

USDA SELF HELP HOUSING FORUM

>>Good afternoon.

My name is Mel Ellis, and I'm the director of Single Family Housing for USDA Rural Development, North Carolina.

I'd like to welcome all of you to the North Carolina Self-Help Housing Public Listening Forum.

The North Carolina public forum is the third public forum being held across the country.

Before getting started, I'd like to take the time to recognize all guests, Congressional congressman Ethridge and Hagan's office, and all other congressional and senatorial and governor office representatives.

I'd like to thank all of the self-help mutual housing grantees for attending and participating this afternoon.

And lastly, I'd like to thank Rich Davis, acting deputy administrator for Single Family Housing in our national office for taking the time out of his busy schedule to attend this public forum.

We'll be hearing from Mr. Davis later in the program.

Again, welcome, and thank all of you for coming and participating in this forum.

Now I'd like to introduce North Carolina assistant to the state director Barbara Hinton.

(Applause)

I apologize; I'm getting ahead of myself.

It is Friday afternoon.

We'll be hearing from Rich Davis acting deputy administrator single family housing at this time.

(Applause)

>> Thanks, Mel.

Just telling me earlier he's a Wolf Pack fan, and obviously thinking about the game tonight.

So anyway, thanks for the intro, and let me say that on behalf of the administration (Inaudible) it's not only an honor but it's a real pleasure to be here today.

As you may know, this is the third self-help forum as Mel had mentioned, and the first two that we had were in Arkansas and Puerto Rico.

After today we're going to be conducting a half-dozen more in various states across the country, including Mississippi, Arizona, Washington, Ohio, Vermont, and Iowa.

And then after that we're going to conduct a final forum in Washington, D.C., and that will be on June 18.

Now you can find this information on our agency web site, it will include the exact locations and the dates and times to locate that on the rural development web site.

Go to our homepage and then look for housing and community facilities programs, and then under that, look for the administrative corner.

If you have any trouble navigating that just ask any rural development person, and I'm sure they'd be happy to assist you.

Before I go any further I want to thank the state director Randy Gore and his office for hosting this forum for us.

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And in particular, again, I'd like to thank Barbara Hanton, the assistant to the state director. Also, I'd like to thank Mel and his staff for doing a lot of the leg work here in Raleigh to support this, and Mel, could you just ask your staff to raise their hand, those who are here in the room so others will see them, those in the Single Family program, okay?

All right, thank you very much for being here.

And also a key person in the national office who has been instrumental in planning the logistics and the administrative aspects of these forums is Debra Arnold.

And I'm going to have her contact information on a slide a bit later, because if you have any questions about the forms then we would like you to contact her.

And again, I'd like to thank our administrator, Tammy Travino (Assumed spelling) who would tell you if she could be here today that the mutual self-help program is one of her top passions, if not her highest passion. As you may know, Mrs. Travino has hands-on experience as an affordable housing practitioner.

She was the CEO of a Texas non-profit prior to coming to Washington. The primary focus of that group was economic and community development. And one of the first programs that she ran was the Rural Development Mutual Self-help Housing Program.

So she knows what you are encountering, you as grantees, she knows what you are encountering on a daily basis.

And she is willing to do whatever she can to make it better for you.

That's why we're having these forums.

These forums are Mrs. Travino's idea.

And their purpose is to evaluate the entire self-help program.

We in rural development think that the mutual self-help housing program is one of the best programs in federal government.

It gives very low and low income people the tools they need to help themselves.

It gives them a choice in where they live, and it enables them to build an affordable home.

It gives them the opportunity to live near good schools, and in safe, healthy neighborhoods with all of the conveniences that moderate income people get to enjoy today.

For the most part, what would you say is the biggest net asset that the average American will ever own?

It's their home.

There's no question, I think.

Homeownership is how people build wealth.

Even with the recent problems in the housing market, a reasonably-priced home is still a good investment.

And a self-help built home is an even better investment.

In the first two housing forums we heard about families that were moving into their new homes with equities ranging from \$15,000 to \$40,000.

Simply amazing.

They trade their time and labor for equity in their home.

That keeps the cost affordable.

By helping build their home, they've already learned a lot about how to operate and maintain it.

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Many learn new skills that are marketable and lead to new and better jobs.

We've heard numerous stories about family members that go into the construction trades after building their home.

And some will become supervisors.

It encourages them to believe in themselves.

We also know that these families develop a strong sense of pride toward their homes and toward their neighborhoods and their communities.

And you hear some talk about even attending the P T A meetings.

So this program, it really does a lot more than just simply provide affordable homeownership.

This program does a lot more.

It strengthens communities, it builds stable environments.

It helps to weave and re-enforce the social fabric of rural communities.

It helps build a tax base, and most important of all, it helps people to just simply be good citizens.

Okay, okay.

We have a wonderful program, right?

Well, but we also know that there are some things that aren't working so well.

And so we want your feedback.

We want to know what you think needs to be fixed.

And we welcome your ideas on how you think we should fix them.

Also, if there are things that are going well and you would like to see us continue them, well, we would like that feedback as well.

But primarily, we want to know what you think needs to be tweaked or changed.

Okay, now we have some ground rules today.

I'll mention a few at this time.

First and foremost, this is a listening forum.

Our purpose is not to get into a question and answer session, that can take a lot of time.

But rather our purpose is to hear what you have to say.

To give you an opportunity to provide feedback.

We want to listen to you share your thoughts, your ideas, your comments, your suggestions, your recommendations.

Because this is what's going help us most at this point in time.

Also, as you may know, we are broadcasting this as a webcast, and we're also recording this.

All of the information from this forum as well as from the other forums that we've had will be posted on our web site.

Now anyone can submit written comments, we'll have a moment here later today for people to, an opportunity to speak publicly with an open mic, but also if you're shy and you would prefer to write down your comments or e-mail them there will be an address up here in a minute.

You're certainly welcome to do that.

So you know, if you leave here today wished you said something, you will have that opportunity to send it in to us.

All we ask is that you have to submit all of your comments to us before June 30 of 2010.

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Another ground rule is that when we open up for comments we're going to ask the speakers to limit their time to three minutes.

We want to ensure that everybody gets an opportunity to speak.

And also we would like you to identify yourself prior to speaking.

On this slide, and I think we may have --well, no, I apologize.

I think what you got is a hand-out of questions.

But we can get this information to you if you can't copy it from the screen here.

But this is Debra Arnold's contact information.

So if you wish to submit written comments you can just do so with the information on that slide.

Okay, this next next slide is a quick history on how the program evolved. The origins of self-help housing stem from the house and barn raisings of the Menonite and the Amish.

We found that accept-help actually started since -- in the early 1930s and has existed in a variety of forms.

In the mid-1960s the Farmer's Home Administration, Rural Development's predecessor, began financing self-help homes with the Section 502 funds.

And then in 1968 the Housing and Urban Development Act authorized the Section 523 technical assistance grants.

That program was implemented in 1971, the self-help technical assistance grant program, and it was permanently authorized in 1992.

In 1979 appropriations language was amended to permit the use of the Section 523 grant funds to contract for technical assistance to self-help sponsors.

That began our technical and management assistance contracts.

Today there are about 120 rural development self-help grantees that are located throughout the United States and its territories.

Some operate multiple projects and maintain multiple grants.

As I mentioned earlier, the intent of our program is to assist families who otherwise could not afford a home.

And today, more so than ever, we feel this program is a viable means for low income families to obtain affordable housing.

It also, as I mentioned, the skills that are obtained in this process and the work sharing we think strengthens their sense of community and the pride that they have in their homes, as well as their neighborhood.

Okay, to give you just a quick history, I'm going to show you some numbers.

This first slide shows the national historical activity for the Section 502 direct self-help loans.

You can see a drop-off during the last four or five years.

And that's something that we are going to work hard to turn around.

This slide shows the actual numbers from the previous slide, for 2009, if you can see at the bottom there what we did last year.

We had just under 1100 -- we had 1,073 direct loans for nearly \$137 million.

Okay, these two tables show our grant obligations from 1996 through 2010, as well as the Section 523 allocations.

And you can see over these years that there has been a steady increase under the allocations each year, growing a little more each time on average.

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And so for this year we're up to just under \$42 million.
And we hope to see that continue to grow.

This is a graph of the numbers I was just showing you for the grant allocations.

And you can see the increase to the -- to the current year.
Unfortunately, our obligations, as I mentioned earlier,
have dropped off a little bit, and that is something that we hope will
swing upward in the future.

Now I'd like to mention your activity here in North Carolina, after
covering what we were doing on a national level.

Now as many of you may know, you have five active grantees here in
North Carolina.

And I know several of you are represented here today.

We're very glad to have you with us.

Hinton Rural Life Center,
Housing Assistance Corporation,
Mountain Housing Opportunities,
Mountain Projects, and the
North Carolina Indian Housing Authority.

This shows the activity in North Carolina over the last four or five
years.

And on average we have been doing about say 20 section 502 self-help
loans which, when I did the math real quick, we had roughly 1,000
across the country.

And so with 50 states you divide a thousand by 50, you get 20.

So you're sort of in the middle of the pack, I would say, as far as the
activity in the rest of the country.

Next I want to talk about the technical and the management assistance
contracts and give you some background on their evolution.

These contracts are awarded to non-profit entities, and they have been
in place since the mid 1990s.

The program as I mentioned earlier was implemented in 1971, but it had
trouble getting started.

So in the late 1970s as I had mentioned congress authorized the grant
funds also be used for the TMA contractors.

So we hired other non-profits to help us do the marketing and the
training.

The contract was initially designed to market the mutual self-help
program, and to provide the technical assistance to grantee
organizations, both those that are operating as well as those that are
potential grantees.

Technical difficulties

Anyway, as I was last saying, originally we had six regional
contractors.

That was reduced to four regional contractors in the east.

It's the Board of (East-Florida) Non-Profit Housing, who I know is here
today.

South Central- Little Dixie,

North Eastern is NCALL (Research,) stands for the National Council
on Agriculture, Labor, and Life,

and out west it's the RCAC, which is the Rural Community

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Assistance Corporation.

So in 2007, a decision was made to reduce the number of regions. We at that time had four, but we reduced that to two, and at that time we did so to reduce the administrative burden to the agency.

Now because we went from four contracts to two contracts, that became contentious, and it resulted in some protests, and the agency at that time went to bridge contracts, and we did those with the existing contractors.

Then we had a new solicitation, and awards were made a second time. But there was another protest resulting from awards being terminated, and bridge contracts were once again put in place.

At that time congress requested status reports on the progress of these contracts which we provided.

And the current bridge contracts that are in place will be in place until April 30.

After that time we have a new solicitation for technical management assistance services and that's currently under development.

But we will be putting new contracts in place beginning May 1.

And so the interim -- this will be on an interim for one year, and this will provide for four regional contractors.

What I want to talk about very quickly now is the history on the development of our new regulations for self-help housing.

We had worked on this quite some time ago, back in 1998, as some of you may know.

And the plan has been to replace our current instruction which we follow for this program, instruction 1944-I.

We have been rewriting our current regulation because we do recognize some vulnerabilities in the program which we're trying to reduce, and we're trying to make the program more efficient as well as be sensitive on the burden to the public and on the agency.

We had stakeholder meetings back in the late '90s, 1997 and '98 to get feedback on the changes that we felt were needed for the program.

And then finally in 2002 we were ready to publish the proposed rule.

But again, there were concerns by various organizations, and we decided to go back to the drawing board for additional review.

So along the time of September of 2004 we convened a task group to provide input in the regulation.

We got the stakeholders involved, a group consisting of GMA contract representatives, and RD staff, and then in December of 2006, we had more meetings, we had a stakeholder meeting with the grantees, Rural Development, and the T&MA contractor representatives to provide even further input into the regulation.

And finally, we had developed a proposed rule, which was published in the federal register back in May of 2007.

We got quite a few comments, 66, from a wide variety of stakeholders. We reviewed all the comments and we made quite a few changes to incorporate them.

So where do we go from here?

I brought you up-to-date as to where we are today and how we got to this point.

But it has been nearly three years since we published the proposed rule in the federal register.

A lot of work has been done on this proposed rule, hard work.

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But as I mentioned before, there have been some contentious issues with the contract.

So I think it is natural that a new administration would want to take a closer look at what's being proposed in this regulation before we move forward with it.

And that's one of the primary reasons that we're conducting these forums, is to get feedback on the entire self-help program, including the proposed changes to this regulation.

So as this slide says, this is your opportunity to provide input into the future of this program.

I'm going to quickly highlight some questions that were prepped and I think are given as handouts, and I think I'll just run through these very quickly.

Because what we want to do is just get you thinking along the line of - - of where we could use some assistance in your thoughts or ideas, based on your experiences with this program.

As I just mentioned, we are amending the regulations so I think those changes have been published as a proposed rule, so they're out there.

We would be glad to provide you copies of that if you don't have it.

But what do you think about those at this point?

What changes do you want us to make?

And then in that regulation it talks about the rule for completing 65% of the work, that it be done by the family.

And so we'd like some feedback on that.

Do you think that's too great in terms of time demands on family.

How should the family labor be accounted for.

Is the current method of assigning percentages, does that work, or should there be a better method for that.

How do we give credit to the family for the work that they provide for their labor contributions, are there better ways of doing that.

Regarding the contractors, are you -- do you feel you're receiving assistance that you need to support what you're trying to accomplish, what other ideas might you have about options that we should consider and how those services are provided.

We know that some of the markets out there, particularly out in California, we know we're seeing quite a bit of this, the depressed housing market is creating some real problems in the program because even though we have been building affordable housing with significant amount of equity going into a home, that those home prices are still much higher than what the existing housing stock is.

So we know there are some issues in that area.

And then you know, as any federal program that's being being run today, we have to have performance measures.

And OMB helps us with that, they have something called PART, which is Program Assessment Rating Tool.

And one of the measures that they have developed for us is to look at the amount of equity achieved as compared to the amount of the grant assistance per unit.

So this is something that we have to work with to justify our programs, that they are in the best interest of the tax payer.

And you know, as we open up our regulation and look at these issues we ask that you give us your ideas on other ways that we might measure this program's effectiveness.

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Then there's the question how do you define the equivalent value of a modest house.

We'd be interested in your thoughts along -- along that line.

We've also heard some concerns about going to a competitive grant application process.

Up until just a few years ago the program was oversubscribed, and we had little opportunity to encourage new applications.

But in view of some of the recent increasing in funding we may be able to explore -- we may be able to go to some type of a competitive process.

But we know that would be a big change.

So again, you know, based on our current economic conditions, we'd like to get your thoughts on whether we should up this program to new grantee organizations.

And then as a follow-up, how would you propose funding these organizations, these new organizations if we did open it up.

First come first serve, competitive process, or some other method.

We'd like to know overall what are some of the things that you think work best with self-help and as I mentioned earlier, those that work and those that don't work.

So we'd like that feedback.

Also, what about programmatic changes in general to the Section 502 program.

Do you have any thoughts on that.

And then our last question is do you think the program would be better served if we no longer (Inaudible) contractors and instead relied entirely on rural development staff to provide oversight to the grantees.

How was that for timing?

That was my last slide.

So this is some of the feedback that we would like to get from you all. Now, before I turn the mic back to Mel I just want to repeat something, and that is one of the first ground rules that I mentioned for this forum is that it is first and foremost a listening forum.

So the purpose is not to get into a back and forth discussion, per se. But it's to listen to your thoughts, your ideas, we want to hear from you.

I know that administrator Tammy Travino is very interested in what you have to say.

So again, we're being recorded, and back in Washington we will get this transcribed and it will become part of our record for all of these forums.

And with that, Mel, I'll turn the mic back over to you.

Thank you.

(Applause)

>>Thank you, very much, Rich.

Now at this time I would like to introduce the North Carolina Assistant to the State Director Barbara Beard-Hinton

(Applause)

>>Good afternoon.

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>>Group speaking: Good afternoon.

>>I bring greetings on behalf of our state director Randy Gore. He could not be here today, he had a prior commitment. But he knew that we'd do well today. Also want to thank the housing staff, I think Rich did that, for helping put this together. But I also want to thank the person who did all of the heavy lifting, and I meant trying to organize this -- this event, taking care of the locations, even everything down to the tablecloth. And that's Elaine Johnson. And I want you to stand up. (Applause)

She's a great person to work with. I have the pleasure of introducing our moderator for today. And he's -- his name is Scott Farmer. Scott is the director of rental investment for the North Carolina Housing Finance Agency. As director, Scott oversees the financing of over \$200 million in affordable rental housing each year. He also oversees compliance monitoring and asset management of -- for more than 50,000 rental units throughout the state. Including units funded through federal and state tax credits, North Carolina housing trust fund, home loans -- I'm sorry, home funds, bonds, and HUD Section 8 contract administration. And folks, he's also a great guy. So I'm happy to have him. When I asked if he would serve as our moderator, without hesitation he said yes. I breathed a sigh of relief. I was so happy I didn't know what to do. And now that I have his number he's in trouble. But I want you to join me in welcoming our moderator for today, Scott Farmer. (Applause)

>>Thank you, Barbara, and thank you all for coming out today and allowing me to be the moderator. It's real easy when RD, the USDA RD staff calls our agency for us to say yes. We have a great working relationship with Mel and his staff, as well as all the folks up there. And it's my pleasure in the opportunity we have to help serve the RD folks any way we can, and we certainly look out to do that. It also doesn't hurt that I'm an NC state grad, and asking me to show up where there's a lot of red, I'm going to show up. As evidenced by my watch today as well. So I sympathize with Mel. It's -- having to stay up for these late night games is a little tough. So we're all a little slower today than we might have been otherwise. But we're definitely happy with the outcome last night.

So -- as you mentioned, my role is moderator.

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You're probably wondering why a guy from the rental group is moderating a self-help single family program.

Well, it's give me the opportunity to come out, serve as moderator.

My job is to keep the comments moving, keep you all on task.

So if I'm looking at my watch it's not because I'm in a hurry to get out of here, but we just need to keep things flowing.

I will move through the list.

Rich walked over the ground rules.

It is being recorded today, we are asking that you limit your comments to three minutes.

There's several grantees that have already submitted that they intend to make comments today.

I will be calling each of those up one at a time to make your comments.

We would ask that you step up to the microphones,

please come to front to make those comments.

Once those four groups have made comments I will then open up the floor for other folks to make any additional comments they would like to make.

But again would ask that you come up, recognize yourself, identify yourself, your name, your organization, before making those comments.

At this point I'll go ahead and -- excuse me -- I'll go ahead and call up the first group.

The representative, Charles Penland from Hinton Rural Life Center, if you would please come up to the microphone.

>>Since I drove, 350 miles can I get six minutes?

>>No, just -

(Laughter)

Take as long as you want.

That's a long trip.

>> It was a long trip, in the rain.

Hinton Rural Life Center is a faith-based non-profit way out in the far tip of the state of North Carolina.

We're two hours north of Atlanta, two hours west of Ashville.

You didn't know there was two hours west of Ashville, did you?

We're kind of -- we say out there, we say we're two hours from everywhere.

We've been doing self-help since 2005, and currently in our second grant that we started in December.

Hoping to build 11 houses in this particular grant.

Self-help has been a real good fit for Hinton Rural Life Center.

We've built -- we've been building houses for 25 years using the volunteer method and the habitat method with our retreat volunteers.

It got to the point in the we were 2000s where we were -- our executive director was saying if we're going to continue to build houses we're going to have to figure out some way of meeting our administrative costs.

We're pretty much the only people in our area that are building affordable housing.

So we felt it was definitely important for us to keep doing that.

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We would build a house or two a year using the habitat model. Tom Barefoot was the regional director of the self-help at that time. And he was really encouraging us to look at self-help, which we did, and we got our first grant. Being able to have our administrative cost paid through of the grant has enabled us to keep going. Otherwise, there would not have been anybody out in that area building affordable houses. Our area is -- we're in the -- we're in the mountains, and we have a lake in the county and traditionally, housing in our area was substandard. Back 20 years ago there was no -- most of the housing was substandard. We went from that in the 1990s to houses being half a million dollars, with people coming up from Atlanta and Florida, building second homes and retirement homes. All of a sudden we went from folks in substandard housing to we have these million dollar houses and gated communities. There was still nothing for working people. There was still no housing for the folks that we work for and we try to help. So it again, it was of key importance that we stayed in business. And the mutual self-help program has helped us do that. We are still getting -- the process, the equity that we're seeing for our houses is down in this current market. But we -- in our first grant I think we -- we saw actually -- our homeowners actually saw \$40,000 in equity. Which was great. I mean, that was kind of the height of the equity situation. We're now down to about 25,000, which is still good for these families. Wealth-building is what we're trying to do with these folks.

Let me give you one before I quit, let me give you one quick family's story. Which I -- I mean, this is about the families. This is about the impact that this program makes on families. A family from our first group came to us, I think they were living in a single-wide trailer with one bedroom. Just a couple. They qualified, they came in and worked with us to build their house, work with the other families to build their house. And now they are kind of the anchor of our current community that we're building. But more importantly, this family has now decided that they're going to be foster parents. So they've taken on because now they have -- they have a three-bedroom house, they're taking in foster children. So this is the kind of impact that this program can have on our community and on the families that we work with. (Applause)

>>Thank you, Charles.

Next I would like to call up Patrick Kennedy, executive director of Housing Assistance Corporation.

>>Good afternoon.

Scott mentioned, my name is Patrick Kennedy, I'm the executive director of Housing Assistance Corporation in Hendersonville, North Carolina,

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which is just south of Ashville, also made the drive from the mountains this morning in the rain.

And I want to begin by echoing Mr. Davis's comment, his belief that the mutual self-help housing program is one of the best programs in the federal government.

Our agency has been administering the program since the mid 1990s. We've built over 100 houses in the county, in Henderson County through this program.

And through our experience, it has become apparent that there is no better way for a family to build equity and build the potential for multi-generational wealth than through this program.

We also have seen families who started with nothing, who were single moms with young children who were living in substandard housing or rental housing who have gone on to accomplish amazing things.

This program is not easy, and I don't think it's intended to be easy, nor do I think homeownership should be easy.

But I think for those that are willing to buckle down, to do the hard work, that the benefits are enormous.

In our agency, we often liken it to going back to college.

It's a significant investment in time and effort on the part of the participant, but the long-term benefits are significant.

That being said, Mr. Penland gave some examples of people who have recently moved on to do bigger and better things.

And as an anecdotal example of that just last week our initial group coordinator who's been with our agency 15 years met in the grocery store one of the families that she originally worked with in one of our first groups.

And in the course of the conversation the mother mentioned that her daughter recently started here in Chapel Hill at UNC on a full scholarship.

And it's my belief that without the opportunity afforded them through self-help housing it is likely that that never would have happened.

So I cannot speak highly enough about my feelings of the importance of the program and the benefits it has for our families.

That being said, I know the purpose of getting together here today also is to discuss what works with the program and what doesn't work.

And I do want to take a second -- well, less than three minutes anyway, to address some but not all of the questions that were posed.

And starting with the 65% labor requirement, I think that the intent of the program is to generate equity for families.

And I think that is the key number.

And I think that if an agency or organization is able to achieve an equity position for a family that meets a threshold level, that whether they're able to do that with 50% or 65% labor or somewhere in between, that that should be allowed for groups as an average.

And the reason for that is because house building is always a balance between -- between scheduling, time, which is effectively cost, and if the proper equity position is achieved and you can do that with less family labor I think that that does benefit people's work-family lives in that situation, in this day and age. Moving on quickly, depressed housing prices have not really been an issue in the county that we work in.

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While there has been a significant reduction in the value of housing, it has mostly been on the upper end. And we find that our houses, the houses we're building right now appraise for basically as much if not a little bit more than they did just a few years ago. So we have not seen the direct impact of that.

I'll touch briefly on competitive application processes. I guess it would be a bit hypocritical of me to stand up here and say what a great program this is, and then say it shouldn't be open to anybody else or any other communities.

So I'm not going to say that.

But I am going to say that the mutual self-help program is hard. It takes a significant investment of an organization's willingness to develop internal capacity to administer it, and administer it well. And one single missed grant application can take ten years worth of infrastructure building for a good organization and basically level it. And that's a very significant risk, especially for good-performing organizations.

That being said, I do think that there are probably communities in this state and around the country who could benefit by the self-help housing program and that targeted start-ups of either new organizations or expansions of existing into some of those communities would be very beneficial for those communities, as it has been in our community. I do think, it's my opinion, that for new organizations, that should be a competitive process based on a number of things, but to a large extent need in the community.

Sorry, I had way more than three minutes of comments on this page.

I guess just talking very briefly about some of the problematic areas. I think -- as -- as our society sort of moved on and people have gotten a lot more used to the get it now sort of mentality, I want it when I want it, I do think the self-help program as many other programs and many other businesses should take a look at streamlining the process. One of the biggest risks we face is loss of clients either due to disinterest or losing their qualification, their eligibility status. And the longer the process takes, whether it's the initial qualification, whether it's closing, whether it's construction, or whether it's a conversion of the loans, the more risk you run of people falling out of the program.

Qualifying families, as you could expect.

Anybody who's involved in this, people have really bad credit and their debt is really high.

And that's just a reality, any more.

I do think however, that that's one of the benefits of this program. Not only do we move people into housing but we also tend to move them out of poor credit situations and high debt over a period of time. And last but not least, you touched several times on T&MA contractors and effectiveness.

Here's my take on that.

The functions that those contractors provide are important ones. Agencies such as mine can't survive without technical assistance, without training for new employees, without grant review and that. However, it's also my belief that one of the reasons this program

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has been so successful is that it is operated on a rural, local level with relationships between people.

And I think the more the agency goes towards trying to make that a completely either regional or -- or you know, entire United States level, the less effective it is likely to be.

Self-help is successful because it works in local communities with local relationships.

And the further we get away from that I fear the less effective it is. I'm sure I went over my three minutes.

(Applause)

>> Thank you, and I am executing the moderator's privilege to allow a very large three minutes.

So, but -- in my opinion, the comments are more opinion than the length of time you're allowed to speak.

So unless you're getting way off topic I'm going to let you go.

So next, I'd like to call up Joe Quinlan with Mountain Housing Opportunities.

>> Hi. As Mr. Farmer said I'm Joe Quinlan, I'm the self-help program for Mountain Housing Opportunities in Asheville, North Carolina. Another one - in Buncombe County, another one of the western counties. Mountain Housing Opportunities has been providing affordable housing in Buncombe County since 1988.

But we only started the self-help program in the last week of September in 2006.

And at that time we were phasing out our contractor-built homeowner affordable homeowner units, because numbers weren't working any more. We couldn't get the units built cheaply enough to make them affordable. Part of that is cost of land in the western county, part of that is the high cost of housing, part of that is the depressed wages in our area. We were -- we were shifting toward building condominiums and townhomes. Also in 2006, there were two non-profit affordable housing agencies in Buncombe County.

Since 2006 one of those agencies has gone out of business, and so Mountain Housing is the only one left, aside from habitat.

And the market for condos and townhomes has become quiet problematic.

So we have put all future developments for those things on hold.

That puts -- that means that our self-help houses are the only affordable homeownership units being built in Buncombe County right now, aside from habitat.

I think that's a big deal. As Patrick said, Patrick has -- is with an organization that has done this program for 60 years now, and they has seen the long-term effects.

And I think that ten years from now we also will be able to report great long-term effects on the families who have been through our program.

Short-term, I guess I would say the thing I'm most proud of is that we're working with our third group, that members of our first group volunteered to help our second group.

Members of our second group signed the next group agreement to help a single mom in the third group, because she couldn't get her hours in.

I think that shows that they know the value that they're getting and they're happy to be in that practice.

(Applause)

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>> Thank you very much.

Next up I would invite Barbara Melvin with North Carolina Indian Housing Authority.

>> Good afternoon.

I am Barbara Melvin with North Carolina Indian Housing.

And I'd like to thank our chairman, our board chairman, for coming with us today.

And you know, without the board support we would not still be in not still be in the self-help program because the first years are so difficult, even financially on an organization, if that's all you're doing I think you're in deep trouble when you first start, because it does put a lot of financial burden on our organization.

But with the help of the board it supported, (Inaudible) help put funds into it.

We're in -- I feel comfortable that we are in self-help to stay.

As long as you put the money in the budget we're going to be here.

Because we -- it is providing homes, and you know, 90% of our homes are for single mothers.

I don't know in the other areas, but we are now -- when we used to have to beat the bushes to find applicants.

You take 100 applications, you might get 5 good applicants.

Now we're getting referrals, we're getting people calling us, which is a good sign.

But you know, it was tough getting to this point.

So if there's any people that's in here that's not in the business yet and you're just trying to get into it, please, they're the ones that can help you.

Because I thought we were the exception, we would not have all these problems these other guys had.

Trust me, he had all those and some more.

So -- but it's not about the money you get to do these programs, because you don't really make a profit, you're trying to make even.

It's about the service you provide to these people.

And if we built 30 homes, it's not just 30 homes.

You've changed the lives of 100-and some people.

Those little fellows, you know, the little boys and girls, that you're making a difference in their lives.

They have pride in a new home, they're not any longer standing in dilapidated mobile home.

And you know, we don't just build -- we don't just have Indians in our program, we have everybody.

Which is a good thing.

Now and you know, it used to be for Indians the traditional house was one on wheels.

And there's still a lot of them on wheels.

But we're getting rid of them.

We're putting them in new homes.

And we've got to the point now in the community people are calling us and saying you know what, you guys, we like this program.

We see the people out there on Saturday pushing the wheelbarrows, and those girls push those wheelbarrows and they do what they have to do, they drive those nails.

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Whatever it takes to put their children in a home they're going to do it.

And what we want is for the people with the money to keep supporting this program.

Because we feel like, this is our third grant, but we're on our way of the we're going to meet our deadlines.

We're not going to be on high-risk.

We're going make this thing work.

So I want to say thank you for what you're doing.

And I do agree with -- sorry, what was your name?

Patrick -- about the 65%.

It's not reasonable.

I mean, if you know a whole lot about construction, what matters is the equity.

Now when we start out we didn't have what we have now.

We might have had -- we had -- we broke even with the TA, the money you gave us.

Now we're getting 25, \$35,000 worth of equity.

And that's where we want to be.

Whether that's 35% contributions from the family or whether that's 65%, I don't think that figure is as important as the amount of equity.

And I think that's a big thing.

But thank you.

(Applause)

>> Thank you for those comments.

That is the last of the scheduled comments.

At this time I would like to invite anyone up that would like to make additional comments.

If you would, again, please come to the microphone and give your name and the name of your organization before making those comments.

>>Talking about the questions, the way they are laid out, talking about the questions at the end of the agenda is the way I read this agenda.

Patrick wanted me to talk about it but I didn't.

>> Yeah, one of the things I was going to mention is everyone did receive the questions to consider up front.

I think the intent was you would answer those questions as you were making your comments.

But if you'd like to come back up and answer those questions feel free. Nobody else is rushing up here, so have at it.

>> OK, thank you.

>>And I would like -- while he's walking up to the microphone do want to make one additional comment in terms of our agency's perspective on the ability to make public comments.

I think it's critical as a state agency and I'm sure as a federal agency as well, it's important to have those opportunities for folks to give their input into how a program works, good, bad, or otherwise.

The only way we know that things are working or not working is to hear from you.

And it's very difficult to do that when you're operating at state level.

It's hard enough, the federal level, it's next to impossible to have these kinds of open sessions where you can provide these comments.

That's why I think this is a great opportunity, it's one of the reasons I wanted to participate, it's one of the reasons I would encourage each of you to come back up here if you've got a question, you've got a

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comment, if you've read through these questions and have anything you want to add, please do so at this time.

I think it's a rare opportunity that you have, and you should take advantage of it when you can.

Thank you.

Go ahead.

>> Still trying to get my 350 miles worth.

(Laughter)

>> But I'm agreeing with the folks on the 65%.

It -- it's -- the reality is that we're not going to be able to build these houses at the prices we're building them at without a significant contribution of sweat equity from the families.

I mean, it's just not going to happen.

And it happens throughout the process.

What I -- what I don't like about it is the predetermined task.

Because it takes all of our flexibility out.

If we've got, for instance, this -- we've been trying to put foundations in, during this horrible winter we've been having.

So there's a chance that even though we have said that the families will be doing some of the work on the foundations, it may be because the way the winter's been, which is nobody's fault, that they won't get them finished. It makes more sense that we look at either the equity or the number of hours per week as the group agreement talks about.

They're supposed to put in 16 hours a week, they get a time sheet, so that's evidence of their contribution.

I understand that we want them to touch the entire process if possible, and they -- again, they have to do that in order for us to be able to build these houses at the cost that we're going to build them.

The only other comment, and this is -- wasn't exactly a question about this, but the place that we struggle is with -- with the very low income folks, and getting enough loan amount for those families so that we can build them a house.

And again, we're in an area where it costs a lot to build houses.

Land's expensive, and housing costs are up.

A family that can only get \$100,000 502 loan, then, we can't help them unless we can find second mortgages or some other way of getting that family.

So I don't have an answer for that, but that is where we struggle is -- and that's probably -- I don't know about the other folks, but that's probably 75% of our referrals are those -- those folks that just -- they -- they've got a debt or two and they just can't get enough loan amount for us to help them build a house.

(Applause)

>> Step right up.

>> Thank you.

>> Tell him the rest of the story.

>> I've got to do what the moderator said first.

My name is Stanley King, I'm the executive director for community developers of Beaufort, Hyde and Bellhaven. And I am not that familiar with the program, but just the concept of the program is what interested me.

And I went through and looked at some of the questions, and I'll go quickly.

One of the things I wanted to know, and I'm really asking questions

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more so than anything else, is if this is just a single family type of project or can townhomes and condominiums be considered. As it relates to the 65%, I think that the minimum should be at least 51%, because you want families to, you know, at least put an effort into this process. Dollar value of work as a percentage of the hard costs as it relates to family accountability and working with the program.

Question four, I'm not familiar with it enough to answer, nor five, as it relates to -- is this just new construction, or would you also consider an existing house that may need substantial renovations to it. And what is a modest home, modest home depends on your ability to pay. I think that, you know, to, you know, some folks that got a lot of money, a modest home might be, you know, a \$3-4 million house. But for the people we work with a modest home could be \$50-60,000. So those are the -- I'm not even going to answer the rest of these questions here.

But the other thing I'd like to say is I heard the groups I guess -- or contractors -- come up and talk about some of the difficulties that they've had.

But the biggest thing was their location.

Everyone seemed to be kind of west of I-95, and I'm located, you know, my organization is located east of 95.

And if you go from Virginia to South Carolina line, that's 33 counties.

And most of those counties are Tier 1 counties.

And we have low-wealth citizens in our areas too.

So I would like for USDA to consider organizations in those areas to help push this program.

I also would like to see the program opened up to other organizations who may have the capacity to move this program forward.

Four organizations in the state of North Carolina do not seem to be enough right now, just in my opinion.

I do not know all of the dynamics.

But I will know by the end of the month.

But if we had some other organizations on the eastern side of North Carolina, eastern side of I-95 and a few more organizations promoting and pushing this program I think you would actually get more participation.

(Applause)

(Inaudible audience comments)

>> There was a couple of things.

You know, and I want to thank RD office for being so supportive of this program.

And that's Terry and Cynthia and Rossy.

We've got a new one and the state office also.

But I think it's important, too, to have mentoring -- excuse me -- if there are other grantees, that the ones that have been through the fire furnace maybe we can help the new ones, if you have some new ones.

Because it's hard -- you know, and that's another time you really need I think the, like Florida non-profit, your TA people that help us through the difficult times.

Because sometimes you need a liaison between RD and the grantee.

They're -- there's some rough roads sometimes. However, I think agencies that have been in the business for a while, they can help the

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new agencies because they've actually experienced some of the same things you're going through.
So anyway, that's one thing I wanted to say.
And modest -- you know, a government house does not have to be a shack.
So I think modest is in the eyes of the beholder.
It can be a nice-looking home.
Because remember, if you guys ever have to take it back, which you should not have to if they go through all the stuff they do to get these homes, you want to be able to resell it.
So I think that's kind of hard to put a real definition on modest.
I think though it needs to be attractive and conducive to the neighborhood, and whatever that you can do to, you know, you're not going to have 10-foot ceilings and that kind of thing.
So I think that's kind of a -- that has to be worked out between RD and at grantee, probably.
Is there anything else we wanted to touch base on.
Do you guys know?, and I've had a great staff.
I want to thank them too.
So -- that's all I have to say, I think.
(Applause)

>> Anyone else like to make comments?
(Background noise)

>> I'm not nearly the public speaker that any of these other folks are, but some of the things I'd just like to say.
Generally, one thing you can improve, this is our application for grant money.
We do this every two years.
I think this should be one-tenth the size.
If you look, for instance, at end calls on line, web site, they've got a guide to filling this out that is 225 pages long.
They have a checklist to see if it's complete.
The checklist is 15 pages long.
The application should be 15 pages.
So -- I don't want to appear negative because this is a great program.
I hope you all are getting that.
We are happy to be doing what we're doing.
A very specific thing that my recorder asked me to bring about up qualifying families is we have access to some kind of an Excel program that does not match the one that USDA uses.
USDA provides us an Excel program that we can put in debt to income ratios, things like that.
But then we don't get the same numbers that they get.
So sometimes we think a client will qualify, it turns out they don't qualify.
So I hope we can get that worked out.
And finally, on the TA contractors, I have an opinion different from Mrs. Melvin, from Barbara.
I feel that we get very little value from RTA contractor.
I think we would be better served to not have them at all.
(Applause)

>> Anyone else like to make comments?
Yes, please come up.

>> My name is Lavinia Locklear. I work with North Carolina Indian Housing Authority.

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I know there has been some changes for critic guidelines, and I appreciate you all on working with me on -- I think for it not to depend on one on one cases, you know, depends on what the cases is. And I think that one of the things we should look at is a lot of people don't have health insurance.

So think they should overlook medical bills, because I think the majority of families I deal with have a lot of medical bills.

So I think that's something that we should look at.

(Applause)

>> Any other comments?

(Background noise)

>> How y'all doin', my name is Tony Devay I'm from South Carolina. We actually just participated in our first self-help grant.

Just completed our first five houses.

I'm a home builder, but I guess I'm looking directly at the benefits - the beneficiary, the homeowner.

But I would like to say that without self-help, a lot of other people in the community are benefitting indirectly.

And I'm talking about the contractors, subcontractors, because we talk about 65%, I do feel that 65% is a large number for, uh, asking them to provide that type of labor.

But there are other ways that I think we can achieve that objective, by like what we did, we had to have flexible hours.

You have to work with the individual hours, I'm talking about an individual gets off at 6 o'clock, you just got to extend those hours, because they are mind on a budget but also the way you measure it, the equity in the house which it's like, let me get some..., I'm going to slow up just a second.

But it just can't be just the equity.

What I feel people get out of the program is that community involvement.

And in most cases I think self-help is going to be a success just because you involve the community, because within the community you're going to get people that's gonna, be able to further their education, possibly start business and then it is a challenge for them, because here I am trying to be on the for-profit side but one of my goals was always to build houses.

How do you do it.

In rural areas you can't do it without the assistance of (inaudible), you can't do it without the assistance of programs like self-help otherwise, again, it's not just the homeowner. (You're buying products locally, you're hiring locally.

So most families benefit directly from those (Inaudible).

I appreciate that.

>> Thank you.

(Applause)

>> Any other comments?

(Background noise)

>> If not, I will go ahead and turn it back over to the Mel.

Thank you for allowing me to be here today.

(Applause)

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>> Awesome, awesome, awesome, awesome job.

Awesome comments.

Awesome moderator.

Stay here just a second, please.

>> I want to thank you so much for being here and helping us out.

(Inaudible audience comment)

>> This got a little ruffled when I was trying to get in from the rain.

But we thank you with RD goodies!

(Applause)

>> This has just been a great listening forum here this afternoon.

Certainly been a productive session in which your ideas and concerns were expressed about delivering this program in the best possible way.

When we started out with Rich's ground rules, the purpose of the forum was to solicit feedback from the public on whether the current method of delivering the self-help program is the most efficient and effective that it could be.

And without a doubt, I certainly believe that intent has been satisfied this afternoon.

So that being the case, I would like to thank each and every one of you for your participation, for your sharing this afternoon to come and express your concerns about this tremendous program.

So thank you very much, I wish you Godspeed.

(Applause)