THE RESIDENT
NEWSLETTER

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UPCOMING DATES

» **Father's Day Event Webcast**
May 3 at 1:00 p.m. EDT
http://1.usa.gov/eY9JTt
HUD is inviting public housing agencies (PHAs) across the country to participate in Father's Day 2011 on Saturday, June 18, 2011. HUD's goal is to have hundreds of PHAs host local Father's Day events, in an effort to bring fathers and their children together and connect fathers to local programs and services. Learn more at the Webcast. To register your PHA for a Father's Day event, visit http://hud.gov/fathersday2011.

» **Healthy Neighborhoods Webinar**
Natural Cures: Complementary & Alternative Medicine Issues and Resources
May 24, 2011, 2:00-3:30 p.m. EDT
http://bit.ly/eKpekg

Microfinance Provides Hope and Independence

For months after undergoing brain surgery, public housing resident Paul Webster* was unable to perform his usual tasks in the computer technology industry—he lost his job. A single father of two teenage boys, Webster recovered and says he was anxious to, "feel good about myself and take care of my children again." He decided to open a company to teach students how to use computer programming to raise money for their schools. With a $500 loan from ACCION Chicago, Webster was able to tackle start-up tasks such as printing business cards, obtaining a cell phone, and buying software. Webster says, "I want a happy ending. I want to be able to look into my sons' eyes and say, 'This is what happens when you never give up.'"

After 34 years of working as an electrician for large companies, Willis Johnson wanted to open his own business to work on the projects he is most passionate about: public works such as bridges and schools. Although he had over 3 decades of experience, Johnson had never taken on any debt or used a credit card, so he did not have adequate credit to seek a loan from a traditional bank. With a $5,000 loan from Opportunity Fund, based in San Jose, California, Johnson was able to complete a large construction project for his new business and begin establishing a credit line.

These are just two of a growing number of people finding financial success through microfinance. Microfinance organizations help thousands of small business owners grow and thrive. They receive funding from banks, corporate partners, State agencies, and Federal agencies including the Small Business Administration and Department of Treasury.

ACCION USA (with branches throughout the United States) and the Opportunity Fund are among many nonprofit microfinance organizations which provide financial services to low-income individuals or to those without access to typical banking services. Microfinance provides people without a strong credit history the opportunity to take out small business loans, although such loans are usually only available to those who already have financial assets. The theory behind this unique funding strategy is that people have the capacity to create better lives for themselves, if given the chance.

Many microfinance clients do not have a strong banking history; rather than using credit history or income as the primary way to determine loan eligibility, the microfinance lender explores a client's commitment to his or her business. It also receives references from buyers and suppliers. ACCION Chicago calls this type of case-by-case lending "character based."

Loan sizes for clients vary according to need and purpose, but may be as large as $35,000, with annual fixed interest rates of 8 percent, at Opportunity Fund. Loans can used for a variety of purposes, including equipment purchase, business marketing, and payment of licensing fees and other expenses associated with building a business. Although time frames vary according to the lending organization, it is generally a quick process – some clients can receive their funding within 15 business days after submitting an application.

Microfinance is a way for very small businesses and less traditional business people to develop. Between 50 and 70 percent of clients at Opportunity Fund and ACCION Chicago are female, and more than 70 percent of loans are made to minority entrepreneurs. Such loans have forever changed the lives of many low-income entrepreneurs.

To find microfinance organizations serving in the United States: http://bit.ly/fZw46i
Search "country of operation" for "United States."

*Name changed upon request.

Section 3: A Dream Come True for One Low-Income Resident

Like many other public housing residents, Marcus Williams of Kansas City, Missouri, found himself hit hard by the recession. His small home repair business, Triple 777 Construction, was suffering and he feared he had no where to turn. That all changed, however, when he applied to Kansas City's Office of Section 3 Administration and received certification as a Section 3 business.

Section 3 is a HUD program designed to encourage local economic development, neighborhood economic improvement, and individual self-sufficiency. Under Section 3 of the HUD Act of 1968, economic opportunities must be given to Section 3 residents and businesses to the greatest extent feasible wherever HUD financial assistance is used for housing or community development.

Section 3 residents are defined as those who live in public housing or are low-income, defined as being 80 percent or below the median income of a given geographic area. A Section 3 business is one that is at least 51 percent owned by Section 3 residents; has at least 30 percent permanent, full-time employees who are currently Section 3 residents (or were Section 3 residents within 3 years of their date of first employment); or provides evidence of a commitment to subcontract at least 25 percent of dollars awarded to Section 3 businesses.

HUD's Section 3 program not only provides job opportunities and business contracts but also offers job training and other assistance. Williams received help ranging from filling out his application for Section 3 certification to printing business cards and developing a company image. "You may know how to do the work," Williams states, "But if you cannot present yourself the right way, you don't get the shot you deserve." Williams' success has also directly impacted others, as he has been able to hire several individuals from the community to help him complete specific jobs.

There are also many others who have benefited from the program. Kansas City created its own Office of Section 3 Administration. This office currently has 123 businesses and 474 individuals certified under Section 3.

Williams credits the Section 3 program for saving his business. "My business has doubled because of the certifications and opportunities I received. I wake up and can barely believe that I made this shift. If it wasn't for the program, I would not be where I am right now. How can words explain how good this program is? It is a blessing and a dream come true."

To read about Section 3: http://1.usa.gov/fSTQml

To find Section 3 opportunities in your area, contact your local HUD field office: http://1.usa.gov/i1Vlon

TIPS

Changes for How PHAs Are Evaluated

HUD has issued an interim rule that proposes changes to the Public Housing Assessment System (PHAS). These changes, based on public comments, will make PHAS more useful and effective. PHAS is how HUD evaluates PHAs with public housing programs. PHAS measures a PHA's management, physical, financial, and resident satisfaction performance.

This evaluation system has not been updated since PHAs switched to an asset management approach. Asset management focuses on the health and performance of each housing development rather than just on the PHA as a whole. This can help the PHA meet the individual needs of each development better.

The current PHAS includes a Resident Assessment Satisfaction Survey. This survey is currently a separate assessment area. The interim rule removes the survey and the separate assessment area. In the past not enough residents have returned surveys to make them a useful assessment tool. HUD is evaluating how best to assess resident programs and participation as part of the management assessment area. HUD strongly supports resident input and is taking steps to explore how resident satisfaction, self-sufficiency, and participation can play a meaningful role in PHA assessment.

Few changes are proposed for the physical inspection assessment. One change is that projects will be inspected based on their individual scores rather than the overall score of the PHA. Projects scoring below 80 percent would be inspected every year; those scoring above, every other year. The financial assessment system will also add the ability to assess the financial health of each project rather than just the entire PHA.

Presently, PHA staff self-certify most items under management assessment. That is, the PHA scores itself. HUD is working on developing a management assessment that will be more objective. In the meantime, management scores will be based on the three largest areas of management assessment – tenant accounts receivable, occupancy rate, and accounts payable. HUD will use Financial Data Schedule submissions from PHAs to score management performance.

The interim rule also proposes an assessment of the Capital Fund program, as a new component of PHAS. This level of assessment is required by law. The comment period on the interim rule closed on April 25.

To read the full interim rule, visit: http://1.usa.gov/eCUIeu
To learn more about PHAS, visit: http://1.usa.gov/hcU5J9

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