



“Building Communities Together”

A Networking Tool of HUD's Center for Community and Interfaith Partnerships

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What's New in HUD Policy? **HUD's Dollar Homes Initiative**

HUD announced on May 1 the Dollar Homes Initiative of selling HUD homes which have been on the market for more than six months to local governments at a price of only \$1 each.

Under the policy, single-family homes that are acquired in foreclosure actions by the Federal Housing Administration (FHA) will be eligible for sale to local governments around the nation, when FHA is unable to sell a home within six months.

Secretary Andrew Cuomo announced that this would create housing for families in need and it would help reverse decades of decline in our cities by revitalizing neighborhoods, attracting new residents and promoting home ownership. **“These \$1 homes will unlock the door to home ownership for struggling families and will help build better futures for neighborhoods,”** said Secretary Cuomo.

More than 1,000 homes are initially eligible for sale to local governments under this policy and additional homes will become available each month. Local governments buying HUD homes under this policy can sell or rent them to low-and moderate-income families, to first-time home buyers, or to groups that will use the homes to provide services, such as child care centers or job training centers.

The Dollar Homes Initiative complements a system HUD instituted last year under which contractors, rather than HUD employees, sell FHA-owned homes. Under this system, the aver-

age time it takes to sell a home has dropped by 38 days and the amount of money HUD recovers from each sale has increased by an average of \$4,500 per home. With more than 50,000 sales to date, the new system has saved HUD more than \$225 million. **Thomas Cochran, Executive Director of the U.S. Conference of Mayors, said: “This flexible use of HUD homes at virtually no cost is a great opportunity for cities and counties.”**

The Center for Community and Interfaith Partnerships is currently encouraging community and faith-based nonprofit organizations to utilize this policy. Faith-based organizations are trustworthy in public dialogues and organizing experience, and have the special ability to tap into the public's commitment to improving their neighborhoods. Local governments can partner with local nonprofit or faith-based home ownership organizations or tap into existing local programs to resell the homes to low and moderate-income residents of the community. In these cases, the local governments will be required to purchase these properties and convey them to nonprofit organizations for rehabilitation and resale to first-time home buyers.

The initiative gives local governments the option of bringing homes and services minus the large financial obligation into their communities. To view a list of homes available for \$1 or for more information, please access <http://www.hud.gov:80/pressrel/pr00-42.html> or contact a Community Builder in your local HUD office.

FY 2001 ***Budget Update***

The optimism generated by President Clinton's **FY 2001 budget proposal** for HUD was tempered recently by nearly **\$2 billion in proposed cuts by the VA/HUD Appropriations subcommittee** in the House of Representatives. The subcommittee **rejected a proposal to provide the Center for Community and Interfaith Partnerships with \$20 million in grants and technical assistance** to help faith and community-based organizations in their efforts to supply affordable housing, create economic opportunity, and increase the effectiveness of HUD programs like Section 8 rental assistance.

For now, these cuts are only proposed, pending further action by the full House Appropriations Committee, the Senate, and potentially the Administration.

Despite unprecedented prosperity and record budget surpluses, the subcommittee voted to reject every innovative initiative contained in the proposed HUD budget. These cuts attempt to roll back some of the progress HUD has made over the past few years to empower community and faith-based organizations to bring affordable housing and economic opportunity to our nation's communities.

In addition, the cuts seriously jeopardize the **Community Renewal / New Markets** agreement. The subcommittee failed to provide any of the requested \$37 million for **America's Private Investment Companies** and it significantly reduced funding for the **Comm-**

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Interview with James A. Spruill, President and CEO of New Life Development Corp.

The Section 203(k) program is HUD's primary program for the rehabilitation and repair of single family properties. Section 203(k) allows individuals to roll the cost of rehabilitation into a mortgage, eliminating the need for cash, in addition to the down payment, when a property is in need of repair. Many lenders have successfully used the Section 203(k) program in partnership with non-profit organizations and state and local housing agencies to rehabilitate properties. Section 203(k) is a useful tool for community and faith-based groups to preserve neighborhoods through housing rehabilitation and homeownership.

Several features of the 203(k) program make it a potentially useful resource for smaller, grassroots and faith-based groups, that know their local communities well, but do not have extensive experience with housing development or HUD programs. The program is targeted to small scale activities. Consultants' fees, and architectural / engineering fees are allowable costs within the maximum amount of the loan. It is not a competitive grant program and there are HUD approved, commercial lenders eager to partner with nonprofit organizations. While they are no substitute for your own organizational capacity and competence, they do add their expertise to the process.

To learn more about 203(k) as a tool for grassroots organizations, the Center called HUD's Philadelphia Homeownership Center (HOC). The HOC, in turn, suggested we talk with James A. Spruill, President and CEO of New Life Development Corp. in Norfolk, Virginia.

CCIP: Tell me a little about New Life Development Corporation.

JAS: I'm a Preacher. In 1985, God spoke to me, and told me to tell the people not to rely on government welfare, but to look to the Lord for deliverance. I didn't know what it meant, but I went back to my church and started preaching, and in two years, no one in my church was on welfare. New Life grew out of that. New Life provides support like food at the end of the month, or emergency payment for utility and rent, but we invite those we help to enroll in our six week life skills course. We teach self-esteem, budget and money management skills, health and nutrition, then help graduates find employment. New Life works with over 300 companies, who have told us if we provide them candidates with good attitudes and personal responsibility, they will provide on the job training.

CCIP: New Life primarily is what we would call a service provider. How did you get started rehabbing houses with 203(k)?

JAS: I used to be a general contractor and I had done some work for HUD, so in 1997, I requested an application to participate in the 203(k) program.

CCIP: And your experience with the program has been good?

JAS: Yes. We now work with four or five mortgage companies that use 203(k) and we have done 26 or 27 homes since 1997.

CCIP: What precisely does New Life do?

JAS: We continually monitor the HUD Homes for sale on the Internet, and we continually recruit potential buyers. When a home buyer comes to us, we find out what area he wants to live in

and how much he can afford to pay for a mortgage. Then we look for a home in the area and cost range. When we show prospective buyers the house, before it has been repaired, we try to help them envision what it will look like fully rehabbed. Once we have a firm expression of interest, we contact one of the 203(k) mortgage lenders and submit a bid on the house.

CCIP: How do you recruit potential buyers?

JAS: We distribute brochures through social service agencies, churches and other nonprofit organizations.

CCIP: Do you think this is a good tool for grassroots organizations?

JAS: Absolutely. It is very effective. We are just completing a house, the new owners are moving from public housing. All they will have to do is move in and begin making monthly payments.

CCIP: Any words of caution?

JAS: I don't bid on a house until I have a buyer lined up. Most nonprofits can't afford to make mortgage payments while they hunt for a home-buyer. 203(k) allows you to include up to six months' mortgage payment in the loan, but I don't buy on speculation.

Readers can find more information on HUD's 203(k) program at <http://www.hud.gov/fha/sfh/203k/203kmenu.html> or call your local Home Ownership Center.





Center Toolbox: Alternative Funding Sources

Community and faith-based groups involved in community development frequently struggle to fund their programs. Lining up multiple funding sources is a key ingredient for ensuring long-term sustainability of programs. In addition, the ability to tap into multiple sources of funding frequently generates a 'snowball' effect, making it easier to obtain additional grants as HUD's SuperNOFA Guide explains. This summary of alternative funding sources can help community and faith-based groups become aware of some of the many public and private resources available. In exploring these possible resources, the first step should always be to determine whether your program falls into the category of activities supported by that funding source.

Federal Government Funding Guide Website

www.gsa.gov/fdac

The Catalog of Federal Domestic Assistance (CFDA) is a government-wide compendium of Federal programs, projects, services, and activities which provide assistance or benefits to the American public. It contains financial and non-financial assistance programs administered by the Federal government through its departments and agencies.

Community Reinvestment Act (CRA)

The CRA is a set of regulations mandating local financial depository institutions to provide credit to moderate and low-income neighborhoods. Contact your local financial institutions to see what resources are available. CRA information on depository institutions is available from the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), and the Office of Thrift Supervision (OTS). Inter-agency information about the CRA is available from the Federal Financial In-

stitutions Examination Council (FFIEC).

Accessing State and Local Government Funding

State and local governments provide many different funding possibilities. Contact your local municipality or state department and inquire about community development initiatives, the Consolidated Plan process and possible funding sources unique to your city or state.

Faith-based Funding

There are many foundations and networks that channel funding and other assistance specifically toward faith-based initiatives. Contact key foundations and request information about faith-based community development. Potential foundation resources include:

Catholic Charities, USA

www.catholiccharitiesusa.org
703-549-1390

Interfaith Center on Corporate Responsibility (ICCR)

www.domini.com/ICCR.html
212-870-2936

National Congress for Community Economic Development (NCCED)

www.ncced.org
202-234-5009

Presbyterian Church Foundation

www.pcusa.org/fdn
812-288-8841

Jewish Fund for Justice

justiceusa@aol.com
212-213-2113

Community Development Finance Institutions

Community Development Finance Institutions (CDFI's) are membership associations comprised of nonprofit groups that invest in low-income communities. CDFI's borrow money from investors and finance the construction

and renovation of housing, the start-up and expansion of businesses, and the provision of community services. Examples include:

Bank of America

www.bankofamerica.com
1-800-263-2055

National Community Capital Assoc.

ncca@communitycapital.org
215-923-4754

Shorebank Corporation

SAS1SBK@aol.com
773-753-5697

Community Capital Bank

com.capbank@aol.com
718-802-1212

The Foundation Center

www.fdncenter.org
1-800-424-9836

The Foundation Center's mission is to foster public understanding of the foundation field by collecting, organizing, analyzing, and disseminating information on foundations, corporate giving and related subjects. This web site features an exhaustive list of grantmakers in every state across the nation. In addition to the web site, the Foundation Center also has **5 libraries** for research. They are located in **New York City, NY, Washington, DC, Atlanta, GA, Cleveland, OH, and San Francisco, CA.** The libraries have forms, grantmaker materials, directories, books, periodicals, complete foundation contact information, and classes.

GuideStar

www.guidestar.org

The GuideStar web site is a 501(c)(3) public charity founded in 1994. GuideStar's mission is to help improve the effectiveness of the nonprofit sector through the collection and presentation of comprehensive information about

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Community Development Block Grant [by \$400 million], Brownfields development, and the Rural Economic Development program.

The subcommittee decided not to fund the additional \$180 million requested for homeless programs. While the President proposed 120,000 new rental vouchers, the **subcommittee voted not to provide a single new voucher** and it also refused to fund a new housing production program.

Some of the biggest cuts affect programs of significant interest to community and faith-based organizations. The subcommittee decided to cut the Home Investment Partnerships Program (HOME) by \$65 million. It slashed the housing counseling program by more than 40%, from 24 million to just 15 million, severely curtailing the Department's efforts to work with the nonprofit community to deter predatory lending practices. The subcommittee refused to provide some \$69 million requested for HUD's elderly housing program.

In addition, the subcommittee voted to eliminate 800 of the Community Builder positions nationally, despite the fact that many of them are the only HUD staff assigned to some of the Department's smaller offices.



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nonprofit organizations. GuideStar is a web site for the donors of charitable organizations.

Private Foundations

1. The Ford Foundation (NY)
www.fordfound.org
212-573-5000
2. Lilly Endowment, Inc. (IN)
317-924-5471
3. W.K. Kellogg Foundation (MI)
www.wkkf.org
616-968-1611
4. David & Lucile Packard Foundation (CA) **www.packfound.org**
719-543-2376
5. The Robert Wood Johnson Foundation (NJ)
www.rwjf.org 609-452-8701

Corporate Grantmakers

1. The AT&T Foundation (NY)
www.att.com 1-800-428-8652
2. Ford Motor Company Fund (MI)
www2.ford.com 1-800-392-3673
3. Chase Manhattan Foundation (NY)
www.chase.com 1-800-CHASE24
4. Wal-Mart Foundation (AR)
www.walmartfoundation.org
1-800-966-6546

5. SBC Foundation (TX)
www.sbc.com 1-800-444-6303

Community Foundations

1. New York Community Trust (NY)
212-686-0010
2. Greater Kansas City Community Foundation (MO)
www.gkccf.org 816-842-0944
3. San Francisco Foundation (CA)
www.sff.org 415-733-8500
4. Cleveland Foundation (OH)
www.clevelandfoundation.org
216-861-3810
5. California Community Foundation
www.calfund.org 213-413-4130

Public Charities

- Catholic Campaign for Human Development (DC)
www.nccbuscc.org 202-541-3000
- Enterprise Foundation (MD)
www.enterprisefoundation.org
410-964-1230
- Lutheran Church-Missouri Synod Foundation
www.lfnd.org 1-800-325-7912
- The United Way
www.unitedway.org 1-800-411-8929

Did You Know?

The U.S. Department of Education houses **The Partnership for Family Involvement in Education** (The Partnership). The Partnership's mission is to increase opportunities for families to be more involved in their children's learning at school and at home and to use family-school-community partnerships to strengthen schools and improve student achievement. The Partnership is made up of thousands of partners including religious groups, community organizations, family-school partners, and employers who participate in the Employers for Learning program.

The Partnership conducts outreach and provides education on programs that community and faith-based groups can participate in. Partners support efforts to strengthen family-school partnerships through good communication and mutual responsibility for children's learning, provide before- and after-school learning activities for children, make effective use of schools, churches, community buildings and other facilities for children and families, and more. Activities include READ*WRITE*NOW, America Goes Back to School, Think College Early, and Priority on After-School Extended Learning. If you are interested in learning more, please contact **Michelle Doyle at (202) 401-1365 or visit their web site at www.ed.gov/PFIE.**