

Self-Helper

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Prepare for National Homeownership Month

With 2021 slowly getting us back to more of a normal, we are hoping that you consider planning an event for National Homeownership Month which is coming up in June. This is a time to celebrate! Your organization can use this time to honor your self-help participants, show-off this amazing program and recognize the value and immeasurable benefits of owning a home. It may not look like it did in the past, but you can still plan to celebrate this occasion and get some community attention.

No matter where you are in the life of your program, there is much to celebrate. Recognitions don't need to occur just at the start and finish of a project—there are many milestones and advancements to point out.

What milestone are you celebrating?

- TA Grant Agreement signing
- Mortgage loan closings
- Pre-construction meetings
- Framing
- Construction start
- Final inspection
- Move in
- Anything!!



How are you celebrating? (Any of these could be held virtually or socially distanced!)

- Work Day Event
- Letter to the Editor
- Open House
 - Ground Breaking
 - Orientation
 - Tour

Don't let this occasion pass by without putting it to good use to benefit your community!



Providing comprehensive, quality services for Self-Help Housing

Looking for Downpayment Assistance?

One of the biggest challenges for homebuyers is coming up with the funds to cover the down payment requirements and/or closing costs associated with a mortgage loan. This is mostly not an issue with the 502 Direct Loan, but sometimes, in order to qualify, applicants need a bit more assistance. To bridge the gap, National HomeBuyers Fund, Inc. (NHF) provides down payment and/or closing cost assistance (DPA), up to 5% of the mortgage loan amount. The NHF is a nonprofit, public benefit corporation established in 2002 to stimulate and expand home-ownership opportunities and strengthen communities nationwide.

NHF DPA is provided in the form of either a gift or a zero-interest rate

second mortgage that is forgiven after three years. It is available in all 50 states and the qualifying guidelines are flexible.

NHF DPA highlights:

- NHF DPA is provided as a gift or a forgivable second mortgage
- There is no requirement that a borrower be a first-time homebuyer to qualify
- FICO score requirements and allowable debt-to-income ratios are flexible
- NHF DPA programs features generous income limits; higher than might be expected
- This can be used with FHA, VA, USDA, or conventional mortgage loan financing
- NHF DPA is available for both purchase and refinance of a primary residence

Have A Story for the Spotlight?

The Self-Help Housing website is a wonderful resource for grantees, interested participants and the community! We love adding your stories and photos. If you have any additions, please contact Jill Lordan at jlordan@ncall.org.
www.selfhelphousingspotlight.org



Maxson Named as Deputy Undersecretary for Rural Development



Prior to being named Deputy Under Secretary for Rural Development, Justin served six years as Chief Executive Officer at the Mary Reynolds Babcock Foundation. The Foundation works to support moving people and places out of

poverty across the South. In this role, Justin managed strategy development, partnerships, organizational learning, board development and provided overall organizational leadership. Justin and his team worked to support a unique private-public partnership with USDA, Bank of America and seven foundations; developed a racial equity lens to inform their impact investing and tripled their 2020 grant-making in response to the COVID-19 pandemic.

Before joining the Foundation, Justin spent 13 years as President of the Mountain Association for Community Economic Development (now Mountain Association), a multi-strategy sustainable economic development organization and CDFI

working in eastern Kentucky and Central Appalachia. At MACED, he was fortunate to regularly work with the KY Rural Development office and related financing and grant programs.

Justin was on the founding board of the Center for Rural Strategies, and a yearlong fellow at the Sustainability Institute and the Rockwood Leadership Institute. He served at the Kentucky Governor's request on the Kentucky Climate Action Planning Committee and the planning committee for Shaping Our Appalachian region.

He has a master's degree from Boston University and a bachelor's degree from the University of Kentucky, both in Anthropology.

When to Consider a Grant Amendment

The need to amend or modify a grant is not necessarily a bad thing and is not a sign of failure. Rather, it signals that the grantee's management is awake, aware, and wants to take appropriate action to resolve the situation of having production and timing out of sync.

Amending or modifying a self-help housing grant is necessary if circumstances have changed and the grantee can no longer meet the terms and conditions agreed upon in the grant agreement. Certainly, the most widely used grant modification is a time extension, as finishing a self-help program on time requires a 24-month period with no problems or delays. Understanding this, grantees can build in some time to allow for difficulties that may occur so that the grant can still finish on time.

What drives the need for a grant amendment or modification?

- Not having enough time to build or repair all of the homes.
- A lack of grant funds to cover the needed activities.
- Not being able to complete the number of units established in the grant agreement.

When it is discovered that the terms and conditions of the grant agreement cannot be met, it is important for the grantee to assess the situation, look at options, and determine a realistic plan of action that will best meet their responsibilities to RD and participant families. That plan of action could include one or more of the following modifications:

- Ask for more time. If additional time is needed, modify the grant

to extend the time for a period that would allow the homes to be built. How will TA and staffing be provided during the time extension?

Hopefully, the grantee has spent according to production and will have sufficient grant funds remaining to finish the homes. If not, the grantee may have other grant funds it can allocate to pay staff and expenses.

- Ask for more grant funds. This is VERY RARE. RD usually does not approve additional funding for self-help grants. If there was a circumstance out of everyone's control, RD could approve a time and cost extension, increasing the grant amount.
- Change the number of homes to be built or repaired. If there is no way the grantee will finish the number of homes agreed upon, and a time extension would have to be too long to do that, a recalculation of the number of homes, grant amount, and TA cost can take place with some negotiation so as not to cause undue hardship on the grantee or participants. Occasionally, grants could also be performing so well, that a grantee may want to add homes to a grant.

What if RD bears some responsibility for the need for a modification?

Perhaps, the local office could not process and close 502 loans as a group. Maybe, because of a lack of staff capacity, 502 loans were not processed in a timely manner. In



situations like these, it is important to document RD delays at the Quarterly Review Meetings so a modification request for a time extension will not surprise anyone.

What is needed for a grant modification:

- A narrative explaining the reason for the modification and what is being modified
- A revised budget
- A revised schedule
- Exhibit C of 1944-I—Amendment to Self-Help Technical Assistance Grant Agreement

Finally, it is important to apply for a grant modification with enough lead-time that it can be approved and processed before the grant expires. RD should be given 60-90 days to review and process a modification request. In no circumstances should the grant be allowed to expire as self-help work and operations are no longer authorized.

Rural Development Interest Rate

The Rural Development 502 Direct note rate remained at 2.50% in March. Visit RD's website monthly to check for changes.



**POST YOUR
CONSTRUCTION PHOTOS
ON INSTAGRAM**

WITH HASHTAG
#SELFHELPHOUSING



AND CONNECT WITH
SELF-HELP HOUSING
FAMILIES NATIONWIDE!

Warrick County Habitat's self-help program used a drone to capture this neat shot!



Want to see your organization's photos in the Self-Helper? Send pics to jlordan@ncall.org.

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 \$25 in advertising to promote self-help.



Find these words:

- Celebration
- Drone
- Funding
- Production
- Project
- Retention
- Role
- Timing
- Tour
- Turnover

G	I	V	O	E	N	G	B	E	C	N	B	E	U
P	R	O	J	E	C	T	I	N	E	E	T	I	I
T	O	U	E	O	O	M	O	T	N	I	I	G	C
J	I	B	R	G	N	I	D	N	U	F	M	O	E
O	B	N	I	E	O	O	O	R	T	D	I	T	L
T	I	R	O	L	E	T	O	U	R	M	N	T	E
N	O	I	T	N	E	T	E	R	B	O	G	O	B
D	C	U	B	D	T	R	O	V	O	R	E	T	R
O	N	U	O	E	C	O	T	M	R	T	E	T	A
R	R	I	T	R	O	N	D	R	O	N	E	E	T
N	L	O	O	I	N	T	E	E	I	T	F	D	I
T	U	R	N	O	V	E	R	T	O	N	I	T	O
L	G	U	U	P	R	O	D	U	C	T	I	N	O
O	E	O	O	R	U	R	R	R	O	O	O	V	E

Impacts of High Employee Turnover

High employee turnover is associated with increased organizational costs. It is estimated that the direct replacement costs can range from 20% to 60% of the position's annual salary, while the total costs associated with turnover can range from 90% to 200% of the position's annual salary. This includes the time invested on the search, the hiring process, the training (trainer and trainee), and the initial low productivity of new hires.

Employee turnover may also decrease the morale of the remaining workforce, causing more employees to subsequently leave. This relationship between turnover and morale can become a downward spiral and should be immediately addressed.

High employee turnover does not always lead to negative results and

The #1 reason people stay at their job is the people they work with.

depending on the situation, turnover may be a healthy outcome for the organization. While the loss of top performers may be unfavorable, the loss of toxic employees or poor performers may be beneficial.

Some tips to improve retention and productivity:

- Be clear about the organization's mission, vision, and values.
- Provide realistic job expectations to attract a candidate that will stay.
- Establish channels of open communication.
- Provide continuous learning opportunities for professional growth.
- Set up a mentoring program.
- Recognize employee achievements.
- Promote employee engagement by including them in the decision-making process.
- Increase use of technology: apps (for ordering, timesheets, check weather), software (for scheduling, costing), drones (for inspections, check progress).
- Consider allowing employees to

"Train people well so they can leave, treat them well enough so they don't want to."

Richard Branson

work from home.

- Offer a competitive compensation and benefits package. Some value perks: paid holidays, paid vacation, flexible time, long weekends, 401k benefits, bonus payment, pay increase, year-round employment, education program.

The U.S. has an average of a 12% to 15% annual turnover rate. In the construction industry, the turnover rate is one of the highest in the U.S., holding an annual average of above 20%.

Need Capital for an Affordable Housing Project?

HAC's [loan funds](#) provide low interest rate loans to support single- and multi-family affordable housing projects for low-income rural residents throughout the U.S. and territories. Capital is available for all types of affordable and mixed-income housing projects, including preservation, farmworker, senior and veteran housing. HAC loan funds can be used for pre-development, site acquisition, site development and construction/rehabilitation. Contact HAC's loan fund staff at hacloanfund@ruralhome.org, 202-842-8600.



Home Prices In The News

Earlier this month, the magazine [Politico](#) looked at the crisis of rising home prices. Check out their interesting article here: <https://www.politico.com/states/florida/story/2021/03/08/soaring-home-prices-are-starting-to-alarm-policymakers-1367423?msdyntrid=KDPcaIAOS-DsVlo-WaHPo1S3iGgeUu2D1wEB6rdMLtR4>

523 Grant Management – Timing and Sequence

We know how important timing is for Self-Help Housing. A lot must happen within a two-year grant cycle to accomplish all the functions for building new homes or acquiring and repairing existing homes.

- Recruiting and qualifying participant families, and packaging their 502 mortgage loans
- RD's review, approval, and obligation of 502 loans
- Developing land or securing building lots for new construction or securing properties for acquisition and repair
- Materials lists, cost estimates and house plans, along with subcontractors, permits, and local approvals
- Group preconstruction meetings for safety, homeowner responsibilities, and basic skills
- Construction which is the lengthiest process
- Also bookkeeping, reporting, inspections, motivation, and problem solving

The task of project management is to make sure that the functions above, which are typically accomplished by different people, are all done in a timely and efficient manner. Timing and sequence are resources within management's purview that must be planned and monitored.

PROJECT SCHEDULE: The grantee must develop a fine-tuned project schedule showing the breakout of tasks, the time frame for each function, by new construction group or by repair job. The project schedule is the planning blueprint that guides the grantee team and participant families to success.

TIMING: The tight window of two years to make this happen for 10 or more families, requires that tasks and functions be done in a timely manner. The loss of days or weeks at any point is very difficult to recoup and can multiply into larger losses of time. The schedule should indicate start and end dates and timeframes for each function or step.

SEQUENCE: The time to accomplish each task is critical; however, another aspect that is just as critical to grant completion is the sequence of functions and the overall flow of necessary self-help housing steps. Some steps take place simultaneous while others are in sequence. If a task is to be accomplished simultaneous to another and is not done, the project schedule is thrown off. If a sequenced step is completed but the next step is not immediately ready to start, there is a gap which negatively impacts project completion.

WHOSE ROLE?: Each employee should make sure that timing and sequence for their function happens as planned. Usually, a manager is in place that can see the big picture and oversee the multiple functions coming together. The manager's role is to allocate resources (people, money, time, etc.) to assure goal accomplishment. In a small organization, the manager may be the Executive Director. In a larger organization, it may be the Project Director for Self-Help Housing. Either way, the person and position must have authority, responsibility,



and commitment to achieve project goals. Project timing and sequence will not happen without leadership and oversight.

AN EXAMPLE OF TIMING – PRODUCTION OCTOBER THRU DECEMBER:

DECEMBER: Most of us have been around long enough to know the federal government rarely finishes the budgeting process for a new fiscal year on time. Therefore, we have Continuing Resolutions starting October 1, and often through the entire first quarter. This results in a trickle of federal 502 loan dollars during the CR period. If a self-help grantee did not submit packaged loans in time to be obligated by RD by September 30, that entire next quarter could be unproductive. As a matter of timing, loans for participants that you want in construction October-December, must be submitted to RD by mid-summer at the latest to assure RD has time for approval and obligation by September 30. Back-up that mid-summer submission milestone to establish the ideal timeframe for recruiting and packaging the 502 loans to be sure you do not get caught by the CR. Stay productive by timing necessary tasks!



Balancing Time, Production & Spending

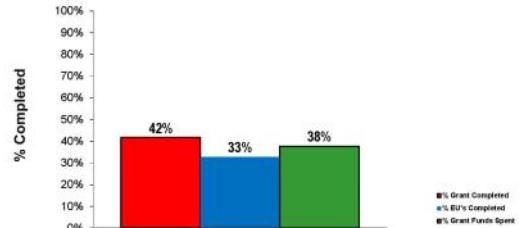
The aspects of time, production, and spending are critical to the success of self-help housing programs. There are stated goals in the grant agreements signed by RD and grantees which quantify time, production, and spending, providing parameters for operation and success.

- Time: The grant period is typically 2-years unless negotiated differently.
- Production: There is a certain number of homes specified to be built or repaired.
- Spending: The grant amount is stipulated.

While these three do not have to be perfectly synchronized, the closer they are balanced throughout the grant process, the less likely the grantee is to experience problems. There is a general relationship between these three measures to be recognized and monitored. If

grant time elapsed is greater than production, there may be significant catch-up necessary, and we know that is difficult to do. If production lags grant spending, there may not be sufficient funds available when production starts in earnest. While this may sound simplistic, it provides a month by month “at-a-glance” management tool of how the grantee is doing. It also signals when management and Boards may need to act, or grant amendments or modifications may be necessary, such as when a time extension is required for production to catch up, or spending may need to be slowed so there are grant funds needed to finish strong.

Grant Progress Analysis Report
January-21



The first group of six participants have completed and moved into their homes. The second group have closed their loans and are just getting out on site. Excavation has begun on three of the sites. The next group is in the process of being determined eligible. They are hoping to close this group in a few months. Their next QRM will be held on February 22nd.

NCALL uses the above simple GPA (grant progress analysis) chart to provide management with a visual to measure the relationship between time, production, and spending. While it may seem like a juggling act at times, this is the responsibility of project management.



Caroline County Habitat's self-help program hard at work!



NRSHHA Meeting Held

On March 15th, the National Rural Self-Help Housing Association (NRSHHA) held its bi-annual meeting. After this, the National Rural Housing Coalition (NRHC) met. During these meetings the following issues were announced or discussed:

- Dues are coming in and part of the annual obligation of NRSHHA was paid to Rapoza Associates. (Please join and send in your dues if you haven't yet done so!)
- The recent AN on appraisals was discussed. This allowance to let self-help grantees order their own appraisals is temporary at this time. If it works well, RD may consider making it permanent.
- There is a new Grantee Resources tab on the Spotlight website. Please check out the resources there.
- The President's budget is not

expected out until June. The NRHC request is to increase the 523 grant program to \$75 million and double the 502 Direct Loan program to \$2 billion.

- There could be additional money put into these programs in a special infrastructure bill, but if this occurs it will only be temporary. If it goes into the budget, it has a better chance of remaining in the future.
- The 502 direct loan program, that once built over 100,000 homes / year is down to less than 7,000.
- Bob Rapoza estimates the cost per 502 loan to the government to be only \$7,800. This is over the life of the loan...not annually!
- The 504 pilot program is being made permanent! This means higher loan and grant limits!
- They announced that RD does

plan to celebrate National Homeownership Month in June.

- There are over 20,000 502 direct loan borrowers in moratorium due to COVID-19.

Regional Video-Conference Call Planned

NCALL will be hosting another regional video-conference via GoToMeeting on **Thursday, April 22nd at 11:00 a.m.** for an open discussion. Please join us and be prepared to share your thoughts and questions.

USDA FY 2021 Single-Family Funding Details Announced

For the Section 502 direct loan program and Section 504 loans and grants, an [Unnumbered Letter dated March 11, 2021](#) provides information on program goals, basic formula criteria, setasides, administrative allocation, pooling of funds, and program contacts. Lists show funding allocations for each state and names of counties eligible for setasides

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