

Self-Helper

Summer 2019
Volume 141

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Income Banding Coming Nationwide

On June 21, a final rule was published in the Federal Register regarding a few critical changes to Rural Development's single family housing loan and grant programs. The main change is the nationwide permanent adoption of the two-tier income limit structure (known as income banding) described more below. Additionally, the rule includes a few other changes to what can be counted as assets and revises the methodology used to determine area loan limits. The changes will become effective on July 22, 2019, except for the revised area loan limit methodology which will become effective on August 5, 2019.

To qualify for a mortgage, a family with between one and four people would need to have an income below HUD's four-person limit, and a family with between five and eight would need to fall below the eight-person amount. The Agency will use this income banding to determine all limits for very low-income, low-income, moderate-income, 38 year term and adjusted median income. These income limits will be published annually via a Procedure Notice and posted to the Agency website at <https://www.rd.usda.gov/files/RD-DirectLimitMap.pdf>.

Currently, net family assets are considered for determining annual income, down payment purposes, and repayment income. The Agency will exclude net family assets from repayment income calculations because repayment income focuses on the income of those who sign the promissory note, whereas net family assets considers other family members. Net family assets will still be considered for annual income and down payment purposes. The Agency is revising the regulation so that the list of net family assets considered for annual income and down payment purposes would exclude amounts in voluntary retirement accounts, cash value of life insurance policies, the value of tax advantaged college savings plans, and the value of tax advantaged health or medical savings or spending accounts.

See more of the rule at <https://www.federalregister.gov/documents/2019/06/21/2019-12988/single-family-housing-direct-and-guaranteed-loan-programs?>



Providing comprehensive, quality services for Self-Help Housing

Teambuilding

We frequently refer to everyone involved in the production of self-help housing as **the self-help team**. This is because there is a high level of interdependency among grantee staff as well as among participating families who must work together to achieve a common goal. Thus, teamwork is always present.

How do you then build a successful team? Countless literature is available on this subject that offers from 5 to 50 strategies or tips on effective team management, improving teamwork, boosting team productivity, and more. With so many strategies available, where do we start? Let's begin by taking a quick look at *The Lencioni Pyramid*, pictured below.

The Five Dysfunctions of a Team/The Five Behaviors of a Cohesive Team is a simple model developed by Patrick Lencioni that can guide your team through the process of assessing and improving five areas that are vital to the success of teams: *Trust, Conflict, Commitment, Accountability and Results*.

Trust one another-

When team members are open with one another they can build trust.

They spend time getting to know each other, sharing their experiences as well as their vulnerabilities, and learning about their personality types. In the absence of trust, team members tend to hold back information. They make assumptions and are quick to jump to conclusions about others. By withholding their experiences, they may not fully benefit from the skills and talents of each other. By concealing their vulnerabilities, they limit their opportunity for improvement.

Engage in conflict around ideas-

When trust is present, team meetings are conducive to constructive and productive debates where team members feel free to express their opinions on issues that matter. Team members take care of conflicts directly with counterparts, rather than taking them to a higher level of management. When critical issues are not discussed openly for fear of conflict, meetings tend to be tedious and decisions are mediocre.

Commit to decisions-

Team members are more committed to—and supportive of—the decisions made at meetings

when they are part of the process that leads to a decision. The lack of commitment among the team creates doubt about priorities and resolutions resulting in unnecessary discussions and delays.

Hold one another accountable-

Team members hold one another accountable when everyone buys into a clear action plan. Teams that are not devoted to the cause usually avoid accountability. The lack of accountability increases complaints, resentment and turnover; thus, the leader carries an extra burden.

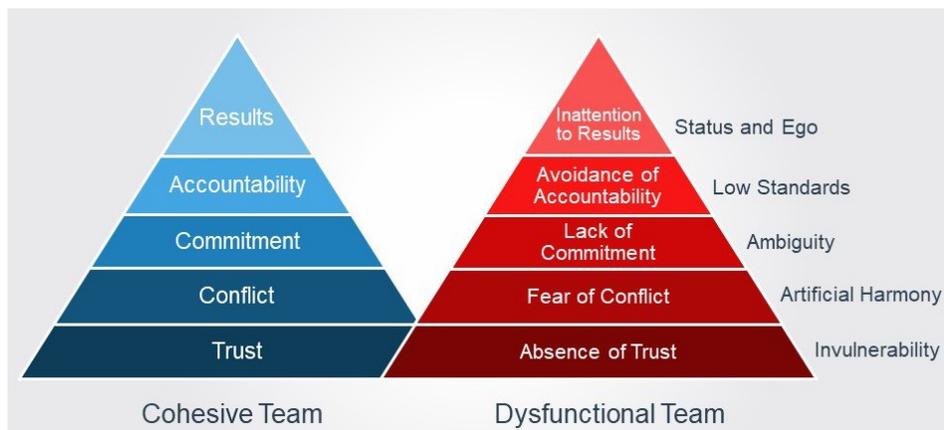
Focus on achieving collective results-

The ultimate goal of the team is the achievement of results. It is imperative that from the beginning the team sets clear standards, expectations, and desired outcomes. It is also important that they measure progress. Inattention to measuring progress and the team's results hinders the success of the team.

Teamwork Assessment

Thinking about *The Lencioni Pyramid*: What is working well in your team? What is not working? What is the role of each team member in your team? What is their role in your organization? What are their skills, talents and weaknesses? What are the areas that need improvement?

“The best team isn't the team with the best players, but the team that plays well together.”



Things to Consider When Estimating a Rehab Project

All estimating is part art, part science. But estimating a rehab project relies a lot more on the artistic side of the equation. Both judgement and experience are necessary for accuracy. There are a number of factors that add to the cost and uncertainty in estimating a repair or renovation project. When in doubt, it is best to err on the high side. Important items to consider include demolition, job-site issues, structural issues and hazardous materials.

Demolition - This needs to be done thoughtfully and carefully. Working slowly and carefully often takes less time than blasting away, and then sorting through the wreckage. A good dust barrier is essential to keep dust from spreading throughout the rest of the house. Take care not to damage existing finishes or cause collateral damage.

Job site Issues - Working in an occupied house with children, pets, valuables, and finishes that need protecting add time and cost to remodeling jobs. Common issues include:

Site access. Delivering tools and materials up a narrow staircase or through a second-story window will be slow (if they fit at all). Working in tight spaces will take longer than normal. Also, walking through occupied portions of the house to reach the work site can be challenging.

Protection of finishes. In addition to a good dust barrier, protect finishes that are not being renovated. In many cases, a heavy plastic drop cloth is not enough. On floors, tub bottoms, and other vulnerable surfaces, a hard layer such as ¼- to ½-inch plywood or OSB placed over a heavy drop cloth is needed for protection from foot

traffic, falling hammers, or miscellaneous debris, bumps, and scratches.

Job-site maintenance. When working in an occupied home, you may need to spend time controlling and cleaning dust and debris, securing the job at the end of the day, keeping rain and weather out of open structures, and maintaining a safe environment.

Structural Issues - Look before you leap – or in this case, before you cut. It's not always 100% clear whether a wall is load-bearing or not, so do a thorough inspection before cutting into or removing a wall. Also, don't assume that the original builder understood structural forces. Always proceed carefully, with proper shoring (temporary support), to avoid damage to other parts of the structure.

Hazardous Materials - Lead and Asbestos - Testing and removal, or "encapsulation" of lead or asbestos can substantially drive up repair costs in older homes. Laws vary from state to state, so be sure to check with the local building department.

Lead paint. Most homes built before 1960 contain lead paint, perhaps buried under coatings of modern lead-free paints. However, lead was not completely banned from home paints until 1978. Lead becomes hazardous when flakes or dust are ingested or breathed in after peeling or being pulverized by sanding, cutting, or other demolition activities. Burning off lead paint and breathing the fumes is especially noxious.

Asbestos. Asbestos was widely used in insulation, pipe and boiler wraps, and other building products until the early 1980s. Other than insulation and pipe wrap, common uses include floor

tiles (vinyl/linoleum/rubber), textured ceilings, siding and roofing. Asbestos becomes hazardous when the material is cut, broken, or crushed and becomes airborne. Soft, brittle "friable" asbestos, often found wrapping old boilers and pipes is especially hazardous. Depending on the condition of the material and local regulations, options may include doing nothing, covering the material, "encapsulation" with special coatings, or remediation.

Hidden Structures - You never really know what you're going to find when you start tearing down walls. The structure may be inadequate, as described above. Other hidden issues include:

Wood decay. There are usually clues to wood decay before you open up walls and ceilings, but the extent of the decay is hard to determine ahead of time. Inspect any wood that touches earth or masonry. Also look for excessive sagging and settling, bouncy floors, areas of the roof that feel mushy underfoot, or evidence of insect infestation.

Vinyl or aluminum siding. Beware of what's behind vinyl or aluminum siding, or the aluminum "coil stock" used to cover exterior wood trim around doors and windows, building corners, and eaves when the siding was installed. The vinyl or aluminum may look great, but what's underneath is an unknown – ranging from materials in remarkably good condition to severe rot from trapped moisture.

Old plumbing and wiring. You may find wiring and plumbing runs that were not apparent, and need to be relocated, or that may not comply with modern codes and needs updating. You might find obsolete knob-and-tube wiring, ungrounded

(Continued on Page 4)

Estimating *(Continued from Page 3)*

electrical systems, or lead plumbing that needs to be replaced.

Unusual construction. Materials and building techniques have evolved over the decades, leading to surprises. Behind walls and in ceilings and under floors, the older the building, the more surprises you can expect.

Older homes have their charm, but charm can be costly when you have to

structurally reinforce it, level it, or match it with new materials.

Some issues to consider:

Square and level. Often nothing is square or level in older homes, so you need to spend time leveling the old (not always possible) or adjusting the new construction to gracefully join the older off-kilter construction.

Mechanical systems. Tying into old wiring, plumbing, heating systems, chimneys and flues, can be time-consuming and require more work

and materials than anticipated.

Patching and matching. Patching into existing floors, woodwork, and other finishes is time-consuming, and getting an acceptable finish match can take a lot of trial and error as well as skill.

Take your time in the inspection and estimating process to make sure your organization and the borrower don't take on more cost and work than expected.

USDA Announces New RHS Administrator



At the end of May, Acting Assistant to the Secretary for Rural Development Joel Baxley announced the appointment of Bruce

Lammers as the Administrator of Rural Development's Rural Housing Service. "Public-private partnerships are essential to increasing access to capital and building prosperity in

rural America," Baxley said. "Lammers has been a long-time leader in government-guaranteed lending, and this important perspective will help USDA Rural Development be a stronger, more innovative partner with private, community-focused lending institutions across the country."

Lammers comes to USDA with more than 35 years of experience leading public-private partnerships at national community-oriented lending institutions. Since 2016, he has served as president of a

specialized government-guaranteed lending division of Byline Bank. Prior to this, Lammers was chairman and CEO of Ridgestone Bank, a national leader in government-guaranteed lending before being acquired by Byline Bank in 2016. Lammers has served as a board member of many community organizations, including the National Association of Government Guaranteed Lenders (NAGGL). Lammers looks forward to enhancing his focus on economic development in small towns across America in his new role.

Complete This Word Search for a PRIZE!!



Need a break after all that reading?! If you are the first person to turn in this puzzle to Jill at jlordan@ncall.org, you will win your choice of \$25 in Facebook Advertising to pro-

mote self-help or business card mini flyers.

Find these words:

- Capacity
- Celebration
- Demolition
- Estimating
- Harmony
- Lammers
- Planning
- Resources
- Strategy
- Teamwork

N Z K P E Z Q P R G N D Y R G
 Y O A R C A L D N L O D N K R
 A I I D O A O I I Q I V O Z V
 E H P T N W T D Q U T C M R P
 Q U U N A A M Z M V I O R O M
 Y O I W M R C A U I L N A Y A
 Y N Q I H C B L E G O F H B D
 G R T N N X A E F T M L T O A
 L S K Y E G G P L R E I M F S
 E H B Z R Y D V A E D C K R O
 R E S O U R C E S C C T E G W
 Y G E T A R T S G A I M Z M H
 U J R Z A C I R D J M T A M K
 Q J G Y U T Y P Z A G D Y H M
 H K K P T V B E L Y W E G J U

Thinking Strategically for the Future



The community development sphere that we work in is full of problems to solve and challenges to overcome. It is easy to become mired in day-to-day work, with long lists and tight timeframes. While that work is important, too often it takes priority over “Looking Up” and seeing the bigger picture in which we operate.

It is important for organizational leaders (Staff and Board) to regularly take time to think strategically about the organization, the environment in which it operates, and opportunities for the future.

We think strategically when doing a **Strategic Plan** and this is an important time for leadership to respect the organization’s history, take stock of its accomplishments, scope out the changing environment, and establish organizational goals for the coming years. We sometimes think strategically when doing our annual **Operations Plan**, which sets out measurable targets and initiatives for each line of business, along with personnel needs and a budget to work from.

It is ideal and necessary to set aside time for strategic thinking by staff

and Board members. Most agendas could include a few forward thinking questions that require some deeper thought and brainstorming. The discussion will give direction and a helpful GPS.

A business approach can aid strategic thinking by looking at the areas of demand, supply, competition, competitive advantage, and market share. This can be done organizationally and for each line of business. This work may cause the need for some research, but you will find much is readily available. Demand should be constantly measured, as it is our reason for being. We should be aware of organizations with similar missions in our market area. We should have a working knowledge of the production and impact of fellow organizations. The more you know, the better the decisions you will make for your organization.

What does the market for your services look like?

- How is your market and user demographics changing?
- Is the market saturated with multiple nonprofits serving a finite customer base?
- Is the market underserved, with unmet needs and a gap in services?
- Are there opportunities for expansion of current services or a new line of business?
- Is there demand for new construction homeownership or home repairs?
- Is your market share steady, increasing, or decreasing?
- What is your organization’s competitive advantage?

- Is there an opportunity to experiment and pilot a new approach?
- Are there compatible lines of business to enter into?

Looking up will present you with opportunities. It may cause you to do a cost/benefit analysis for an idea. It may cause you to be faster-on-your-feet than you are used, but that is what is required in this ever-changing market.

The better you know the organizations in your service area that you compete with for funding, capital, Board members, and employees, the more you may see opportunities for **Strategic Alliances** for collaboration and collective impact. For Self-Help Housing, alliances with a 502 packager, a Housing Counseling Agency, or an organization that does land development might make sense to explore. We do not have to be a region full of stand-alone organizations, each doing it all. There are times to come together and find ways to affiliate in a manner that benefits each to achieve mutual goals. Plus, new alliances are happening all of the time within the community development sector with hospitals, high schools, large employers, and more because decent, affordable housing impacts all aspects of our society.

Try adding some forward thinking strategic questions to your next leadership meeting.

Self-Help Grantees Celebrate National Homeownership Month!!



Make Assessing Organizational Capacity a Priority



An important leadership role is the regular assessment of your organization's

capacity. The task of such an assessment is an honest look at where the organization is strong and where it may have some weaknesses to correct. Is organizational capacity where it should be? Is it where it needs to be in order to successfully achieve its mission?

Such an assessment can be as formal or informal as deemed necessary. It should involve leadership (ideally Board and staff) looking at several areas and giving an assessment as to whether they are up to the task.

Most leaders inherently know the strengths and weaknesses of their organizations. Capacity is a huge issue for nonprofits and it deserves time and energy on this important assessment. Ask the question – What keeps you up at night? Any doubt, worry or concern may be about areas where capacity is weak and not up to par. It is important to “get real” about this and make it a priority.

Overall organizational capacity issues to be assessed can include:

- Governance and Leadership
- Financial Management
- Resource Development and Communication
- Personnel, Skills, Organizational Structure
- Systems and Policies

Self-Help Housing capacity issues to be assessed can include:

- Real estate development to secure lots on which to build or homes to be repaired
- Family recruiting, 502 loan packaging, and group work
- Construction, family labor, quality subcontractors
- How all aspects of the process come together (efficiency, speed, scheduling, quality)

Areas where capacity is strong, should continue to be strengthened. Weak areas must be addressed and fortified so they do not negatively impact the organization's future. When it is determined that weak areas exist, a capacity-building plan should be developed to overcome them. After all, weak areas left alone will only fester and will not resolve themselves.

A capacity-building plan could include:

- New skills, ability, and personnel
- Training for existing staff to learn skills
- Consultant assistance for further assessment and planning
- Resourcing additional funding as needed

Create an accountable plan to resolve deficiencies and keep your organization's capacity strong. Establish goals and timeframes and take prompt steps to achieve them. There is no time like the present. Imagine the feeling and the results when your organization and self-help housing program are firing on all cylinders!

Do not ignore the importance of Governance as NeighborWorks America shares that strong governance is usually responsible for organizational success and weak governance is too often responsible for organizational failure.

HAC Offers 502 Direct Loan Packaging Class

HAC periodically offers *Section Packaging Training for Nonprofit Housing Developers*. Their next session is on Tuesday, August 6th-8th in East Lansing, MI!

Visit HAC's website at www.ruralhome.org to register.

National Conference Being Planned!

The Technical & Management Assistance Contractors are busy planning a national conference to take place in 2020. It's too early to give a specific date or location...but March of 2020 is looking likely. Keep your calendar open and we will keep you posted!

504 Loan & Grant Pilot Program

On May 23, 2019, RHS issued an Unnumbered Letter (UL) announcing a pilot program intended to evaluate the existing regulations and remove regulatory barriers to assist eligible applicants.

The pilot program is an opportunity to increase loan and grant production and reduce restrictions that impede the Section 504 repair program. One of the most impactful changes is the increase in the grant and loan limits currently imposed by 7 CFR § 3550.112(a-c). Pilot loans may be approved up to a maximum unpaid Section 504 loan balance of \$40,000 and \$10,000 in Section 504 lifetime grant assistance. Additionally, the pilot program removes the requirement for title clearance, site size restrictions, expands the insurance, escrow and appraisal requirements, and increases the maximum allowable loan and grant amounts. The pilot will waive various regulatory requirements for Section 504 loans and grants. Pilot loan and grant applications will not be subject to the lot size restriction. Loans less than \$25,000 will not be subject to the requirements for title clearance/title insurance and the use of a closing agent, although they do remain subject to Truth in Lending Real Estate Settlement Integrated Disclosure (TRID) requirements including a Loan Estimate, Closing Disclosure, and Notice of Right to Cancel. Generally, if the loan is less than \$25,000, a secured pilot loan will not be required to have an appraisal.

The pilot program is anticipated to continue for two fiscal years, but could be modified or terminated at any time at the Agency's discretion. The pilot program is active in the following twenty-one (21) States and U.S. Territories: California, Hawaii, Illinois, Indiana, Iowa, Kentucky, Maine, Michigan, Mississippi, New Jersey, New Mexico, New York, North Carolina, Oregon, Pennsylvania, Puerto Rico, South Carolina, Texas, Tennessee, Washington, and West Virginia. The pilot will be limited to fiscal years 2019 and 2020. For more information see the full UL at <https://www.rd.usda.gov/files/RDUL-504PilotUL.pdf>



Regional Conference Call Planned

NCALL will be hosting another regional conference call on **Thursday, July 25th at 10:00 a.m.** for an open discussion. Please join us and be prepared to share your thoughts and questions. More information will be coming out closer to the call.

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**Published Quarterly
by NCALL Research
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