

NeighborWorks®

Bright Ideas

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New Evaluative Methods:
Measuring Your Impact on the Community

Power of 10 Initiative:
Rebuilding the Gulf Region

New Katrina Challenges

**Fighting Foreclosures
on Many Fronts**

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NeighborWorks® Bright Ideas

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This quarterly publication of NeighborWorks® America assists the NeighborWorks® network and the broader community development field in their mission to rebuild and revitalize communities. Our intent is to publish success stories and innovative strategies and provide information to help community development organizations better serve their communities. As our signature publication, *Bright Ideas* demonstrates our leadership as curator of information of increasing value to the affordable housing and community development field.

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NeighborWorks® America
is a public, nonprofit organization
that creates opportunities for people
to live in affordable homes,
improve their lives and
strengthen their communities.



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NeighborWorks®: Fighting Foreclosure on Many Fronts

How Community Development Is Measuring Up

by *Kenneth D. Wade*



This issue of *Bright Ideas* opens with an article on evaluative methods and their integration in the community development field. The article profiles new tools that enable organizations to plan, implement and improve services that promote change and help families in lower-income communities. These tools are also critical to demonstrating the value and relevance of our work to external stakeholders.

The community development field has long been connected to evaluative practices, a relationship that dates back to the demonstration projects of the 1950s and 1960s in juvenile delinquency prevention, poverty prevention, housing and mental health services. To assess the impact of those programs, the federal government advanced the use of experimental, outcomes-oriented research that is more often associated with scientific evaluation and places a premium on cost-benefit analysis and quantitative measures of results. The findings from these early evaluation studies, however, were not very encouraging. Program impacts were small when compared to program costs and evaluators were challenged to develop adequate measures to demonstrate the connection between programs and their stated objectives.

Over the last 40 years, the evaluation field has evolved and matured, becoming a strong discipline in its own right. The evaluation toolbox has also expanded. While there will always be a place for rigorous experimental designs, we can now look to tools and methods that offer greater sensitivity for documenting and measuring effects at the individual, organization and community level. These new tools inform multiple levels of inquiry that can improve an organization's efficiency and effectiveness and respond to increased calls for accountability across the nonprofit sector.

An important resource available to the community development field is the Success Measures Data System, a participatory outcome-based evaluation approach and set of technology and technical assistance tools. NeighborWorks® America is pleased to carry forward this work, which was initiated by the Development Leadership Network and McAuley Institute with support from leading investors—the F.B. Heron Foundation, Rockefeller Foundation, Fannie Mae Foundation, Ford Foundation, and the Annie E. Casey Foundation. The Success Measures Data System streamlines and standardizes the evaluation process, enabling organizations to measure the impacts of housing, economic development and community-building programs.

Community development practitioners strive every day to improve lives and revitalize communities. The work is challenging and requires careful planning, thoughtful implementation, continuous evaluation, and the occasional course correction. We encourage all organizations to explore a variety of evaluation options and to choose an approach that best supports their efforts to be effective, efficient and accountable to residents, the community, funders and interested stakeholders.

Kenneth D. Wade is NeighborWorks® America's chief executive officer.

► Research Notes

Non-Traditional Mortgage Loans...Exotic or Toxic?

Action must be taken to protect borrowers and lenders as the number of non-traditional mortgage products proliferates, urges a Consumer Federation of America report, *Exotic or Toxic: An Examination of the Non-Traditional Mortgage Market for Consumers and Lenders*. The number of non-traditional mortgage loans is skyrocketing along with housing prices. Examples of these loan products include interest-only loans and adjustable rate mortgages (ARMs) that offer extremely low teaser rates and allow borrowers to choose the amount they pay each month.

The report expressed particular concern over the sustainability of homeownership among more vulnerable consumers who are typically underserved by the mortgage market, especially lower-income and minority consumers. According to the report, “these borrowers are less likely to understand their ability to negotiate mortgage terms, the complexity of mortgage vehicles they are offered, and the long-term monthly payment variation between the different products now available on the market.”

In an affirmation of the importance of prepurchase counseling, the Consumer Federation of America urged that more be done to ensure that “consumers are more aware of the financial risks of complex and potentially risky mortgage products they choose.” The report cautioned that increased awareness might not be enough: “The plain fact is that deferred payment mortgage products simply might not be appropriate for all borrowers who receive

them, and therefore, a threat to homeownership sustainability.”

On Managing Mixed-Income Rentals

With the generous support of the Ford Foundation, NeighborWorks® America studied the management and marketing practices of successful mixed-income properties, ones that have served extremely low-income families while maintaining positive cash flow for at least five years.

This new report describes seven strategies used by these properties to stabilize and maintain high occupancy rates with healthy operating budgets. The report is based upon eight case studies of mixed-income developments that were chosen because of their success in developing a mixed-income and usually mixed-race development.

The case studies are posted along with the report at nw.org/multifamily.

The State of the Nation's Housing

The State of the Nation's Housing 2006, a 40-page report authored by 23 experts and containing 38 charts and 11 tables, helps separate the reality of the housing market from the nervous chatter. Published by the Joint Center for Housing Studies of Harvard University, this report contains research on demographic, economic and housing trends.

First the good news (for homeowners): Though the housing boom appears to be subsiding, sharp drops in house prices are unlikely anytime soon, according to the report. The factors leading to major declines in house prices—severe overbuilding, major job loss, or a combination of heavy overbuilding and modest job loss—are nowhere in evidence across the nation's metropolitan areas.

“The paradox of today's housing market is that while more people are building home equity than ever before, slow growth in wages for households in the bottom three-quarters of the income distribution is not keeping pace with escalating housing costs.”

— *The State of the Nation's Housing 2006*,
Joint Center for Housing Studies of
Harvard University

Middle-income neighborhoods as a proportion of all metropolitan neighborhoods declined from 58 percent in 1970 to 41 percent in 2000.

– *Where Did They Go? The Decline of Middle-Income Neighborhoods in Metropolitan America*,
Brookings Institution

Now the bad news (for low- and middle-income renters): The affordability problems of today's housing market will likely continue. The Harvard researchers attribute the affordability crunch to the increase in housing prices over the past five years and the existing land use restrictions that may limit the construction of affordable housing. This shortage is having an impact on American households: From 2001 to 2004 alone, according to the report, the number of households spending more than half their incomes on housing jumped 14 percent, to 15.8 million.

“The paradox of today's housing market is that while more people are building home equity than ever before, slow growth in wages for households in the bottom three-quarters of the income distribution is not keeping pace with escalating housing costs,” the researchers conclude. “Amidst a housing boom, it is now impossible to build housing at prices anywhere near what low-income households can afford without subsidies.”

The report is available at www.jchs.harvard.edu.

Squeezed in the Middle

A Brookings Institution report reveals that middle-class neighborhoods are disappearing in metropolitan areas, especially cities. *Where Did They Go? The Decline of Middle-Income Neighborhoods in Metropolitan America* examines decennial census data from 1970 to 2000. Middle class neighborhoods used to comprise 58 percent of all metropolitan neighborhoods in 1970; by 1990, that figure had declined to 41 percent. This decline outpaces the corresponding drop

in the proportion of middle-income families.

The researchers conclude: “This trend suggests increased sorting of high- and low-income families into neighborhoods that reflect their own economic profiles, and increased vulnerability of middle-class neighborhoods ‘tipping’ towards higher- or lower-income status. The resulting disparities create new challenges for policies to enhance household mobility, improve the delivery of key public services, and promote private-sector investment in struggling locales.”

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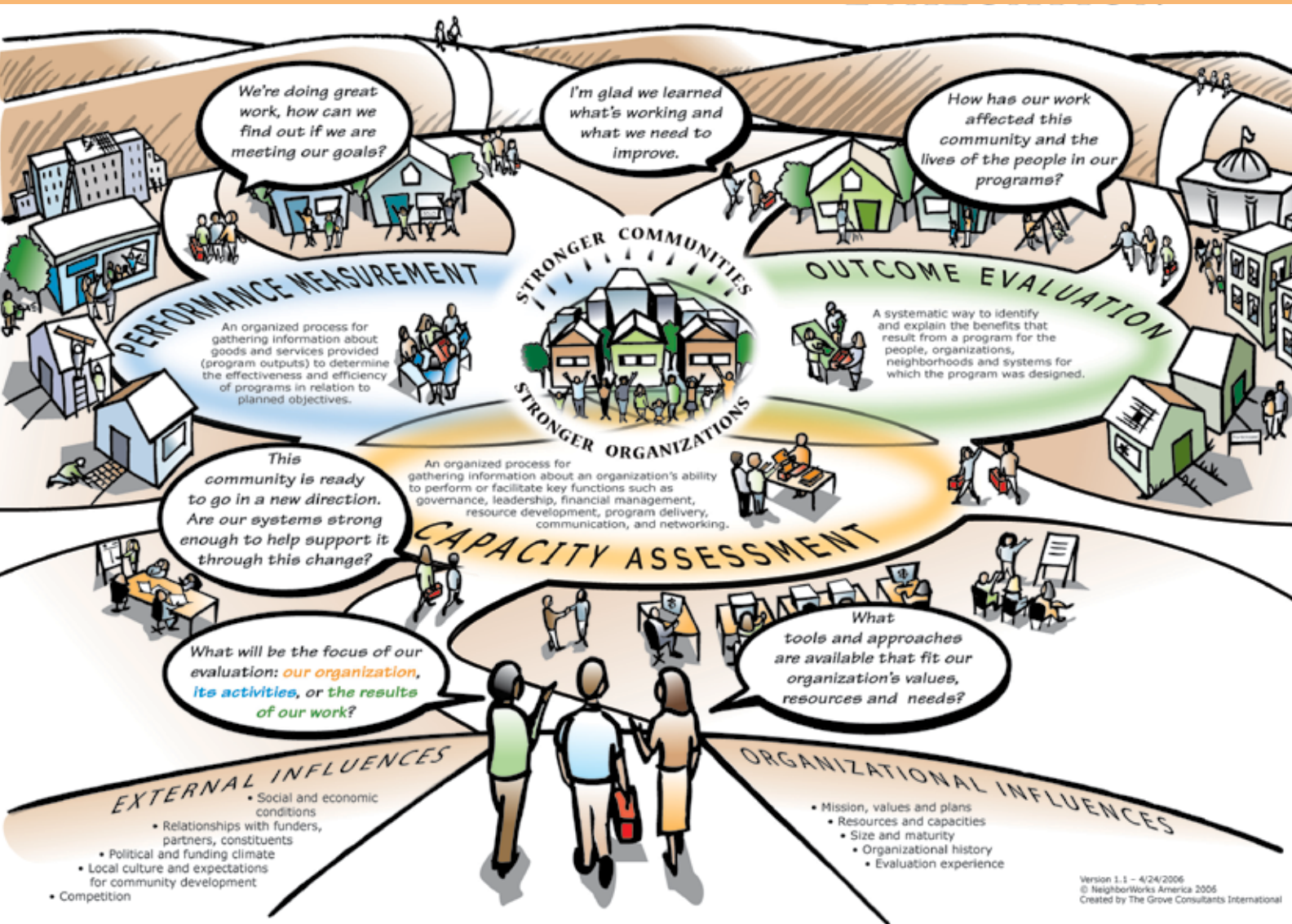
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New Evaluative Methods: Measuring Your Impact on the Community

By Catherine A. Smith



Lois Greco,
Wachovia Regional Foundation

New evaluative methods will make your organization more conscious of what you're doing, what you can do better, how you can be more effective and efficient, and most importantly, demonstrate the change that is occurring in your neighborhoods and communities.



Community-based organizations, funders and intermediary organizations working in the community development field have a shared interest in building stronger organizations and stronger communities. These sectors were well represented at a NeighborWorks® America symposium held in Kansas City, Missouri, last summer, that reflected some of the latest and best thinking in community development evaluation. Discussions surrounding the symposium provide a context for how evaluation has evolved and why it has become so important to the field.

“The strongest reason for evaluating your programs is that you want to be able to justify the commitment of resources, both public and private, to achieve specific goals,” said George W. McCarthy, the Ford Foundation’s senior program officer for development, finance and economic security. “You have to know if those goals have been achieved. Certainly, knowing is way better than taking that on faith. You want to help funders understand the importance of what’s getting done but also be able to make an argument for redirecting resources in the future.”

Lois Greco, vice president and evaluation officer of Wachovia Regional Foundation, explained, “Evaluation gives a level of credibility to the field. It gives an idea of where you stand relative to your peers. It answers the question of whether there is room for improvement in your performance or whether you

really are at the forefront of your industry. Ultimately, it gives you the credit you rightfully deserve.”

Greco views evaluation as a learning experience for nonprofits as well as their funders. “It’s not just about proof,” she said. “It’s really about learning, and if we all as a field approach it from that perspective, there are going to be some lessons we learn that we don’t necessarily like, and that might have implications for funding. But collectively, let’s put our funding where it makes the most sense and will have the most impact.”

F. B. Heron Foundation Vice President for Programs MaryJo Mullan sees the mutual interest of foundations and their grantees in evaluation: “As funders, we have a responsibility to use our resources to have a beneficial impact consistent with our purpose, and we can only do that if our grantees have the capacity to measure outcomes and impact.”

Another reason to measure impact, McCarthy said, is that it provides a concrete way for staff in nonprofit organizations to realize that they truly are making a difference in the community. “Turnover in this field is a profound problem,” he said. “People who work in community development work hard at what they do and often get no personal reassurance that what they do has any meaning at all. People come in with deeply held values and goals and want to do things that are important. The average day when you work in community development is punctuated by defeats. If you

☪

**Collectively, let's put our funding
where it makes the most sense and
will have the most impact.**

☪

can just drag a success out of a day punctuated by defeats, you've gone a long way toward building commitment to the present and to working toward the future."

History of Measurement

Funders from Andrew Carnegie to Bill and Melinda Gates have always wanted to see results from their contributions and probably always will. What is changing, at least in the community development field, is greater emphasis on measuring the results of specific activities. Lindley Higgins, NeighborWorks® America's applied research manager, suggests that a tipping point for the evaluative field was the Government Performance and Results Act of 1993. Though largely aimed at greater accountability for how federal agencies spend public dollars, Higgins believes the legislation had a trickle-down effect on community development groups, many of which receive some federal funding.

"The Act definitely had an impact on the field of program evaluation," said Higgins. "At the same time, groups such as the Aspen Institute's Roundtable for Comprehensive Community Development began to advocate for more robust evaluative methods for nonprofit philanthropy," said Higgins.

In the mid-90s, new resources in evaluation were developed to assist the field. United Way of America made a major contribution to the evaluative field

during this time with its *Measuring Program Outcomes: A Practical Approach* (1996), a step-by-step manual published with input from the Urban Institute. The manual, now a standard in the field, was designed specifically to help health, human service, and youth- and family-serving agencies identify and measure their outcomes and use the results. Then in 1998, the W.K. Kellogg Foundation published another important resource, an evaluation handbook that provides a framework for thinking about evaluation as a relevant and useful program tool.

The Success Measures project, initiated by the Development Leadership Network (DLN) and community-based organizations in 1997 and jointly conducted by McAuley Institute and DLN from 1999 to 2004, is viewed as a breakthrough for measuring community development outcomes. The method and indicators were developed by more than 300 practitioners, organizations and researchers and tested with over 50 community-based organizations. In 2004, NeighborWorks® America assumed responsibility for Success Measures and its implementation in the community development field. The Success Measures Data System is described in more detail later in this article.

Neighborhood tour in Chicago.



How One NeighborWorks® Organization

Rodney Fernandez, founding executive director of the Cabrillo Economic Development Corporation (CEDC) in Ventura, California, has always had program effectiveness and evaluation on his mind. "We went about it in four stages," he said.

"Back in 1981 [when CEDC was first incorporated after starting out as an association of farmworker families], we really beefed up our management knowledge and use of management systems through a program offered by the Development Training Institute in Baltimore." As a result, CEDC adopted goal setting, an evaluative process and system, and a philosophy of measuring achievement. "From '81 to '97, we were religious about that," he said.

"Then, in 1997, we had a project crash, one we had worked on for four years but was killed politically, and we lost over half a million dollars. One lesson we learned from this was that we needed to be more strategic about the entire operation." The organization did its first strategic plan, set long-range goals, and made sure its products and programs were diversified.

The third stage came about in 2000, when one of CEDC's funders, the F. B. Heron Foundation, said it would fund the organization but wanted to see outcome measures. "I said, 'What's outcome measures?'" Fernandez recalled. "Look at all the great goal setting and strategic planning we do. Do I really need this?"



Major foundations, national intermediaries and some forward-thinking local nonprofit organizations have placed significant resources into the development of evaluation tools.

Members of the F. B. Heron Foundation, for example, recognized that they needed to partner with grantees in the development of both practical evaluation tools and capacity within organizations to enable ongoing evaluation of results. The foundation's *Message on Impact* (2002) laid out the principles and steps that guided that partnership. "To have meaningful evaluation of results, we had to do more than demand reports of our grantees," said Mary Jo Mullan with the foundation. "We had to invest in developing practical, meaningful and effective means of demonstrating impact on peoples' lives and build the capacity of the community development field to employ those tools over time."

Mapping out the Evaluative Field

When NeighborWorks® America hosted a symposium in June of this year in Kansas City, Missouri, the centerpiece of discussions was a map that shows three distinctive, but intersecting types of evaluation. (See sidebar below.) The definitions below and shown on the map were shaped by the discussion at a preliminary meeting of leading funders and community development evaluation practitioners in March of this year.

Capacity Assessment is an organized process for gathering information about an organization's ability to perform or facilitate key functions such as governance, leadership, financial management, resource development, program delivery, communication, and networking.

Performance Measurement is an organized process for gathering information about goods and services provided (program outputs) to determine the effectiveness and efficiency of programs in relation to planned objectives.

Outcome Evaluation is a systematic way to identify and explain the benefits that result from a program for the people, organizations, neighborhoods, and systems for which the program was designed. An outcome evaluation takes into account the program's external context, the reasons it is being carried out, and the human and financial resources available.

One or more of these types of evaluations are reflected in some of the evaluative programs available. LISC's CapMap is being used to assess an organization's

Came to Value Evaluation

"And the answer was yes."

At that point, CEDC did a division-by-division assessment, looking at what benefits its work brings to people's lives. In the assessment of its NeighborWorks® Home Ownership Center, for instance, CEDC used surveys, focus groups and other methodologies to look at such things as why renters haven't purchased, what positive changes homeownership makes in people's lives, and how well its staff prepared clients for homeownership. CEDC identified best practices and areas for improvement, and made recommendations that led to an action plan that it then implemented.

"But this work made me wonder if we couldn't figure out an even better way to quantify the qualitative

impact of our work," Fernandez said. "This led to our fourth evaluative stage – participating in the Success Measures program."

Success Measures, offered by NeighborWorks® America, provided CEDC with the following benefits:

- ▶ Bringing a tested participatory method and cutting-edge evaluation tools and techniques into organizations regardless of size;
- ▶ Providing outcome-based, participatory information needed to attract funding in today's competitive environment;
- ▶ Illustrating in quantifiable terms the qualitative impacts of community development that were previously thought to be immeasurable; and



Success Measures is seen by many in the industry as a breakthrough.

present capacity. The Balanced Scorecard, developed by Dr. Robert Kaplan (Harvard Business School) and Dr. David Norton (Palladium Group Inc.), is a measurement system that enables organizations to clarify their vision and strategy, and translate them into action. Neighborhood Housing Services of Chicago's Neighborhood Report Card is a planning and performance-tracking tool that resulted after more than two years of defining its components and creating a template used by neighborhoods for the creation of their annual plans, quarterly reports and year-end reports. More information on these tools can be found in the storymap on nw.org/evaluation.

Success Measures is a comprehensive outcome-based evaluation method that includes training and a Web-based data system (successmeasures.org). Organizations are using it to measure the impact of their work on communities and individuals in a systematic and comprehensive way. Success Measures allows an organization to choose from among 44 indicators that measure the impacts of housing, economic development and community-building programs at the individual, organizational and community levels. More than 100 data-collection tools for these indicators are provided. These tools include surveys, focus group questions, formats for analyzing public records, and observation checklists. The data-collection system allows organizations to create and measure short-term milestones that support long-term goals.

Success Measures is seen by many in the industry as a breakthrough. "I think it's going to revolutionize how we understand our work in the field," said McCarthy. "There are other ways people can undertake rigorous examination of their work. However, Success Measures

The Contreras family Courtesy Cabrillo EDC



How One NeighborWorks® Organization Came to Value Evaluation *continued*

- ▶ Involving all stakeholders, so that the organizations reap the benefits of all stakeholders' skills, insight and commitment.

NeighborWorks® America "is cutting-edge," Fernandez said. "They're really leading the way, including integrating evaluation into the culture" of community development.

All told, Fernandez said his organization has invested about 3 percent of its budget — about \$200,000 — to create a culture of evaluating every aspect of CEDC's operation. This has involved developing a strategic plan with stakeholders, capacity assessment,

performance measurements and outcome evaluation. "We have to get into the mentality that this is a righteous cost of doing business," he advised. "A lot of funders talk about it but don't press it. So when we tell funders we've integrated evaluation into everything we do, and that they are included in our measurement of results, they are delighted."

CEDC's approach to evaluation is yielding positive results. To find out more about the organization's 25-year history, outstanding programs, recent accomplishments and future plans, visit cabrilloedc.org.

DataPlace:

Web-Based Community Data You Can Use

Technology, particularly the Internet, is having a tremendous impact on the community development field. The field has become more sophisticated at collecting and aggregating data, which has become more accessible on Web sites. A particularly important and useful resource is DataPlace, a Web site created by the Fannie Mae Foundation.

DataPlace (dataplace.org) aims to be a one-stop source for housing and demographic data about communities, regions and the nation. The site assembles data sets from multiple sources as well as tools and guides to assist in analyzing, interpreting and applying data. For example:

- ▶ Census data (demographic, economic, housing, and social characteristics)
- ▶ Home Mortgage Disclosure Act (home mortgage applications and loans)
- ▶ Section 8 Expiring Use database (neighborhood- and property-level data on federally assisted housing at risk of loss)
- ▶ Consolidated Plan special tabulations (data on housing needs by household income level)



DataPlace's data library will expand to include information on topics such as business establishments from the Census Bureau's ZIP Business Patterns database and Low-Income Housing Tax Credit developments from the U.S. Department of Housing and Urban Development.

DataPlace also contains a mapping tool, quick statistical snapshots of specific geographic areas, a chart and table builder, and how-to guides for analyzing and applying the site's data to explore real-world housing and community development issues.

Troy Anderson, DataPlace managing director, cautions that "We provide the data, but not the story behind it. We leave the storytelling to the user. We're not drawing the conclusions for you." He advises having someone knowledgeable about statistics to analyze and interpret the data.

has done so much of the work for us and tested it on the ground. It's a new and extremely useful tool."

Local Examples of Evaluation

Some community development organizations are already putting the new evaluative methods to work:

NHS of Great Falls and its *Montana Homeownership Network (MHN)*—Sheila Rice, executive director of NHS of Great Falls, and her stakeholders wanted to know: What difference does homeownership make?

What impact did it have on homebuyers?

Through Success Measures, NHS was able to survey 189 of their customers to document the change that occurred as a result of homeownership. The organization found, for example, that all of the homeowners had built equity; 16 percent had used their equity to either make home repairs and improvements, pay for family/medical emergencies or to consolidate debt. NHS also was able to capture some of the less tangible benefits of homeownership, including an increased sense of

personal accomplishment and family stability.

At the same time, Rice said they found out “that we’re not doing enough postpurchase education, especially financial education beyond postpurchase. About 40 percent of our homeowners surveyed said they’re financially stressed. By definition we are serving people who are stressed financially, but this reaffirmed in my mind that we have to go further in terms of postpurchase education and counseling.”

Isles, Inc., Trenton, New Jersey—Joseph L. Robinson, research associate with Isles, Inc., said his organization’s survey results led to a new philosophy around development. “We have to consider common play areas, especially in urban areas where you’re talking about row homes. People are worried about their children, who don’t go out to play because they only feel safe at home.” Isles, Inc. is sharing this information with their neighborhood associations as well as with city officials.

The bottom line for Robinson, as well as for others, is that “We have to be more conscious of what we’re doing, measure what our successes are, know what we can do better and how we can be more efficient,

and, most importantly, how responsive we can be to our neighborhoods and our communities.

“We can continue to be doing what we do for another 25 years, but if that’s not what the community wants, then we’re not doing the right thing.”

For more information on these evaluative programs, visit www.lisc.org (LISC Cap Map); www.bscol.com (The Balanced Scorecard); and www.nhschicago.org (NHS Chicago Neighborhood Report Card).

Catherine A. Smith is president of Community-Based Communications, LLC (cbc.smith@comcast.net).

A Map to Guide You Through the Evaluation Process

The Community Development Storymap project began as a response to practitioners’ concerns that the abundance of information and tools about evaluation could not be understood without a visual guide – a map – through the evaluation maze. Community-based organizations, funders and intermediaries were unsure of how to begin or which type of evaluation might best serve their needs as they tried to answer key questions such as:

- ▶ Does an organization have the capacity to take on a new program?
- ▶ How well are current programs working?
- ▶ What would make the program more effective for its participants?
- ▶ What difference has the effort made in the neighborhood and in the lives of the people who live there?

NeighborWorks® America agreed to be the convener of a process to develop a map and to do so through participation from diverse constituencies in the community development and related

evaluation fields. This process was facilitated by The Grove Consultants International, leading practitioners of visual illustration or “storymapping” of complex processes.

The storymap that resulted is actually four maps in one, plus a matrix and legend with additional information on more than 100 evaluation tools and data sets useful for community development. The first map is an overview that shows the relationship of three types of evaluation – capacity building, performance measurement and outcome evaluation – to each other and to strengthening organizations and communities. The three close-up maps each illustrate one of the key evaluation types and the uses of each. An organization may choose to engage in one or more of these types of evaluation, concurrently or sequentially, contingent upon its needs at a particular time.

The Community Development Evaluation Storymap and a detailed legend is posted on NeighborWorks® America’s Web site at nw.org/evaluation.



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NeighborWorks® Plans for Gulf Region Rebuilding Through “Power of 10”

More than a year after Katrina and the worst hurricane season in U.S. history, NeighborWorks® America has embarked upon an ambitious “Power of 10” initiative to continue its efforts in rebuilding Gulf Coast communities. The Power of 10 commitment will enable NeighborWorks® America to achieve the following goals by January 1, 2010:

- ▶ 10 NeighborWorks® organizations established throughout the Gulf in Mississippi, Louisiana and Alabama; 10 Housing Resource Centers created across the Gulf region; and 10 strategic partnerships formed;
- ▶ 100 communities in the Gulf region served and 100 scholarships to NeighborWorks® Training Institutes provided to nonprofit industry leaders working in the Gulf;
- ▶ 1,000 resident leaders trained in the Gulf region;
- ▶ 10,000 new or rehabilitated affordable homes available for Gulf residents and Katrina-impacted families;
- ▶ 100,000 families preserve or achieve homeownership, and protect their financial assets;
- ▶ \$100,000,000 in direct investment; and
- ▶ \$1 billion in leveraged investment in the Gulf region.

“We realize these plans are ambitious,” said Thomas J. Curry, director of the FDIC

and chairman of the board of directors for NeighborWorks® America. “But the scope of the disasters calls for a far-reaching strategy for assisting the affected families and communities. What NeighborWorks® brings to the table are considerable assets in affordable housing production, expertise in housing rehabilitation, and excellent resources in financial and homeownership education that can combat predatory lending and foreclosures. These are all capabilities that are sorely needed in Gulf communities.”

“We’re proud of the new homes we’re helping to develop in the Gulf region,” added Ken Wade, chief executive officer of NeighborWorks® America. “But just as important is our educational effort. The counseling and other resources we provide will prepare thousands in the Gulf region to make informed financial decisions that will have a positive impact on families for years to come.

“How we go about helping rebuild communities is critical. As we have done in every community we’ve served for over 25 years, we will engage new partners and enable resident voices to be heard every step of the way.”

NeighborWorks® America invites other national and local partners to join in its efforts. To learn more about the NeighborWorks® Gulf initiative, visit nw.org/gulfrecovery.

Joining NeighborWorks® in its Gulf effort are the following partner organizations:

AFL-CIO

AmeriCorps

Barrett Burke Wilson Castle Daffin & Frappier, L.L.P.

Citigroup

Catholic Charities
(Providence Community Housing)

Enterprise Community Partners

Enterprise Corporation of the Delta

Evelyn and Walter Haas, Jr. Fund

Fannie Mae

F. B. Heron Foundation

FDIC

Federal Home Loan Bank of Dallas

Freddie Mac

Gulf Coast Housing Partnership (GCHP)

Habitat for Humanity

Home Depot Foundation

HUD

ICF International

International City/County Management Association

Local Initiatives Support Corporation

Massachusetts Institute of Technology

Mortgage Bankers Association

National Council of La Raza

National Housing Partnership Foundation

Sears

State Farm®



New subdivision rebuild in McComb, Mississippi through Voice of Calvary Ministries. Photo by Alex Jones

New Challenges in Hurricane Response

Southern NeighborWorks® Organizations Enter New Phase of Helping Families Rebuild

By Olufunke Adebajo

Following last year's devastating hurricanes, a number of NeighborWorks® organizations provided much needed support to evacuees and their families. This article provides an update of several of the organizations as they enter a new phase of the work.

Affordable Housing Resources Nashville, Tennessee

Affordable Housing Resources (AHR), a Nashville organization, and its sister organization, the Resource Foundation in Baton Rouge, set up a call center that initially fielded over 5,000 calls a week from Louisiana citizens looking for various kinds of hurricane support, and have received 140,000 since its inception.

Currently, the organizations are fielding calls relating to FEMA trailers in which Katrina victims live. "There are now 75,000 FEMA trailers in the State of Louisiana," says Eddie Latimer, executive director, Affordable Housing Resources, which oversees 18,000 trailers, down from 23,000 a year ago. "We handle the data and maintenance calls which are mostly related to propane used for heat, air conditioning and cooking."

AHR also started its first 58-lot subdivision south of Louisiana State University in Baton Rouge. Tennessee-based Clayton Homes is working in conjunction with AHR to build a specialty manufactured housing product similar to New Orleans style shotgun housing.

DASH for LaGrange
LaGrange, Georgia

With the support of NeighborWorks®, DASH for LaGrange has created a new subsidiary organization, DASH for the Gulf Coast, located in Mobile, Alabama. The new organization is focused on building homes and revitalizing communities in response to the destruction caused by Hurricane Katrina.

“We have identified a neighborhood in Mobile where we will be putting about 300 homes and have gone into Pascagoula, Mississippi, and identified a neighborhood where we will put about 310 homes, where there are no homes because they were all wiped away,” said Kathy Tilley, director, sales and marketing. “We’ve been approached to go to several other cities but need to make sure that we can continue our work in LaGrange as well as in Mobile and Pascagoula. There will be lots of houses over the course of the next 10 years. It’s not just about building the houses, but it’s about comprehensive community revitalization.”

*Fifth Ward Community
Redevelopment Corporation*
Houston, Texas

When Houston took in more than 125,000 evacuees who had lost their homes in Hurricane Katrina, Fifth Ward Community Redevelopment Corporation provided an extensive communications network that included computers and information for connecting families with resources. At the same time, the organization provided temporary and long-term housing. The organization settled 300 families (about 1,200 family members) in apartments and

offered food, clothing, furniture, transportation, gas and phone cards.

In addition, the organization assisted 2,500 people to register for FEMA assistance and partnered with Julia Hester House and Dr. Dre, a national recording artist, to provide 50 families with \$20,000 each to help rebuild their lives.

Kathy Flanagan Payton, Fifth Ward’s president and CEO, said some of her organization’s greatest challenges involve the influx of new families into apartments. Though their rents are subsidized by the city and FEMA, delayed payments are an ongoing issue, she said, adding, “We’ve also seen here in the city as well as on our property higher levels of gang violence, vandalism and theft – which has meant more security, cleanup and other expenses.”

Fifth Ward continues to provide communications networks and employment assistance and is aiding individuals and families looking for housing or in need of social services.

Foundation Communities
Austin, Texas

Since Hurricane Katrina, Foundation Communities has provided housing or support to 650 hurricane evacuees. They were the first to do triage housing and services for Austin’s Convention Center shelter, assisting those with the most need – families with small children, those with medical conditions, and the elderly. In October 2005, they opened resource centers at three apartment complexes (not owned by Foundation Communities) which were home to about 150 families from the Gulf Coast. Six social workers made house calls, assessing families’ needs, delivering donated beds and household goods, getting critical medical help, calling other agencies to fill specific needs, providing shuttle services, and coordinating volunteers, donors and churches.

Foundation Communities converted an extended-stay hotel into supportive housing where they placed 120 families from the Austin Convention Center.

One of the ongoing challenges they have had to deal with is high rent (rent is much higher in Austin than in pre-Katrina New Orleans). Most people’s rental assistance has expired and in February 2007, 150 families will have



Since Hurricane Katrina, Foundation Communities in Austin, Texas, has provided housing or support to 650 hurricane evacuees. They were the first to do triage housing and services for the city's convention center shelter, assisting those with the most need — families with small children, those with medical conditions, and the elderly.

their rental assistance terminated. There is also still a very high unemployment rate among evacuees living in Austin.

Walter Moreau, executive director of Foundation Communities, says, "Our focus now is strictly on case management. We are down to six full-time staff who work with about 150 families at any given time. We are in the process of closing out that work next year because we don't have any funding to continue."

Currently, the majority of families are in stable situations. Half the families are staying in Austin until their FEMA benefits run out.

Tejano Center for Community Concerns *Houston, Texas*

The Tejano Center for Community Concerns assisted approximately 57 families from New Orleans displaced by hurricanes Katrina and Rita.

Located in a predominantly Hispanic community, Tejano Center provides a full range of services such as housing, food, clothing, job search assistance, and school enrollment for children, serving more than 400 individuals (approximately 150 families).

"One of the biggest challenges Tejano has faced in servicing our communities in the past year is employment and providing transportation for those who are anxious to work," said Diane Falcon, project coordinator, Tejano Center. "It's hard because they aren't familiar with their surroundings and everyone's scattered all over the place. Many live away from the bus routes so it's hard for us to get around to everybody's apartment."

Tejano has partnered with several faith-based and nonprofit organizations as well as health organizations who have stepped up their services to help the evacuees. Through collaboration with the National Council of La Raza, NeighborWorks® America is providing four AmeriCorps members

to the Tejano Center to provide direct support to families who face language and cultural barriers in applying for jobs and obtaining services.

Voice of Calvary Ministries *Jackson, Mississippi*

Voice of Calvary Ministries (VOCM) worked closely with churches in the post-Katrina rebuilding efforts and provided food, clothing, transportation and temporary housing for families from New Orleans and the Mississippi Gulf Coast. They also made available a mobile medical unit for use by the Coastal Family Health Center in Biloxi, Mississippi.

With the assistance of NeighborWorks® and several churches, VOCM laid the foundation for 16 homes in a subdivision in McComb, Mississippi where approximately 7,000 evacuees still live.

The organization continues to help the families with basic home needs like beds, dishes, and household items, says Erma Driver, chief operating officer. "We have an adult education program which many are involved in and many hurricane victims are still employed here."

In building the new subdivision in McComb, VOCM is helping to organize the residents as a community. They have provided evacuees with homebuyer workshops, financial fitness, and credit and debt management to help them get back on their feet.



Photo by Donna Davilla

Neighborhood Housing Services of New Orleans (NHS)

The impact of Katrina left one neighborhood organization, Neighborhood Housing Services of New Orleans (NHS), completely destroyed. Several staff lost their homes, and customers were dispersed across the country. The office was flooded in three feet of standing water. NHS relocated to a temporary location in Covington, Louisiana, an hour north from the city of New Orleans. By the end of October, they were back in business.

Lauren Andersen, executive director of NHS, says, "Katrina heavily impacted our ability to provide services to the families. We had to communicate primarily by phone because everyone was scattered across the country. Although we could not resume our 'normal' services regarding home ownership, we developed a call center to provide advice and counsel to families struggling in the aftermath of the storm. Our partnership with Freddie Mac and their E-Bus helped to provide valuable resources and mobile services for families throughout the metropolitan area recovering from the storm."

The NHS staff has continued to offer all their core services – training classes, lending and providing guidance. For many months, the primary services offered were guidance and counseling to homeowners whose homes were affected by the storm and working with the homeowners who had loans with NHS to determine the status of

their damages and work with them on getting their homes repaired.

A two-person construction management team has conducted more than 120 inspections to help families better negotiate their insurance contracts, and to have an understanding of the extensive damages to their homes – 11 homes have been completely renovated, 10 are under construction, and five are awaiting construction.

NHS has expanded its scope of services since the storm and has a staff of seven community builders who work in neighborhoods with residents on the planning process and developing new neighborhood-based organizations. Two community centers will soon be open (one uptown and one downtown) that will provide a location for families to meet and reconnect with their communities. More than \$200,000 was contributed by NeighborWorks® staff, Sears customers, and the F.B. Heron Foundation to NHS to help in the creation of the community centers.

In the future, NHS will expand its training offerings to provide courses that go beyond home-ownership training and include courses on how to rebuild after the storm. The construction management department plans to expand and provide more services to meet the needs of the community.



Skilled and unskilled volunteers work together in Gulf recovery efforts. Photo by Alex Jones

Building Skills in Crew Leadership

By Jack Jensen

With thousands of volunteers helping with Gulf rebuilding projects, crew leadership skills have taken on new importance. Here are tips for crew leaders on working smarter with skilled contractors, unskilled workers or combination teams.

Many community-based organizations know what they're doing when it comes to rehab. Crew leaders know the nuts and bolts of the job like the back of their hands. But even the most experienced crew leaders can improve their efficiency by looking beyond hands-on construction and rehab skills and sharpening their proficiency in work planning, safety, motivation, and even conflict resolution. By mastering these skills, a supervisor can become a true leader.

Before the Work Begins

The keys to jobsite management are planning, organization, forethought, and more planning. Good crew leaders think a job completely through,

making a detailed list of each task to be performed in the order they must be performed.

For example, a simple line-item – “Remove water-damaged drywall and replace it” – has a critical path of setup, removal, mold treatment, hanging, taping (three coats), sanding, priming, repainting, touchup, and cleanup. Each of these tasks must be performed in order. But there are other tasks that other workers can be doing at the same time. There may be woodwork that also needs to be removed, sanded, primed, painted, and put back. Trim can be sanded and primed on sawhorses while another crew is busily taping and sanding the drywall. What about logistics? Is there another room that can be used for prep? What about dust? What skill level do the workers have? Anyone can rip down drywall, and most people can be taught to paint in an hour, but it takes training and a lot of practice to tape drywall well. How do you organize jobs so your skilled people are available to do the skilled work? How do you keep your unskilled people busy while the skilled people are doing their thing? What are your drying times?

Once the critical path and schedule are determined, the materials, tools and equipment must be organized. You don't want your drywall delivered on demolition day— where would you put it? It's heavy and fragile, and you only want to move it once. "Our gold standard is to have materials show up no more than four hours before they're needed," said Margaret O'Brien of the California Housing Partnership, which does acquisition/rehab/resale projects throughout Northern California. "If we're done with tools, they go back to the shop. We spend a lot of time thinking these things through. It's hard to measure how much we've saved, but theft is really a problem in some of our communities, and we haven't had much of a problem, so I guess we've been successful."

Caring for Your Crew

There is more to being a crew leader than managing the project – an effective leader pays attention to worker safety.

The importance of worker safety is obvious, for more reasons than one. "At the CHP, we put jobsite safety at the forefront," said O'Brien. "We emphasize hard hats, good grounding on electrical tools, safe set-ups, and communication." Set aside for a moment the humanitarian reasons for ensuring a safe work environment; the financial risk alone is overwhelming. The reduced risk of taking an extra day to ensure a safe environment can be measured in the hundreds, thousands, perhaps millions of dollars.

Getting the Most from Volunteers

One of the biggest challenges facing nonprofit crew leaders is the effective use of volunteers. This challenge became especially apparent in the aftermath of Hurricanes Katrina and Rita, when volunteers poured to the Gulf region.

There are proven strategies for dealing with unskilled workers, and how to best mix paid and volunteer workers. For instance, volunteers' skills are best put to use at the beginning and end of jobs – demolition, site preparation, and material handling, or painting, landscaping, and cleanup. On some projects, such as "blitz builds," skilled people work elbow-to-elbow with inexperienced people, so pairing job teams to maximize productivity becomes a real art form.

All the preparation in the world will not eliminate one particular issue: construction is accomplished by people, and people may come into conflict.

William Travers, an electrical contractor from Columbus, Ohio, experienced with nonprofits, was among the legions of volunteers who poured into the Gulf region right after Katrina hit. "There was nobody organizing things and sometimes people would get hot-headed," Travers recalled. "When people don't get enough sleep, good food, and good direction – that leads to conflict. Recognizing personality types, knowing good strategies for dealing with difficult people, and having a toolbox of techniques for conflict resolution is just as essential as technical expertise."

All this preparation and skill building takes time, but it is well worth it. "Look at the numbers," said Travers. "If you can get even a small, 10 percent efficiency improvement on a crew of eight people, it's like creating another worker. On a volunteer crew, that's a really nice thing – you get that much more done. But on a paid crew, that's some big money."

Jack Jensen (jjensen2@twcnny.rr.com) is a community development and construction management consultant.

NeighborWorks® and Partners Continue Major Effort to Slow Rate of Foreclosures

By Claudia Askeew

Foreclosures are rising at alarming rates across the United States, threatening to undermine the gains in homeownership that have been achieved in recent decades. Lower-income borrowers are the most vulnerable; if they encounter a serious illness, divorce or job loss, they may be in danger of defaulting on their mortgage and losing their most important financial asset, their home.

Although not all homeowners may be able to keep their homes, all can benefit from exploring alternatives to foreclosure. Borrowers are often unaware that lenders are willing to work with them to find a workable solution. Unfortunately, studies have shown that more than half of those in foreclosure did not call for help when they fell behind in their mortgage payments. Embarrassment, fear and lack of information cause many borrowers to avoid seeking help before it's too late.

To fight this troubling trend, the NeighborWorks® Center for Foreclosure Solutions and the Homeownership Preservation Foundation have joined forces to help delinquent borrowers find solutions to home foreclosure.

This effort links homeowners in danger of foreclosures to a free counseling hotline operated by the Homeownership Preservation Foundation. By calling 888-995-HOPE, homeowners can receive budgeting help, a written financial plan, assistance contacting their lenders, and can be referred to their local NeighborWorks® organizations for face-to-face counseling.

Sixteen mortgage industry leaders, most of which are members of the Housing Policy Council, have committed more than \$1 million to the Center.

“This partnership among leading members of the financial, insurance and nonprofit sectors is unprecedented in the fight against foreclosure,” said Kenneth D. Wade, NeighborWorks® America CEO. “The NeighborWorks® Center for Foreclosure Solutions provides a means for us to create sustainable systems to fight foreclosure. Working together, we can reduce foreclosure rates and help families protect their investment.”

The Center emerged out of a very successful foreclosure intervention program in Chicago which was led by the local NeighborWorks® organization, NHS of Chicago and the City of Chicago. The Center's work is designed to expand this and other local models to cities and states around the country.

“After the successful partnership in Chicago and a few other local efforts, our members asked the Housing Policy Council to help create a national solution,” said John Dalton, Housing Policy Council president. “A national partnership with reputable nonprofit organizations would allow us to tackle the foreclosure issue on a much larger scale, reducing foreclosures across the country.” The Housing Policy Council represents 22 of the largest mortgage lenders in the United States that account for 64 percent of all mortgages originated, according to Dalton.

To combat the rising tide of foreclosures at a national level, an unprecedented partnership has formed between leading members of the financial, mortgage, insurance, and nonprofit sectors.



In addition to funding, lender partners are working with NeighborWorks® to provide valuable trade insights and training for housing counselors to help keep them abreast of the various options available for a borrower in financial distress.

Lenders, insurers and nonprofits agree that foreclosure benefits no one. Heidi Coppola, director of public policy and issue management, global consumer group communications office at Citibank, explains: “There are tremendous costs associated with foreclosure. The costs are borne by lenders, insurers, homeowners and communities.” In fact, research and experience show it can be much less expensive to counsel and restructure

loans than to foreclose. The cost to the borrower includes a lost home, lost equity and ruined credit. The cost to a community could be \$30,000 to \$50,000, when you include costs such as law enforcement services and lost economic development. Additionally, mortgage investors may lose as much as \$50,000 on each foreclosed home.

NeighborWorks® Center for Foreclosure Solutions National Partners

ABN AMRO Mortgage Group, Inc.
an indirect subsidiary of LaSalle Bank Corporation

American General Financial Services, Inc./AIG

Bank of America

Citigroup

Countrywide Home Loans

Freddie Mac

Homecomings Financial

Homeownership Preservation Foundation

Housing Policy Council

HSBC – North America

JP Morgan Chase

National City Mortgage Company

New Century Financial Corporation

Ocwen Loan Servicing, LLC

Option One Mortgage Corporation

State Farm Insurance Company

Washington Mutual

Wells Fargo Home Mortgage

This partnership represents a revolutionary step in the national fight against foreclosures. “I’ve worked with other partnerships before, but focused on helping people find a way into homeownership,” said Wilbur McKesson, vice president, affordable housing at Option One. “This is taking it one step further to help them keep their homes. Homeownership preservation is important to us.” Coppola adds, “Examining this problem together gives us a better understanding of the national perspective in a coordinated fashion – if left to the individual players, we couldn’t have come this far this quickly.”

Working together, the Homeownership Preservation Foundation and NeighborWorks® are able to add value to each other’s services. Hotline counselors can refer clients as needed to NeighborWorks® organizations for more intensive face-to-face counseling and immediate service through the hotline. Together the organizations can offer delinquent homeowners all over the country high-quality counseling and a chance to avoid foreclosure.

Since its inception, the NeighborWorks® Center for Foreclosure Solutions and its partners have helped thousands of borrowers receive counseling.

In order to encourage homeowners to call the hotline, NeighborWorks® America is conducting a national public education campaign with the Ad Council. The NeighborWorks® Center for Foreclosure Solutions is also establishing foreclosure intervention programs in cities and states with high rates of foreclosure and conducting research to better understand the complexities surrounding foreclosures and advise on potential solutions. To improve counseling capacity, the NeighborWorks®

Center for Homeownership Education and Counseling (NCHCEC) is providing certified training programs to foreclosure counselors.

Each partner brings valuable insight to the effort. According to McKesson, “For a solution to be found, you need all the critical players to come to the table to work together. You can’t do it with just the borrower, or just the city, or just the local counseling agency. All must come together to come up with the right solutions.”



NeighborWorks® Training in New Orleans Will Contribute to Gulf Rebuilding

By Olufunke Adebajo

More than 1,200 housing and community development professionals and resident leaders from across the country will attend the NeighborWorks® Training Institute in New Orleans from December 11 to 15, 2006.

On December 13, Fannie Mae and Freddie Mac will sponsor a symposium, *Organizing for Social Equity and Community Rebuilding*, which will focus on the challenges in rebuilding communities in the Gulf Coast and across the nation, and explore how those challenges relate to the inequity of a community's socioeconomic framework.

During the five days of training, the Institute will also offer:

- ▶ Volunteer opportunities for participants who want to gain first-hand experience and play a role in neighborhood recovery efforts. Volunteer activities include a schoolyard cleanup, building a KaBoom! playground, painting the exterior of the Seventh Ward Cultural Center, and Operation Helping Hands house gutting;
- ▶ Special site visits with courses in community building and organizing, community economic development, community and neighborhood revitalization, and construction and production management;
- ▶ Three new Native American-focused community development training courses in financial asset-building;

- ▶ Ongoing courses in the Resident Services series; and
- ▶ Four green courses sponsored by the Home Depot Foundation that promote environmentally friendly, healthier communities.

NeighborWorks®' goal is to train 1,000 resident leaders for rebuilding or improving their Gulf Coast communities by the year 2010. To help other organizations and partners in rebuilding, NeighborWorks® will offer customized training on specific Gulf-rebuilding issues over the next several years. For example, NeighborWorks® America has significant expertise in housing rehabilitation, and NeighborWorks® personnel with construction expertise are helping Gulf Coast nonprofits increase their housing production and rehabilitation.

For more information on the New Orleans Training Institute, visit www.nw.org/training.



David Balsick



Norma Baynes



Edna Bynoe



*Dr. James Nelson
Gingerich*



Jeanette LaVerne



Graciela Martinez



Charles Nallen



Reginald Shell

Dorothy Richardson Award Recipients Honored for Community Building and Transforming Neighborhoods

Eight community leaders from around the country received the 2006 Dorothy Richardson Award for Resident Leadership during an awards ceremony at the NeighborWorks® Training Institute in Washington, D.C.

The eight individuals and the NeighborWorks® organizations that nominated them are:

- David Balsick, NeighborWorks® of Pueblo (Colo.)
- Norma Baynes, Neighborhood Housing Services of Asheville (N.C.)
- Edna Bynoe, Madison Park Development Corporation (Roxbury, Mass.)
- Dr. James Nelson Gingerich, LaCasa, Inc. (Goshen, Ind.)
- Jeanette LaVerne, Neighborhood Housing Services of Minneapolis (Minn.)
- Graciela Martinez, Self-Help Enterprises (Visalia, Calif.)
- Charles Nallen, Fairmont Community Development Partnership (Fairmont, W.V.)
- Reginald Shell, Neighborhood Housing Services of New York City (Brooklyn, N.Y.)

Created in 1991, the Dorothy Richardson Awards for Resident Leadership celebrate the outstanding contributions of dedicated community leaders across the United States. Each year, the NeighborWorks® network honors a resident from each of its eight districts who exemplifies the qualities of Dorothy Richardson, a Pittsburgh activist who helped advance the community-based development movement that led to the forma-

tion of the NeighborWorks® network.

Some of the achievements of this year's recipients include finding new resources to fund affordable housing; securing support for the development of a new elementary school; educating farmworkers about their rights and supporting them in their quest for humane working conditions, safer housing and affordable healthcare; successful redevelopment of vacant or abandoned properties; and the creation of partnerships with government and private organizations to address community needs.

NeighborWorks® Honors Federal, State, and Local Officials for Achievements in Affordable Housing and Community Development

Rep. Rodney P. Frelinghuysen (R-NJ); Ron Javor, assistant deputy director of the California Department of Housing and Community Development; LuAnn Clark, director of Salt Lake City Housing and Neighborhood Development, and Francis Steven Redburn of the Office of Management and Budget (retired) were honored recently by NeighborWorks® America for their leadership in expanding the affordable housing supply for low- and moderate-income families, and strengthening communities.

The four honorees received the NeighborWorks® Government Service Award at a ceremony during the NeighborWorks® Training Institute in Washington, D.C. This award recognizes and honors elected or appointed public officials at the local, state and federal levels who have made significant contributions both personally and through the advancement of public policies that revitalize communities and increase the supply of

affordable housing.

NeighborWorks® Campaign for Home Ownership Exceeds \$5 Billion in Mortgage Lending

The NeighborWorks® Campaign for Home Ownership recently announced that it has helped 40,300 families achieve the dream of homeownership and generated more than \$5.39 billion in new mortgage lending between January 1, 2003, and March 31, 2006. These results extend the tradition of success for the Campaign, which since 1993 has assisted more than 100,000 low- and moderate-income families to become homeowners.

More than 150 NeighborWorks® organizations in 46 states plus the District of Columbia and Puerto Rico are participating in the Campaign. Eighty-nine percent of households recently assisted through the Campaign are either low- or moderate-income homebuyers. Ninety-one percent of recently assisted households are first-time homebuyers.

\$60 Million Staten Island Collaborative to Create 290 Affordable Residential Units

Neighborhood Housing Services of Staten Island (New York), is working with private developers and public sector partners to undertake a \$60 million, mixed-use redevelopment of the Markham Gardens public housing development on Staten Island's north shore, reports *Real Estate Weekly*. The collaboration will lead to 290 new affordable residential units designed using energy-efficient and green building methods. Markham Gardens is the third site developed by a collaboration that aims to create 5,000 affordable

housing units and is part of New York Mayor Michael Bloomberg's plans to provide affordable housing for 500,000 New Yorkers over 10 years.

El Centro Expands to Serve Growing Spanish-Speaking Population and Community Need for Homeownership Counseling and Education

A NeighborWorks® organization serving a rapidly growing Spanish-speaking population in Kansas City, Kansas, recently expanded in order to accommodate the community's increased need for homeownership counseling and education. El Centro, Inc. celebrated the opening of a NeighborWorks® HomeOwnership Center that will provide one-stop homeownership services for low- and very low-income families.

El Centro, Inc.'s HomeOwnership Center offers homeownership education, counseling and lending services as well as a home maintenance lab that provides hands-on opportunities to learn skills such as plumbing, tiling and electrical repairs. These services, previously offered in various locations around Kansas City, are now available only at El Centro.

NHS New Haven's IDA Program Encourages Savings for Energy Efficiency Improvements

An innovative program created by Neighborhood Housing Services of New Haven, Connecticut, a member of the NeighborWorks® network of community development organizations, seeks to assist low-income homeowners struggling to keep up with energy costs. The organization

was awarded a \$300,000 grant from the State of Connecticut to fund a new initiative, the Home Maintenance and Energy Conservation Individual Development Account (IDA) program, developed through the Connecticut Housing Trust Fund.

NHS of New Haven's program will provide matching funds of up to \$10,000 to new homebuyers and existing homeowners in New Haven who make less than 120 percent of the area median income (with a special set-aside for very low-income families). The funds provided by NHS of New Haven must be used for home maintenance expenses or energy conservation measures. Additional funds are available through the state of Connecticut's low-interest energy conservation loan program.

"There are too many people who can't afford to make their homes energy-efficient or to properly maintain their homes," said Jim Paley, executive director of Neighborhood Housing Services of New Haven. "Here's an opportunity for people to save money and to get that money matched dollar-for-dollar."

AHC's Multifamily Project Named Finalist in MetLife Awards

AHC, Inc.'s Virginia Gardens project in Arlington, Virginia, is one of five finalists in the national 2006 MetLife Foundation Awards for Excellence in Affordable Housing, in the category of property and asset management. Since the NeighborWorks® organization began a major renovation at Virginia Gardens in 1999, the 76-apartment complex has become an integral part of the Douglas Park community. Resident services include preschool and after-

school programs; teen tutoring, mentoring and youth alliance programs; summer camp; and computer and language training for children and adults.

NeighborWorks® Pledges Support for New National Network of Housing Community Land Trusts

With a \$30,000 grant from NeighborWorks®, the Burlington County Land Trust, the largest land trust in the nation, recently helped fund the coordination and development of the Community Land Trust (CLT) Network, an organization committed to creating new affordable housing opportunities around the country.

Community land trusts are private, nonprofit corporations created to acquire and hold land for the benefit of a community and provide secure affordable access to land and housing for community residents. In particular, CLTs attempt to meet the needs of residents least served by the prevailing market. Improvements on community land trust property such as single-family or apartment dwellings are privately owned and can be bought and sold within certain terms, but the land remains under the ownership of the trust.

The CLT Network reports that more than 6,000 units of affordable housing sit on trust lands. Conservative estimates put the dollar value of affordable housing created by community trusts in excess of \$1 billion.

NeighborWorks® America and Safeco Insurance Launch Five-City Community Building Initiative

More than 1,000 Safeco employees and community residents will donate more than 8,000 volunteer hours to community building projects. Volunteers will repair roofs, repaint homes, build access ramps, and tackle other hands-on projects such as community beautification and homeowner education.

The five-city Safeco Community Build Program in partnership with NeighborWorks® America will strengthen neighborhoods from the ground up by bringing together volunteers to repair and revitalize homes.

Financed by a \$500,000 grant to NeighborWorks® America from Safeco, six local NeighborWorks® network members will organize volunteers to complete more than 20 community projects. The six NeighborWorks® organizations participating in the Safeco Community Build Program are: Beyond Housing (*St. Louis*); Central Area Development Association (*Seattle*); IMPACT Group (*Duluth, Georgia*); NeighborWorks® Waco (*Texas*); Reynoldstown Revitalization Corp. (*Atlanta*); and Westside Housing Organization (*Kansas City, Missouri*).

Lawrence CommunityWorks Wins Maxwell Award

The Fannie Mae Foundation recognized Lawrence CommunityWorks, Inc. (LCW), a member of

the NeighborWorks® network, for its distinguished work in affordable housing, during its 16th anniversary Maxwell Awards of Excellence event in Washington, D.C.

LCW, which received the top prize in the Most Effective Catalyst for Community Revitalization category for its Reviviendo Family Housing project, was among four nonprofit housing organizations recognized during the event. LCW is a community development corporation that has dedicated its resources to the revitalization of Lawrence, Massachusetts, a city that until recently had one of the highest rates of property abandonment nationwide.

“The reclamation of vacant and abandoned properties to create affordable housing is one innovative way to address the affordable housing challenge,” said Stacy D. Stewart, president and CEO of the Fannie Mae Foundation. “It’s a strategy that can strengthen communities by redeveloping blighted properties, making communities vibrant places once again while also providing much needed affordable housing.”

Q&A Profile



NeighborWorks®: Fighting Foreclosure on Many Fronts

Douglas Robinson interviews NeighborWorks® America CEO Kenneth D. Wade

Why is NeighborWorks® America putting so much emphasis on foreclosure prevention? For many years, we have promoted stable, sustainable homeownership through a comprehensive process. Great strides have been made to make homeownership more accessible to historically underserved populations; however, a recent growing trend in foreclosures threatens to undo many of the gains that have been made. Because of our success preparing new homebuyers for long-term homeownership and our close working relationship with lenders, we recognized that we were well positioned to address the problem of rising foreclosures.

What are some of the strategies or tools that NeighborWorks® uses to sustain homeownership? Since the early '90s we have employed an approach called "Full-Cycle Lending," which includes pre- and postpurchase counseling, property inspections, appropriate mortgage loan products, and early-intervention delinquency counseling if necessary. Prepurchase counseling is the most critical tool. By counseling people about being homeowners before they make a purchase, we strive to make long-term successful homeowners. People who have rented for a long time may not know about property taxes, utility bills and general household maintenance expenses. These costs need to be part of the overall household budget.

Once a family owns a home, ongoing financial education is another important tool. We are

working to help potential and existing homeowners understand the kind of financial management skills necessary for long-term successful homeownership. In potential foreclosure situations, we are typically working with homeowners who haven't gone through our full-cycle lending or financial education programs. We urge them to call the hotline number (1-888-995-HOPE), set up through our partnership with the Homeownership Preservation Foundation, for counseling.

The family who is foreclosed upon is hurt, but is anyone else affected by foreclosure? Certainly. A foreclosure is devastating for a family, but it can be the beginning of a downward spiral for a neighborhood or broader community.

First, the exterior appearance of a home that is vacant due to foreclosure is not likely to be well-maintained. Poorly maintained homes have been connected to lower property values throughout a neighborhood and when there are multiple vacant homes on a block the decline can be significant. Since property taxes are a principal source of revenue for a city or town, lower property prices lead to less revenue.

Lenders strive to maintain the financial value of the homes in foreclosure, but sometimes they must sell a house for less than is owed. That sales price can reduce the average price of homes in a neighborhood, and when an owner goes to sell his or her home, the appraised value may be hurt as a result.

In addition, vacant properties may attract criminal activity and affect community safety as there are fewer residents to maintain a watchful eye.

NeighborWorks® is partnering with banks to prevent foreclosure. I thought that banks made money from foreclosures? That's not true.

Lenders can lose as much as \$50,000 on a single foreclosure, in the form of lost interest on the mortgage, the maintaining cost, the cost of selling a foreclosed home, and more. It is not in the best interest of lenders to foreclose. They would rather continue collecting a monthly payment from the homeowner.

Our partnership with banks, as part of the NeighborWorks® Center for Foreclosure Solutions, is an extension of our collaboration with lenders with respect to increasing homeownership. Banks support our counseling programs and provide innovative mortgage programs for homebuyers who have gone through our counseling classes. Banks want homeowners, not foreclosed homes.

In fact, some banks are beginning to combine their collections departments with their loss mitigation departments. Traditionally, these two groups have been somewhat at cross purposes. Collection departments want the borrower to pay up the arrears and pay them up fast. The result is that too often borrowers don't respond, and their unresponsiveness pushes them closer to foreclosure. The loss mitigation teams at banks want to work with the borrower and see how some agreement can be reached.

The idea is if they work together everyone wins – the borrower, the lender and the community.

What type of trends are you seeing with respect to foreclosure? One troubling trend we're seeing is an increase in the number of homes going into foreclosure, particularly in foreclosure "hotspots" around the country. In some states, foreclosures have climbed more than 30 percent in the past year.

The second trend we're seeing is that more of the families who come to us for help have adjustable rate mortgages (ARMs). ARMs are not for everyone. Many people stretched to get into their home with ARMs, and a good portion of these homebuyers were not fully aware of how much more their monthly payment would increase once the mortgage adjusted. That's making it tough for

them to make their monthly mortgage payments and pushing some into foreclosure.

Third, the cost of living is generally higher, and that affects everyone. These challenges and weakness in some local economies mean that more borrowers are stretched financially.

Can you do anything about the mortgages these people have? We can continue to educate homeowners and prospective homebuyers about the different kinds of mortgages available. If you're already a homeowner, we encourage you to read over the mortgage documents and understand the terms of the loan you have purchased.

If you have equity in your home and you're in financial trouble, maybe a mortgage refinance is the answer. Only a case-by-case examination can determine that. That's why we encourage the use of the Homeownership Preservation Foundation's toll-free number –1-888-995-HOPE – offering free foreclosure prevention services and counseling.

What role has predatory lending played in the rise in foreclosures? There is no doubt that predatory lending plays some role in increased foreclosures. High cost loans with burdensome fees make it nearly impossible for a homeowner to be a success.

A few NeighborWorks® organizations are providing specific assistance to homeowners who are at risk of losing their homes because of predatory lenders. For instance, West Side Housing Organization in Kansas City, Missouri, recently launched its "Good Hammer" program that will help ensure that senior citizens who are using the equity in their homes to pay for repairs won't be trapped by predatory loans and unscrupulous contractors. West Side estimated that a significant number of the foreclosures in two Kansas City neighborhoods were due to predatory loans written to unsuspecting seniors.

There are many factors contributing to rising foreclosures – changes in the housing market, the availability of new loan products, labor market conditions, and consumer behavior and personal challenges, such as an illness or death in a family. Through the NeighborWorks® Center for Foreclosure Solutions, we are working to find solutions to this complex problem.

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