus. Since U.S. projects are self-supporting, both in terms of funds and volunteers, a substantial proportion of the Americus operation is devoted to funding and staffing overseas projects.

Work camp volunteers find themselves at home with hammer and nails as they join in the building of another Habitat home. Summer work camps provide opportunities for students, teachers, retirees, and other volunteers to participate in building simple, sturdy homes for families that lack decent housing. They work side by side with professional construction workers and the new homeowners.

Habitat for Humanity

Members of the Bowens family stand in front of two homes—the shack in Georgia that used to serve as shelter and the brand new house Habitat for Humanity designed and helped them build. The stark contrast is typical and indicates the magnitude of change brought about by Habitat projects.

Habitat for Humanity is governed by a board of directors currently led by Dr. David Rowe, pastor of the First Baptist Church in Melrose, Massachusetts, and is composed of 25 U.S. and overseas members. It includes former President Jimmy Carter and Atlanta Mayor Andrew Young. Habitat has also established 11 regional centers in the United States as well as a Canadian office.

The 42-member paid headquarters staff, directed by Millard Fuller, has responsibilities for national and international operations, volunteer services, financial services, development, media, overseas orientation, computer operations, facility services, and construction. They provide technical assistance in all these fields to both affiliated U.S. projects and sponsored international projects.

A support staff of 56 "stipend volunteers" assist the professionals in all aspects of the administration of the worldwide venture. Stipend volunteers commit to work at least 40 hours a week for a minimum of a month. They live communally in the volunteer housing Habitat provides and receive a stipend of $20 a week for food and other expenses.

In 1985, Habitat raised $5.5 million, double the amount raised just two years before. Contributions made directly to local projects constitute half this amount, the rest was raised by national efforts and is used to fund overseas projects, recruit and train national volunteers, and provide technical assistance for U.S. projects.

Currently, Habitat's U.S. projects extend to 170 towns and cities across the country and to rural villages and urban areas in 18 overseas countries. Worldwide, new homes are being built at the rate of three a day. The number of people assisted has grown steadily, as has the amount of funding. By the end of 1986, local Habitat groups had built or renovated houses for 2,500 families.

A Pebble in a Pond

Despite these accomplishments, Habitat's success in replacing shacks and tenements with decent homes is modest when measured against Fuller's vision of providing "a decent house in a decent community" for all people.

Yet Fuller and other Habitat leaders don't use normal yardsticks to measure progress. Fuller speaks of each local Habitat project as "a pebble in a pond." The pebble makes only a tiny splash, but the ripples go out into ever widening circles.

He and his colleagues have tremendous faith that, given an example and the right incentive, more and more people will help each other until the world is changed.

The Volunteers

- At 82, Ellen Studley, a retired missionary, traveled by bus from California to Americus, stayed six months, and returned twice for short periods to write press releases and other promotional materials.
- The Duponts and their two children went to Americus from Laconia, New Hampshire. For nine months, the husband worked as a building crew foreman and his wife assisted in the office.
- Wallace Braud, learning about Habitat in 1982 when he was producing a program for the Episcopal Radio Television Foundation in Atlanta, volunteered to go to Americus to start a media department that would produce brochures and audiovisual presentations about Habitat. After two years as a volunteer, he became a paid staff member. His wife edits the newspaper *Habitat World*.
- Habitat "gypsies" Jack and Lois Wolters of Tryon, North Carolina, retired early and spent many volunteer hours in their local affiliate, Thermal Belt Habitat for Humanity. Now they travel around the country in their trailer to work on one local project after another. They have worked in at least 23 locations and are still going strong.

Omaha, Nebraska

Holy Name Housing Corporation

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Holy Name Housing Corporation is a nonprofit housing development company founded in 1982 to restore homes in the Holy Name Catholic Church parish neighborhood in Omaha, Nebraska. Its purposes are to revitalize the neighborhood through the restoration of deteriorated housing, provide homeownership opportunities for low-income families, and offer employment opportunities to unemployed adults and youth. To date, Holy Name has rehabilitated 24 houses, conducted approximately 200 home improvement jobs for neighborhood homeowners, and created a million-dollar low-interest mortgage loan pool. Its success can be attributed to a partnership of the church, the community, the city government, and the private sector.

The Community and the Corporation

Holy Name Housing Corporation (HNHC) serves a Northside Omaha neighborhood of nearly 5,000 homes sheltering about 14,000 people. The area is several miles north of the downtown area but well within the city boundaries. Holy Name Catholic Church has been in existence for nearly 65 years; during most of that time, the neighborhood was stable, working class, and white. Families passed homes on to children or helped them to buy starter homes nearby. Few homes had to be advertised for sale beyond the neighborhood, and some young families waited months, if not years, for an appropriate home to become available. During the 1950's, Holy Name parish had 1,800 families.

In the early 1960's the Holy Name neighborhood entered a period familiar to many urban neighborhoods. While older parishioners remained in the neighborhood and loyal to the church, younger families began to acquire suburban homes and move out of the city. Increasingly, low-income families and minority-group members acquired the housing.

Today, the neighborhood is 50-percent minority (mostly black). Nearly one out of every five persons has an income below the poverty level, and the median family income is only $16,000, compared with $20,000 for the city as a whole. Fourteen percent of the families receive public assistance, double the rate for the City of Omaha.

For the most part, the neighborhood consists of single-family homes built of wood or brick prior to 1960. HNHC's own survey found that nearly 40 percent of the structures were in fair or poor condition, that owner occupancy had dropped, and that about 150 units were vacant. In its First Annual Report in 1982, HNHC stated that "there has been a gradual deterioration in the housing stock, in the environment and in the public facilities such as streets, sidewalks, sewers, parks, etc., on the East Side of our parish. The physical environment is quite rapidly reaching a point where continued neglect will result in the destruction of our neighborhood and parish."

In 1980, the church's Men's Club bought a nearby house that was a neighborhood eyesore, fixed it up, and sold it as a way of making money. From that first money-raising venture, the idea for a neighborhood improvement effort was developed by three men associated with the church.

In February 1982, a house at 4460 Emmet Street was donated to the church. In the next two months, the Holy Name Housing Corporation was formed, and it purchased the house from the church. A religious organization provided a $10,000 loan to fund the house's renovation, performed mostly by volunteers. In November, HNHC sold the house for a profit of $9,000. By the end of that year, HNHC had purchased 3 more houses, and by the spring of 1986, it had rehabilitated 20 houses, completed a multi-family rehabilitation for the Redemptorists in St. Louis, and established a million-dollar mortgage loan pool.

Because of what HNHC has accomplished, one has a different picture driving through the neighborhood today. Deteriorated homes are still evident, but next door to undermaintained houses are homes with new siding, paint, shingles, and windows. Holy Name Housing Corporation's efforts are visible, and the psychological effects are also apparent.

Structure and Operations

While Holy Name Housing Corporation is best known for its single-family home rehabilitations, it set broader goals:

1. To improve the Holy Name area by buying vacant, rundown homes in the neighborhood, rehabilitating them, and selling them to new homeowners.

2. To hire unemployed young people and train them in construction skills.

3. To provide ownership opportunities for low- and moderate-income families.

The Corporation operates under the direction of a three-member board of directors, now composed of directors of the Redemptorist Fathers of Nebraska. This particular organization developed because of the increasing difficulty of obtaining directors' liability insurance for private individuals. The board of directors has the power to appoint or remove the executive director, to approve the budget, and to make any changes in the corporation or bylaws.

To expand the base of advice and support, in 1983 HNHC decided to add an advisory board composed of neighborhood people, business persons, and representatives of major funding agencies. The advisory board meets quarterly and performs all program planning and advisory functions.

Two paid staffers have responsibilities for day-to-day activities—the executive director (Father Don Neureuther) and the director of rehabilitation (Ed Vaughan). Another key staff role has been filled by Sister Marilyn Ross, who organizes fund-raising and performs other administrative functions.

The Programs

HNHC first concentrated on single-family home rehabilitation, and this activity remains its largest. Other components—home improvement contracts with private owners, a neighborhood employment program, multi-family rehabilitation, and loan packaging and counseling—evolved as needs and opportunities arose.

Holy Name Housing Corporation

The renovations have provided on-the-job training to scores of young people in the summer and unemployed persons year-round.

Single-Family Home Rehabilitation

The rehabilitation crew can work on about four houses at a time; the average house takes two to three months to rehabilitate.

A typical rehabilitation includes a new hot water tank, wiring, and heating equipment if needed; a new kitchen and bathroom; carpeting; interior wall finishes; siding or painting of the exterior; roofing; storm windows; and decks or other exterior work that improves appearance and adds to resale value.

Although each project is different, the following figures are typical for a house HNHC rehabilitates and sells:

Acquisition price:	$ 6,000
Rehabilitation and related costs:	$23,802
Sales price:	$29,950

HNHC acquires each property with the intent to make a profit while keeping the sales price below $30,000. Unlike a homesteading program, in which costs are kept down by a nominal acquisition, Father Don says HNHC "has to find its cost savings in the rehabilitation end. We save money by using our own low-cost crews, buying our own materials, and salvaging materials when possible."

The Corporation's financial strategy is to have enough low-interest loans in place to carry the houses in inventory (those acquired and under construction). Currently, HNHC has about $185,000 in such loans, enabling it to comfortably carry an inventory of four or five houses. Grant funds are targeted toward meeting overhead costs and covering the reductions needed to make the homes affordable to low-income families.

The sales price is set according to market value, but it is common for HNHC to make concessions to the buyer to make it affordable. HNHC might reduce the price, lend some of the downpayment, help with financing, or provide some informal prepurchase counseling. Although the typical buyer is a young family with two or three children, sometimes it is a single-parent household or elderly person who is a long-time parishioner. Buyers are evenly split among minorities and nonminorities; their incomes typically fall between $15,000 and $18,000, with a few below $10,000.

HNHC does not work with brokers, thus avoiding realtor fees. Sister Marilyn Ross usually negotiates the sales and handles the closings. The Corporation does not have to do much advertising or outreach because of local publicity and word-of-mouth. Potential buyers are screened through a personal interview. Those who appear financially eligible are shown available houses; those who do not qualify are given suggestions about savings plans, debt reduction, and other measures that may make them eligible in the future.

If there are multiple applicants, HNHC tries to select people who are most in need. However, to avoid high carrying costs for houses that experience bank delays in closings, HNHC may take the first available buyer, even if that person has a higher income than is necessary to carry the mortgage.

HNHC also quickly discovered that buyers usually need assistance with the loan application process. The Corporation helps them to prepare loan applications, often accompanies applicants to the bank, assists them with obtaining short-term loans for old debts, and sometimes provides financial counseling.

Through this experience, HNHC staff developed an understanding of the lending process, which it used to create a million-dollar mortgage loan pool—at eight percent. Nine locally based insurance companies invested $500,000 to match funds from the Peter Kiewit Foundation. The companies were attracted to the project's goals and felt they were making a safe investment in the community's future. The associate director of the Kiewit Foundation credits Father Don and the Holy Name boards with achieving "maybe their biggest success. The insurance community is very conservative, and such community investments of this nature in Omaha were unprecedented. It also represents the largest program-related investment we have ever made."

Partially as a result of HNHC's success in upgrading the neighborhood, as well as the impact of increased city investments, it is becoming increasingly difficult to find houses at a cost low enough to maintain a $30,000 sales price. HNHC has thus expanded its target area into the western reaches of the Holy Name community and has begun to talk with owners of undermaintained *rental* properties.

Home Improvement Contracts With Private Owners

When HNHC work crews began rehabilitating houses, many neighbors came to them and asked if the crews could take on side jobs. After they did a few jobs for elderly members of the parish, such as siding and painting, more requests came in. HNHC realized that such side jobs could fill the work crews' schedules and that doing exterior improvements to adjoining houses would enhance the value of the HNHC houses.

Thus, HNHC has taken nearly 200 home improvement contracts (primarily for exterior improvements) over four years, to do as time is available. The Corporation maintains a waiting list and tries to serve the people most in need: elderly or low-income. Sometimes HNHC waives costs or allows payment over time. Home improvement work is not perceived as a moneymaker but as a community service that keeps crews busy.

Neighborhood Employment

Unemployed persons in the area have also benefited from the Corporation's activities. By 1986, HNHC hired and trained more than 30 unemployed persons, 15 of whom formed a core group of full-time workers. In 1983, the Corporation began hiring summer crews of local young people; summer hiring and training are now carried out through the Summer Youth Program of the Omaha Office of Employment Resources.

The hiring and training program is informal, and the youths are put on the job immediately. The supervisor, who may be a youth with a summer or two of experience, provides on-the-job training for the first couple of weeks.

Over the last five summers, HNHC has employed nearly 75 people. The new hires are brought into the workforce at $4.50 per hour; some of them can rise with experience to about $7.00. The top pay—$12.00 to $12.50—is paid to supervisors. Father Don acknowledges that these rates might be 10 or 20 percent below those of other private contractors, but they reflect the lower skill levels of the workers and help HNHC keep rehabilitation costs low.

HNHC does not expect to keep most of its workers for more than a few years. In fact, good workers are likely to get better offers elsewhere. Instead, HNHC tries to expose the workers to as much experience as possible to help them make decisions about their futures. Impacts can be evaluated only on an anecdotal level. Holy Name is convinced that the job opportunities have taught something to each worker; some have left to take other construction jobs, and some have decided to go back to school either to perfect construction skills or to learn other trades.

Many of the old homes have unused attic space. In this house, the attic was turned into a comfortable loft complete with skylight.

Holy Name Housing Corporation

Multi-Family Rehabilitation

In 1985, HNHC accepted a contract to send its work crews to St. Louis to renovate three multi-family buildings for the Redemptorists. HNHC saw this as an opportunity to repay the Redemptorists for their generous support during HNHC's early years, but it was also seen as an opportunity to gain experience in multi-family housing rehabilitation. After nearly a year of shuttling work crews to St. Louis and stretching a $650,000 budget, the project is in the final stages.

The Corporation now has the opportunity to undertake a multi-family rehabilitation project—Jeremiah House—in its own backyard. HNHC has purchased an option on a building a few blocks from the church, which it is converting to 37 housing units for elderly persons at a $1.5 million budget. Because there are very few housing alternatives for the independent elderly in Omaha, they often remain in large, old homes and defer maintenance too long. HNHC believes it can develop and run a decent elder facility—either rental or cooperative—and that it can entice elderly persons to sell their homes to younger families, possibly with HNHC as the intermediary, thus freeing up more homes for HNHC to rehabilitate. As a result, each unit HNHC develops can lead to new housing for two households.

Project Funding

Holy Name Housing Corporation has been successful in raising funds from a balance of religious groups, private foundations and corporations, and the public sector. During its first four years, HNHC raised nearly $250,000 in grants, plus an additional $250,000 in low-interest loans. The recent creation of the $1 million mortgage loan pool greatly expands its resources.

Early sources of funding, reflecting the Corporation's religious origins, were the Redemptorist Priests and Brothers of the St. Louis Province; the Sisters of Mercy; Mercy Housing, Inc., and Good Shepherd Sisters. The Redemptorists and the Sisters of Mercy provided grant funding and paid the salaries of key staff. The local Campaign for Human Development also provided support.

In 1983, the receipt of public funds helped to broaden the support. The City of Omaha, which was in the midst of hundreds of thousands of dollars of neighborhood capital improvements, was actively developing its homesteading program in the lowest income areas of the neighborhood. The HNHC program complemented the city's efforts, and so the city made the first of several grants from its Community Development Block Grant program and continues to provide HNHC with grants and low-interest loans.

In the same year, the Local Initiatives Support Corporation, a national nonprofit organization which assists organizations like HNHC in developing good relationships with private lenders, provided a low-interest loan; its support continues to this day.

In addition, foundation support has been forthcoming in recent years. The Peter Kiewit Foundation provided some small grants, as well as the key challenge loan of $500,000 to the mortgage loan pool. Other financial and technical support has come from the McAuley Housing Foundation, Gallagher Foundation, Omaha Community Foundation, and Raskob Foundation. Key private funding came from a line of credit at the Omaha National Bank.

Holy Name has also been the beneficiary of more than $40,000 of pro bono legal, accounting, and financial advice over the past few years, both from corporations and individuals.

Many of Holy Name's rehabilitation crews are unemployed and frequently quite young workers who learn rehabilitation skills—painting, carpentry, siding, concrete work, refinishing, roofing—that lead to permanent jobs.

Success Factors

The Holy Name Housing Corporation has been described as a "hopeful neighborhood organization in a past-its-heyday parish," yet it has demonstrated throughout its four-year history that it can produce more than hope for the neighborhood. By acquiring and rehabilitating 24 houses, HNHC has provided first-time homeownership opportunities to low- and moderate-income families. By undertaking home improvement jobs for nearly 200 homeowners, it has improved the appearance of the parish neighborhood. And by employing nearly 75 formerly unemployed people, it has given many young people their first meaningful job. The impact on the neighborhood and its residents is both visible and significant. Driving through the neighborhood, it is fairly easy to pick out homes that received attention from the Holy Name work crews. Other homeowners, their confidence in the neighborhood renewed, are catching up on deferred maintenance.

HNHC's immediate success can be linked to the alliance between the church, the neighborhood, the city, and the business community. The city, the foundations, and other private interests were induced to support the HNHC effort because they viewed the neighborhood as pivotal to the stability of the Northside. Holy Name is anchored between some severely deteriorated neighborhoods to the east and more stable neighborhoods to the west. The Corporation has helped to arrest the spread of neighborhood decline.

The Holy Name strategy seems ideally suited to cities where structurally solid houses can be purchased for several thousand dollars. Holy Name has been able to perform substantial renovations and still sell the homes at $30,000 or less. The rehabilitation costs are kept low by Holy Name's low overhead, volunteer and low-cost labor, and ability to salvage materials.

Many vacant and condemned homes remain in the Holy Name neighborhood. Holy Name Housing Corporation hopes to rehabilitate 40 of these properties over a three-year period.

The end product—a $30,000 renovated home—is unique in the Omaha market. That target price fits the budget of many low-income families and gives them a chance to own a home. It also is appealing to young families with somewhat higher incomes who are looking for a starter home.

Although collective commitment is critical to the success of any neighborhood organization, success also depends upon the dedication and efforts of a few key people to translate the commitment into daily action. The three founders of Holy Name Housing Corporation—Father Don Neureuther, Father Jerry Mullin, and Ed Vaughan—are the organization's standard-bearers. Its daily successes as well as long-term growth can be traced to their efforts.

The credibility of the organization extends beyond the church community. Many volunteers, homebuyers, and rehabilitation workers are not Catholic, and the Corporation is independent of the church. Yet it is apparent that the Holy Name identity lent immediate credibility to the effort and attracted many key people.

The vision they share has its origins in the memory of the past. Everyone involved with the Corporation points to the history of the neighborhood and church—some need only remember their own childhoods in Holy Name parish. Many volunteers are or were members of the parish. They remember fondly the Friday night fish fries, the state sports championships, and the parochial high school. Even those who were not parishioners, or even Catholic, remember the past strength of the neighborhood and the importance of Holy Name to the community. The name represents 60 years of positive image in the neighborhood. It is a strength people draw on as they try to make the neighborhood once again a desirable place to live and raise families.

Manchester, Kentucky

Kentucky Mountain Housing Development Corporation

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The Kentucky Mountain Housing Development Corporation, a joint effort of church, community, and government agencies, was established in 1973 to deal with substandard housing conditions in two rural and economically depressed counties in southeastern Kentucky. Kentucky Mountain Housing provides three interrelated services: new construction and rehabilitation of houses for low-income families, job training for construction workers, and a loan fund for families whose incomes are too low to qualify for Federal home loan programs. Kentucky Mountain Housing reduces construction costs by using trainees instead of professionals, by eliminating nonessential items, and by using innovative construction techniques.

Introduction

Can you build and finance a three-bedroom house that a rural family with an annual income of $6,000 could afford to buy? Most bankers and housing professionals would say it's impossible. But the Kentucky Mountain Housing Development Corporation has made homeownership possible for low-income residents of two remote counties in southeastern Kentucky.

Organized in 1973, Kentucky Mountain Housing is a joint effort of churches, local communities, and government agencies to improve the quality of life for Appalachian families through decent housing, employment opportunities, and job training. It has built 218 new houses and made major repairs on 182 existing homes, provided on-the-job training to more than 150 people, and established an innovative revolving loan fund to finance mortgages for families that cannot qualify for federally financed loans. This fund has financed 57 homes in five years, and no borrowers have defaulted. In a related research activity, Kentucky Mountain Housing has developed and tested numerous cost-saving construction techniques and worked with Federal and state agencies to design demonstration programs that can better meet the needs of low-income rural families.

The Setting

Kentucky Mountain Housing operates in Clay and Jackson counties, in a hilly coal mining region with few major roads. The largest town, Manchester, has a population of only 4,500, and the largest nearby city, Lexington, is two hours away. The 1980 Census showed the median income to be $6,800 in Clay County and $7,200 in Jackson County, with approximately two-thirds of the population living below the poverty level. While incomes in both counties have risen since 1980, the median is still only slightly above government poverty guidelines.

Surveys indicate that two out of three residents live in substandard housing. Many homes are in the "hollows" on barely passable dirt roads. Families have lived in these hollows for generations, but the houses are poorly built, and many do not have indoor toilets or plumbing.

The coal industry, the major industry in the area, has been declining, and the unemployment rate has risen to [illegible] percent. Many retired men are disabled because of working in the mines, and most receive a small Black Lung Pension which supplements their Social Security income. There are few social service organizations in the area. The Daniel Boone Development Council, a Community Action Agency, provides various social services and operates a weatherization program. Kentucky Mountain Housing, however, is the only organization involved in housing programs in this region.

History and Organizational Framework

The Rev. M. Dwayne Yost organized the Kentucky Mountain Housing Development Corporation in September 1972 because of his concern for the many low-income families that lived in substandard housing. Initial funding came from the Church of the Brethren and the United Methodist Church's Red Bird Mission. After Kentucky Mountain Housing formally incorporated in early 1973, it received administrative funding from the Office of Economic Opportunity through the Daniel Boone Development Council. Subsequently, Yost hired two staff members and started building houses with the help of employment program trainees.

Since 1973, Kentucky Mountain Housing's budget has grown from $100,000 to $1.4 million. Sixty percent of the budget is raised from outside sources (the public sector, churches, and other private sources), and 40 percent is earned from new construction and rehabilitation projects. The three-person office has increased to a staff of seven professionals, eight foremen, 10 crewmen, and 15 trainees on the work crews.

Kentucky Mountain Housing's Board of Directors is composed of five church leaders, five businessmen, and five representatives from low-income families. The Board meets eight times a year to set construction and rehabilitation goals and to vote on loan applications.

About 200 families a year apply for help from Kentucky Mountain Housing. Publicity is usually by word-of-mouth, although local papers occasionally carry articles about the program and other community agencies refer people. Staff members visit the applicant's home and budget the cost of the new house or home repair. Other screening procedures include a credit reference check and a review by a three-person Board Committee.

The Programs

Kentucky Mountain Housing provides three interrelated services: housing construction and rehabilitation, home financing, and job training.

New Construction

Between 1973 and October 1986, Kentucky Mountain Housing built 218 new homes for families with incomes of $4,000 to $7,000. Construction standards are determined by the type of financing the Corporation can obtain for the prospective

This house is typical of the new homes Kentucky Mountain Housing is building. The owner was able to move in with a mortgage debt of only $17,000 thanks to cost-effective construction and HOME Loan Fund financing.

Kentucky Mountain Housing Development Corporation

Repair of the Otis Smith house approaches completion. Kentucky Mountain replaced the insulation, siding, interior walls, windows, and floors.

homeowners. Kentucky Mountain Housing uses Federal financing whenever possible, through the Farmers Home Administration (FmHA), which offers loans to promote homeownership among rural low-income families, generally those with incomes of at least $7,000.

FmHA-financed homes must meet Federal standards with regard to size, amenities, and construction techniques and materials. Meeting these standards often drives the cost of the homes beyond the capabilities of the counties' lowest income families. Accordingly, Kentucky Mountain Housing established its own loan program from a combination of public and private funding sources. This "HOME Loan Fund," by not requiring homes to be built under the FmHA guidelines, extends homeownership opportunities to even lower income families than those reached by FmHA. HOME-financed houses are built for 80 percent of the cost of building FmHA-financed homes.

As shown in Exhibit 1, the homes financed by FmHA cost $33,625, while those financed by HOME Loan cost $27,087. The $6,538 difference is attributable to the difference in construction standards. Kentucky Mountain Housing does not use low-quality construction in the houses it finances, but it eliminates the nonessential items that Federal agencies require. For example, FmHA requires central heating and closet doors. HOME does not.

Kentucky Mountain Housing has recently embarked on a new construction project: subdivision development. One subdivision in Clay County will have 29 homes. Kentucky Mountain Housing purchased the land and received a special combination loan and grant of $239,000 under the FmHA Section 601 program and a $99,000 Appalachian Regional Commission grant for site development, a sewer system, and streets. Mortgages on the new houses are expected to be $[illegible],000. The Jackson County subdivision will contain 42 homes. Kentucky Mountain Housing obtained this [illegible] acre site from the National Forest Service. Because developing subdivisions is more complicated than building individual houses, Yost suggests that only mature, experienced housing development organizations attempt it.

Exhibit 1
Cost of New Homes

Cost Items	*New Homes/ FmHA*	*New Homes/ HOME Loan*
Avg. cost of materials	$17,567	$12,367
Avg. cost of labor	$ 8,978	$ 8,888
Avg. cost of field supervision	$ 3,510	$ 2,892
Avg. cost of central administration	$ 3,570	$ 2,940
Total cost each job	$33,625	$27,087
less average loan	–$28,433	–$15,833
Average subsidy	$ 5,192	$11,254

Major Home Rehabilitation

The program to perform major home rehabilitation started in 1978 and serves the lowest income families. The average income of the 1985 program recipients was $4,265. Major rehabilitation normally includes installing insulation and new walls in the interior of the house and often involves new exterior siding and new windows. In some cases the roof needs to be repaired or replaced. The average loan amount for a major rehabilitation is $6,940, which is about half the total rehabilitation cost of $13,560. Kentucky Mountain Housing subsidizes the $6,6[illegible] balance through grant funds and individual contributions.

FmHA provides loans for most of the major home repairs. Such loans are designated for families whose incomes are less than 50 percent of the area's median income. The FmHA loan limit for the rehabilitation program is $7,500. In several cases, Kentucky Mountain Housing has used HOME Loan Fund monies when the family could not qualify for an FmHA loan.

Kentucky Mountain Housing has chosen not to use "sweat equity" in its major rehabilitation programs because at least half the families are elderly or handicapped and would be unable to help with construction. The program relies instead on trainees to construct most of the houses. An occasional family may assist in painting or site cleanup, and all program recipients help select floor coverings, paint colors, and siding type.

Minor Rehabilitation

Each summer church groups recruit several hundred volunteers to contribute one or two weeks of labor to the Minor Rehabilitation Program. The volunteers are housed in a Kentucky Mountain Housing dormitory building or with local families. Some also bring equipment, such as a backhoe, for installing plumbing or sewers. The volunteers help families that can't get a loan or that can't be aided in other ways. While most groups work on rehabilitation projects, those with more construction experience start building new homes that are then finished by the regular work crews.

The HOME Loan Fund

Kentucky Mountain Housing established its HOME Loan Fund in 1980. In 1986, the HOME Loan Fund financed homes for families whose average annual income was $6,229; the average loan amount was $15,833.

Funding sources for the loan fund are diverse and include churches and individuals, the Federal Government's Office of Community Services, the Appalachian Regional

General Noe, a retired minister, and his wife recently moved into their new Kentucky Mountain Housing home. Their previous house was very old, had little insulation, holes in the floor, and termites. They heated the old house with a wood stove and used a wheelbarrow of wood each night. The house was in such bad condition that the Noes just pushed it into a large hole after they moved into the new house. Their new 24 × 36-foot home is heated with a wood stove, too, but much less wood is needed because the house is better insulated. The mortgage on the house is $19,000. Even though the Noes' main source of income is Social Security, the new HOME-Loan-Fund-financed house is very affordable for them. The Noes are thrilled with their home and have enough room for visits from their six grown children.

Kentucky Mountain Housing Development Corporation

China Smallwood and her family rented this house before she learned about Kentucky Mountain Housing.

Commission, the Kentucky Housing Corporation, foundations, and community development block grants. A Kentucky Housing Corporation zero-percent loan was recently converted to a grant, bringing the HOME Loan Fund total to $953,570 by midyear 1986.

Kentucky Mountain Housing services the HOME Loans which run for 20 years. The interest rate depends on the family's income. Families with incomes under $6,000 receive a one-percent loan. With each $1,000 increase in income, the interest rate goes up one percent but can never exceed 10 percent. Participating families sign an Interest Credit Agreement, renewable each year. This contract stipulates that if the family income increases by more than 10 percent, the interest rate is increased. It also states that if the family gets more than 30 days behind in its payments, Kentucky Mountain Housing can increase the interest rate up to the 10-percent maximum.

Families also sign an agreement that constrains them from selling the house. If a family sells within the first five years, it must pay back the value of contributed labor. HOME Loans are assumable by other low-income families, as long as Kentucky Mountain Housing approves the sale price and the buyer.

Exhibit 2

Funding Sources for the HOME Loan Fund

Fund Source	*Amount*
Churches and individuals	$221,820
U.S. Office of Community Services	$120,000
Appalachian Regional Commission	$ 62,500
Kentucky Housing Corporation	$295,500
Foundations	$ 20,000
CDBG from McKee, Kentucky	$233,750
TOTAL	$953,570

Kentucky Mountain Housing not only services the HOME Loans but also counsels all recipients on the responsibilities of home ownership and the importance of making loan payments on time. Families that fall behind on their payments are reminded of the consequences and are assisted in resuming regular payments. As a result, there have been no defaults on loans provided through either the HOME Loan Fund or FmHA. Kentucky Mountain Housing periodically inspects HOME Loan-financed houses and trains families in home maintenance if the need is apparent.

Job Training Programs

Homeowners are not the only beneficiaries of Kentucky Mountain Housing's program. Unemployed or untrained workers have an opportunity to learn new skills as they work on construction and rehabilitation projects.

Employment training programs have always been important to Kentucky Mountain Housing, with early efforts being funded by the Federal Comprehensive Employment Training Act (CETA). Kentucky Mountain Housing's foremen teach trainees a wide variety of residential construction skills and supervise their work. Use of the trainees helps to reduce labor costs; the saving is passed on to the homeowner. Kentucky Mountain Housing developed a formal training curriculum but has found on-the-job training coupled with adequate supervision to be the most effective training method.

Kentucky Mountain Housing started a new training venture in 1984 when the statewide Kentucky Housing Corporation (KHC) started funding on-the-job training for Vietnam veterans called Training for Affordable Housing Construction (TAC). KHC subsidizes trainees' wages and their supervisors' salaries, and Kentucky Mountain Housing provides the training. Currently 12 men are enrolled in this 50-week program, learning foundation, framing, flooring, dry wall, painting, and roofing skills. The TAC trainees helped build 11 new homes this past year. Kentucky Mountain Housing is also training three Job Training Partnership Act (JTPA) trainees placed by the local Community Action Agency.

Placing the trainees in jobs has been only partially successful. Kentucky Mountain Housing estimates that 50 percent of the CETA trainees have found full-time jobs, half of which are in the construction field. Most CETA trainees were in their early to mid-20's, and the training staff did not feel that they were mature enough for permanent employment. They expect a higher success rate in placing the TAC trainees who are in their mid-30's, more mature, and more highly motivated.

The cost of the job training program is not negligible. Kentucky Mountain Housing must pay workman's compensation, liability, and unemployment insurance for the trainees, the cost of which has risen substantially in recent years.

Construction Techniques That Lower Costs

Kentucky Mountain Housing follows several construction and design principles in order to keep the costs of HOME Loan-financed houses low. The homes don't have the same amenities as FmHA homes—their rooms are smaller, they don't have gutters and downspouts, closet doors, continuous footers and foundations, and some other amenities required by FmHA. They are, however, well-insulated and energy efficient, and they have a full bathroom. The minimum size of a HOME-financed house is 864 square feet, slightly under the FmHA minimum of 960 square feet.

Several construction innovations reduce the cost of a HOME Loan house, including the use of storm windows instead of double-glazed windows. Framing is done by spacing 2 x 4's 24 inches instead of 16

Now China Smallwood owns her own home, built through Kentucky Mountain Housing and a loan from the Farmer's Home Administration.

Kentucky Mountain Housing Development Corporation

inches apart. Exterior siding is 5/8-inch pine and interior walls are gypsum board. Kentucky Mountain Housing has built 15 houses on piers, saving up to $500 on site preparation and $400 on materials.

All electrical and plumbing work is inspected and must be up to code standards, but the rest of the house is not subject to inspection unless it is built in the city limits of Manchester or McKee. Kentucky Mountain Housing will have the opportunity to test its low-cost construction methods in an FmHA-funded national demonstration program. The organization has received an FmHA commitment for loans of up to $25,000 to build 11 houses similar to those financed by the HOME Loan Fund.

Kentucky Mountain Housing has also built one stack house, a type of construction FmHA will not finance. Stack houses use a construction technique found in some less developed countries. Burlap bags filled with concrete are stacked in place for the walls and soaked with water. After the concrete dries, the resulting walls are very sturdy and have a high resistance to weather and earthquakes.

Keys to Success

In 1985 alone, Kentucky Mountain Housing surpassed its goals by constructing 28 new homes, completing major rehabilitations on 27 houses, and providing full-time employment for 39 people. Yost attributes this continued growth and success to a broad base of support. "When one funding source is down, another helps to take its place. Kentucky Mountain Housing started small and got to where we are by taking one step at a time. There were no big jumps and no big budget cutbacks. With this strategy, we can always hold our own and move forward."

The house in which Ida Fields and her husband raised 10 children looks big but contained only two bedrooms. The dry, well-insulated house Kentucky Mountain Housing built to replace it is visible in the background.

One must attribute a large share of Kentucky Mountain Housing's achievements to Yost himself. He has gained national recognition for his dedication and success in constructing good quality housing for very low-income families. In 1982, he received the Winthrop Rockefeller Award for Distinguished Rural Service.

An active, committed board of directors forms another key support for Kentucky Mountain Housing. Says Hubert Allen, the board chairman, "The HOME Loan Fund finances people no one else will lend to, and we still have a nonexistent delinquency rate." Both Yost and Allen emphasize the ability of Kentucky Mountain Housing's staff to build a close rapport with the families they serve.

The Kentucky Mountain board members who represent local banks and businesses have successfully encouraged local businessmen to give hefty discounts on building, plumbing, and electrical materials. In turn, Kentucky Mountain Housing purchases its materials from local suppliers and keeps its operating and HOME Loan Fund monies in local banks. Nonprofit organizations, churches, and individuals contribute approximately one-fourth of the budget. The Roman Catholic Church's Christian Appalachian Project donates office space in Jackson County. These and other examples of public-private efforts constitute another key factor in Kentucky Mountain's success.

A Model For Other Communities

Kentucky Mountain Housing's replication potential is high. The key ingredients are a broad base of public and private funding sources, the ability to build a small, dedicated staff, and a pool of construction trainees. Difficult—but not impossible—to find is an executive director with the drive of Dwayne Yost. Yost, a minister with very little housing experience, was able to learn what was needed and build a successful housing program from the ground up. He was able to establish rapport with the families he serves, while inspiring local officials and businessmen to support the program.

Communities interested in replicating the Kentucky Mountain Housing model should not overlook two of its important features—careful screening and counseling procedures and the HOME Loan Fund. A housing expert who is well-acquainted with the program has observed, "Kentucky Mountain Housing should be noted for the care they take to ensure that families are really ready to take on the responsibilities of a home, and then they stay with the families to ensure that they will be good homeowners. The other thing is that they gave birth to the idea of the HOME Loan Fund, which enables a nonprofit organization to become a mortgage company. By creating the fund the way they did, they can attract money from a lot of sources, such as the state, churches, the Federal Government, foundations, and the Appalachian Regional Commission. This fund is the key to serving families in the $4,000 to $7,000 income range. No Federal programs reach that low for home ownership."

It's hard to believe these are photos of the same house. Reid Hatfield's Clay County home lacked just about everything. Kentucky Mountain Housing totally rebuilt it, insulated it, added a living room, and drilled a well. Use of trainee labor and low-cost construction techniques kept the total rehabilitation loan down to only $5,000.

Washington, D.C.

National Mutual Housing Network

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The National Mutual Housing Network is a nonprofit project of the Low Income Housing Information Service located in Washington, D.C. The Network provides technical assistance to nonprofit developers of limited equity housing cooperatives throughout the country in preparing loan applications for construction, rehabilitation, and permanent mortgages. The Network also provides technical assistance on training and management of cooperatives and acts as an information exchange for cooperatives and mutual housing associations. It works in partnership with the National Cooperative Bank, a federally chartered lending institution that provides credit services to cooperatives.

Formation of the Network

In 1984, a group of people who were active in promoting housing cooperatives and mutual housing associations for low-income families in communities around the country decided that a more organized focus was necessary to encourage this kind of housing. They also recognized that most groups that want to form low- and moderate-income housing cooperatives have limited access to the technical and financial expertise required to develop and manage a co-op successfully. They formed the National Mutual Housing Network.

Because the Network was new and needed to establish credibility, it sought help from the Low Income Housing Information Service (LIHIS), a nonprofit national service which provides information and technical aid to those interested in increasing the supply of low-income housing. LIHIS agreed to serve as the parent organization, since the Network's objectives were a logical addition to its mission.

Partnership With the National Cooperative Bank

For its first year of operation, the Network had a contractual arrangement for long-term financing for its cooperatives through LIHIS with the National Cooperative Bank, chartered by Congress in 1978 to provide credit services to cooperative businesses. The services were needed because most conventional lenders were unfamiliar with cooperatives and were not willing to make loans to them.

Congress had given the Bank two charters—to finance the creation or operations of market-rate cooperatives and to provide technical assistance and training to help new cooperatives start or existing ones expand. As part of this second charter, the Bank was given $30 million for grants to various kinds of low-income cooperatives. Because

Housing Cooperatives and Mutual Housing Associations

A housing cooperative is a corporation made up of residents of a building or group of buildings, who own shares and are given the exclusive right to occupy specific housing units in the buildings. The actions of the cooperative are democratically controlled by resident-shareholders, each having one vote. Each shareholder is responsible for paying monthly carrying costs, which include a proportional share of the mortgage debt and operating costs.

The corporation usually obtains a "blanket mortgage," which finances the entire property. Owning shares in a cooperative may provide tax advantages to residents through a deduction of mortgage interest and property taxes. Members may lose their occupancy rights for nonpayment of monthly carrying charges or for other violations of the cooperative's bylaws. Within these requirements, cooperatives provide shareholders with tenancy for life.

Because nonprofit housing cooperatives are owned and managed by residents themselves, co-ops usually have fewer of the management problems that plague other low-income multi-family housing. In addition, in a deteriorating neighborhood, a strong co-op can serve as a stabilizing anchor for the community. The leadership abilities that residents develop by self-governing the co-op can be tapped for neighborhood improvements.

In the United States, most cooperatives are "stock" cooperatives, with members allowed to sell their shares in the cooperative for whatever price they can obtain. Stock cooperatives rarely provide housing for low- and moderate-income families because the price of shares is set by the private market. The limited equity cooperative, a variation of the stock cooperative, does provide housing for low- and middle-income families. Under a limited equity cooperative, the initial cost of co-op ownership and the amount for which members may sell their shares is limited by the cooperative association to keep the unit affordable to low-income people.

In addition to providing homeownership for those who could not otherwise afford it, limited equity cooperatives have other advantages over rental housing or stock cooperatives. The property as a whole is not regularly resold and refinanced. Consequently, increases in monthly costs can be kept to a minimum and long-term affordability maintained. Individual shares cannot be sold speculatively. Share prices are set initially much lower than a downpayment on a house or condominium and are sometimes as low as a security deposit. Over time, share values are allowed to increase at only a strictly limited rate.

Limited equity cooperatives give families the opportunity to manage their developments, a responsibility they would not have otherwise. At the same time, co-op homeowners are able to share with others some traditional responsibilities, such as repair and maintenance.

Mutual housing associations are nonprofit organizations with three purposes—to develop new cooperative housing for low- and moderate-income families; to manage the housing or see that it is effectively managed; and to provide ongoing technical and financial support to low- and moderate-income housing cooperatives. Mutual housing associations have memberships as small as one or two cooperative buildings or as large as all the cooperatives in a city.

National Mutual Housing Network

Congress felt that housing cooperatives had easier access to conventional lending sources than other forms of cooperatives, it limited the Bank's authority in this area to no more than 35 percent of its assets. In 1981, Congress changed the Bank from a public to a private entity. This enabled the Bank to borrow funds in major capital markets, thus generating money to expand its lending activities.

When the Bank began to make loans to housing cooperatives, it became clear that the fledgling cooperatives needed a great deal of technical assistance in developing financial packages that the Co-op Bank could approve, so it looked for an organization that could provide these services. The Network, seeing such a joint venture as an excellent vehicle for promoting low-income housing cooperatives, came forward.

The one-year partnership between the Cooperative Bank and the Network was designed to find out whether an efficient, cost-effective system could be established to help nonprofit low-income housing cooperative developers take advantage of the Co-op Bank's services. The Bank allocated $10 million in loan funds for Network-assisted cooperatives. It provided permanent financing to these projects through Growing Equity Mortgages, which have an initial below-market interest rate that increases gradually over time. The Network received an average fee of 2¼ percent on all loans that went to closing.

The Network generated business not only from its own contacts but also from referrals by the Bank. The Network marketed the program to nonprofit development groups needing loans for low-income cooperative housing; explained Bank policies, procedures, and requirements to these sponsors; and provided technical assistance to loan applicants.

Substantial rehabilitation is usually required when tenants take over ownership of rental units that have been allowed to deteriorate. Yet organizers of cooperatives often don't know where to turn for financing. In cities throughout the country, mutual housing associations are springing up to offer them this assistance. In Washington, D.C., the National Mutual Housing Network has been helping cooperative developers nationwide secure financing from the National Cooperative Bank, chartered by Congress to provide credit services to cooperatives.

Network Function

The financing for a limited equity cooperative is generally quite complex, because several financing and subsidy sources are required to develop housing affordable to low-income people. Sometimes, as many as eight or nine funding sources are needed to finance one cooperative; these can include Federal (such as the Rental Rehabilitation or Section 8 Existing Housing programs), state, local (such as the Community Development Block Grant program), and private sources. One of the Network's tasks is to review a project's proposed funding sources, analyze the operating cost estimates, and determine if the sponsor has identified sufficient financing to ensure the project is feasible. If there is a gap in the financing, the Network works with the sponsor to identify sources to fill the gap.

The Network also looks at the proposed management and operation of the project to ensure that the cooperative will have sufficient expertise to manage the project. In some cases, the sponsor has technical or management experience. Often, however, it is sponsoring a project for the first time, so the Network helps identify and secure necessary assistance. All groups must submit a plan which includes training for both the general membership and the board. Training is expected to cover areas such as member responsibilities, board functioning, management responsibilities, budget development, management agent duties, preventive maintenance, and capital budgeting.

Another Network function is to be sure that cooperatives incorporate resale restrictions that ensure continued affordability to low-income families. They recommend that initial prices not be more than three times the monthly amount a member pays the cooperative and not increase faster than inflation. If a sponsor is not willing to accept these resale conditions, it must identify financing sources affordable for subsequent low-income purchasers.

Prospective shareholders in limited equity housing cooperatives learn about their rights and responsibilities before deciding to take part in this form of homeownership. Increasingly, housing cooperatives are offering low-income people an alternative to rental and the opportunity to own affordable homes without incurring large downpayment costs.

The Projects

The cooperative housing developments assisted by the Network are unusual in both their size and the population they serve. They are predominantly small, are located in diverse regions of the country, and represent a wide range of construction types. The projects have a median size of 20 units and a median loan application value of $300,000. They serve very-low-income families, with slightly more than half of the units housing families that earn less than 50 percent of the area median income and another third of the units housing families earning between 50 and 80 percent of the area's median income.

Individual share prices range from $500 to $1,500, and monthly housing costs are between $201 and $550. An average unit in a Network project is affordable to a family with an $11,000 annual income.

All projects assisted by the Network must meet certain criteria established by the Network and LIHIS. Projects must be financially feasible and must be sponsored by a nonprofit corporation that will have a long-term interest in the project's success. There must be no involuntary displacement in a building assisted by the Network; suitable affordable housing must be found for all those wishing to move. And projects must provide an ongoing education and training program for co-op members.

The Network requires groups to have done some work in identifying financial needs and resources and to have assembled a team to manage the development process. The amount of assistance needed from the Network varies. With some groups, the Network has little to do other than present applications in a format acceptable to lending institutions. In other cases, it provides a critical review of the project, identifies impending, unforeseen financial problems, and develops solutions. And sometimes the Network has to restructure the financing completely to make the project feasible. It also provides technical assistance on project development.

Madison, Wisconsin

The Madison Mutual Housing Association owned 59 units in 17 buildings and was looking for long-term refinancing to stabilize some of its periodically adjusted mortgages and to make a syndication sale possible. Under a syndication sale, the ownership of one property is sold to a group of investors, who usually have a limited role and liability. Such a sale would generate proceeds that Madison could use to finance future development. The Network succeeded in arranging refinancing with the National Cooperative Bank. The $920,000 loan is being used to refinance several of the mortgages that Madison originally used to acquire properties in this "scattered site" cooperative. Madison will ensure that, even after the sale, the housing will be affordable to low-income families and remain controlled by them.

National Mutual Housing Network

Santa Monica, California

The owner of Cloverfield Gardens in Santa Monica was unwilling to spend money on repairs or maintenance, and residents decided that forming a cooperative was the only way to get control of the building and stop its deterioration. With the aid of a local nonprofit housing corporation, Community Corporation of Santa Monica (described on page 24), the residents were able to begin turning their plans into reality. Community Corporation bought the building from the owner and worked with the residents to arrange financing to rehabilitate the building and form the cooperative. However, because local lenders were unfamiliar with the cooperative form of ownership, the residents had difficulty in securing permanent financing for the venture.

Community Corporation suggested the National Cooperative Bank as a financing source and asked the Network to help the residents prepare the loan application documents. With the help of the Network, the Cloverfield Gardens Cooperative was given a $1.763 million loan from the Bank to acquire and rehabilitate this 62-unit development, including repair of the roof and water lines. The preservation of these buildings at prices affordable to the current residents will avert a future housing crisis for these people. Santa Monica has one of the lowest vacancy rates in California; finding alternative low-cost housing would be very difficult.

Washington, D.C.

The 2100 Channing Street Cooperative in Washington, D.C., is a 13-unit tenant-sponsored cooperative conversion of an existing building, made possible by local legislation which requires that the current tenants must be offered the right to buy their building before the owner can sell it to anyone else. The tenants were not able to secure a mortgage because conventional lenders were unwilling to invest in a neighborhood that was not totally residential and showed signs of abandonment.

The group asked for assistance from a local nonprofit corporation called MUSCLE, Inc. (Ministries United to Support Community Life Endeavors). MUSCLE develops housing for low-income families and also offers an intensive training program to turn renters into owners. Although MUSCLE had so far been able to secure financing for its developments, traditional financing resources, primarily governmental, were decreasing. The Network was able to open up a wide range of new funding sources such as the Co-op Bank and arrange $240,000 of permanent financing for the Channing Street Cooperative. In addition, the District of Columbia government provided a rehabilitation loan and helped residents with down payments.

Warminster, Pennsylvania

This 746-unit cooperative was organized in 1975 by the tenants of a project that an owner-investor had neglected and let deteriorate. The county government had called the project "the worst suburban slum in Pennsylvania." With the residents' prodding, the county seized the project under eminent domain. The tenants formed the nonprofit Warminster Heights Development Corporation to manage, rehabilitate, and eventually purchase the property.

The effort has taken 10 years. The property has been undergoing continuous improvement using Community Development Block Grant (CDBG) funds from the county. A total of 150 units were rehabilitated using Section 8 funds. The Network

Families who own shares in limited equity cooperatives have the security of knowing that their homes will remain affordable over the long term. Monthly costs cannot jump because such cooperatives are not regularly resold. Homeowners' maintenance costs are kept down because they are undertaken jointly.

was able to arrange a loan of almost $3.3 million which, together with HUD Rental Rehabilitation funds and more CDBG funds, will be used to finance the last major renovations. The limited equity cooperative has been building its membership during the past several years and now has 610 shareholding families. Loans are available to help residents purchase the $500 shares. Almost all of the residents have incomes below 80 percent of the area median and a third are minority households, mostly Hispanic. Monthly housing payments will be $150 to $225 (plus utilities) for the one- to four-bedroom units.

A cooperative in Warminster, Pennsylvania, is substantially rehabilitating the 746 units tenants bought from an owner who had allowed them to deteriorate. So far 610 families have bought shares; most have incomes well below the area median. They will pay from $150 to $225 for the one- to four-bedroom units.

Current Network Status

The Network has a full-time staff of three people. It has added an information service to its program, and it publishes *The Network News*, a monthly newsletter that describes current activities of housing cooperatives and mutual housing associations throughout the country as well as national developments related to cooperatives. Funds to support the Network's $150,000 operating budget come from fees, newsletter subscriptions, fundraising activities of the Low Income Housing Information Service, and contractual work (such as that for the City of Rockford, Illinois, to develop a cooperative housing program for the city).

After the one-year contract with the National Cooperative Bank ended, the Bank entered into a continuing agreement to make loans to Network projects. The volume of loans from the Bank has decreased, however, because the Network now has other mortgage sources, including private conventional lenders.

Success and Future Direction

In just one year, the Network submitted to the National Cooperative Bank 15 applications for permanent financing of 1,049 units of affordable co-op housing totaling $10.54 million. This level of activity was achieved without any special marketing efforts, and 13 of the applicants were successful in receiving financing commitments from the Bank.

The partnership has also helped the Bank increase its efficiency in financing housing cooperatives. During the contract period, loan processing time was reduced from 5½ to 2½ months.

The Network is continuing to expand its services to provide technical assistance and information sharing to nonprofit and government sponsors of cooperatives. It is trying to develop new financing sources by familiarizing conventional lenders with the cooperative form of ownership.

It is also working informally with the National Cooperative Bank to develop a secondary market for co-op loans with firms that have large social investment functions, such as insurance companies. Under a secondary market arrangement, a primary lender sells its long-term mortgage loans to an investor, so that its funds are not tied up for long periods of time and can be reused to make new mortgages. While there are well-established secondary markets for conventional mortgages and market-rate cooperatives, there are none for low-income limited equity cooperatives. Successfully creating a secondary market would greatly increase the amount of money that could be used for cooperative loans and thus further the goal of ensuring the continued availability of low-cost housing.

Houston, Texas

Partners in Public Housing

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Partners in Public Housing is a joint venture of the Housing Authority of the City of Houston, the Houston Committee for Private Sector Initiatives, and private corporations in Houston. Corporations "adopt" public housing projects and implement services and programs to improve the quality of residents' lives. Corporate volunteers staff the project and work closely with the Housing Authority, Private Sector Initiatives, and the residents. They also solicit help and services from many local organizations and companies.

Beginnings

Houston has 15 public housing projects containing 4,077 housing units, with an average of more than three people per unit; more than half the residents are children between 8 and 11 years of age. Nearly every adult residing in public housing earns less than half the city's median income, and approximately 85 percent have incomes below the national poverty level. All age and race groups are represented.

Partners in Public Housing was conceived in 1983 at a meeting between the executive director of the Housing Authority and the chief executive officer of Tenneco, Inc., a large corporation headquartered in Houston. The meeting had been arranged by the Houston Committee for Private Sector Initiatives, a group of local business and civic leaders organized the year before to promote, support, and encourage the involvement of the private sector in social issues. Recognizing the great need for social service programs for public housing residents and the untapped resources available within corporations, these two individuals started the first partnership: Tenneco "adopted" Telephone Road, a housing project for the elderly.

Shortly after Tenneco formed its partnership with Telephone Road. two other corporations, Texas Eastern Transmission Corporation and MBank Houston, formed partnerships with other public housing projects for the elderly. Volunteers from the corporations focused on developing interpersonal contacts, recreational activities, and social events with residents.

The partnerships are especially important and ambitious in light of Houston's current economic difficulties. In recent years, the city has experienced reduced corporate spending as well as extensive layoffs. Corporate and personal fiscal resources have been limited, both in the public and private sectors. These events are in great contrast to previous prosperity accompanying a booming local oil business.

Despite these limited resources, Partners in Public Housing (PPH) has now formed six partnerships between private corporations and public housing projects, showing intense commitment by corporations and corporate volunteers.

How the Partnerships Work

The first step in forming a partnership is establishing communication between the Housing Authority and Houston corporations. The Housing Authority may take the initiative by contacting a corporation to determine its interest in developing a public housing partnership. Often corporations take the lead by contacting the Housing Authority to ask how to become involved. The call usually follows favorable local media coverage of an event sponsored by the partnership. The Housing Authority provides information about PPH—its concept and the specific public housing projects available for adoption—in an orientation session. Examples of potential activities, noncash donations and resources, and profiles of the public housing projects help the corporation select a partner and determine the scope of involvement.

Corporate officials are encouraged to visit the housing developments before selecting one. A walking tour provides a sense of the community and of residents' needs and helps corporations focus on the services they can provide. Factors affecting partnership selection vary from one corporation to another.

For example, Tenneco's choice of Telephone Road was based on a special concern for the needs of elderly residents. Another company chose the development located in its own neighborhood; still another picked one of the neediest developments in the city—because "nobody else wanted it."

After selecting a project, the corporation forms a committee to organize company involvement. The committee develops a plan for activities and services, with input from the public housing resident leadership (usually a resident council) and the Houston Housing Authority. A needs assessment pinpoints specific areas the residents see as priorities and helps the corporation focus its resources, plan for activities, and recruit volunteers. This is the point where the needs of the housing development, the resources of the corporate budget, and the interests of the company and of individual volunteers merge.

The Partnerships

The first three partnerships involve public housing projects with elderly residents only; the second three are with public housing projects for families.

Project HEART

The three partnerships with housing projects for the elderly became

Two volunteers from Tenneco were among 36 volunteers that participated in a landscaping project and barbecue at the Telephone Road public housing project for elderly Houston residents.

Partners in Public Housing

Residents of the Bellerive elderly housing project enjoy a holiday celebration sponsored by volunteers from MBank Houston. The partnership between Bellerive and MBank Houston is part of "Project HEART" (Help Elderly Achieve Real Ties), which involves three corporations and three public housing projects for older residents.

known as "Project HEART" (Help Elderly Achieve Real Ties).

Tenneco and Telephone Road. Tenneco is a Houston-headquartered national company with a diversity of interests, among them oil, natural gas pipelines, shipbuilding, and agriculture. More than 40 employees volunteer some of their time to the partnership. They regularly schedule anniversary parties, dances, monthly filmfests, and holiday parties with the elderly residents of the Telephone Road project. Volunteers and residents joined forces to landscape the development with donated shrubbery and trees.

Realizing that residents have very small incomes, Tenneco employees have sought to help residents earn extra money. Because residents liked arts and crafts, Tenneco donated a kiln which residents use to make ceramics to sell at an annual Christmas sale sponsored in part by Tenneco. Residents used the proceeds of the sale for paints, additional supplies, and special activities.

Texas Eastern Transmission Corporation and Lyerly. Texas Eastern is a diversified international energy company headquartered in Houston. Forty volunteers conduct many social and cultural activities that have helped to reduce the isolation of residents of the Lyerly elderly housing project. Monthly bingo games with prizes of groceries are popular, as are monthly movie nights and holiday parties. Many of the residents and volunteers have developed personal relationships. The volunteers offer the residents various kinds of support—they telephone them, take them to election polls, and help them prepare their income taxes.

Texas Eastern commits $50,000 each year in $1,000 grants for special projects in the city identified by company volunteers. Once, after recommending Lyerly as a worthwhile project for grant money, volunteers pooled several of the grants and purchased a piano for the residents.

MBank Houston and Bellerive. MBank is Houston's third largest bank. Money for the partnership appears in MBank's annual budget, as a separate line item, to show corporate commitment. Twenty employees are PPH volunteers; they conduct activities similar to those provided by Tenneco and Texas Eastern, focusing their efforts on developing personal relationships with the elderly residents.

A unique aspect of this partnership is MBank's temporary employment of several Bellerive residents when it was centralizing smaller bank functions and needed part-time employees to assist in the main office. Residents obtained added income, and the bank obtained responsible, mature help.

The three Project HEART partnerships with elderly public housing residents elicited a good deal of favorable publicity in the Houston press and led the way for PPH to expand into partnerships with other kinds of projects.

Family Public Housing Adoptions

Thus far, three corporations have formed partnerships with family projects—First City National Bank with Long Drive; Brown & Root, Inc., with Kennedy Place; and Cameron Iron Works with Irvinton Village.

First City National Bank and Long Drive. First City is the lead bank of First City Bancorporation of Texas, a

Houston-based bankholding company with 63 member banks in Texas and one in South Dakota. First City recruited volunteers by placing advertisements in its monthly employee newsletter. The volunteers chose as their first partnership activity improving the landscaping of the Long Drive public housing project. In spite of inclement weather, more than 100 volunteers were joined by Long Drive families—digging plants, planting shrubbery, picking up trash, and installing park benches and barbecue grills.

When the work was finished, one resident commented: "The volunteers from First City Bank must be very special people. They must have wanted to landscape Long Drive very much to have worked so hard in the pouring rain. If the volunteers can work that hard, I'll work to make sure the new plants live."

Residents of Long Drive have now instituted "Yard of the Month" and "Apartment of the Month" awards to continue the beautification efforts.

The children also have developed a sense of pride in their community through "Busy Bee," their campaign to clean up trash and report litterers.

For the young people, volunteers organize holiday parties, sports events, and movie nights. Some even coach the children's softball teams. And, in keeping with First City's ongoing interest in education, volunteers provide weekly tutoring and supervised study during the spring and fall. Tutors help students develop study skills, and they monitor academic progress by talking to teachers. Positive one-on-one contact between youths and adults is promoted. The result: students have improved their academic performance.

The First City volunteers developed a 3,000-volume lending library, including a set of encyclopedias, for the Long Drive community center. The volunteers collected and donated the books and the company gave the bookshelves. The library is used for tutoring as well as for education and reading enjoyment. First City also donated a videocassette recorder and television set to the community center.

Young residents of the Long Drive public housing project take part in a Fourth of July party and parade. The festivities were jointly sponsored by Long Drive residents and First City National Bank volunteers.

Helping students do well in school forms an important part of Houston's Partners in Public Housing program. Corporate volunteers not only tutor students but also organize sports events and other activities.

Brown & Root, Inc., and Kennedy Place. Brown & Root is a subsidiary of the Halliburton Company, a major international engineering and construction firm. When Private Sector Initiatives asked Brown & Root to develop a partnership, the company chose Kennedy Place, a family public housing project located in its neighborhood. Thirty volunteers joined with the residents in landscaping and planting hundreds of trees and shrubs, using Brown & Root equipment. Volunteers have organized a variety of activities including food donations and holiday parties.

When the company volunteers learned that Kennedy Place residents were concerned about trash and dangerously deteriorated buildings in the surrounding area, they organized a massive cleanup effort. The residents, Brown & Root, Private Sector Initiatives, and the City of Houston all participated. Thirty-five

Partners in Public Housing

A volunteer from First City National Bank helps a boy from the Long Drive housing project with his school work. Company volunteers also provided a lending library for the Long Drive Community Center.

burned-out, abandoned, and dangerous buildings were demolished—25 by the owners and 10 by Brown & Root, with the consent of the owners. In just one week, the city removed 183 truckloads of trash and debris, and Brown & Root removed the debris from the 10 structures it had demolished. Approximately 150 volunteers turned out on the last day of the week-long cleanup. Brown & Root received the Houston Initiator Corporate Award and the Mayor's Proud Partners Award for initiating and coordinating this huge effort. The company continues to participate with Kennedy Place residents in maintaining the neighborhood.

Cameron Iron Works and Irvinton Village. Cameron Iron Works, an international firm which manufactures a broad range of tools, valves, and forged products, focuses its partnership with Irvinton Village on serving basic needs for food and clothing. Employees have solicited and distributed more than $1,300 worth of food. The corporation itself has held a food fundraising barbecue. During their working hours, company volunteers pick up and deliver food donated in local supermarkets.

Participation Takes Many Forms

The active involvement and support of top executives from the corporations have been central to the success of the partnerships. Top management enthusiasm promotes recruitment and retention of volunteers and encourages volunteers to enlist the help of other individuals and organizations.

Although most volunteer work is done on employee time, company time is used when appropriate; for example, for committee meetings. Some corporations keep track of the hours donated by each employee and make awards to those who contribute 1,000 hours. Two companies assess employee volunteerism as part of their job appraisal.

For many volunteers, the incentive to work on the partnership may be to receive personal recognition; for others it may be job advancement. For the majority, however, it seems to be the simple personal satisfaction of helping those less fortunate.

Most corporations donate money, staff time, and other company resources—furniture and equipment for community centers or the use of company trucks for major cleanup or landscaping. Some donate their management expertise. For instance, one corporation's volunteer coordinator gave the president of a public housing resident council some instruction in management techniques that are helping her more effectively fulfill her responsibilities and obtain more active resident participation in the council and in the community. Beneficiaries are not just the public housing residents. Volunteers from Tenneco helped the Houston Housing Authority to streamline its purchasing procedures and develop a complete management information system.

Houston's public housing partnerships often involve joint efforts to improve the landscaping around the projects. Here a volunteer from Brown & Root, Inc., using equipment provided by the international construction firm, works with a Kennedy Place resident to plant trees and shrubs.

The partnership has been successful in enlisting the assistance of many local organizations and companies. The Park People, a nonprofit advocacy group for parks, participate through "Operation Plant Rescue." The Park People arrange with land developers to transplant to the public housing site some existing trees and shrubs that would otherwise have been bulldozed. Some tree companies also have donated trees. Land developers and PPH corporations often contribute the use of trucks and drivers for this purpose.

The Hunger Network, a local nonprofit group that raises money and distributes food to the hungry, designates some of the donated food to needy people in the housing projects.

Brown & Root bulldozers knocked down 10 abandoned buildings that were both a danger and an eyesore to residents of the Kennedy Place public housing project. Scores of volunteers participated in the massive cleanup effort.

Success and Replication

One of the initial goals of Partners for Public Housing was to open communication channels between private corporations and the Housing Authority of the City of Houston, and between corporate volunteers and public housing residents. Success in meeting this goal was likely to make it possible for the partnerships to reach goals whose achievement would be less easy to measure: reducing the isolation of the residents, helping them move upward, and providing some social services.

Measuring the partnerships' success in meeting all of their goals is a subjective undertaking. One can point to residents' pride in their newly landscaped surroundings, to students who are doing better in school, and to elderly residents successfully selling their craft projects. Certainly one can point to top managers who spread their enthusiasm to employees, and to volunteers who derive pleasure from the simple act of helping others.

The key ingredients for replication are, of course, this spirit of community sharing and a few interested public and private business leaders to ignite the spark. These may vary from city to city. In Houston, it was the Houston Committee for Private Sector Initiatives, the director of the city housing authority, and the chief executive of an important corporation.

Partners in Public Housing could be set up in many communities. Because the project depends on volunteer help, the costs, even to the participating corporations, are minimal. The benefits accrue not only to the residents but to the corporations, their participating employees, and to the entire community which ultimately benefits by an improved quality of life among its poorer residents.

Holiday parties are among the many activities that volunteers from Tenneco sponsor for elderly residents of the Telephone Road public housing project. Filmfests, picnics, and a landscaping project and barbecue are among the others.

Los Angeles County, California

Project Self-Sufficiency

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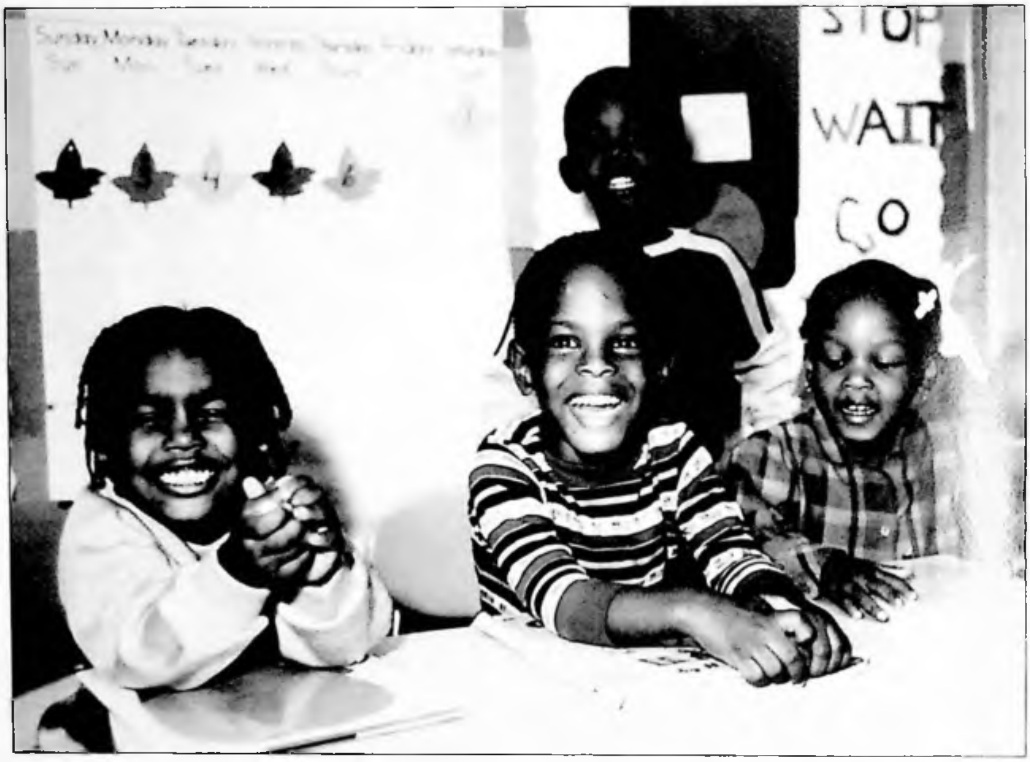


The Community Development Commission of the County of Los Angeles is participating in Project Self-Sufficiency (PS-S), a nationwide demonstration of the U.S. Department of Housing and Urban Development. Under the local Project Self-Sufficiency, which operates in three areas of the county, 200 low-income single parents with young children are being helped to become self-supporting. Participants receive a comprehensive package of services, including housing, to enable them to become employed.

Introduction

Poverty among single parents, in Los Angeles County as elsewhere, remains a severe problem in spite of the economic recovery and the availability of an array of service and support programs. In 1979, 23 percent of families with children in Los Angeles County were headed by a single parent. Of single parents with children under the age of six, 49 percent had incomes below the poverty level; in parts of the county the proportion was as high as 65 percent.

Most of these families believe that they will always be poor because they can't get jobs. They can't get jobs because they are untrained and unskilled. And they can't afford to get trained because they have to worry about who will take care of their children while they are being trained, how to get to the training, and how to just go on living in an environment that is in some ways hostile to a stable lifestyle.

To give these families hope and enable them to enter the economic mainstream, the U.S. Department of Housing and Urban Development (HUD) is conducting a demonstration called Project Self-Sufficiency. Project Self-Sufficiency, now operating in 155 jurisdictions, is a cooperative effort between the local government, the local public housing authority, and the private sector. It provides a comprehensive and coordinated package of services to selected, motivated, very-low-income single parents. The package includes job training, education, transportation, teaching of "survival skills," counseling, child care, and job placement. Other services are provided as needed.

In addition, the demonstration provides HUD Section 8 Existing Housing Certificates to ensure that participants live in decent, safe, and sanitary homes—a crucial element to their stability. The certificates offset the difference between the actual cost of private rental housing and the amount the family can pay, at 30 percent of family income. With certificates, families can choose where they want to live. Designers of the demonstration program also anticipated that the availability of Section 8 certificates would induce localities to participate and to coordinate or develop other resources.

HUD sought to give localities flexibility in designing programs to meet local needs, conditions, and resources. On the localities' side, PS-S requires the commitment, creativity, and willingness to test new ways to provide and coordinate services.

Community Profile

Los Angeles is a sprawling metropolis with a population of eight million. The area is booming and attracts people from all over the United States and other countries with its promise of opportunity and its warm, sunny climate. The metropolitan area contains several incorporated areas, including the City of Los Angeles. Each incorporated area is a separate jurisdiction and provides the full range of local government services.

The County of Los Angeles is the political and operational jurisdiction for all of the *unincorporated* areas including 50 communities.

In 1980, the county had a population of 2.2 million residents, or about 30 percent of the total Los Angeles population. The 1980 Census counted 52,400 single mothers in the county, of whom approximately 18,000 had incomes below the poverty level in 1979. The Los Angeles County welfare caseload is rising faster than the population.

When HUD announced in May 1984 that it was accepting applications for Project Self-Sufficiency demonstrations, the Community Development Commission of the County of Los Angeles was one of more than 200 jurisdictions to apply. The Commission administers the Community Development Block Grant program and the public housing and Section 8 programs and is thus able to control some of the major Federal resources used in the demonstration. The Commission saw that PS-S could address the needs of low-income single parents in a way that would ensure full use of existing services and the development of private sector support.

In submitting its application, the Commission decided that it would concentrate the program in three areas: East Los Angeles, South Central Los Angeles (Watts), and the San Gabriel Valley. The Commission chose these areas after analyzing Census data to determine where low-income single parents lived. The first two areas have large concentrations of low-income families. The San Gabriel Valley has pockets of poverty scattered throughout the area. Los Angeles County received a total allocation of 200 Section 8 certificates for these three areas.

Organizational Structure

Each PS-S demonstration must begin by creating a local task force to secure and coordinate various public and private resources and to set the policies for the local program. The Commission formed the Los Angeles County Task Force, comprising 18 representatives of agencies which include the Apartment Association, Pacific Bell, the Private Industry Council, the YWCA, the County Department of Public Social Services, and the County Office of Education.

The Commission was careful to pick people for the task force who not only knew how to bring resources to the program but who had also been working on this problem for a long time. They brought an institutional memory that would prevent the task force from making mistakes that had been made in other programs. The current chairperson of the task force is from the United Way, an umbrella organization for most of the area's charitable and service agencies.

The Commission immediately saw the need to find experienced nonprofit organizations to run the program and provide the necessary package of services to participants. It decided to hire three groups because each of the three geographic areas targeted for the program had a different socio-economic makeup. Each group was expected to work with approximately 60 households.

The Commission selected Chicana Service Action Center in East Los Angeles (a predominantly Hispanic neighborhood), the Watts Labor Community Action Committee in South Central Los Angeles (a predominantly black neighborhood), and the Hacienda La Puente Unified School District's Valley Vocational

Schools in the east San Gabriel area (a predominantly white neighborhood).

One of Project Self-Sufficiency's strengths is that communities are able to tailor the program to their own needs. The Commission carried this principle one step further by allowing the three contracting organizations to design their own programs for their own neighborhoods, within some general policy guidelines.

General Policy Guidelines

When the program began, the Commission and the PS-S task force had to determine whom they wanted to serve, what they wanted to accomplish, and how they would accomplish it. One of the Commission's first tasks was to conduct a comprehensive local needs assessment and prepare a general action plan for the target population. These documents identified the problems facing low-income single parents in Los Angeles County and described the actions needed to meet the needs of those selected.

For example, the assessment noted that child care, which was essential to achieving self-sufficiency, was in short supply in Los Angeles County and that subsidized child care was even scarcer. Without subsidy, a single parent with two children would have to spend one- to two-thirds of personal income on child care. Because the task force decided that child care should be an essential component of the program, the plan recommended making use of job training agencies that already had links to child care centers, and it limited eligibility to single heads of households with at least one child under eight years old, who would thus need child care services. This was one of a series of major policy decisions that have guided PS-S.

Because they also wanted to learn more about the role of housing in enabling a family to become self-sufficient, they decided not to admit families to the program who would use their Section 8 certificates to remain in their current housing. Families who entered the program had to demonstrate a need for new housing. Single parents who were living with their parents had to be willing to move to a different unit in order to receive their certificates.

HUD did not prescribe a national definition of self-sufficiency, instead allowing participating communities the flexibility to establish their own goals for moving participants into jobs that would lead to self-sufficiency. Los Angeles County decided to try to pinpoint just how much income was necessary to make a family self-sufficient.

The Commission calculated that in Los Angeles a single parent with one child, who had to pay for daily living expenses such as food, rent, and transportation, as well as medical benefits and full-time child care, would need to earn $6.85 an hour (or $14,248 yearly) to have enough income to replace welfare payments and have $150 extra monthly for spending money.

Since it was unlikely that entry level jobs that would be available within the demonstration period would pay enough to support more than three people, the Task Force decided to limit the program to single parents with no more than two children.

The training programs were designed with this level of self-sufficiency in mind. Jobs that would not produce this minimum wage rate were deemed to be unacceptable.

Because PS-S is only a short-term demonstration program, the Commission concluded that, based on the kind of education programs it could provide, it would have to limit participation to those with at least a fifth grade reading level. To take those who needed basic education, they believed, would have delayed job training and placement significantly beyond the demonstration period.

Start-Up

It took the task force six months of planning before it was ready to ask potential contractors to submit proposals and another six months to choose the contractors, set up the programs, and select the families.

Each contractor determined the criteria for choosing participants, the acceptable number and reasons for absences, and conditions for dismissal.

HUD provided Section 8 certificates but no funds to administer the program. The Commission decided that a full-time coordinator would be needed to monitor the contractors' work, provide support to the task force, and coordinate the activities of the agencies involved.

Community Development Block Grant funds totaling $455,000 were used to pay the three agencies that operate the program: Chicana Service Action Center, with 63 participants; the Watts Labor Community Action Committee, with 75 participants; and the Hacienda La Puente Unified School District's Valley Vocational Schools, with 62 participants. Each contractor's allocation is based on the number of people in its program, at approximately $1,800 per participant.

The Commission absorbed the cost of project development, administration, and monitoring over the period of the project's existence. Other activities, such as advertising the program to potential participants, providing bus passes, and conducting Single-Parent Lifeskills training workshops, have been funded by public and private agencies and individuals. Three budget items—for a scholarship fund, a child care fund, and a mentoring program—have been particularly dependent on private sector support. The total cost for all these program components has come to approximately $135,000

Family Selection

Originally, the Commission sent letters to the first 1,000 families who were on the waiting list for Section 8 certificates. Because this method did not bring forth enough interested candidates, the Commission decided to use the county's list of welfare recipients. This provided a large pool of applicants

The national demonstration guidelines require that single parents be selected who are highly motivated to become self-sufficient. The Commission created a series of tests to help make this determination. The first test was to ask potential participants to respond to a general interest letter that did not mention the availability of housing certificates. It was assumed that persons who were merely interested in subsidized housing would not respond. Those who did respond were then asked to complete other forms and take a battery of aptitude tests. In all, potential participants had to have five or six contacts with the Commission to show they indeed wished to enter the program and achieve self-sufficiency.

Other factors used in making the final selection of participants were age (only parents over 16 were chosen) and possession of basic English literacy skills

Of the people who learned about the program, 576 responded and 200 were selected. Almost all needed some kind of training. Even those who had skills or the ability to get a job were hampered by low self-esteem that kept them from using the skills they had. One of the major results of the program has been to raise participants' feelings of self-worth

Almost all the participants were women. Half were black and a quarter Hispanic. Slightly fewer than half were between 21 and 25 years of age, and about an equal number were between 26 and 30. Three out of five had two children and four out of five did not work before entering PS-S. Welfare was their primary income source.

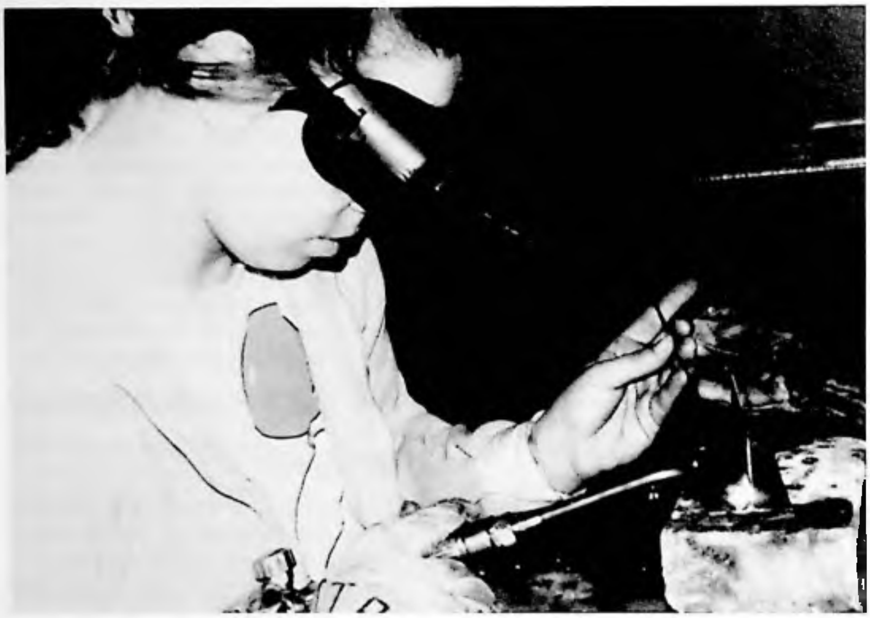
Despite careful screening, not everyone selected stayed with the program. Fifty-six participants eventually dropped out or were asked to leave because of moves to other areas, legal problems, pregnancy, or unwillingness to attend training sessions. These participants were replaced with others, but this has meant some delay in completing the program.

Services

In cooperation with the parents themselves, the contractors prepared individual needs assessments and personal action plans. Each personal action plan addresses child care,

Project Self-Sufficiency participants must be able to find adequate, affordable day care for their children so they can undertake job training and employment. Because of the shortage of low-cost day care, a scholarship fund was established to subsidize child-care slots for program participants in Los Angeles.

Project Self-Sufficiency



Project Self-Sufficiency provides job training opportunities. Some participants enter training programs funded through the Job Training Partnership Act in Los Angeles County. Others attend local public and private colleges and technical schools. Each PS-S participant undergoes 30 hours of training each week.

education, housing, job training, and transportation needs. The contractors counsel parents as they move through the program. All participants attend a series of Single-Parent Lifeskills training workshops cosponsored by local community colleges. The courses provide participants with some of the information and skills they need to carry out their responsibilities as workers, parents, and householders.

Topics covered in the four-week, four-session course include personal assessment and goal-setting; stress management; informal networks and community resources; legal rights, responsibilities, and remedies; budget management and consumer awareness; and physical and mental health care.

Each participant's training program is tailored to the individual's aptitudes and interests. In addition to the mandatory workshops, some participants enroll in on-the-job training or classroom training in programs funded by the County's Job Training Partnership Act program. Others enter educational programs at community colleges, public or private adult schools, or the county's regional occupational programs. Participants receive training in skills such as word processing and computer data entry, nursing, welding, bookkeeping, and appliance repair.

They must attend training for 30 hours each week during the training period. Those going to junior colleges or into the health professions have longer training periods.

Housing Assistance

The contractors assist the participants in finding housing. The Commission had noted in its local needs assessment that suitable apartments were difficult to find, partially because private landlords were reluctant to become involved in a federally subsidized housing program. The general action plan recommended that PS-S and Section 8 certificates be actively promoted among landlords, with the assistance of the Apartment Association of Greater Los Angeles, the umbrella organization for apartment owners. A member of this association was asked to serve on the task force. The Commission reports that landlords have become far more cooperative, many now accept Section 8 tenants.

Job Placement

The contractors assist participants in securing jobs by helping them write resumes and by scheduling interviews and conducting pre-interview counseling. The Commission has found that once parents are trained, it is fairly easy to place them in suitable jobs. Of the 171 single parents currently in the program, 38 have already secured full-time employment and earn an average of $6.85 an hour. It is expected that within the next six months the majority of the remaining participants will have completed training and be seeking employment.

Some of the jobs and the hourly wages participants have secured include those of a secretary ($5.00), dental receptionist ($5.00), payroll clerk ($6.00), instructional aide ($7.50), welder ($7.69), fork lift driver ($7.00), library clerk ($6.00), hostess ($6.00), and data entry operator

($5.71–$7.25). Some have taken jobs at an hourly rate below that considered necessary to achieve self-sufficiency, but the jobs are expected to bring rapid advancement to a higher salary.

Fundraising

Some needs were not covered by existing programs, and the Commission has sought funds from the private sector. Securing child care, for instance, proved to be much more difficult than originally anticipated. It was assumed that day care centers and other service providers would give priority to PS-S participants of the program. In reality, PS-S participants had to compete with others for a limited number of subsidized child care slots. The Commission established a scholarship fund that would be used to subsidize more slots. The fund would serve other needs as well—such as work-related clothing or tools, and moving expenses.

The Commission and the task force raised about $39,000. The Atlantic Richfield Foundation, the philanthropic arm of the Atlantic Richfield Refining Company, provided a $10,000 grant after an article appeared in the *Los Angeles Times* describing the Commission's difficulties in raising private sector funds. The Foundation targets a number of its grants to projects that offer job training, social services, and help to minorities.

The Ahmanson Foundation, which usually funds local projects related to the arts and medicine, provided $10,000 because PS-S offered a constructive approach to ending the poverty cycle. The California Community Foundation, a nonprofit, philanthropic pool for hundreds of individual funds, also provided a $10,000 grant. Smaller amounts of money were given by Pacific Bell, Security Pacific Bank, the Mattel Foundation, and others.

The contractors have discretion in determining when to stop assisting a participant after the participant has secured employment. In all cases, they have maintained contact with participants and expect to continue to do so for at least nine months after the demonstration is completed, even though Commission funding will have ceased. For long-term support, the Commission is approaching local women's groups and professional associations, asking for volunteer counselors or mentors. The salary of the coordinator of volunteers will be paid out of the United Way's $80,000 contribution for program operation and child care.

The Future

The Los Angeles County Project Self-Sufficiency demonstration was to last only two years and end at the close of 1986. However, because the program has been so successful and has built cooperative relationships between public agencies and the private sector, the Commission has been reluctant to let it lapse and is looking for ways to continue its benefits.

HUD allowed participating communities to keep the special allotment of Section 8 certificates they received under the demonstration and add them to their regular pools of certificates. The Commission hopes to use both these and some of its regular allotment of Section 8 certificates to continue the program.

HUD is allowing other communities to use their regular allocation of Section 8 certificates to start their own self-sufficiency programs.

The Commission is also exploring use of the new California income assistance program, "Greater Avenues to Independence" (GAIN), as a vehicle for continuing PS-S. GAIN provides a wide range of employment-related services and concentrates on mothers with school-age children who currently depend on welfare for support.

The Watts Labor Community Action Committee, which is the recipient of a wide range of Federal, local, and private funds, is trying to keep the Watts self-sufficiency program operating by using its regular funding sources.

Project Self-Sufficiency, in Los Angeles as elsewhere, demonstrates an approach communities can take to break the cycle of welfare dependency and give children in the new generation a better opportunity to achieve their potential. The Los Angeles County Community Development Commission estimates that it would cost $500,000 a year to continue the program—a figure they suggest would still be lower than providing long-term welfare and other benefits. And how does one measure the value of changing lives and providing a positive, secure environment in which to raise children?

Los Angeles, California

Skid Row Development Corporation

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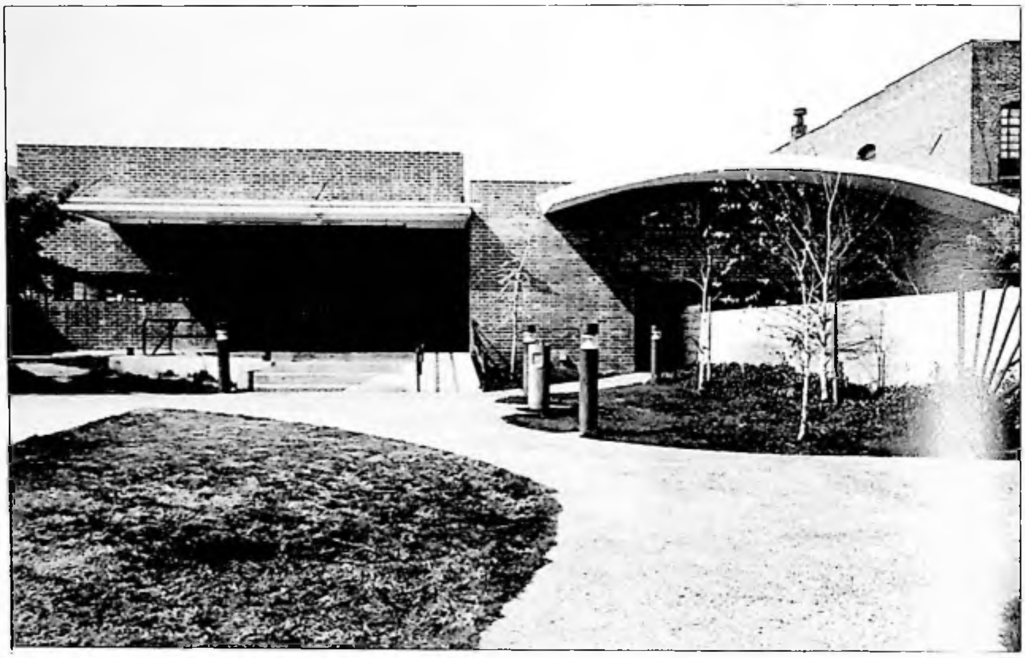


Transition House, Los Angeles, CA

The Skid Row Development Corporation is a nonprofit corporation that operates a variety of ventures in the Skid Row area of Los Angeles. The first is a medium-term shelter called Transition House which helps homeless people become self-sufficient members of the community once again. The second is a shelter for overnight stays. In addition, in order to support its shelter activities and provide employment for Skid Row residents, the Corporation has undertaken several economic development projects.

The Skid Row Area of Los Angeles

In 1978, Los Angeles' Skid Row looked like most other big-city skid rows. "Winos" slept on the pavements and in the alleys. The homeless pushed their possessions along in shopping carts, moving undirected through the day and the neighborhood. Lines formed in the evening for beds at missions and for meals at soup kitchens. The area reflected the same decline in status and condition as its residents. Very little development, either public or private, was taking place.

Yet 1978 marked a turning point for Los Angeles' Skid Row. That year, a nonprofit organization called the Skid Row Development Corporation was created to find ways to clean up the area without simply removing its residents. The Skid Row Development Corporation has been very successful.

- It has provided shelter for more than 3,000 people
- It has spawned several businesses that employ the homeless and provide revenue for the Corporation's shelter ventures
- It has rehabilitated several large structures and brought them back to productive use.
- It has provided a total environment in which motivated homeless people can reenter the mainstream of American society.
- And it has done all of this by successfully mobilizing both public and private sector resources.

Los Angeles' Skid Row is a 50-square-block area less than a mile from the downtown central business district. Approximately 10,000 people live there, although the number increases in winter when homeless people leave colder places for the sun and warmth of California. The area is a major entry point for low-income immigrants. Based on a survey conducted before the Skid Row Development Corporation (SRDC) was formed, only about 30 percent of Skid Row's residents—contrary to popular belief—were alcoholics. Most were just people in impoverished circumstances.

The area itself was characterized by cheap single-room occupancy hotels (which provided a room with a shared bathroom), dilapidated bars, missions and soup kitchens, vacant lots, and unused industrial buildings. Because of its proximity to downtown, the continued decline of Skid Row would eventually have had an adverse impact on the redevelopment of the central business district.

The Skid Row Development Corporation Is Formed

In 1975, the mayor and city council formed a Citizens Advisory Committee to create a redevelopment plan for downtown. In developing its plan, the committee studied the experience of other cities, in which removal of one "Skid Row" merely resulted in the appearance of another elsewhere. So the committee decided to recommend another approach—revitalizing the area while attempting to help its homeless residents by tackling the problems that created Skid Row in the first place. Although a number of private and public agencies provided services in the area, no single entity was able to pull together all the services needed to provide comprehensive treatment for the homeless.

The committee presented its findings to the mayor and city council and to the city's Community Redevelopment Agency (CRA), which was created under California law to undertake the revitalization of blighted areas.

In California, *redevelopment* agencies perform functions similar to those of local *community development* agencies, but they have the advantage of direct access to tax revenue. Their major source of funds is "tax increment financing," in which a state-chartered agency is given the power to issue bonds to finance physical improvements (including infrastructure, land writedowns, and demolition) in specially designated districts. The agency may then use the future property tax increases that result from the improvements to pay off the bonds. Thus, under tax increment financing, the agency—rather than the city government—retains the tax payments until the bonds are repaid in full. Skid Row became such a project for the Los Angeles CRA.

CRA decided that the best way to proceed was to create a nonprofit corporation to undertake the revitalization activities in Skid Row. A nonprofit entity would draw support from the business and service community. It would be less fettered than government, both bureaucratically and in its ability to raise funds from the private sector.

The mandate of the nonprofit corporation—the Skid Row Development Corporation—was to identify service gaps in the community and to persuade existing service providers to expand their services or provide new ones. To the extent that this was not possible, the Corporation would develop programs of its own.

CRA created the Corporation and appointed a board of directors composed of Skid Row-based business people, service providers, and residents with a strong commitment to improving the area. One of its first

People who stay at Skid Row's Transition House live for a few weeks in a secure, caring environment where they receive help in overcoming some of the problems that led to their being homeless.

Skid Row Development Corporation

actions was to hire Martha Brown Hicks as executive director. Hicks had previously been a grants administrator for the City of Santa Monica and was skilled at securing funding from Federal and state sources.

The Corporation Establishes Credibility

The Redevelopment Agency agreed to provide the funds for SRDC's annual administrative budget, but the Corporation was expected to secure financing for program operation and development from other sources.

As a first step, Hicks sought to establish the Corporation's credibility and visibility by immediately undertaking a concrete project. In order to establish credibility, she went to the Federal Government for program funding even though she understood that for long-term survival, SRDC would have to look beyond Federal funding.

Hicks saw economic development ventures as the way to provide financial support to the Corporation as well as jobs in the community. She secured $3 million from the U.S. Economic Development Administration, which assists labor-intensive businesses that provide low-skilled jobs. The $3 million was used to acquire and rehabilitate an abandoned warehouse and convert it to a facility that would house commercial and light industrial businesses.

The "cushion" of these funds enabled the Corporation to begin work on shelter provision. SRDC asked the existing service providers in the area about what Skid Row residents needed. All agreed that the greatest need was for medium-term shelter for both men and women. In the next four years, SRDC raised funds and converted a warehouse into dormitory facilities for the homeless.

The Justice Bakery is one of several small businesses housed in the Commercial/Light Industrial Center, the industrial building SRDC constructed to provide employment to Skid Row residents.

SRDC Organization and Staffing

SRDC has a board of directors whose composition has changed over time. Service providers were heavily represented at first. Because the Corporation found it important to have board members who could raise funds, business people and professionals who offer such skills and contacts eventually replaced some of the service providers.

The Corporation began with a staff of two part-time professionals and a secretary. Now seven people work at the main office, including the executive director, a business manager, a comptroller, and a housing manager; an additional 64 people, including counselors, staff the other ventures. The Corporation's administrative budget is $350,000, funded entirely by the Community Redevelopment Agency.

Skid Row Projects

Currently the Skid Row Development Corporation operates two shelters for the homeless—an emergency shelter, the San Julian Shelter, and the medium-term shelter, Transition House. Transition House is the only facility for the homeless in Los Angeles to provide shelter for as long as two months as well as a comprehensive package of services designed to return homeless people to independent living.

Three economic development ventures—the Commercial/Light Industrial Center, the Renaissance Building, and Paper-Back—are producing profits which help finance Transition House A group of apartments—Move-On Housing—provides accommodations for low-income residents while also furnishing financial support for Transition House And a one-year demonstration project—the Broadway Clean-Up Project—is improving the appearance of the nearby Broadway Commercial District and providing work for Transition House residents. Staff expenses for these projects come from SRDC's administrative budget.

In its first seven years, the Corporation has raised $4.9 million from public sources and $1.2 million from private sources.

Because Transition House residents may stay for as long as two months, they are able to personalize their quarters, as this young woman has done. The medium-term shelter offers private, safe accommodations to men and women who are in transition to permanent housing.

Transition House

Most of the shelters in Los Angeles provide housing for one or two nights only and care for only those needing alcohol or drug detoxification. Few provide overnight housing for women. Transition House provides a bed, two meals a day, and counseling and rehabilitation services for 94 men and 36 women.

Because Transition House is designed to serve homeless people who can return to the community mainstream, its population is somewhat different from that of the other local shelters, which house the chronically mentally ill and drug and substance abusers. More than half of the residents of Transition House have never had problems with drugs or alcohol, although about 30 percent have some form of mental illness. (Mentally ill homeless people can be accepted if they are capable of following Transition House's rules and of eventually living independently.) About half are minority-group members and more than half are under 35.

Eight out of 10 have no source of income, not even public assistance. About one-third are displaced people who came to Los Angeles with dreams that never materialized. All have in common a desire to improve their lives.

Transition House residents are carefully screened before admission to ensure that they can be mainstreamed—that is, that they can be helped to lead independent lives. A team of 12 counselors works with residents to assist them in finding work. They help them resolve problems and refer them to other agencies or individuals for aid regarding health care, mental health, job counseling, and detoxification problems.

Drugs and alcohol are not allowed. Alcoholics Anonymous meetings are held regularly, and residents not willing to give up drugs or alcohol are asked to leave. There is excellent coordination between counselors and the various county, city, and private agencies that provide services. Outside agencies, such as state vocational rehabilitation and county mental health services, hold regular weekly sessions for residents.

Transition House is located in a renovated warehouse. One of the first things one notices on entering the building is its cleanliness and orderliness. Residents help maintain the building and grounds. Some also do clerical and kitchen duties on a regular basis. Others make a small financial contribution if they have earned some money at a job or received public assistance. Following rules and accepting responsibilities are important aspects of life at Transition House. By taking pride in their new environment, residents take the first step in developing the confidence to break out of dependency.

Skid Row Development Corporation

Each Transition House resident is carefully screened before admission to the medium-term shelter. Transition House accommodates only those homeless people who can once again become self-sufficient. Job counseling is a key component of the program. Counselors also help residents draw on the assistance of public and private agencies in the solution of any health-related problems, including drug and alcohol dependencies.

More than 3,000 people have stayed at Transition House during its first three years of operation. Forty percent move on to more positive circumstances, defined by SRDC as getting jobs or moving back with their families, moving out of state, or into low-cost (but not necessarily subsidized) housing. Such housing includes single-room occupancy hotels and board and care facilities (which provide housing for the mentally ill in a more supervised environment).

The U.S. Department of Housing and Urban Development (HUD) provided a $1.6 million innovative grant for acquisition and construction of the facility. Los Angeles contributed $470,000 from the Community Development Block Grant it receives from HUD for conversion.

Approximately $400,000 is required to operate Transition House for one year, with daily costs in 1986 averaging $8.32 per resident. In addition to the 12 counselors, four other people serve on the staff. Because Transition House cannot support itself, most of the Skid Row Development Corporation's fundraising and economic development activity is targeted for support of the shelter.

Funds come from a variety of sources, both public and private. The California State Emergency Shelter Program (described in a separate monograph) has given Transition House $164,000 over the last 18 months. Under the Job Training Partnership Act, the local Private Industry Council will be providing money to Transition House for every resident trained and placed in a job. In addition, the Los Angeles Community Redevelopment Agency underwrites 40 beds each year, and the county, through its mental health programs, pays for another 20 beds.

The private sector has been a large contributor to the project. Sixteen private companies, foundations, and organizations have made contributions ranging from $2,000 to $100,000. For example, the Atlantic Richfield Foundation, the philanthropic arm of the Atlantic Richfield Refining Company, has been a long-term major contributor. It has awarded six grants to SRDC, for a total of $178,000. The foundation usually makes one-time grants; providing six years of funding demonstrates the value the foundation places on this project.

The local community has also been very supportive. When a letter was sent to downtown businesses asking each of them to underwrite the costs of maintaining the beds for a day, all 130 beds were subscribed within a month. City churches regularly conduct used clothing drives for Transition House.

Seeking to operate as economically as possible, Transition House takes advantage of several surplus food distribution programs. Groups from all over Los Angeles keep the program in mind whenever they have surpluses of furnishings and personal hygiene items. For example, the Los Angeles Athletic Club, a private exercise, recreation, and social club, recently donated a large quantity of shampoo to Transition House. Bullock's Department Store has donated furniture and sends a $5,000 check each year, without being asked.

Fifth and San Julian Emergency Shelter

In 1984, in response to the recognition by the mayor and the city council that the Los Angeles homeless population was growing, a temporary shelter for both men and women was constructed at the intersection of Fifth and San Julian Streets. Volunteers from local trade unions, which wanted to do something for the homeless, constructed the building in less than a week, using donated materials. Los Angeles Mayor Tom Bradley asked the Skid Row Development Corporation to operate the facility because of its success in running Transition House.

The shelter provides overnight accommodations only, beds are assigned on a first-come, first-served basis. Separate dormitories for men and women house 138 persons.

Funds to operate the emergency shelter were provided by the City Community Development Department, the County of Los Angeles (which is the local recipient of Federal funds for mental health programs), the Federal Emergency Management Agency (which provides grants for shelter operation), and the Atlantic Richfield Foundation. One year's operation of the shelter costs $400,000 and requires 12 staff members. In addition, uniformed security guards and a maintenance crew are employed under contract.

Commercial/Light Industrial Center

This $1.5 million industrial building was built by SRDC with $1 million in Economic Development Administration funds. The Los Angeles Community Redevelopment Agency provided the land by granting a 99-year lease for an annual rent of one dollar.

The Center offered a place in which existing businesses could expand and new businesses could start up economically. The 37,000-square-foot building is fully rented. In addition to providing revenue for Transition House, the Center generates new jobs for Skid Row residents; a requirement to hire residents is made a part of the lease between the businesses and SRDC. The actual number of Skid Row residents a business must hire is negotiated and varies from 10 to 30 percent of the employees.

Renaissance Building

Just completed, this $2.9 million project provides leased space for labor-intensive, light industrial businesses, particularly those connected with Los Angeles' large garment district. It also houses the offices of the Skid Row Development Corporation. The City of Los Angeles acquired the vacant, six-story, 66,000-square-foot building and leased it to the Corporation for 50 years.

The Corporation renovated it in two phases. First, it fixed the basic building systems and rehabilitated the first three floors, using $2 million from the U.S. Economic Development Administration, the Los Angeles Community Redevelopment Agency and Community Development Division, the Local Initiatives Support Corporation, and the Weingart, Gannett, Mott, and Atlantic Richfield Foundations. Second, it rehabilitated the fourth through sixth floors using $667,000 from a U.S Department of Health and Human Services Community Services grant.

A grant from the Mott Foundation allowed the Corporation to launch a marketing campaign, and the building was fully leased before opening. As in the Commercial/Light Industrial Center, businesses housed in the Renaissance Building must agree to hire a percentage of their employees from local residents of Skid Row. Some of the workers are former residents of Transition House.

The Renaissance Building—like all of the Corporation's economic development ventures—generates profits that support the operation of Transition House.

Some of the homeless in the Skid Row area of Los Angeles line up for admission to SRDC's emergency shelter at the corner of Fifth and San Julian Streets. The shelter provides overnight accommodation to 138 men and women, on a first-come, first-served basis.

Skid Row Development Corporation

Paper-Back

Paper-Back is a labor-intensive small business that collects and sells high-grade waste office paper and other recyclable products generated in downtown office buildings and government agencies. Its primary objective is to provide employment for Skid Row residents and graduates of Transition House. The business has been profitable for the last three years, and its profits help support Transition House.

Initial funding of $40,000 was provided by HUD through the now-defunct Neighborhood Self-Help Development Program (which provided funds directly to low-income neighborhood organizations for housing and economic development activities). A one-time grant of $80,000 was also provided by the Los Angeles Community Redevelopment Agency. Paper-Back currently employs six people.

A member of the Broadway Clean-Up workforce keeps the sidewalks in Los Angeles' Broadway Commercial District clean. The one-year demonstration pleased downtown merchants and shoppers and provided job skills to Transition House residents.

Move-On Housing

The Skid Row Development Corporation rents 17 apartments to low-income persons, both those who have lived on Skid Row and those who might otherwise find themselves homeless.

The Corporation acquired the apartment buildings from a developer who was about to raze them in 1982 to put up condominiums. Instead of razing the buildings, the developer agreed to donate them to the Corporation, which moved them to a site donated by the city, refurbished them, and rented them to low-income people. Start-up costs for the project—fixing the site, moving the buildings, and making repairs—were about $640,000.

All of the occupants use Section 8 certificates, which subsidize part of the rent. Residents themselves pay an average of $60 for a one-bedroom unit. SRDC contracts out the maintenance.

Move-On Housing's operating budget is $30,000. Because total acquisition costs were so low, Move-On Housing generates about $40,000-$50,000 annual profit; this sum helps support Transition House.

Broadway Clean-Up Project

This one-year demonstration project was undertaken in cooperation with the Los Angeles Community Redevelopment Agency to clean the sidewalks in the Broadway Commercial District, a part of the downtown central business district. Residents of Transition House are screened for job readiness; five full-time and five part-time residents work on this project. CRA provided $175,000 for the project.

So far the workforce has removed an average of 2½ tons of refuse weekly. More important, all of the first 10 employees have moved from Transition House to permanent housing as a result of their work on Broadway Clean-Up. Merchants and shoppers are delighted with the results, and the clean-up crews in their bright red jumpsuits have become a welcome addition to the neighborhood.

Future Directions

The Skid Row Development Corporation is now directing its energies to accomplishing two objectives: moving closer to self-sufficiency and developing a single-room occupancy hotel.

Although each of the economic development ventures is self-sufficient, the profits do not yet cover all Transition House costs. The Los Angeles Community Redevelopment Agency will continue to support SRDC through 1987 but is urging the Corporation to seek a more permanent funding solution.

Fundraising, while necessary, takes an incredible amount of time. Hicks estimates she spends 75 percent of her time on fundraising activities. In order to become self-sufficient, the Corporation is developing a major fundraising campaign to find 300 private and corporate sponsors who will each agree to donate $1,000 annually, and it is asking Los Angeles churches to donate one week's collection.

SRDC hopes to build a single-room occupancy hotel that would provide an alternative form of housing for Skid Row residents and at the same time generate profit to support existing Skid Row projects. Although the Corporation does not yet have any excess funds to put into working capital to start the hotel (with all of its profits going into Transition

House), it is pursuing both government and private funding sources to this end

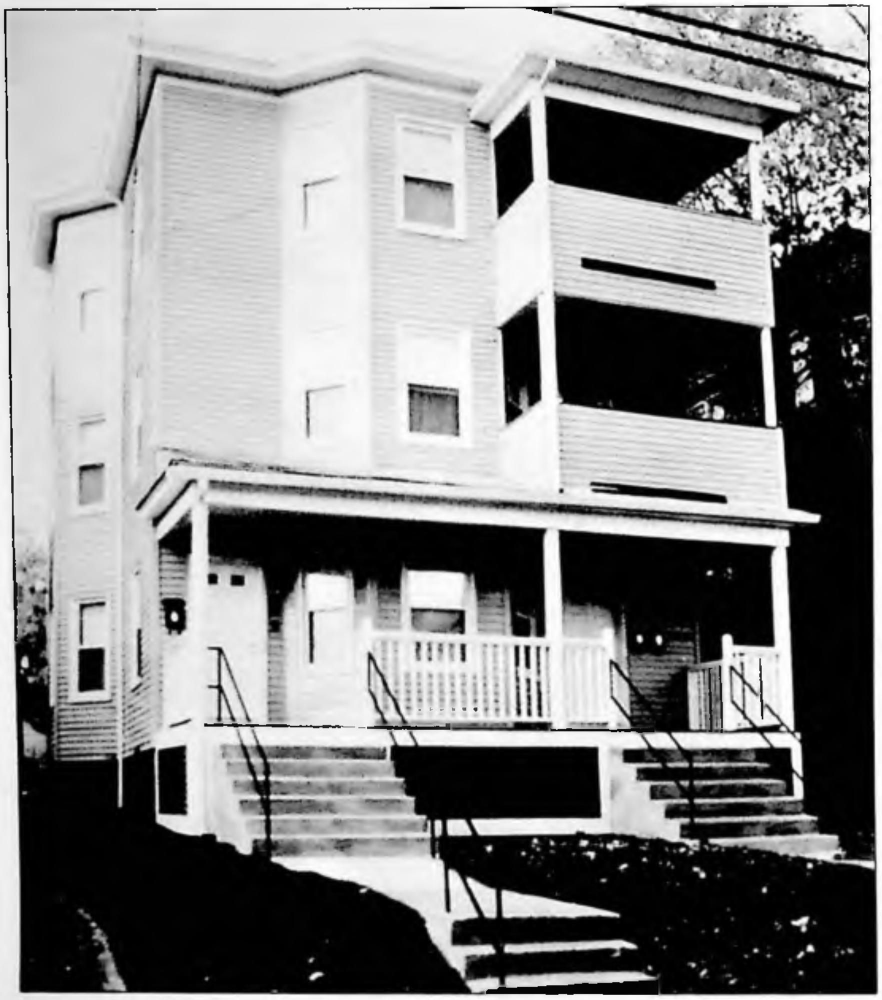
The key to SRDC's success has been its diversification, coupled with a strong, unwavering commitment to the improvement of life on Skid Row. After it has established the hotel, SRDC will concentrate on expanding its economic development activities rather than on building new shelter capacity. Hicks, the president, believes SRDC already provides the maximum number of shelter beds that a single organization can manage effectively

Skid Row is looking better these days. Buildings are being privately renovated. The area is now the home of a rapidly expanding toy industry, and the business community is taking an ever-growing interest in developments that affect the neighborhood. The Skid Row Development Corporation may have played a modest part in all this, but for many Skid Row residents that part has made all the difference in the world

This worker is one of six employed by Paper-Back, a small business that collects and recycles waste office paper. Paper-Back was started by the Skid Row Development Corporation to provide employment for neighborhood residents. Its profits help support Transition House.

Hartford, Connecticut

Urban Homesteading Program



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The Urban Homesteading Program combines public and private resources to reverse deterioration and increase homeownership in targeted communities in Hartford, Connecticut. Each family pays $1 to purchase an abandoned building and borrows the money for its rehabilitation. Family members learn home repair and financial management skills as they work alongside a private contractor to rehabilitate the home.

The Setting

Hartford, the capital of Connecticut, is situated along the banks of the Connecticut River in roughly the geographic center of the state. The city itself occupies a small area but contains a quarter of the capital region's population and half of its low-income families. Thus, while the region as a whole has an average annual family income of $24,000, Hartford's is less than $12,000. Approximately 35 percent of the residents are black and 25 percent are Hispanic.

Hartford's economy is based on service industries—primarily government, insurance, and finance. The surrounding region contains a growing number of large manufacturing plants and additional service companies in the insurance, health, and financial areas. Despite this economic growth, underemployment and unemployment inside the city persist because the jobs created by new industry are not well suited to the average Hartford city resident's training and experience.

The number of housing units in Hartford has declined over the last decade, and only one in four is owner-occupied: one in five receives some sort of governmental subsidy.

The city has four distinct residential areas:

- South Hartford, whose primarily Italian and Irish families own their homes
- The center city, with a growing Hispanic (mostly Puerto Rican) population living primarily in multi-family rental housing.
- The small western section, where middle-income and upper income families—the new "gentry"—have recently been rehabilitating a significant number of dwellings
- North Hartford, whose predominantly black and low-income families live in apartment buildings and one- to six-family homes

A substantial number of residential buildings in the low-income areas have been abandoned by both residents and owners, leaving them open to crime and arson and causing fear and helplessness among homeowners and tenants. The city is experiencing the phenomenon of "rolling blight," in which the disease of abandonment spreads rapidly from house to house, from street to street, and from neighborhood to neighborhood.

The Program's Beginnings

For more than 20 years, to counteract "rolling blight" and to meet the housing needs of low-income residents, the City of Hartford has played an active role in rehabilitating existing housing and developing new housing. In 1978, it turned its attention to an urban homesteading program, through which the city would help its residents acquire and renovate their own homes. Having determined that disinvestment resulted mainly from absentee ownership, city officials decided that increasing resident ownership would remove one of the major reasons for indifference, neglect, and abandonment.

Hartford's Urban Homesteading Program was launched in 1979, its efforts targeted to several neighborhoods in North Hartford and the center city area where housing deterioration and abandonment were most evident. By 1980 the first house was rehabilitated and occupied. The program focused on single-family homes—defined as houses containing up to four units. The homesteader occupies one unit and rents out the others.

The HUD Multi-Family Demonstrations

Fortuitously, in 1981 the U.S. Department of Housing and Urban Development (HUD) selected Hartford as one of 10 cities to participate in a demonstration of multi-family urban homesteading. The demonstration was designed to show that a deteriorated, neglected, or abandoned building could be resurrected and become home to several families who would participate in the renovation and ultimately join in cooperative ownership. The HUD demonstration focused on the use of a local non-profit community development corporation to accomplish this objective.

In Hartford, the nonprofit corporation was a local group, El Hogar del la Futuro. El Hogar had grown out of efforts by the Catholic Arch-

Hartford has many structures like this one, built to house more than one family but, because it is dangerously deteriorated, now abandoned by both owners and tenants. Hartford's urban homesteading program enabled a single family to buy the house from the city for $1, to renovate it, and then to move in as resident landlords, renting out the other units.

Urban Homesteading Program

diocese to improve housing for new immigrant Hispanic families. Although the city was initially reluctant to pursue multi-family homeownership and to use a private community development corporation, all parties—HUD, the city, and El Hogar—worked together effectively. Within a few months, their efforts turned a six-unit building into a cooperative.

Restoring this building lifted hopes in the blighted neighborhood and restored confidence in the future. Now, five years later, no more buildings on the street have been abandoned, and many have been repaired and painted.

The demonstration was enormously successful in showing the city that larger buildings could be homesteaded. And the experience totally transformed El Hogar into an effective community development corporation. El Hogar has now renovated several more multi-family buildings and expanded into other cities. When Connecticut launched a statewide urban homesteading program, it designated El Hogar as the first housing development corporation to take part.

The success of the demonstration encouraged others to participate in salvaging abandoned housing—groups like the Cigna Insurance Company. Cigna acquired a large number of buildings between Hartford's center city and south end and completely renovated the buildings, the streets, and the sidewalks. Buildings which had been "written off" are now completely occupied.

The spate of new condominium construction and the conversion of other abandoned buildings by private, for-profit developers can be traced in part to the impact of this demonstration and other urban homesteading efforts. In particular, Northeast Commons—a new moderate-income condominium development of 44 three-bedroom units—owes its inspiration to the examples the city and El Hogar developed in that first demonstration and since.

Given the success of the demonstration and of the entire homesteading program, it was no surprise that HUD selected Hartford for a second multi-family urban homesteading demonstration which began in 1986 and in which [illegible] units in two abandoned buildings would be converted into condominiums. HUD's objectives in this second demonstration program are to develop a variety of financing and ownership options and to solicit competitive proposals from for-profit and nonprofit developers that have not been previously involved in the homesteading program.

Hartford has been able to blend into its own program the funding, technical assistance, and experience gained in these HUD demonstrations. The result is an urban homesteading program that can serve as a model for other cities.

This building on Hartford's Bethel Street was the site of a HUD demonstration of multi-family urban homesteading. The once run-down, abandoned building was totally renovated by a local nonprofit corporation—El Hogar del la Futuro—and is now jointly owned by six low-income families who participated in the rehabilitation. The example served to arrest further neighborhood abandonment.

How the Homesteading Program Works

Hartford's Urban Homesteading Program is administered by the city government's Urban Homesteading Agency, which is part of the city's Department of Housing, whose staff provide technical and financial assistance to participants in the program. A number of steps are necessary to acquire properties, select homesteading families, work with them during construction and finance, and maintain follow-up contact and services.

Property Acquisition

Initially the city acquires the property through its tax foreclosure process. Properties that have clearly been abandoned are taken by the city in place of the taxes owed—a slow, politically sensitive process. Owners, who must receive due notice, have the right of redemption whereby they can pay back taxes and reclaim the building.

Foreclosure provides a mechanism both for ridding a neighborhood of an abandoned property and for providing other residents with a home at a reasonable cost. Accelerating foreclosures would permit expansion of the homesteading program, which now has more than 15 applicants for each house offered, yet the city is reluctant to do so because of concern about pressure on the city council from dispossessed owners.

Properties are also acquired through HUD or Veterans Administration foreclosures. And property owners who wish to redevelop their land donate the houses on it if the city will pay the cost of moving them to city-owned lots.

Work Plan and Cost Estimate

The Department of Housing examines the building carefully and develops rehabilitation specifications, plans, and cost estimates, except where a developer such as El Hogar is chosen to do the development. Regardless of the developer, homesteading families participate in making final design decisions.

Grace Muhammed removes the old lath and plaster to prepare for the installation of new fire-proofed, insulated walls.

Family Selection

The Department of Housing advertises in newspapers and in mailings to community organizations and families that have indicated interest in the program. Some families learn of the program through word of mouth. The slogan "Buy your own home for a dollar" is particularly effective in drawing attention to the program.

The city advertises an open house at the prospective homestead, inviting people to visit the house and apply for ownership under the homesteading program. Usually 50 to 80 families come and 20 to 30 fill out an application.

To be eligible, a family must be a first-time homeowner, and one or more family members must have the commitment and physical ability to do construction work. The family must also be financially able to meet the payments on the rehabilitation loan. Currently this means the family must earn at least $20,000 a year.

Interviews with the five to nine eligible families for each house help the staff select the family who is most likely to benefit from the program and to make an effective contribution to stabilizing the neighborhood.

Families who have already completed the program have from one to eight members and incomes ranging from $11,000 to $30,000, with $21,000 the average. Half are black and half Hispanic, 40 percent have two or more incomes, and 40 percent are headed by women.

Urban Homesteading Program

Each rehabilitation is substantial, requiring a total gutting of the interior. Homesteaders are responsible for tearing down the old interior walls and installing insulation. They also paint the house and landscape the grounds.

Homesteader Financing

The city sells the family the homestead for $1 and provides initial financing to enable rehabilitation to start. Rehabilitation costs may be $30,000 to $35,000 per unit; the city helps the homeowner secure a permanent loan for this amount at lower interest rates than the market allows. Lenders are both public and private organizations; they include HUD through its Section 312 program and its Community Development Block Grants to the city, the state's Connecticut Homesteading Fund, and local private institutions, several of which have formed to fund such loans. The interest rate is typically two to seven percent; repayments are used to finance additional homesteads. The monthly housing cost for homesteaders after rental income is factored in has ranged from $150 to $500.

Rehabilitation

The city requires homesteading families to gut the interior of the house, help clean up, insulate and paint the house, and assist the contractor wherever possible. In addition, homesteaders must do the landscaping. The Department of Housing provides a home repair course that trains the families in demolition, insulation, painting, and staining. A landscaping course is also offered. A local historic organization, the Hartford Architectural Conservancy, also provides advice on paint color, exterior details, and other aspects of restoration.

In El Hogar's multi-family projects, the management of the "sweat equity" component is complicated by the need to coordinate the work of several families on each project. In the Bethel Street project, El Hogar set up a management system to keep track of the hours worked by the families. Some groups have set up contract systems whereby some families do only general work and others do special tasks like electrical installations.

One system lets a family contract to earn financial credits for specific tasks—$50 for hanging a door, $30 for cleaning up the site at the end of the day, and $5 per square foot for installing flooring. Each family unit has to earn a minimum amount by the end of the job or invest more cash.

Quality Control

City staff help the homesteader negotiate the construction contract and then coordinate the paid contractor work and the "sweat equity" of homeowners to ensure a smooth operation and consistent quality. The city also employs several housing rehabilitation inspectors who make regular inspections and meet with the homesteaders to work out any problems that arise.

Homesteader Training

Each homesteader receives training in budgeting and financial management. The training programs are provided by the Hartford Police Department, the University of Connecticut Cooperative Extension Services, and the Knox Parks Foundation. Volunteers from the Unitarian Church of Hartford and the Catholic Archdiocese of Hartford also take part.

Training is particularly important for homesteaders who are about to become landlords—those who own buildings containing more than one housing unit. Participants in cooperatives and condominiums also have special training needs. They receive instruction in cooperative and condominium law and practice in addition to general training in financial management and budgeting.

Costs and Funding

The average cost of rehabilitating a home, training the homesteaders, and meeting incidental costs such as insurance, plans, and specifications totals about $85,000 (or about $30,000 to $40,000 per unit).

The homesteader makes a cash investment of about $1,500 and borrows $70,000 to $120,000. The rest of the project costs are met through the combination of public and private funding, volunteer assistance, and the "sweat equity" of the homesteading families. Through 1985, total public dollars exceeded $2 million, and donated services and sweat equity amounted to another $2 to $4 million.

Initial funding came from HUD's Community Development Block Grants to the city. In the Urban Homesteading Program's second year, Capital Housing Corporation, a consortium of banks which provides low-interest loans for housing, began providing first mortgages. In 1982, a new state program for homesteading also provided low-interest mortgages for homeowners. Through the end of 1985, total funding has included $357,530 from the city budget for staff and other administrative costs, $1,241,220 from the Community Development Block Grant program for construction and permanent loans, $178,000 from the Capital Housing Consortium, $39,000 from the Connecticut Housing Finance Agency, and $434,500 from the State Urban Homesteading Program.

The Hartford Department of Housing plays an important facilitating role and provides a number of related services that help keep housing costs down for families participating in both the single-family and multi-family programs. The department administers several loan programs, including the HUD Section 312 program, which has provided much of the funding for the multi-family part of the Urban Homesteading Program. The department also has a tax deferral and abatement program that financially assists owners who rehabilitate a property by reducing the taxes during the first 10 years. An energy conservation program helps both tenants and owners to reduce energy costs.

Item	Cash	In-Kind Contribution
Initial purchase of the home	$ 1	
Homesteader sweat equity		$ 2,000
Homesteader cash equity	$ 1,500	
Training, counseling, volunteer labor by other organizations		$ 5,000
Assistance from city rehabilitation and program staff		$11,500
Rehab construction costs	$85,000	
Total	$86,501	$18,500

This house, like many others in the Hartford program, had been abandoned for some time before it was made available to a homesteader who would put in both money and hard work to restore it.

Follow-Up

The homesteading program goal is more than to provide shelter. The program seeks to create stable, well-maintained, owner-occupied homes by building long-term relationships with the new homeowners. For five years after rehabilitation is completed, the city

Urban Homesteading Program

The hard work pays off as homesteading families move in and furnish their "new" homes.

makes annual home inspections and gives homeowners advice as needed. During this period, if a homeowner fails to pay the mortgage, maintain the property, or use the property as the family's primary residence, the city may exercise certain default rights. Moreover, a homeowner is not free to sell the property during the five-year period except under exceptional circumstances (such as a job transfer to another city). At the end of the five-year period, the city removes all its restrictions on the property.

No defaults have occurred so far. The homes have been well-maintained, and some homesteaders have even made additional improvements.

The Public-Private Partnership and Its Results

While the program has been helped enormously by the initial infusion of Federal funds and by the publicity and technical assistance surrounding the HUD demonstrations, it now constitutes a private and public partnership at the local and state levels. Working together, the city, the state, and private nonprofit and profitmaking organizations have produced a successful homesteading program in Hartford. As of December 31, 1986:

- The city itself had restored 26 buildings containing 69 units, and another 12 units (seven houses) are in process.
- El Hogar had restored five buildings with a total of 37 units. With assistance from the state, El Hogar has begun work on another 15 projects in other communities.
- Taino, a Hispanic contractor and developer, had also restored five Hartford buildings with a total of 31 units.
- Private developers had completed 14 more homeowner developments with a total of 376 units.

These developers include five non-profit developers and eight for-profit developers.

- The program has provided employment for smaller Hartford contractors. These have received about half the construction dollars spent in the city government's own program, the equivalent of almost 250 full-time construction jobs in the last seven years.

Concentrating on a few target neighborhoods, the program has sought to raise the homeownership percentage in these neighborhoods to at least 30 percent. It has begun to achieve that goal, and one can already see that surrounding homes are better maintained and that streets are more often cleared of litter.

Volunteers from churches and private groups, and the sweat equity of the homesteaders themselves, provide the final piece that makes the program work. Drawn in by newspaper publicity and city staff outreach efforts, volunteers help each homesteading family through the entire process from acquisition to homeownership. Homesteading families, who eventually pay for and maintain the houses, hold the key to the ultimate success and longevity of the improvements.

The Program's Benefits and Impacts

Individual features of the homesteading program are not new. Many homeownership programs exist in the United States and elsewhere, in both single-family and multi-family configurations. Volunteer house-building efforts and neighborhood "barn raising" also have a long history.

What is relatively new is combining these features into a mechanism to serve the disadvantaged. Not only has Hartford designed and implemented a program to enable low-income families to acquire better housing, but it has also made the full range of ownership opportunities available—single-family houses (one to four units), investor-owned houses (typically three to six units), cooperatives, and condominiums.

While it is too early to measure the program's long-range impact on neighborhoods, some changes are already evident. For instance, the city mayor cites the case of one family in which the mother was unemployed, the father also out of work and alcohol dependent, morose and withdrawn, and the three children doing poorly in school. Despite all this, the city staff discerned possibilities and gave the family a chance. The program's impact on the family was immediate, decisive, and continuing. The father has become free of alcohol, the mother has secured employment and is active in the community, and the children have improved in school.

"There is no question in my mind that this program did it," notes the mayor.

Newly renovated homes like this one have put new life into old neighborhoods while providing affordable housing to Hartford's low-income residents.

Blanding, Utah

Utah Navajo Development Council

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The Utah Navajo Development Council builds homes for low-income families living on a Navajo reservation in the western United States. The Council is able to keep total costs per house to around $12,000 by building on tribal land, by using trainee, volunteer, and "sweat equity" labor; and by adopting a no-frills approach to construction and household amenities. The program is funded by contributions from individuals and private corporations, oil lease moneys, and a modest allocation from the state.

Introduction

It's hard to imagine a more spectacular—or more isolated—place in the United States. Monument Valley attracts tourists from all over the world. Its sandstone spires have formed the backdrop for countless westerns.

To the Navajo, though, it is home. Traditional Navajos live much as their ancestors did amid the towering cliffs in hogans made of cedar posts and mud. Most hogans are beyond the reach of things everyone else takes for granted—like electricity. But now that is changing. *

* KUTA News Special by Larry Warren, 1983

This excerpt from a KUTA News Special captures the contradictions of the Navajo reservations—where startling natural beauty surrounds poverty that is equally startling. The "changes" the newscast referred to, including significant improvements in housing, are happening through efforts of the Utah Navajo Development Council (UNDC).

A private nonprofit organization, the Utah Navajo Development Council was created in 1971 to promote self-sufficiency in education, health, natural resources, and housing for Navajos living on the part of the reservation that is within the State of Utah.

The Council is based 30 miles north of the reservation lands in Blanding. Its Housing Services Division operates several types of housing programs, including a new construction program, which provides materials, labor, and technical assistance for new housing—at no cost to the families except for "sweat equity." While new construction is the Housing Services Division's largest program, it also undertakes projects in home rehabilitation, weatherization, photovoltaic system installation, and bathroom and kitchen additions.

The Reservation

The Navajo reservation covers portions of Arizona, New Mexico, and Utah. The Utah portion, locally known as the "Utah Strip," is located in the southeastern corner of Utah in San Juan County. The reservation grew in increments; the most beneficial addition occurred in 1933 when the oil-rich "Aneth Extension" became part of the reservation. Currently, the Aneth Extension generates more than a third of Utah's oil royalties.

The reservation is governed by a Tribal Council composed of representatives from "chapters"—small geographic areas that make up the reservation. Each chapter elects officers who carry out necessary administrative tasks. The Tribal Council determines policies and laws affecting all Navajos and contracts with other agencies to provide services.

In the shadow of the sandstone monuments live some of the 5,300 Navajos who reside in the Utah Strip, many in the traditional houses called hogans. Round, with a dome-shaped roof, hogans are made of cedar posts tied closely together and are covered by a layer of mud 6 to 12 inches thick. In the center, a smoke hole allows air to circulate. Traditionally, the front door of the hogan faces toward the rising sun.

Navajos try to raise some vegetables in small gardens near their houses; many raise sheep to supplement their low incomes. Sheep are preferred over cattle because they can be consumed in two days, an important consideration when there is no refrigeration.

Many families live in remote areas, because the land is so arid, the area allotted to a family for grazing sheep is very large. This sheep-grazing land passes down through generations of a family. One effect of these grazing rights is that while extended families tend to live in several hogans near each other, they live miles away from any other family, as well as from good roads and communities that might have electricity and water.

Approximately 32 percent of Navajos living on the reservation are unemployed. Families whose head of household is unemployed usually receive a small assistance payment from the Tribal Council as well as food stamps. Education levels vary by generation; older people speak little English. In 1983, the median educational attainment of Navajos 25 years or older was the fifth grade; 38 percent had no formal education.

There is little industry on or near the reservation. Activity in the few uranium mines has markedly decreased in the past few years. Oil companies employ a number of Navajos, but with the current oil glut and decline in prices, many have lost their jobs. Other supplemental income opportunities include sales from the manufacture of jewelry, blankets, and baskets.

In 1983, San Juan County contained the highest percentage of substand-

From its office in Blanding, near Utah's Navajo reservation, the Utah Navajo Development Council works to promote self-sufficiency in education, health, natural resources, and housing. The private nonprofit organization uses trainee, volunteer, and "sweat equity" labor to build low-cost houses for residents of the reservation. Money from oil leases, contributions from individuals and private corporations, and a small state grant pay for the homebuilding program.

Utah Navaho Development Council

Hogans—traditional dwellings made of cedar posts and mud—offer year-round shelter to many of Utah's Navajos. Photovoltaic cells use the sun's energy to generate electricity for the hogan. Some of UNDC's funds are used to install photovoltaic systems in Navajo homes.

ard housing in Utah. Nearly one out of four houses lacked plumbing, and three out of four were without water and electricity.

The Utah Navajo Development Council started operating housing programs shortly after its founding in 1971. Early program efforts included rehabilitation or upgrading of houses and weatherization programs to help protect against Utah's harsh winters. The Tribal Council also operates Indian Housing programs funded by the Department of Housing and Urban Development. These programs provide cluster housing (subdivisions) for low-income Navajos—a pattern quite different from the Navajo tradition of extended families living together on their grazing-rights land.

How the Development Council Operates

The Council's Housing Services Division operates several programs to improve housing conditions, including new home construction, home rehabilitation, weatherization, photovoltaic projects, bathroom and kitchen additions, and water and powerline development. The State Division of Indian Affairs receives the oil royalties and issues a contract to the Council to provide services to Utah Navajos. This situation has been ongoing since 1971. The Utah Department of Community and Economic Development became involved in providing housing construction funds in 1984.

In 1985, the program built 14 homes for low-income families. The costs were kept low because the land was owned by the tribe, the labor was provided by family members or by a work crew from the Development Council, and materials cost only $11,000 to $12,000 per house.

Those receiving assistance tend to be either elderly, handicapped, or families that have the capability to construct their own house. The age and income of family members vary. The Development Council developed criteria for assistance based on a 10-point rating of the family's living situation, including such factors as family size and income, whether the family's existing home is repairable, and whether the family can assist with funding and labor.

Each chapter of the Tribal Council votes on a priority list of its families to be served, with the Development Council giving final approval. The family does not own its homesite but is granted a 25-year lease by the Tribal Council. Able-bodied applicants are required to provide their own labor; the Development Council provides a work crew for elderly or handicapped applicants.

The family must live in the house after it is constructed. All the houses built in 1985 are occupied by low-income residents whose average income was $6,000.

The new homes are of high quality and constructed using a no-frills approach. All are limited to a 960-square-foot area in two basic configurations: 24' x 40' or 26' x 36'. Typically, the homes have three bedrooms, a living room, a bathroom, and a kitchen.

Exteriors are made of plywood siding over Celotex sheathing; interiors are of gypsum board. Concrete is prepared onsite from reservation gravel and sand. Houses are constructed on a 4" slab with an asphalt floor-tile surface; there is no carpeting. Houses may have either two or three bedrooms (usually three). The Development Council provides a hot water heater but no appliances. Four of the 14 houses constructed in 1985 had water service. The rest hauled their water from local wells.

The Housing Services Division currently employs six foremen and four crewmen, who are assisted by workers hired through public employment programs funded by the Tribal Council. Through these programs, many Navajos are trained in basic construction techniques. A typical work crew is composed of a foreman, two crew members, and a family member who has received training. Each family is encouraged to contribute at least 400 labor hours to the construction of its home. The unskilled family members assist by procuring and delivering the building materials.

The Development Council generally follows the chapter priority list in selecting the families to be served by the program. Because the number of construction workers is limited, however, the Council may allow some families to be served before others if they can build the houses with their own self-help labor.

A "self-help family" that bears primary responsibility for the construction contributes considerably more than 400 hours of labor. In such cases, UNDC provides the materials, a floor plan, technical assistance, and plumbing and electrical services. The family is responsible for the framing, siding, roofing, floor tiling, and interior wall construction.

In both methods of construction, the family is responsible for site preparation and landscaping. They may request equipment and operators from the tribal chapter or from a local oil company.

Turning the construction of a house over to a family is a unique feature of this project. In other self-help programs, houses are usually built in clusters, and all of the families work on all of the homes, each family providing specified skills. In the Development Council program, the houses are widely separated, so a family works only on its own house; thus the family needs the wide range of skills necessary for housing construction.

Organization and Finances

The Development Council's Housing Services Division's staff grew at a fairly steady rate, reaching a high of 43 in June 1985. However, as a result of the decline in oil revenues, the budget recently was cut 20 percent, and 14 staff were terminated. Most of the terminated staff were construction crew members. As a result, the Council will in the future rely even more on families' self-help efforts.

In 1985, the overall budget of the Housing Services Division was $890,707, which is 25 percent of the Council's total budget of $3,564,347. Within the Housing Services Division, funds were allocated among five program areas and general administration as shown on page 105. General administration funds are used to pay the work crews' salaries.

The homes built by UNDC have no frills--just two or three bedrooms, a living room, kitchen, and bathroom built on a 4-inch slab--but they provide warm, sturdy shelter.

Utah Navaho Development Council

Lucy Atene and her grandchildren are comfortable in the home UNDC built for them after their hogan ceased to offer protection from snakes and rodents. A wood stove and a kerosene lantern provide heat and light.

Funding sources for the new construction program in 1985 included $110,000 from the Utah Division of Indian Affairs and a $45,000 grant from the Utah Division of Community and Economic Development.

Utah's Indian Affairs fund is derived from interest on oil royalties. This provides for program continuity over the years, but the funds available can vary because of the oil industry's fluctuation. The state is attempting to build up the oil royalty fund so that future funding is more consistent.

A three-year grant that continues through 1987 provides funding for the Council through the state Division of Community and Economic Development. The state legislature allocated the funds through a special bill; the prospects for another grant are uncertain.

Self-help contributions are an important component of the program: the grant money pays only for materials. The Council work crews constructed seven houses with 400 hours of self-help labor provided by families, seven houses used self-help labor for most of the work. The value of the self-help can only be estimated. For houses in which 400 self-help hours are contributed, the self-help contribution can be valued at $3,600.

For houses primarily constructed through self-help labor, the self-help hours are estimated to be 1,240 and the value $11,160.

The cost per square foot is $23.08 when work crews build the houses and $13 when self-help is the primary method. Both figures are considerably lower than the national average.

The overall cost of housing completed without self-help would be $12,000 for materials and $11,160 for labor, with site-preparation equipment provided by the chapters or private firms and the land provided by the reservation.

Private sector involvement in the new construction program may take one of three different forms.

- The Development Council purchases all of its materials from the private sector; a bid list is sent to as many as 15 building supply firms, ensuring the best prices for each item needed.
- Small donations are occasionally received from private firms and individuals (e.g., $2,000 from a private donor in Pennsylvania).
- Private firms, such as oil companies operating on the reservation, allow the Utah Navajo Development Council and the families constructing the new houses to use their heavy equipment for grading and other site-preparation work. The use of such equipment can save $1,000 to $1,500 on construction costs for each site, since the alternative is to lease and transport the equipment a considerable distance. Seven of the 14 houses built in 1985 used this equipment.

Overall, private sector involvement is small, but it represents important cost savings for the new construction program.

Program Name	Amount	1985 Accomplishments
New home construction	$112,500	14 homes constructed
Home rehabilitation	41,300	30 regular, 26 emergency rehabilitations
Weatherization	58,208	36 homes weatherized
Photovoltaic projects	63,888	29 systems installed
Bathroom/kitchen additions	172,854	29 additions completed
General administration	441,957	19 employees hired
Total	$890,707	

UNDC plans to continue the new construction program (and its other four housing programs) for the foreseeable future. The Housing Services Division would like to identify additional funding sources to provide basic services, such as water and electricity, for the houses it constructs.

Judging the Impact

In 1985, 14 new houses provided high-quality, low-cost shelter to an average of five family members. Although the impact of the program is small in relation to the full extent of the housing problem among the Utah Navajos, the new construction program produces other benefits as well.

The Division directly employs 19 staff, including 6 foremen and 4 crew members, and trains Navajos who are occasionally hired directly. The self-help component—including training in construction techniques—ensures lower labor costs, family involvement in the housing venture, and better maintenance.

The use of self-help labor can be worked into many housing program designs; the Development Council's method for identifying and purchasing the necessary materials, and constructing the housing at low cost, can be used in any location. Thus, the new construction program has a particularly high replication potential for rural areas in the United States and in less developed countries.

The Utah Navajo Development Council ensures a high degree of satisfaction with its operations by involving the local government (chapters) in the selection of participating families. Funding sources are pleased because the program goal (construction of a specified number of houses at low cost) has been met and the end product is well constructed. Finally and most important, families have more living space, sanitary living conditions, insulated walls and ceilings, and a home of their own.

Concrete foundations are prepared onsite from surrounding gravel and sand, and plywood siding covers Celotex sheathing to form the walls. Much of the work to build the houses is done by the homeowners themselves.

West Memphis Private/Public Sector Home Improvement Program

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West Memphis, Arkansas, is combining private-sector loans and public grants to finance significant improvements in the substandard housing of the community's low-income, mainly minority neighborhoods. The partnership among low-income homeowners, private lending institutions, small construction firms, and the local, federally funded Community Development Agency also offers considerable community benefit. The partnership is stimulating local employment, providing education and training to both small contractors and low-income homeowners, and demonstrating the feasibility of adapting traditional construction techniques and using low-cost materials to produce basic, affordable improvement of substandard and deteriorating housing.

The Setting and the Needs

West Memphis, Arkansas, is located six miles from the city of Memphis, Tennessee, and has one of the lowest incomes per person of suburbs of similar size in the United States. Two out of five families live below the poverty level.

The greatest concentration of low-income and minority households is in the southeast planning district—the focus of the West Memphis Private/Public Sector Home Improvement Program. The district is home for a quarter of the city's households, nearly three-quarters of its minority citizens, and about 60 percent of those living below the poverty level. One-third of the district's households are headed by women.

Old, rundown homes are prevalent. Many were built in the early 1900's of second-hand materials. Much of the housing is known locally as "shotgun" and "tenant" housing—very narrow homes consisting of a series of rooms entering directly into one another, with no hallways. Many houses have inadequate or unsafe plumbing, electrical, and heating systems. Leaky roofs are common and often contribute to structural and other damage throughout the homes. Exterior doors often cannot be locked and do not properly close, and windows are frequently broken. In some houses sheets of linoleum placed directly on the ground serve as floors.

A 1982 study found that more than 1,400 homes in the district—more than half—needed repairs, and 900 needed major repairs. Housing improvements have been limited, however, since many homeowners have been unaware or afraid of the process of securing private sector loans. Others have tried to obtain loans but have, reportedly, been turned away because of the seemingly poor condition of their homes and because of their low incomes. With little or no cash to pay for even small improvements, many low-income homeowners have had only one option—to continue to live in their severely substandard and deteriorating homes.

Private Efforts and Program Beginnings

Efforts to rehabilitate West Memphis housing began in 1979 when the local Community Development Agency started making grants to improve some of the substandard housing. The Agency administers the U.S. Department of Housing and Urban Development Community Development Block Grant (CDBG) program funds on behalf of the City of West Memphis. The current Private/Public Sector Home Improvement Program evolved from this grant program.

In January 1985, Agency staff began to explore ways to serve more homeowners and to repair some of the hundreds of homes not reached by existing programs. Three months of planning led to the new program, which combines CDBG grant money with loans from the private sector to increase the impact on both the individual homeowners and the community.

The Goals

The program's goals fit into five categories:

1. **Housing and Neighborhood Improvement.** The program seeks to reverse the pattern of deterioration which eventually makes owner-occupied housing uninhabitable and forces people to depend on public resources for shelter. An associated goal is to preserve viable residential neighborhoods so that further private and public investment in the community will take place. Meanwhile the program must deal realistically with homeowners who have little money but whose homes need many improvements.

2. **Encouragement of Private Financing.** The short-term aim is to reduce dependence on Federal funds, thereby making improvements possible for more homeowners. The longer term goal is to help establish a relationship between private sector lenders and low-income homeowners that will encourage lenders to make future home improvement loans to low-income homeowners without Agency participation.

3. **Employment and Skill Building.** The program seeks to promote employment in the housing industry and to improve the business capabilities and construction skills of small minority contractors. It also seeks to teach homeowners how to manage their loans and maintain their homes.

4. **Development of New Policies and Standards.** The intent is to establish new local policies and guidelines that will both allow and encourage affordable and therefore realistic improvements in low-income communities.

5. **Provision of a Replicable Model Partnership.** The West Memphis program hopes to serve as a model public-private partnership that other cities can imitate or adapt to their own needs.

West Memphis Private/Public Sector Home Improvement Program

"I knew the house was close to the ground, but I couldn't believe that the bottoms of the joists were actually six inches below the ground!" The condition of Flossie Morris' house is typical of many "shotgun" houses in the area. The sagging house had to be lifted off the ground so that workers could install a sturdy cement block foundation.

Overcoming Initial Barriers

The program's planners met two types of barriers during their first efforts to attract low-income homeowners and private lenders to the program. Homeowners were often misled by neighbors into believing that lenders were more interested in foreclosing on loans than in collecting monthly loan payments. Bank officials, for their part, were concerned that low-income homeowners would be unwilling or unable to repay the loans in a timely fashion. The bankers also doubted that significant improvements could be made to many of the old shotgun and tenant houses.

To help overcome these barriers, the program developed a set of incentives.

Incentives to the Lender

- The Community Development Agency serves as the communications link for the lender and the homeowner, clarifying information for the homeowner and accompanying the homeowner to meetings with the lender's staff.
- The Agency reduces the lender's paperwork by preparing a loan application packet which includes a title report, credit information, and income data for each loan.
- The Agency monitors construction and assures the lender that work will be done and that proper disbursement of payments to contractors will take place.
- The Agency prepays all interest to the lender at the time the loan is closed.

Incentives to the Homeowner

- The Agency gives the homeowner extensive individual instruction, guidance, and other technical assistance from the beginning to the end of the project.
- The Agency pays for the first $1,500 of construction expenses with a basic grant, half of the next $3,000 with a matching grant, and $3,000 for projects costing more than $4,500.
- The Agency lowers the homeowner's monthly payments by paying the lender the interest on the loan at closing and by requesting longer than usual payback periods.
- The Agency may pay 10 percent of costs arising from unforeseen problems occurring after the loan has been closed or after the lender has set a maximum limit on the loan amount.

Both homeowner and lender benefit from the Agency's service as ongoing coordinator, liaison, and monitor of each project.

Eligibility Requirements

To be eligible for participation in the program, both the homeowner and the house must meet several requirements. Each applicant must live in West Memphis and must be the owner-occupant of the house to be improved. The total household income must also be lower than the moderate-income limits set for HUD's Section 8 Housing Program. For West Memphis, these limits range from $13,850 for a family of one to $24,700 for a family of eight or more.

The house must have at least one housing standard violation—either a Section 8 Housing Quality Standard or an electrical, plumbing, or gas code violation.

The proposed work often consists of structural, security, and weatherization improvements that increase the residents' health, safety, and general welfare. Cosmetic improvements such as carpeting and wallpapering, and site improvements such as construction of driveways and installation of fencing are not eligible. The improvements must also have a positive neighborhood impact and, in most cases, cost less than $10,000.

Steps in the Process

Outreach. To make prospective applicants aware of the program, the Agency advertises regularly in the local newspaper and makes additional outreach efforts at workshops and community group meetings. Church and community leaders also spread the word informally.

Application and Verification. Homeowners can fill out the application form for housing assistance themselves or ask the Agency for help. The Agency processes the applications in the order received. It determines the homeowner's eligibility after a review and verification of reported information and after a physical inspection of the home.

Plans, Work Summaries, and Specifications. The Agency's housing planner, who is the program coordinator, visits each home to determine the extent of the needed repairs. The housing planner then prepares a work summary, necessary plans, and a preliminary cost estimate. The Agency uses a standard specification booklet prepared in-house for each job. The Agency focuses on the basic and affordable improvements required to bring the house into compliance with Section 8 Housing Quality Standards and, when possible, the more demanding national building codes for new construction.

Loan Information Packet and Application. While the plans, work summary, and specifications are being prepared, the housing planner

"I just can't believe that they were able to get my house off the ground and make it so beautiful!" Ms. Morris borrowed $6,000 from several family members to help pay for the renovation. She will pay off the loan in seven years at $75 a month. The remainder of the total $11,834 rehabilitation cost was covered by a Community Development Agency grant.

West Memphis Private/Public Sector Home Improvement Program

Lizzie Thornton says, "It would rain in the house, and I'd jump out of bed to put down all my pots and pans to catch the leaks. And the wiring—it was so bare that I just can't believe my house didn't burn down before you fixed it!"

assembles a loan information packet for the lender. This packet includes:

- A completed loan application
- A title report
- An appraisal
- Credit information
- Income data
- Fire insurance information
- A work summary
- Floor plans
- A preliminary cost estimate
- Photographs of the house.

The housing planner guides the homeowner through the loan application process—answering questions, checking information, and making sure that the bank receives information promptly. The housing planner also accompanies the homeowner to meetings at the bank to aid communication and relieve the homeowner's anxiety.

Loan Approval/Denial. Although the Agency works closely with the lender and the homeowner, the lender uses its own title, credit, and income guidelines for approving or denying the loan.

Setting Monthly Payments. The lender and the Agency work closely with the homeowner to ensure that monthly payments will be affordable—one of the most important steps in the loan process. All loans are mortgage loans, with monthly payments generally ranging from $30 to $100; the average payment is $57 per month. In determining the size of monthly payments, each homeowner's financial circumstances are considered individually. To make the interest-free payments even more affordable, the lender may extend the term of the loan. If the cost of desired repairs exceeds the homeowner's ability to repay, the homeowner, the lender, and the Agency eliminate low-cost, low-difficulty items that the homeowner may be able to undertake later.

Bidding and Awarding Contracts. While the lender is reviewing the loan application, work summary, plans, and preliminary cost estimate, the Agency solicits bids from contractors. A pre-bid conference is held at each home to explain the work to the contractors. The contractors submit sealed bids, which are reviewed by the homeowner and the housing planner. While the Agency answers questions about the bids, the homeowner selects the contractor and, when the loan has been approved, awards the contract. To help the homeowner choose a contractor, the Agency provides each homeowner with a list of past program participants to contact for references. Contract documents are signed at a pre-construction conference.

Construction. During construction, the housing planner offers technical assistance to both the contractor and homeowner. The housing planner monitors and inspects the work and notifies the lender when the job and final inspections have been completed. The Agency also makes certain that necessary construction, electrical, plumbing, and gas permits are obtained and inspections have been made.

Completion. At completion, the homeowner, contractor, and the Agency fill out the necessary close-out forms, and the lender, homeowner and the Agency issue final payment checks to the contractor. The homeowner, contractor, and the Agency may also hold a post-construction conference.

Forms and Documents

To make sure all paperwork is done and nothing is overlooked, the Agency uses five checklists and sets of forms for project overview, application, bid and contract documents, finance, and close-out.

The Agency's Role and Staff Time

The Agency functions as the project coordinator, providing extensive technical assistance and serving as the communications link among the homeowners, private lenders, construction firms, and public officials.

The Agency's housing planner, Martin Fretty, has been the program's sole staff member since its inception. The program also receives some clerical and office support from other Agency staff. Coordinating the project and handling the multiple roles involved is a 50- to 60-hour-a-week job. Fretty, who has an educational background in architecture, housing, and community development, suggests that programs like the West Memphis program should employ at least two full-time persons: a housing planner to handle financial and rehabilitation field work and an administrative assistant to provide related clerical and office management tasks.

During the three months the program was being designed, Fretty spent approximately 75 percent of his time in the office, meeting individually with homeowners, reviewing and verifying homeowner incomes and living expenses, becoming familiar with loan amortization tables, and analyzing different loan program approaches. The rest of his time was spent meeting with prospective lenders and visiting neighborhoods to survey housing conditions.

Now that the program is well established, he spends approximately 75 percent of his time in the community inspecting houses, monitoring construction, and arranging loans. The rest of his time is spent in the office preparing work summaries, plans, and contract documents.

Projects in Progress

About 10 home improvement projects are in progress at any given time. For each project the typical time from application to close-out is three months.

This is the newly rehabilitated living room of the house pictured on the opposite page. The total cost for all this work was $9,108.

Ms. Thornton will pay $91.67 a month for five years to repay a $5,500 loan from a private lender. A Community Development Agency grant paid for the rest.

West Memphis Private/Public Sector Home Improvement Program

Most rehabilitations involve substantial structural repairs, including shoring up or completely rebuilding foundations.

The first month is used for processing the application, verifying and updating information, inspecting the house, drawing plans, preparing work summaries, and assembling information for the lender. In the next month bids are solicited and reviewed, the contract is awarded, and the loan is closed. Construction often takes about four weeks, with the last week used for final inspections and close-out activities.

Profile of Participants

Homeowners. Nine out of every 10 participating households have incomes below HUD's very-low-income limits and, of these, 4 have incomes below the poverty level. Nine out of every 10 households are black, 8 are headed by women, and 7 are headed by a person aged 60 or over.

Although many of the homeowners have respectable credit histories from purchasing furniture and other items, few have had experience borrowing money from a bank or a savings and loan association. Further, many have never had checking or savings accounts with these kinds of institutions. Despite this, none of the lenders have reported any defaults or late payments by homeowners participating in the program. Keeping monthly payments low is the key to this success.

Lenders. Three lenders have made loans, with Riverside Federal (formerly FirstSouth, F.A.), a statewide savings and loan association, the most active participant. To make loans and monthly payments affordable, Riverside Federal waived its minimum loan requirement of $5,000 and extended its maximum loan term from 5 to 10 years. Monthly loan payments have ranged from $26 to $95. During the first 18 months, Riverside Federal made 29 loans. Based on first-year success, the lender reduced the interest rate to participating homeowners by 4.5 percent.

First National Bank and Fidelity National Bank have also made loans to program participants.

Contractors. Several local minority construction firms have been active in the program. These firms are typically small and employ neighborhood youths in their late teens and early 20's. Using technical assistance from the Agency, the builders are improving their business skills and are learning how to combine traditional construction methods with low-cost materials to produce affordable basic improvements.

The contractors most active in the program are Whitfield Construction Company and Leroy McDonald Construction Company, both located in the heart of the southeast planning district. Jesse Booker Construction Company was very active during the first year of the program.

Results

Home improvements funded by the program began in March 1985. A year and a half later, 71 homeowners had participated in the program; 37 secured private-sector loans, 28 made cash contributions to help pay for improvement costs, and 7 received basic emergency grants of $1,500. Despite the number of persons assisted, the program's waiting list stays constant at about 150 persons.

During this 18-month period a total of $395,000 was spent on basic housing improvements: $193,200 in construction grants; $127,100 in private sector loans; $23,100 in cash contributions from homeowners; and $51,600 in Agency interest payments.

Impacts and Benefits

Because of limited homeowner incomes and limited public and private financing, not all houses could be brought into full compliance with HUD's Section 8 Housing Quality Standards. Nevertheless, homeowners have in all cases been given the opportunity to upgrade their living conditions and to increase the useful lives of their homes.

The program has made it possible for families whose homes are severely dilapidated to undertake major yet affordable improvements to render their houses immediately more livable, rather than having the owners continue to live in discomfort while performing piecemeal $100 and $200 improvements.

Homeowners also develop self-help skills that foster their self-sufficiency. They learn how to manage loans and do basic home maintenance. About 90 percent of the homeowners have made additional improvements on their own following participation in the program. Self-help improvements often include interior painting and landscaping.

Low-income homeowners and private lenders gain valuable experience in dealing with one another. Some homeowners are planning further improvements financed by private sector loans after they have repaid their current loans. Other low-income homeowners outside the program have sought private sector loans on their own.

Visible program-related improvements in the neighborhood are serving to stimulate other home improvements and the construction of new affordable housing. Financing for these other projects comes from private sector lenders and churches, and from family savings.

The local housing industry is benefiting not only from the sale of building materials but also from the construction skills young trainees and experienced builders acquire. Small construction firms also receive training in office management, reading of plans and specifications, code enforcement requirements, and adapting of local, traditional, and creative construction techniques to keep construction costs down.

Before the program began, the Agency was able to help an average of 25 families per year. The new public-private partnership is nearly doubling that number. To reach more households in 1987, the Agency anticipates reducing its basic and matching grants to $1,000 each, thereby benefiting about 60 families a year. This will increase reliance on private sector and homeowner funding of projects.

Duplicating the West Memphis Experience

It is reasonable to believe that the West Memphis Home Improvement Program could be duplicated elsewhere. Agencies similar to the Community Development Agency and strong nonprofit organizations or neighborhood associations could provide the technical assistance that the local Community Development Agency offers in West Memphis. Replication in other parts of Arkansas might be particularly easy should Riverside Federal continue to find the program attractive, since the savings and loan association has branches in approximately 40 other Arkansas communities.

The program guidelines are easy to understand, and a detailed administrative manual gives step-by-step instructions for carrying out each activity. The forms and packages developed for the program could be used as is or adapted to other situations.

The participants in the West Memphis project are willing to share with others the knowledge and experience they have acquired in this public-private partnership to improve housing in low-income neighborhoods.

Glossary

Cluster Housing
Residential development concept that allows developers to build on lots smaller than those allowed in the local zoning ordinance, provided the land saved is reserved for permanent common use.

Community Action Agencies
Locally designated bodies whose purpose is to provide programs to combat poverty in the community. The agencies are funded by the U.S. Department of Health and Human Services through Community Service Block Grants, which require that the agencies be nonprofit and have a board with equal representation from business, the public sector, and the local low-income community.

Community Development Block Grants
Grant program administered by the U.S. Department of Housing and Urban Development for the purpose of supporting broadly conceived local community development projects directed toward neighborhood revitalization, economic development, and improved community services and facilities.

Comprehensive Employment Training Act
Grant program administered by the U.S. Department of Labor to stimulate training and jobs. Grants are awarded to local governments, which choose the specific programs to be funded and the contractors or subgrantees to operate them.

Condominiums
Housing complexes in which each unit is owned individually and common areas are owned jointly by an owners' association.

Displacement
Loss of housing to residents of a given building or neighborhood due to conversion of the building from rental to condominium or other ownership arrangement, general upgrading of the neighborhood, or razing of the area for commercial or other development.

Farmer's Home Administration (FmHA)
A rural credit agency of the U.S. Department of Agriculture which offers financing to farmers, rural residents, and rural communities otherwise not served by commercial lenders.

Federal Emergency Management Agency (FEMA)
A Federal agency reporting directly to the President, providing a single contact point for disaster management. FEMA manages the preparedness, response, and recovery activities related to man-made or natural disasters, through a Federal-state-local partnership.

Gentrification
The displacement in a given neighborhood of individuals of one income level by those of a higher level as property values rise through upgrading or rehabilitation.

Growing Equity Mortgage
A mortgage whose chief feature is its accelerated repayment of the principal. The borrower's monthly payment is adjusted upward annually, with the increased amount going solely toward prepayment of the loan.

Homesteading
A program authorized by Section 810 of the Housing and Community Development Act of 1974, which allows the transfer of vacant, unrepaired, federally owned one- to four-family dwellings to local governments with homesteading programs. The local governments then transfer the properties, for a nominal sum, to eligible individuals or families who must occupy and bring the property up to local housing standards. Some cities operate their own homesteading programs, using city-owned instead of federally owned properties.

Housing Cooperative
A corporate building ownership arrangement in which each resident is a member and owns shares in the corporation holding title to the property.

Job Training Partnership Act
Provides block grants to states to support local training programs for youth and economically disadvantaged individuals. Administered by the Labor Department, the Act also provides grants to support training for workers dislocated by plant closings, technological change, and trade impacts. The private sector plays an active role by operating local training programs through Private Industry Councils.

Land Trust, or Community Land Trust
A private, nonprofit, tax-exempt corporation governed by residents, which can legally own and manage land in common.

Limited Equity Cooperative
A cooperative in which the resale value of each share is limited by the association in order to maintain housing at rates affordable for low- and moderate-income families.

Market-Rate Cooperative
A housing cooperative in which the resale value of each share is unrestricted by the association and thus fluctuates according to market demand.

Move-On Housing
Housing that is relocated by a developer to a new site.

Public Housing Authority
Public agency created by a state or local government to finance or operate federally subsidized, low-income housing.

Rehabilitation Loans (Section 312)
Direct, low-interest Federal loans to finance rehabilitation of single- and multi-family properties in areas that receive Community Development Block Grants and Urban Homesteading assistance.

Glossary

Rental Rehabilitation Program
Grants to cities and states from the U.S. Department of Housing and Urban Development to subsidize rehabilitation of substandard rental housing. Grants may subsidize up to one-half of the eligible rehabilitation costs. The grants are sometimes linked to rental subsidies to help lower income tenants remain in a rehabilitated building or relocate to other suitable housing.

Secondary Markets
Groups of investors and lenders who buy existing mortgages from originating lenders as long-term investments and thereby increase the availability of funds for new mortgage loans

Section 8 Existing Housing Certificates
Certificates that tenants present to landlords to prove they qualify for U.S. Department of Housing and Urban Development Section 8 housing assistance. They guarantee that the public housing authority (through which they are issued) will make up the difference between 30 percent of the tenant's adjusted income and the HUD-determined fair market rent

Shotgun Housing
Simple, basic houses in which each room opens directly into the next

Single-Room Occupancy (SRO) Housing/Hotels
Hotels, rooming houses, or converted apartment buildings rented at daily or weekly rates. The rooms are furnished but typically have no kitchen or private bathroom. They are most often located in old and deteriorated facilities in or near urban commercial areas

Sweat Equity
The equity a prospective homeowner gains in a property by physically working on its construction or renovation. Sweat equity makes it possible for low-income prospective homeowners to substitute labor for cash in the purchase of the home.

Syndication, Syndication Sale
A risk-sharing concept in which equity interests (shares) in a real estate project are sold to investors other than the original developers.

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