

Bright ideas

Rehab As a Tool for Neighborhood Revitalization

by Dave Boehlke and Maggie Hamer

Every house tells a story about the neighborhood. Is this neighborhood improving? Does it value its architectural heritage? Are there good standards of repairs and day-to-day upkeep? And what is special about this place? A rehab initiative by a local NeighborWorks® organization provides an opportunity to answer these questions. Each renovated house becomes a “billboard” that advertises the neighborhood and the pride of its neighbors.

In areas where real estate markets are still depressed, the challenge is to structure the nonprofit’s efforts so that the rehab leverages the most positive effect on the neighborhood’s image and marketability. Weak market communities must have a clear, concentrated strategy if they want to attract and retain upwardly mobile homeowners during this strong economy. Different types of rehab programs will be most effective at different times, depending on the neighborhood’s real estate market, housing stock and available financing tools.

Neighborhoods Inc. of Battle Creek, Michigan, has used a variety of rehab programs to promote neighborhood revitalization at different times over the last decade.

Rehab and Sale

There are many different versions of this concept across the country. Some organizations use public funds with income restrictions, such as CDBG and HOME, while others utilize unrestricted funds to rehab and then sell a property with or without special financing. Some programs completely rehab a house inside and out, while others sell the property with only exterior rehab complete.

Regardless of the techniques used, each version provides an opportunity for the local organization to renovate the property to set new standards, demonstrate appropriate renovation techniques, and introduce new colors and materials. The local nonprofit is fully in control of these properties, and there is a great opportunity to showcase the neighborhood’s assets.

Neighborhoods Inc. decided that it would not be enough to simply eliminate bad properties. Since many nearby, affordable neighborhoods were more stable and had fewer distressed properties, it was decided to renovate certain properties as showcases to reverse the perception that the target neighborhoods were not competitive.

Therefore, throughout much of the 1990s, Neighborhoods Inc. used rehab-and-sale as a way to introduce about six to 12 high-standard houses each year. Generally, the houses were selected because their architecture or location gave them a greater impact on changing the neighborhood’s image.

Rehab Lending for Homeowner Rehab

Most NeighborWorks® organizations loan money to homeowners to make property repairs and achieve code compliance. Local organizations also may provide additional low-interest loans (usually from unrestricted sources) as an incentive. The rehab loan package would help the homeowners move from addressing health-and-safety issues only to improving the house’s visual impact, in turn making the neighborhood unique and more competitive.

In Battle Creek, only a small portion of the loan fund was income-restricted, so lending beyond code was not a problem. The problem was the extent of past disinvestment coupled with low housing values. The rehab

specialist developed rules to determine which projects took priority after health and safety issues were addressed.

At Neighborhoods Inc. all loan customers receive a 36-page handbook outlining the terms and procedures of the rehab process as well as the organization’s philosophy about rehab priorities. Borrowers are told that the rehab specialists review the home for “ways to: 1) correct health and safety issues; 2) impact market value; and 3) satisfy the customers’ dreams for their homes...in that order.” This up-front declaration of priorities helps the organization and the homeowner avoid conflict during the rehab process.

Rehab Lending as Part of Home Purchase

Many NeighborWorks® organizations—especially those in the Campaign for Home Ownership—acknowledge that new homebuyers can be the crucial players in strengthening the neighborhood. Those organizations make sure that the homebuyers not only learn about the responsibilities of home ownership but also understand the importance of property renovation in establishing a revitalized neighborhood.

To drive neighborhood housing values, the purchase/rehab package often needs to exceed the appraised value of the property by 10 to 20 percent. Neighborhoods Inc. carefully counsels homebuyers on the risk of over-investment and then urges those homebuyers committed to staying in the house for at least five years to consider taking the risk. Neighborhoods Inc. shares the risk by reducing the interest rate to encourage rehab that visually impacts the neighborhood. This initial over-investment has paid off for Battle Creek homeowners since these improvements have led to higher sales prices and resulted in increased equity over the last decade.

Rehab Lending for Small Exterior Repairs

Many neighborhoods suffer from disinvestment in the “small things.” Fences are falling down, porch railings are sagging, driveways need to be paved. Usually, such improvements cost only \$1,000 to \$1,500, but many

Kevin Hare, Battle Creek Enquirer



Eric and Tammy Skaggs are turning this former five-bedroom “Victorian Lady” into home sweet home with rehab help from Neighborhoods Inc. of Battle Creek.

Inside Ideas

FOCUS: The Joys and Challenges of Rehab. Keeping owners safe and proud of their homes is as important as making home ownership possible.

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F R O M B E A S T

to Beauty



Courtesy of Aberdeen NHS

(Above) **HARD WORK AHEAD.** Here's what Glenna Holley's home looked like before Aberdeen NHS rehab specialists dug into its problems.

(Right) **SAFE AND SPIFFY.** A new roof, siding and electrical system formed the foundation of this transformation, which Holley's daughter, Joelene, called a miracle.



Courtesy of Aberdeen NHS

by Patrick R. Beaty

Glenna Holley had lived with her husband in their Montesano, Washington, home for more than 40 years. Recently widowed and living solely on a social security income, she now shares her home with her youngest daughter, Kim, and a four-year-old granddaughter.

Over the years, her property's condition had slowly deteriorated. Although Holley was not aware of the full extent of damage, she knew the exterior needed repair. The leaking roof and the siding needed to be replaced, but she did not know where to turn for financial aid.

Her eldest daughter, Joelene Holley-Thomas, searched the Internet for help but found none. She contacted various housing assistance agencies, and one referred her to Aberdeen NHS, just 10 miles from her mother's home. Thomas contacted ANHS by e-mail and asked if we could help. Our housing counselor, Royce Travis, immediately set up a counseling session with Holley.

After reviewing the situation, Travis referred her to Rural Development (a division of the U. S. Department of Agriculture). She considered this the best option because Holley's age (over 62) and low-income level would qualify her for the agency's 504 loan and grant program. With Travis' help, Holley completed and submitted the application and paperwork required. The effort paid off.

Holley did receive approval for a grant of \$7,500 (maximum allowed), but this would only accomplish half of the repairs. She was ineligible for the loan portion of the 504 program because her high-interest mortgage payment consumed 45 percent of her income. She needed more help.

Like Pandora's Box

Before committing any ANHS funds, we conducted an inspection and discovered that the roof and siding were not the only problems. The entire electrical system, for example, consisted of just three circuits! One circuit ran the outside sewer pump, one ran the washer and dryer, and the third one powered the rest of the four-bedroom home. (The major appliances were natural gas.)

What's more, numerous nonprofessional wiring additions had been installed; skinny extension cords snaked across the walls and floors; and ancient, broken receptacles hung from the walls with bare wires exposed. The electrical system became an "immediate concern." Our inspection also revealed that, along with other minor repairs, the front

porch, the post-and-beam foundation and the entire back utility room were rotted. The need for a more complete project was obvious, and ANHS developed a plan to insure that all needed repairs could be completed. The deal would require developing a partnership with the USDA.

A Will and a Way

First, ANHS would pay off the existing mortgage to lower the interest rate and monthly payment. This would make Holley eligible for a 1 percent 504 program rehab loan. We would oversee the construction and provide the remainder of the rehab funds. We contacted the USDA's local Rural Development office and were pleasantly surprised to learn that our proposed plan might work. Negotiating details took some time, but in December 1999, we closed the deal and began construction.

Before our involvement, Holley had solicited bids from several roof and siding contractors, and she was happy with one who happened to be an approved, active member of our contractor pool. Besides saving time, this contractor already knew our procedures and expectations. NHS negotiated the additional work into a final bottom-line price, which accomplished all the needed repairs and still fit within Holley's budget.

In January, the contractor started working on the electrical repairs and other preliminary work. The main work began in mid-February and was completed by the middle of March. The transformation for both home and homeowner was amazing.

As Holley's daughter said in a letter to us, "I never would have dreamed that her house would be so attractive and most of all safe... The plan you made to make this all possible is a miracle in my eyes. Your hard work and determination transformed a home that was in grave disrepair and made it a home that my Mom can be so proud of...thank you for proving that help is out there...we just have to look for it."

Patrick R. Beaty is a construction specialist at Aberdeen NHS.

Educating the Public About Rehab—and Your Organization

A common problem of NeighborWorks® organizations is publicizing services and gaining the trust of homeowners. Aberdeen NHS' construction specialists have been successful getting a weekly column published in the local newspaper, *The Daily World*.

Pat Beaty and Dave Murnen write

articles that cover such subjects as trapped moisture, the "silent predator;" the importance of a sound, well-ventilated roof; essential planning needed for successful remodeling; and ways to finance a major project.

"It's difficult to estimate how many responses the organization receives from these articles,"

Beaty says, "However, almost everyone we come in contact with mentions that they read our articles. A lot of people tell me that it's the only thing they read in the paper. The response is high."

To find out just who they are and what they do, read their articles on Aberdeen NHS' Web site at www.aberdeen-nhs.com.

NeighborWorks® *bright ideas*
Since 1982

This quarterly publication of Neighborhood Reinvestment Corporation assists NeighborWorks® network organizations in their mission to rebuild and revitalize declining communities. Our intent is to publish success stories and innovative strategies from network organizations and information from Neighborhood Reinvestment staff to help NeighborWorks® organizations better serve their communities.

The Neighborhood Reinvestment Corporation is a public, nonprofit organization.

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A NeighborWorks® Publication
© 2000 Neighborhood Reinvestment Corporation
ISSN 0899-0921

Opinions in *bright ideas* are those of the authors and do not necessarily represent the opinions or policies of the Corporation board of directors or staff.

by Debra Truitt

Jacksonville, Florida, Housing Partnership (JHP) just completed its annual “Paint the Town During Rehab Week” project. Our executive director, Carolyn Ettliger, who created the project seven years ago, could write volumes on the joys and challenges of coordinating large-scale rehab events such as this. Although the Housing Partnership provides home-rehab services year around, this week-long effort has become the organization’s signature event. What brings Ettliger the most joy is being a part of a community-wide collaboration and seeing the genuine desire to help neighbors.

“Paint the Town truly brings together the best of our community’s resources,” Ettliger says. “The homeowners; the volunteers who repair and paint homes; and the government, corporate and civic supporters become one team—2,000 members strong.”

The JHP construction staff work side-by-side with volunteers to make needed home repairs in the months before the event. National and community grants, as well as corporate and individual donations, make this possible.

It Takes All Kinds

Members of local carpenters’ and machinists’ unions strap on their tool belts and join U.S. Navy volunteers to donate thousands of hours to prepare the homes for painting. Skilled and unskilled volunteers pick up paintbrushes and begin a revitalization effort that continues long after the week of painting.

One of the most gratifying aspects of the project is partnering with a vast network of organizations. The process begins with a neighborhood association working with us to reach out to its homeowners. Association members introduce their neighbors to JHP and help them apply for the home their repairs.

JHP seeks grant funding and corporate sponsorship for the event at least one year in advance. “We’re thankful to



Photo by Frank Serio

TOWN COUNCIL’S TEAMWORK. Five members of Jacksonville’s city council pitched in to paint during rehab week. Pictured here (left to right) are Lad Daniels, Pat Lockett-Felder, Reggie Fullwood, Jim Overton and Suzanne Jenkins.

VOLUNTEERS: The Backbone of Jacksonville’s Rehab Project

our donors for coming back year after year in support of community development,” says Ettliger. “They provide most of the paint and materials we use and help us take care of our volunteers. You’d be surprised at what goes into providing water, meals and restrooms for 1,600 painters!”

Volunteers are the backbone of the rehab project, working in teams to put the final touches on repaired homes. Supervised by JHP staff, they paint, landscape and build wheelchair ramps. This year, volunteers donated more than 7,000 hours to paint 45 homes during one week in April.

No Joy in Saying “No”

“The hardest thing in the world for me is saying ‘no’ when I want to say ‘yes,’” Ettliger says sadly. “It is immensely frustrating to see the need to do more—and to want to do more—than funding will allow.”

Every year, the Housing Partnership receives more requests for critical home repairs than it can afford to do. Most of the homeowners have true emergencies and all deserve immediate attention.

“It is so hard for us to tell homeowners that the money has run out,” says Ettliger. “Can you imagine saying ‘no’ to a young mother who lines the bathtub with newspaper for her children to use as a toilet or an elderly person who turns off the electrical box every time it rains because of

the danger from a leaky roof?”

Often, “no” means not doing more in a home due to grant-required caps on house repairs. The difficult part is explaining to the homeowner that the JHP can only afford to do certain repairs. As Ettliger says, “It’s hard for our customers to understand why we can’t meet more of their needs while we’re right there in their homes.” The construction staff, which takes pride in its work and loves helping people, also finds it hard to walk away.

Equally difficult is putting a cap on volunteer assistance. When there is no more funding for home repairs, JHP must turn away volunteers. Every year, there are more volunteers during Paint the Town than there is money. As Ettliger says, “Volunteers are the treasure of any nonprofit organization. Our volunteers love this project. It’s a shame to have to disappoint them when we have no more houses to paint.”

Home rehab is an important part of the many housing services provided by Jacksonville Housing Partnership. The joys of meeting homeowners’ needs outweigh the challenges of deciding who receives the limited resources. The JHP and its partners plan to be painting the town—helping homeowners and revitalizing neighborhoods—for years to come.

Debra Truitt is director of development and communication at Jacksonville Housing Partnership.



ROUGH ROOF. Doug Davis (center), rehab specialist at the Jacksonville Housing Partnership, and two U.S. Navy volunteers join hands to demolish an old shed for Jacksonville’s Paint the Town During Rehab Week.

Continued from page 1 Rehab as a Tool...

homeowners do not have the ready cash and do not want to use high-interest credit cards for this purpose. A local nonprofit organization can offer small, short-term signature loans at very low interest rates (3 or 4 percent). Coupled with good rehab advice, these small loans and a lot of resident sweat can transform whole blocks.

In Battle Creek, low-cost, short-term loans have been used to pay for small improvements such as tree removal, driveway paving, new fencing, garage repairs and landscape upgrades. Few loans exceed \$30 a month in payment or last more than three to five years, but the impact on the neighborhood is profound.

Neighborhoods Inc. also frequently arranges special “deals” among neighbors. For example, if neighbors can get 12 commitments for new driveways in a two-block area, the contractor will agree to do the work at a reduced price. Neighborhoods Inc. will make a 3 percent loan to anyone in the area who wants to participate.

All four of these rehab programs have played a role in dramatically improving the image of the community and significantly increasing the housing values of the target neighborhoods. These programs were used alone and simultaneously depending on neighborhood need and available financing. Neighborhoods Inc.’s experience shows that rehab is not limited to just property repair; it has a powerful impact for restoring housing values and revitalizing communities.

Dave Boehlke was executive director of Neighborhoods Inc. from 1991 to 1996 and is active in innovative neighborhood revitalization efforts across the country. Maggie Hamer has worked on neighborhood revitalization efforts over the last 20 years and has documented “best practices” in this field.

Copies of the Construction Handbook for Contractors and Homeowners can be purchased for \$20 by contacting Neighborhoods Inc. at (616) 968-1113.

OWNER-OCCUPIED REHAB. Battle Creek resident Terry Barker paints the trim on one of the windows in the Victorian home that has been in her family for five generations.



Doug Allen, Battle Creek Enquirer

Dedication to Rehab

Overcomes Its Challenges

by Ebby Green

NHS of Waco, Texas, has administered an acquisition-rehab program for approximately three years, renovating 10 to 15 houses per year. However, since the average age of housing in Waco is 50 years old, successfully completing a rehab project has become a challenge.

On average, home-renovation costs range between \$35,000 and \$40,000, and the cost of materials and labor continues to rise. Along with this, we have seen a renewed interest from private investors who have started renovating homes in the Waco area—a reality that makes it harder for NHS to find potential projects.

Property appraisals within certain neighborhoods are yet another challenge. Though the mission of NHS is to revitalize communities, it has become more difficult to establish a value for a property after it is renovated.

Over the past years, surrounding properties have deteriorated, and the neighborhoods have become drug- and crime-infested. To overcome this, NHS started obtaining projected values (from a local appraiser) before beginning a project. We have established a pool of contractors, who complete the work at competitive rates.

Once the units are completed, we have

had no problem selling the homes as they usually provide more square footage than new homes and usually sell for less than \$60,000. Not only are they more reasonably priced, the average rehab homes also have more space, more character and an established lawn. The average rehab has about 2,000 square feet while new homes average about 1,200 to 1,300.

NHS of Waco's construction department has two employees; this enables us to serve as general contractor and successfully control costs. To ensure project success, we conduct a feasibility analysis and establish an after-rehab value before we purchase a house.

Though our acquisition-rehab program has seen some challenges over the past several years, the biggest challenge is yet to come. With the new lead-based paint regulations being imposed by HUD, NHS of Waco (and other network organizations across the country) will be faced with more costs.

In spite of all of the current challenges, and the forthcoming ones, we are dedicated to continuing this program that provides better homes at lower costs.

Ebby Green is executive director of NHS of Waco.



(Above) YEOMAN'S SERVICE. Rehab workers in Waco prepare to attack the overwhelming job of recreating what will become a beautifully columned porch.

(Below) THE RESULTS: A beautiful house shining in the sun.



Photo by Séan Bennett

OWNER REHAB. John and Felicia Miller share smiles of joy over what Felicia calls "the dreams." The Millers are acting as general contractors for the rehab of their home for NHS of Baltimore.

by Jean DuBose

NHS of Baltimore, which celebrates its 26th anniversary this summer, has helped hundreds of Maryland homeowners rehabilitate their properties. Our clients include those who want to purchase and rehab a house and current homeowners who just want to make improvements. Well-constructed houses also are our "clients," and our goal is to extend their life.

Because the average rehab price is far below new construction costs, it's an affordable alternative for our clients. Many clients, like many other people, are not knowledgeable about rehab work and need someone to help them through this process. They want to know that the work is done properly and that they're getting what they paid for.

That's where NHS of Baltimore comes in.

NHS Projects

Mike Gherna, one of our clients, is learning about the joys of rehab first hand as construction continues at his East Baltimore home. Gherna, who's currently renting in the NHS target neighborhood of Butchers Hill, knew that was where he wanted to stay but wasn't sure about home purchase.

When his employer first told him about us, he was looking for some closing-cost assistance. He didn't realize that we could offer him some very attractive below-market loan products.

Gherna made an appointment with Will Backstrom, director of NHS's Patterson Park Neighborhoods Initiative. In that meeting, the topic of rehab came up, but, as Gherna recalls, he felt skeptical. "I thought buying a house would be difficult and expensive enough without having to do work on the place at the beginning," he said.

However, after he learned about our rehab process and our interest rates, he changed his mind. In partnership with CitiBank, NHS offered him a 5.5 percent, 30-year, fixed mortgage that included rehab money. That deal convinced Gherna that he could buy and customize his first home.

"The interest rate I got with NHS meant I could afford more house. Working with the rehab staff appealed to me because they manage the construction process. I chose a contractor who has worked with NHS many times, and I really feel the rehab specialist is looking out for my best interests. He has also helped me make good decisions about the improvements I should make," said Gherna. This combination convinced him to "stay and become a homeowner in this great city neighborhood."

On Their Own

However, a rehab success story in one of our neighborhoods does not always involve our staff and financing. Another one of our goals is to stimulate private market activity.

As Baltimore NHS Executive Director Mike Braswell says, "We know we have been truly successful in a neighborhood when we are no longer needed."

A story about the Millers illustrates how NHS effects clients and communities even when



A BIG JOB. Space inside and outside were two goals that John and Felicia Miller reached when they purchased this warehouse in the Butchers Hill neighborhood of Baltimore.

Photo by Séan Bennett

Rehab Success Comes in Many Packages

the house of her purchase from

the deal doesn't include its financing and expertise.

"It is our dream house!" Felicia Miller exclaims while showing visitors through their new warehouse-turned-home on Fairmount Avenue in Butchers Hill.

John and Felicia Miller have lived down the street for 12 years. When NHS of Baltimore, which held the first mortgage, was forced to foreclose on the property and the building went to auction, the Millers saw their chance. Buying the property for \$35,000 was their first step; it also was the first time they had heard about NHS.

Backstrom met with the Millers to discuss their plans for the property, which needed a lot of work. John Miller, who does remodeling in his spare time, wanted to act as the general contractor. Because NHS does not allow this, Backstrom referred him to one of NHS's banking partners. Approval of an FHA 203(k) loan allowed the Millers to purchase and rehab this unique property.

"We wanted more space inside and out and a chance to design the interior. The house of my dreams had a balcony off the master bedroom and now I am going to have that right here in our old neighborhood," says Felicia Miller. Work has started, and the Millers plan to move in soon.

"They are active community members, and it's great they have decided to stay in the neighborhood," says Backstrom. "After sitting vacant for two years, the house needs a lot, and the Millers really have a vision for its future."

Jean DuBose is homebuyer education coordinator of NHS of Baltimore.



EXPERT ADVICE. It's contractors like this one that make rehab possible for NHS of Baltimore and encourage more homeowners to make the city their homes.

Photo by Séan Bennett



Courtesy of Argenta CDC

BUNGALOW BEAUTY. The historic district of North Little Rock includes a wide variety of houses that Argenta CDC turns into homes with tender, loving care like this rehabbed bungalow.

by Samantha Abell

In the early 1900s, American communities developed as compact, mixed-use neighborhoods that were functional, sustainable, affordable, vibrant and diverse. Most developers and homebuyers during the time were European immigrants accustomed to villages where virtually all necessities could be found within walking distance of home.

After decades of disinvestment in the wake of suburban sprawl, a movement called "new urbanism" is creating a renewed interest in traditional neighborhood design. Public officials, who have observed that traditional neighborhood developments improve the quality of lives, have become vocal advocates for the development of high-density, mixed-use neighborhoods and the days of Main Streets gone by.

There are not many of these traditional communities left. Most have been torn down or covered by asphalt. For those still remaining, the interest in traditional communities is restoring aged areas to pedestrian-friendly areas of greenspace and low-scale design. One such neighborhood can be found in downtown North Little Rock, Arkansas, a community known as Argenta.

Citizens, developers, architects and planners are re-establishing the traditional development patterns that once existed. Argenta Community Development Corporation (CDC) has led the way in the revitalization effort. In just eight short years, the results have been remarkable.

Sense of History

During the 1980s, Argenta was an area ravaged by substandard housing, economic disinvestment and gang-related crime. It is now a National Register Historic District. Family-owned shops and restaurants are within walking distance of renovated homes and apartments, which most families of modest means can afford. Plans are underway to put in place an old-fashioned trolley line with a passenger hub on Main Street. Also within walking distance are a full-service post office (circa 1931), city services building, a riverfront park, several banks and churches, and a multipurpose civic arena.

Redevelopment of the Argenta district began in 1992 when the CDC began to purchase and renovate homes in the area. Properties contributing the most to crime and neighborhood blight were first on the list for acquisition and rehab. HOME funds provided by the city of North Little Rock made the renovated properties affordable for purchase by moderate-income families. To date, CDC has purchased more than 70 substandard

structures for renovation. Crime rates in the area are now among the lowest citywide, and real estate values have soared.

Revitalization of the residential district, combined with collateral investments by city and county government, have paved the way for private investors. Since 1998, several buildings have been renovated and a dozen businesses have relocated to the area. Downtown North Little Rock is well on its way to becoming the vibrant, traditional community it once was.

Word Spreads

Argenta is not the only community realizing the benefits of traditional neighborhood development: Though still in its infancy (the first development was in 1989), new urbanism is having a nationwide impact. More than 300 new towns, villages and neighborhoods are being planned this year.

HUD has partnered with Congress for the New Urbanism (CNU) for its HOPE VI program. CNU is an organization of more than 2,200 professionals involved in this movement. CNU provides the design and technical expertise for HOPE VI

developments. Mixed-use, mixed-income housing in close proximity offer market-rate and below-market-rate housing (rental and for sale) as well as commercial space. HOPE VI is being credited with turning around HUD's image and is seen even by HUD's critics as a success in providing affordable housing.

More than 100 small-scale infill projects are restoring the urban fabric of our cities with pedestrian-friendly grids and corridors. City planners are implementing green-space and mixed-use town centers into conventional suburban planning. Chattanooga Neighborhood Enterprise in Tennessee is one example of a network organization that provides capital to new urbanist developments and is currently involved in a 10-year traditional neighborhood development. For places such as Argenta, new urbanism is a movement going in the right direction.

Samantha Abell is a special projects coordinator at Argenta CDC.

New Urbanism Resurrects Tradition in Argenta



Courtesy of Argenta CDC

THE AVENUE IN ARGENTA. Streetscape improvements like this one in downtown North Little Rock are part of Argenta CDC's move into traditional urban living.

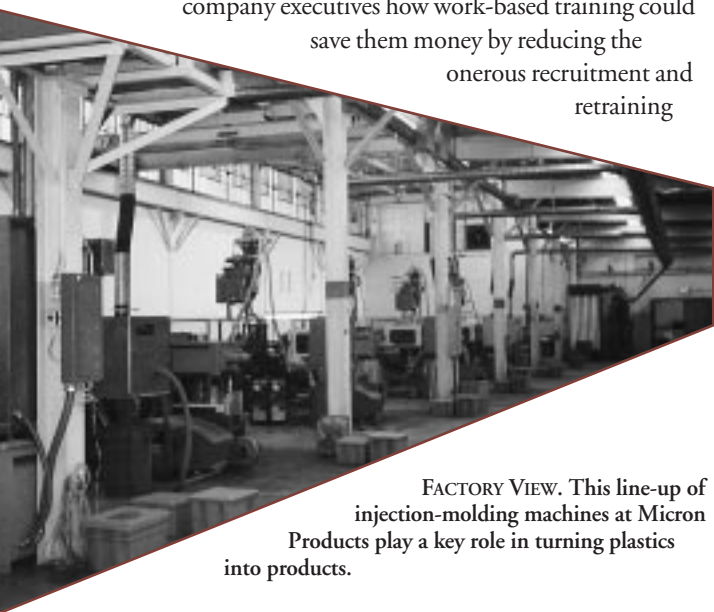
Worklinks Project Nets \$1 Million Grant

by Emily Weitzman

Early this year, the Twin Cities Community Development Corporation (CDC) of Fitchburg and Leominster, Massachusetts, received a \$1 million grant from the U.S. Department of Labor for its Worklinks to Plastics project. This three-year, workforce-development initiative will enable our staff to support and train entry-level, low-wage workers for higher wage, second-tier jobs in local plastics companies. The project's primary objective is to achieve long-term, systemic change in the way local plastics companies hire, train, retain and promote employees.

Started in 1995, this project is backed by several years of planning. The CDC conducted focus groups to determine community needs and priorities, particularly how low-income residents could overcome barriers to successful employment. During this process, we found that research was being conducted on the local plastics industry. This includes more than 200 companies that could not meet the high demand for skilled workers, such as machine operators, to fill second-tier positions. Company leaders were so desperate that some transported skilled workers daily from other parts of the state.

Meanwhile, many local, resident workers were frozen in low-paying, entry-level positions. Having to work more than 60 hours a week did not allow these workers to pursue technical skills training nor the reading, math and English upgrades they needed to advance. We decided that training, in addition to a career-counseling and support network, would give these workers a chance for the higher-paying, second-tier positions. We also wanted to show company executives how work-based training could save them money by reducing the onerous recruitment and retraining



FACTORY VIEW. This line-up of injection-molding machines at Micron Products play a key role in turning plastics into products.

costs incurred from high employee turnover and a heavy reliance on temporary workers.

Supply and Demand

To achieve these goals, we have invited company leaders to participate in our program and nominate candidates from their pool of entry-level employees. So far, 12 major manufacturers have made a commitment and intend to recommend about 60 employees.

We are also conducting community-based outreach for new workforce entrants and displaced workers.

The combined total of workers who benefit from this program is 170. To date, we have assessed the skill levels of approximately 35 candidates using the Harrington O'Shea Interest Inventory to evaluate work interests, abilities and occupational preferences and, in general, their suitability for manufacturing. Candidates are also taken through a comprehensive interview process.

Next, candidates receive an in-depth assessment of their English language, reading and math skills and their technical and mechanical abilities. Participants are receiving program orientation, work-readiness training and an introduction to the plastics industry.

CDC career counselors also assist applicants not selected for the program. Occasionally, candidates decide through the assessment process that they cannot make the time commitment for training or realize that they really lack the interest necessary to be successful in manufacturing. Of the 35 candidates assessed to date, 12 were not working in manufacturing, and four decided that plastics manufacturing was not for them. Three of those four received personal assistance for admission to a local junior college; the other has been provided assistance and referrals for a position in the information technology industry.

Our mandate is to help everyone who applies. To support this policy, we developed a comprehensive network of local support agencies and educational concerns. We refer nonselected candidates to our partners, and CDC career counselors provide follow-up to assure appropriate, effective referrals.

Training Standard

A key component for success is to establish a training standard and determine the competencies required to hold second-tier positions. To help us, we engaged Holyoke Community College's (HCC) Center for Business and Professional Development, which is now conducting a training needs analysis (TNA) with partnering companies. After a series of interviews, workplace observations and meetings with the company's subject-



Photo by Mike Condon, Twin Cities CDC

PARTNERS IN PLASTIC. Mike Ordway (left), manager and technical trainer at Micron Products, one of Twin City CDC's Worklinks partners, poses with Alonso Montoya, a technical operator.

matter experts, HCC will develop a comprehensive list of competencies needed for second-tier success. Through the TNA results, a training standard will be established.

To provide a baseline for our testing and assessment process, we administered the Peabody Individual Assessment Test to 11 second-tier employees at participating companies. The results have been impressive. Nine scored in the 12.1 to 12.9 grade level in general information, reading recognition and comprehension, math, and spelling. Written expression scores have been lower (between the 7.1 and 10 grade level). In general, workers showed that they are high functioning in academics and in applying these skills in the workplace.

Program participants will receive additional training in the supervisory, leadership and technical skills needed to advance. By working with plastics companies' leaders and educational service providers, we intend to coordinate and establish a model training program for second-tier positions.

For residents with additional employment barriers, such as transportation, childcare or eldercare, Worklinks will offer assistance, such as an emergency fund. We'll establish an incentive fund for companies to help implement innovative ideas that further the goal of better employee retention. CDC career counselors will work with employees on individualized training and advancement plans and also will organize life-skills training and peer-support groups.

In general, our goal is to demonstrate to companies that training and supporting workers is good for their bottom line. We will help company executives determine the costs of high turnover and compare these to the costs of training, supporting and retaining a higher number of qualified workers.

It is our belief that the cost savings will be significant—a key reason companies will follow the lead of the Worklinks to Plastics Project.

Emily Weitzman is executive director of Twin Cities CDC.

by Ed Stretch

Our "neighborhood" in the rural Northeast Kingdom of Vermont is very different from one in a city. It consists of a three-county area of 2,000 square miles, which is home to a population of 65,000.

To oversee Gilman Housing Trust's (GHT) projects, Olivia Chase Bealeau, our project manager, practically lives out of her car. As she says, "It takes one hour and 45 minutes to go from Canaan in one corner to Groton in the opposite corner."

GHT's approach to preservation varies according to which corner we're working in and whether we're addressing the needs of a village of 250 families or the needs of a neighborhood in one of our 58 small towns.

The greatest development in Northern Vermont occurred during the heyday of the railroads, a time of sustainable family farming. These turn-of-the-century homes were well-built, beautifully designed and carefully crafted. Their mystique conveys an illusion of a slower, more personable, less mercantile time. It was a time when community relationships occupied a place of high value, and it is this kind of neighborhood character we try to retain in the projects we select.

Most of the houses we rehab started out as large, Victorian-era, single-family

Keeping Neighborhood Character

homes that have been passed down for generations. Many have historic landmark status. Some have been crudely divided into apartments. Only one of our last 20 projects is new construction.

Chase Bealeau feels that "too many of these late 19th century homes have been demolished or lost to fire. Given a choice, we will choose restoration to retain the sense of place that is characteristic of the Northeast Kingdom."

Character, Not Parking

Recently, a local lender sold GHT a repossessed, six-unit apartment building in St. Johnsbury for \$5,000. As we own a four-unit house right in back of this one, the lender suggested that we tear down our new purchase to expand the available parking.

However, we saw a different opportunity. Our strategy in this neighborhood is to encourage mixed use and affordable home ownership. To fulfill that goal, we are restoring the apartment building to its original status. When completed, this single-family home will join a neighborhood of mixed single-family and multi-

family conversions.

In our favor, the main portion of the house—the historic portion—was restorable. We gutted the basement and the third-floor apartment and removed the two-apartment addition. Adding so many units in what had been a single-family home changed not only the character of the building, but also had a shocking impact on the neighborhood. In the process of doing the rehab, we are preserving the character of the community.

Charm's Cost

The historic village properties so common in this part of Vermont have many charming structural qualities. They have large windows, high ceilings, hardwood floors, broad porches or verandas, and moldings that would be prohibitively expensive to reproduce. However, they also have lead paint, asbestos and structural problems that need to be addressed.

To reduce the cost of converting our recent purchase back to a single-family residence, we will use laborers from the Department of Corrections' Offender

Work Program for demolition and construction. We will also use materials cut and milled by workers from this program, in addition to materials from other local vendors.

Our project funding usually comes from an array of sources. For multifamily rental projects, we use state funds and HOME-program funds administered from the Vermont Housing and Conservation Board, CDBG funds and Low-Income Housing Tax Credits. We often combine these with Restoration Investment Tax Credits, Affordable Housing Program Funds, Neighborhood Reinvestment capital and some debt financing.

To support the rehab part of this particular project, we will use Rural Alliance loan funds with the Vermont Community Loan Fund supplying permanent financing. We will offer a lease-purchase arrangement to a family that is several years away from being mortgage-ready.

Chase Bealeau speaks for all of us at GHT about why we tackle these challenges. "The rewards are the preservation of the historic Northeast Kingdom fabric, providing excellent quality housing, stimulating the job market, and helping to maintain healthy rural communities."

Ed Stretch is executive director of Gilman Housing Trust in Newport, Vermont.

Bulletin Board



Delois Babiker



Cornelia Kent



Dan Ehrenberg

specialist. His background as asset manager for the Metropolitan Boston Housing Partnership makes him uniquely well-suited for this position. At MBHP, he ensured the performance of its properties and played a critical capacity-building role with its nonprofit partners.

Susan Harvey is the new employment manager for the Corporation. She has 20 years experience in recruitment and employment and has held several positions during her 12 years at Johns Hopkins University. Harvey is the primary person to contact for assistance with posting, recruiting, interviewing and selecting new employees.

Want Some bright ideas?

It is our intention that all staff and board members of the NeighborWorks® network organizations receive our publication. Keep us up to date. It's free. Anyone who would like a subscription to *NeighborWorks® bright ideas* may do so by sending name and address to Joann Parker at Neighborhood Reinvestment, 1325 G St., NW, Suite 800, Washington, DC 20005; (202) 220-2368; fax (202) 376-2576; or email jparker@nw.org.

PEOPLE

DeLois B. Babiker, Neighborhood Reinvestment's new director of information management, brings with her 20 years of expertise. Before accepting this position, she was the director of chapter services information systems development at the American Red Cross. She provided software products and support for more than 1,000 domestic chapters. Babiker spent eight years with Freddie Mac and, while there, implemented various information technology products, including a project involving the DC's foster care and child welfare systems.

Cornelia Kent is the Corporation's director of finance. With more than 14 years of experience in financial services and not-for-profit organizations, she was most recently a senior manager for nonprofit practice with the CPA firm of Mitchell & Titus. A CPA with an MBA in public accounting and information systems, Kent also worked for Fannie Mae, Price Waterhouse, Deloitte and Touche, the U.S. General Accounting Office and the OTS.

Dan Ehrenberg is the Corporation's new deputy general counsel. With an MBA from the Yale School of Organization and Management and a Juris Doctor degree from Yale Law School, he

served as an assistant general counsel with Capital One Financial Corporation in Virginia. He was also a corporate associate at two major international law firms in DC where he participated in all aspects of business development involving for-profit and nonprofit ventures. He is a volunteer with MANNA, one of our newest chartered members, and has worked with the Bridgeport Neighborhood Housing & Commercial Services as a commercial coordinator and as an organizer with ACORN.

Harold Nassau, stationed in Boston, is the Multifamily Initiative's first asset-management

Calendar

NeighborWorks® Training and Events 2000

Regional Training Institute—San Juan, PR • July 18-21

Training Institute—Pittsburgh • Aug. 14-18

Community Organizer Symposium—Baltimore • Oct. 3-6

Training Institute—Tampa, FL • Oct. 16-20

Training Institute—New Orleans • Dec. 11-15

NeighborWorks® Week 2000

The 17th annual NeighborWorks® Week was a huge success thanks to the work of countless volunteers! Nearly 150 organizations participated in NeighborWorks® Week 2000 and held more than 300 events from June 3 to 10. Many organizations planned community events to involve residents and partners. These included paint-a-thons, rehab work and neighborhood cleanups. Several organizations also held events that brought together their many partners and community stakeholders. "NeighborWorks®

Week is a time to bring our partners and residents together to celebrate the accomplishments of the past year," said Janis Geist, executive director of Allentown, PA, NHS. This network organization held a party to celebrate its milestone of \$1 million given as assistance to homebuyers through its Community Partnership Program. Events like this one were held all across the country and truly make the phrase "Transforming Communities Together" a reality.

by Jack Jensen

In distressed communities, cash flow and equity are low, but—as highlighted in the spring 2000 issue of *bright ideas*—high-cost credit and predatory lending are not.

That's why low-cost, owner-occupied rehab lending and project management by nonprofits is so important. But it isn't easy. To be successful, nonprofits must be adept at lending, construction and community outreach—three distinct program areas. These require excellent organizational systems, especially communication.

A high-quality, owner-occupied rehab program allows people to remain in their homes, stabilizes neighborhoods and provides a highly visible "calling card" that generates goodwill in the community. Here's what it takes to make it work:

- **Solid partnership, board backing and board oversight.** Because the board must make the decisions to lend and oversee the lending itself, it's essential that board members possess the variety of skills needed to do that.
- **Staff capacity.** Handling rehab projects requires knowledge of many disciplines: inspections, feasibility analyses, construction, zoning, codes, design, drafting, estimating, construction law, project management, contract negotiation, complex lending laws, policies and procedures.
- **Good communication skills.** The loan officer or rehab coordinator is often the first person in the organization who the public contacts. And rehab department staff is often in the middle of sensitive community issues. Predators can lie, but nonprofits have the tougher job of having to tell the truth all the time.
- **Quality control and project management.** Too often, affordable housing is equated with shoddy, ugly, delayed or overpriced projects. Building a community asset requires sensitive and attentive design;

A Trusty Tool: Owner-Occupied Rehab

building a lasting asset requires durable construction methodology and careful project planning. And building anything on time and on budget requires hard work and attentive management.

- **Good lending terms.** Interest rates are the primary difference between predatory and scrupulous lenders. Many CDCs prefer lending systems to simple grants, because they may revolve the capital to be used by more residents and because repayment provides incentive to the client to be a more responsible homeowner. Giveaways don't rebuild community confidence the way investment does.
- **Good relationships with building officials, contractors, partner banks and suppliers.** Developing an adversarial relationship with these entities may save a few dollars in the short run but will be costly in the long term. For example, one construction coordinator at a very stable NHS was too aggressive with contractors. He routinely "beat up" on them, and eventually only desperate, out-of-work contractors would bid on his jobs. Predictably, the quality of the rehabs suffered, and the reputation of the nonprofit spiraled downward. Then he lost the community's support. He saved a few dollars, but nearly wrecked the program.
- **Paperwork, paperwork, paperwork.** Work write-ups, specifications, drawings, schedules, estimates, contracts, pay-outs, mortgages, contracts, liens,

second-mortgage documents, income verifications, subcontracts, addenda, change-orders, pay-outs, schedules, purchase orders, lien waivers, insurance certification, bonding requirements, minority and wage information, job logs, and loan-servicing documents are all part of administration. And they better all be right! Staff must be extremely efficient due to the small size of many of these projects.

- **Good compliance and monitoring skills.** Since public funds are almost always used to do CDC projects, the ongoing paperwork burden must be met for the life of the warranty and the loan. Laws, ordinances and codes governing hazardous materials, accessibility, building standards, and safety must be understood and followed, often to a higher standard than is expected of the private sector. Funders often have specific requirements and performance standards that are usually complex, sometimes conflicting and often inflexible.
- **Fair lending, bidding and letting practices.** Interest rates aren't the only difference between a scrupulous owner-occupied rehab program and a predatory lender. Basing policies on community values makes the nonprofit trustworthy, reliable and effective.

The bottom line on nonprofit involvement in the rehab-lending process is that it requires staying power, expertise and resources. When you consider the legal, logistical and administrative requirements shouldered by a successful construction, rehab and lending program, it's easy to understand the necessity for it to be large and sophisticated enough to have impact, economy of scale, reliability and sufficient capital. Because, rest assured, predatory lenders do.

Jack Jensen (jjensen@nw.org) is a management consultant for the New York/Puerto Rico District of Neighborhood Reinvestment.

Send us a picture that shows people working together to make your community a better place to live.



Illustration by Sisie Duckworth

Grand Prize \$500 to the sponsoring NeighborWorks® organization and \$150 and film to the photographer

Second Prize \$250 to the sponsoring NeighborWorks® organization and \$125 and film to the photographer

Third Prize \$100 to the sponsoring NeighborWorks® organization and \$75 and film to the photographer

Be a bright ideas Photo Contest Winner

Rules and Regulations

Who?

Eligible contest participants must be:

- staff or board members of NeighborWorks® organizations or
- residents of NeighborWorks® neighborhoods
- amateur photographers only

What?

- Photographs that show how people transform communities together
- Limit one submission per photographer
- Only 5-by-7 color or black-and-white prints made from 35mm film (photo-copies and digital photos are not eligible)
- Each photo must be accompanied by a caption that names all identifiable persons and describes the scene; 50-word maximum
- Do not send the original negatives or slides from which the prints are made
- The date the photo was taken and the contestant's name, address and telephone number must be typed or written clearly in ink on a label and attached to the back of the photograph (don't write directly on the photo; mail it between pieces of cardboard)

When?

- Photos must have been taken since June 30, 1999
- Submissions must be postmarked no later than July 31, 2000

Where?

- Mail your entry to:
bright ideas Photo Contest
Neighborhood Reinvestment Corp.
Attn. Jean Byars
1325 G Street, NW, Suite 800
Washington, DC 20005-3100

Why?

- Use your pictures to publicize your accomplishments locally
- Have your work printed in *bright ideas*

Fine Print

- All entries become the property of Neighborhood Reinvestment
- Three photographs will be selected for awards by a panel of judges selected by the publications unit of Neighborhood Reinvestment
- Criteria include photo composition, originality and consistency with the theme, "Transforming Communities Together"

Questions?

- Contact Jean Byars, managing editor of *bright ideas*, (202) 220-2359; jbyars@nw.org

Sharing Our Tools for Success

by Ron Woolwine

First-time homeowners—especially if they are first-generation buyers in their families—often become frustrated by very minor home-repair problems. Something as basic as unclogging a gutter or replacing a furnace filter doesn't come naturally if you've never seen it done.

A major repair can cause some homeowners to make bad decisions.

Take, for example, a single mother who, when faced with a broken water heater, lived without hot water for many months instead of asking for assistance.

Procrastinating on minor emergency repairs until they become major ones is something that can easily be avoided. At the Hamilton, Ohio, NHS, we created a home-maintenance training program and tool-lending library to teach homeowners how to address their own problems.

Begun three years ago with funding from the city of Hamilton, and now supported by a grant from SAFECO Insurance, this program has become both popular and successful. Called Tools for Success, it is now an important component of our lending and revitalization efforts.

Through Tools for Success, we offer:

- homebuyer education classes in minor home maintenance
- home inspections to identify problems
- semiskilled labor (pooled from among our current clients, whom we train), and
- tools that save residents from having to purchase such items themselves.

Having the tools is a critical part of our program because most of our customers fall at or below 50 percent of the area median. For a family of four, that is about \$26,000, which equals little expendable income.

We've also written two manuals that spell out how to do simple repairs in



Courtesy of Hamilton NHS

TOOLS AND TECHNIQUES. Hamilton NHS' Tools for Success program offers homebuyer education classes in minor home maintenance, such as tips on drywall repair provided by experts.

layman's terms and provide detailed illustrations. These are available for \$2.50 to residents in our neighborhoods. In addition, we created a calendar that lists the home repairs that need to be done each month and every season of the year.

Home ownership is changing the face of a lot of our communities, turning transient, rental communities into stable ones. Some of these families may never have had a vacation in their lives, but they own their homes and feel safe and secure. They are willing to put time, effort and limited funds into their homes. They just need a little guidance.

Providing this guidance has had tremendous benefits for us, not only in terms of public relations but also in terms of outreach to other clients. Tools for Success has turned out to be a great tool for NHS of Hamilton as well as for our clients.

Ron Woolwine is executive director of the Hamilton NHS.

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