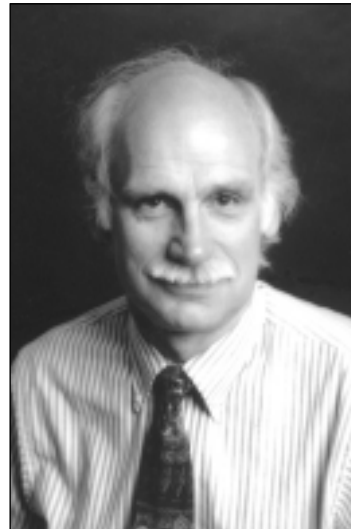




NATIONAL INITIATIVES

Justa and Gottschall Step Down Leadership Changes Hands at the Campaign

BY DOUG DYLLA



Bruce Gottschall
PHOTO BY SÉAN BENNETT



Fran Justa and Bruce Gottschall, who for 10 years led the NeighborWorks® Campaign for Home Ownership as its founding co-chairs, have stepped down as the campaign enters its third five-year cycle.

Succeeding them will be Ken Gross, senior vice president for lending at **Chattanooga Neighborhood Enterprise**, as chair, together with vice chairs Charles Rucks, executive director of **Springfield Neighborhood Housing Services** in Massachusetts, and Martina Guilfoil, executive director of **Inglewood Neighborhood Housing Services** in California. Each position has a two-year term.

The changes came at the April meeting of the Campaign Steering Committee.

As founding co-chairs, Justa, executive director of **Neighborhood Housing Services of New York City**, and Gottschall, executive director of **Neighborhood Housing Services of Chicago**, oversaw the Campaign as it grew from 20 members in 1993 to 140 in 2003. They combined their practical knowledge with vision and inspired leadership in helping the campaign assist more than 65,000 homeowners and generate nearly \$6



Fran Justa

billion in total investment.

They will remain active on the Campaign Steering Committee.

“In Fran Justa and Bruce Gottschall,” said Ellen Lazar, executive director of Neighborhood Reinvestment, “we’ve been blessed to have two of the NeighborWorks® network’s finest executive directors as co-chairs. Their generosity of spirit has been an inspiration to us all. I want to sincerely thank them on behalf of the entire NeighborWorks® network and Neighborhood Reinvestment.”

Incoming Chair



Ken Gross

Ken Gross is a founding member of the Campaign Steering Committee and was instrumental in many advisory and leadership roles in the campaign over the past 10 years. He joined CNE in 1990 after 23 years as a banker in Tennessee, Louisiana and Oklahoma. As a banker, he served in a variety of positions including collector, consumer lending officer, commercial lending officer, cashier, president, and member of the board of directors.

Gross’ lending experience and familiarity with lending laws enabled CNE to become the first nonprofit, direct endorsement underwriter for FHA in the country. This flexibility has enabled CNE to achieve increased opportu-

“I have no doubt we will meet and surpass our goals of increasing minority home ownership and revitalizing communities.”

nities for home ownership in its market.

Under Gross' direction, CNE authored “Fastrak to Homeownership” training for first-time homebuyers, and became a Fannie Mae and Freddie Mac approved lender. CNE also has become an approved lender for the state housing finance agency (THDA) and a VA lender. Under his guidance, CNE has financed more than 4,000 new homebuyers and more than 3,600 home improvement loans.

“I'm delighted to take over the reins of the Campaign's leadership from Fran and Bruce,” Gross said. “With the weak economy of the past few years, we clearly have some major challenges ahead. But I have no doubt we will meet and surpass our goals of increasing minority home ownership and revitalizing communities.”

Charles Rucks



Charles Rucks

Charles Rucks joined Springfield NHS in 1999 as its executive director. Under his leadership, Springfield NHS gained membership in the NeighborWorks® Campaign for HomeOwnership, certification as a Full-Cycle Lender® and designation as a NeighborWorks HomeOwnership Center®. In addition, Springfield NHS

in 2000 was certified a community development financial institution (CDFI) and received an award from the CDFI Fund. A subsequent CDFI award was made to Springfield NHS in 2002. Rucks joined the Campaign Steering

Committee in 2000.

Previously, Rucks served as an officer in the U.S. Marine Corps in various roles of leadership. Later, Digital Equipment Corporation employed him as a senior manager, with worldwide responsibilities. Just prior to joining NHS, he served as senior vice president of the Urban League of Springfield, where he started a charter school and a community development corporation. Rucks has an undergraduate degree from the United States Naval Academy and an MBA from Cornell. He lives in the enterprise community served by Springfield NHS, and mentors inner-city boys and young men.

“Home ownership is truly a winning strategy for Springfield and other communities across America,” said Rucks. “It stabilizes families, creates wealth-building opportunities for low-income households, and is ultimately an engine for local economic growth.”

Martina Guilfoil



Martina Guilfoil

Martina Guilfoil has been the executive director of Inglewood NHS (INHS) since 1986. Under her leadership, INHS has become a model for neighborhood revitalization and affordable housing programs nationwide.

Guilfoil spearheaded the development of lending programs for home rehabilitation and first-time homebuyers, new affordable housing development projects, individual development accounts, insurance and homebuyer education

programs, and financial planning workshops for the community. She also developed a youth employment-training program, and implemented resident leadership development programs for Inglewood.

Her efforts have resulted in INHS winning the Outstanding Community Investment Award from Social Compact, the Emerging Community Expert Award from the American League of Financial Institutions, and the Community Partnership Award from the Federal Home Loan Bank. In 1999, INHS was certified as a community development financial institution by the U.S. Department of Treasury, generating \$2.6 million of new loan capital.

Guilfoil earned a BA from The Evergreen State College in Olympia, Washington, and completed graduate work in urban planning at the University of California at Los Angeles. She has served in leadership positions on a number of NeighborWorks® network committees, including the California Network of NeighborWorks® Programs, the National Marketing and Communications Project, the Campaign for Home Ownership Steering Committee, the National Insurance Task Force, and the NHSA Lending Task Force. She is the newly elected president of the National Neighborhood Housing Network.

Guilfoil also is active in the Inglewood Exchange Club, serves on the Centinela Hospital Board of Trustees, and is a member of the South Bay Workforce Investment Board where she is the Chair of the Youth Development Committee.

“Over the past 10 years, the Campaign for Home Ownership was helped change the way the network does business,” said Guilfoil. “The Campaign has worked closely with its volunteer leadership to set aggressive goals, develop helpful tools, and provide resources to help the network grow. I’m looking forward to helping the NeighborWorks® network gain even greater national recognition for our home-ownership efforts in the years ahead.” ■

Doug Dylla (ddylla@nw.org) is the national coordinator of the NeighborWorks® Campaign for Home Ownership.

The Diversity of ‘Minorities’

Seeking Solutions to Increasing Minority Home Ownership

BY AMY DAVIDSON

A U.S. Department of Housing and Urban Development report, *Barriers to Minority Homeownership*, describes barriers commonly identified for minority homebuyers, as well as many other first-time and low-income homebuyers.

They include lack of capital for a down payment and closing costs, lack of access to credit, poor credit history, lack of information on the homebuying process, language and cultural differences, and outright housing discrimination.

But “minority” is used to cover many different racial and ethnic groups, many with their own distinct experiences and obstacles, and they each require different types of assistance in becoming homeowners.

The reports below, from selected NeighborWorks® executive directors, suggest how NeighborWorks® organizations across the country are working to understand the diversity of minorities, learn each group’s principal barriers to home ownership, and develop effective solutions for serving potential homebuyers.

African Americans

In the 2000 census, African Americans constituted 12.3 percent of the population. A substantial gap exists between the 48.4 percent home-ownership rate for African Americans (in 2001) and the 74.2 percent rate for whites.

In western Massachusetts, for instance, Charles Rucks, executive director of **Springfield Neighborhood Housing Services**, identified three main issues for the African-American homebuyers served by NHS: subprime lending, fringe financial services, and poverty.

“Data show that subprime lending is much more targeted to black homebuyers” than any other group, Rucks says. “In cities like mine, there is a higher concentration of poverty, more black families living in high-poverty census tracts. Also, a much higher reliance on fringe financial services – payday loans, rent-to-own, and pawn shops. These are the challenges that need to be overcome for African-American homebuyers, particularly in the inner city.”

In addition, the increasing population of African immigrants and other immigrants of African descent, such as Haitians, is often included with African-Americans in statistics. But these populations are substantially different in terms of language and culture from African Americans born in the United States.



Asians

Asians and Asian Americans were 3.6 percent of the population in the 2000 census, and the Census Bureau estimated that 8,281,000 people born in Asia were living in the United States as of March 2002. The 53.9 percent home-ownership rate for Asian Americans in 2001 was higher than for African Americans and Latinos, yet still much lower than for whites.

One NeighborWorks® organization, for example, **Los Angeles Neighborhood Housing Services**, finds itself working with increasing numbers of Asian homebuyers, particularly Koreans and Korean Americans, mainly due to word of mouth.

“Korean families bought and told their friends about us,” says Lori Gay, LA NHS executive director. “Thirty-two hundred Koreans walked into our office in three weeks, and we didn’t even have any Korean-speaking staff then.”

Gay continues, “With low-income Asian families, the primary issue is self-employment.” Many Asian and Asian-American, particularly Korean, families are self-employed. Conventional lenders are unwilling to make loans to them, or price loans higher than the families can afford. It also is not unusual for buyers working with Los Angeles NHS to have small business tax issues that need to be resolved before purchasing a home.

A common belief among Asian families, Gay says, is that a

population, and face many of the same challenges to becoming homeowners. According to the Census Bureau, 4.4 million European-born people were living in the United States in 2000.

Although European immigrants, on average, have been in the United States longer than other groups, the number from countries in the former Soviet Union almost doubled from 1990 to 2000. Several NeighborWorks® organizations contacted for this article say they are aware of growing numbers of Eastern European immigrants in their communities.

Neighborhood Housing Services of New York City, in particular, has identified European immigrants as a large, probably underserved market. It plans to complete a market study in the near future to gain more understanding of this population, according to Marcia Vacacela, director of NHSNYC’s Homeownership Center®.

Latinos

Latinos made up 12.5 percent of the population in the 2000 census, and are one of the fastest growing groups. The 46.4 percent Latino home-ownership rate in 2001 was similar to that of African Americans.

One NeighborWorks® executive director, Kim Brumber of Neighborhood Housing Services of Rochester in New York, reports “From extensive market analysis, we learned

NeighborWorks® organizations across the country are working to understand the diversity of minorities, learn each group’s principal barriers to home ownership, and develop effective solutions for serving potential homebuyers.

20 percent down payment is necessary, and because of this, low-income families are unlikely to pursue home ownership. “Educational components in various Asian languages, in Chinese and Korean,” are essential to turning this misconception around, reports Gay.

Finally, Gay stresses that “within the Asian community, there are so many cultures,” with their own separate languages and cultures. For example, the 2000 census included separate categories for Asian Indian, Chinese, Filipino, Japanese, Korean, Vietnamese, Native Hawaiian, and Guamanian.

Building cultural competency to serve Korean homebuyers isn’t the same as building capacity to serve Japanese families, says Gay, although all low-income families tend to respond positively when they understand that they will be treated well and assisted in becoming homeowners.

European Immigrants

European immigrants are at times included with the minority

that one out of six people (in our market area) does not speak English. When you look at just adults, that drops to one in four. If we were going to reach underserved markets, (language) would be a key piece.”

Now, three of the four HomeOwnership Center® staff are bilingual in Spanish and English, and Brumber says consumers say they are “just more comfortable coming to a group like ours, because they know the people working with them are going to be Black or Hispanic.”

Middle Easterners

There were about 1.5 million Middle Eastern immigrants living in the United States in 2000, according to one estimate, and it is predicted that another 1.1 million will immigrate by 2010. Approximately three-quarters of Middle Eastern immigrants are thought to be Muslim.

Some of the six million Muslims in the United States, including those of Middle Eastern as well as Asian and

African descent, have chosen to stay out of the conventional mortgage market because of prohibitions in Islam against paying or receiving interest.

Although some community financing options were available, using an alternative structure, they were extremely limited until Freddie Mac entered that market in 2001. Freddie Mac's participation in the "Muslim mortgage" market is likely to expand home-ownership opportunities for Muslims of Middle Eastern descent, as well as others.

Native Americans

Native Americans constituted about 1 percent of the population in the 2000 census. Native American homebuyers experience different challenges on and off tribal lands.

Sheila Rice, executive director of **Neighborhood Housing Services Inc. of Great Falls**, Montana, reports, for instance, that NHS's affiliate statewide organization, the Montana HomeOwnership Network, is working with tribal authorities to increase home ownership on the state's seven reservations.

"When we looked at home ownership in the state of Montana," Rice said, "we realized there were particular issues related to Native American home ownership, and we were able to pull together the American Indian Home Ownership Task Force." This coalition includes HUD, Fannie Mae, the state's Board of Housing, and the U.S. Department of Agriculture's Rural Development, and has met with tribal councils at every reservation in the state to identify issues around home ownership.

The task force and tribal leaders are working together to address the issues identified. Six of the seven tribal authorities have changed laws prohibiting foreclosure, in order to increase home ownership on tribal lands, and particularly to make federal sources of assistance accessible.

Lenders are working to develop new approaches to issues of land title. For example, Rice explained, a large group of extended families may hold title to one piece of land originally allocated to one tribal member 100 years ago; or, some "trust lands" are held by all tribal members. Some models, such as community land trusts, already exist for cases when the homeowner does not own the land, and they may be useful in Montana.

Finally, the task force is offering housing fairs at every reservation in the state, with participation from lenders, credit reporting agencies, Fannie Mae, HUD, and others. "They create one-stop shopping for potential homeowners," says Rice, "and couple that with homebuyer education." ■

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Further resources on minority home ownership are available at nw.org/minorityhomes.

Seeking Sustainability

Nonprofits Experiment with New Business Models

BY AMY DAVIDSON

Increasingly, community-based development organizations across the country are looking to alternative business models that broaden their financial base beyond their traditional partners, foundations and government grants. The alternatives include housing development and fee-for-service activities that can help sustain other efforts, such as homebuyer counseling and training services.

NeighborWorks® organizations in Tennessee, California and New Mexico are among those experimenting.

Housing Development

Affordable Housing Resources (AHR) of Nashville, for example, has a freestanding development affiliate, the Home Company, that generates income to support AHR's home-ownership activities.

The Home Company is developing new townhouses and single-family homes, which will be affordable to a range of income levels, on 13 sites, including 10 master-planned subdivisions. It completed 60 units in 2002 and will complete 70 in 2003, eventually reaching 100 units a year.

AHR started looking at development as a way to sustain itself almost 10 years ago. "The city's largest foundations really liked what we were doing and encouraged us to use development to generate fees," said E. D. Latimer, executive director of AHR. "They saw us as something they wanted to support, but also encouraged us to become as independent as possible to increase our stewardship"

AHR's vision for the scope of its development activities expanded greatly when it partnered with the city of Nashville, which was interested in substantially increasing in the number of homes in the city. "We could sustain ourselves with 20 to 30 units a year," Latimer said. "With partners, everything increased greatly. We became a resource to the city, not just a resource to ourselves."

AHR separated its development activities into another organization when AHR became a community development financial institution (CDFI) in 2001. "It's turned out to be a really



good business model for us,” said Latimer. “We’ve really been able to focus on the development and maximize its impact.”

Latimer stresses the importance of combining development and homebuyer education and training. “A key piece of making this model work is that AHR became a HomeOwnership Center®,” he said. “We could not sustain this volume without the center – with its lending and education services. Our ability to develop good strong buyers is the one-two punch that makes this work in Nashville.”

Nonprofit Mortgage Brokerage

Many local nonprofits now are thinking about ways to expand further into the home purchase process from homebuyer education and counseling. Neighborhood Reinvestment, LISC, and the Housing Partnership Network have all recently looked at possibilities for nonprofit mortgage brokerage, for example.

In California, **Inglewood Neighborhood Housing Services** (INHS) has been a licensed mortgage broker for eight years. Martina Guilfoil, INHS executive director, says it took on the role “because, as banks consolidate and charitable contributions diminish, it is easier to raise money from a business model instead of putting our hands out.”

INHS began by operating under an individual’s broker’s license, for less than a year at no charge, until a staff member got her own broker’s license. Later, another staff member also was licensed. Now, INHS brokers about 60 loans a year, charging one-and-a-half points origination fee and a \$300 loan-processing fee on the first mortgage, but not on a second.

Guilfoil found that staff who were experienced in other aspects of the HomeOwnership Centers® work were close to being ready to obtain a broker’s license, so the changeover did not require a substantial change in staff capacity.

Guilfoil reports that INHS’s experience as a mortgage broker has been very positive. “People think it is too difficult or will alienate banking or Realtor relationships,” Guilfoil says. “We have not found that to be the case at all.”

Guilfoil also reports that INHS’s expanded role has strengthened its relationship with banks. “As a mortgage broker,” she says, “you can make sure participating banks get a fair share of loans, as long as they have comparable loan products; and we work hard to make sure they have similar products.” Before, banks near the top of a list distributed by the home-ownership center tended to get the majority of business.

Real Estate Brokerage

Real estate brokerage services are another possible area for nonprofit expansion.

NHS of Santa Fe already has started to explore real estate brokerage services, according to Michael Loftin, executive

director. It offers an Affordable Parade of Homes, in which buyers can see up to 10 in their price range in three hours, with comparative information about each, without signing a broker agreement.

“Of the 17 participants in the first two parades,” Loftus says, “eight already have purchased homes and seven still are actively looking.” ■

Further Considerations

Time and money can vary for reorganizing a nonprofit into a new business model. New functions may increase its legal liability and financial risks, and traditional partnerships may need to be reconsidered. Full consideration of the financial and mission advantages, as well as the costs and risks, is an essential first step. Some questions for consideration follow:

- How would the nonprofit need to be restructured to comply with laws and regulations on mortgage lending and real estate transactions?
- If the nonprofit took on a role in competition with its traditional partners, how should its partnerships be reshaped or new partnerships developed?
- What internal changes, including reorganizing and capacity building, would these new activities require?
- How could the nonprofit raise new capital to fund mortgage loans at closing and hold them for sale in the secondary market?
- What changes to internal client information systems would be required?

Many models are possible, including combinations of the activities discussed above. Further consideration and discussion will help identify the most promising models for increasing sustainability. ■

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Learning Center Consortium Seeks to Add Members



The Neighborhood Reinvestment Learning Center Consortium, organized 16 months ago to collect data and measure outcomes on multifamily resident service programs, is looking for five additional member organizations this fall.

Member benefits include grant funding from Neighborhood Reinvestment, technical assistance in data collection and measures development, and participation in a network of member organizations that share experiences and help advance the work of individual learning centers.

The Learning Center Consortium currently consists of nine member organizations, which own and manage more than 100 learning centers. Among them are six NeighborWorks® Multifamily Initiative members: **Alamo Area Mutual Housing Association** of San Antonio; **AHC Inc.** of Arlington, Virginia; **Foundation Communities** of Austin, Texas; **Mutual Housing Association** of Hawaii, in Honolulu; **Rocky Mountain Mutual Housing Association** of Denver; and **Sacramento Mutual Housing Association**.

Consortium members from outside the network are The Community Builders of Boston; CommonBond Communities of Minneapolis; and Mercy Housing, based in Denver, but operating properties in many states.

Each member organization submits information on program performance and outcomes on a quarterly basis. Consortium members convene twice a year for a two-day work session on their measures work as well as sharing and documenting best practices in resident service programs.

While the member organizations work together to define the measures and outcomes, the focus so far has been on two high-level areas – individual assets and community assets. Individual assets can include, for example, “Elementary Education Success,” “Teen Job Readiness,” and “Family Home Ownership Preparedness.” Community assets might include areas such as “Resident Leadership” and “Security on the Property or in the Larger Community.”

Consultants Fred Alsup and Janet Maccubbin of Dallas assist Multifamily Initiative Manager Frances Ferguson with the strategic and day-to-day management of the consortium. Tasks include collecting and analyzing quarterly data and providing technical assistance on using the measures as management tools in guiding the direction of resident service programs.

In addition to funding support from Neighborhood Reinvestment, member organizations also may participate in other funding and program-enhancement work. A recent demonstration, for example, funded by the Ford Foundation in partnership with CTCNet, provided an opportunity for Alamo Area MHA to receive a grant to further its learning center work, especially in the area of community planning and development.

“The consortium has allowed us to further our ability to collect valuable and meaningful data in our learning centers,” said Jennifer Gonzalez, resident services director at Alamo Area MHA. “The data have enhanced the way we provide programs. We’re excited about the potential for developing more partnerships that will enhance the programs we offer through our learning centers.” ■

Rural Steering Committee Pushes Economic Development View



Members of the NeighborWorks® Rural Initiative steering committee, meeting in New Orleans for two days in June, suggested that 100 percent of what the NeighborWorks® network does should be framed as economic development. They also had specific suggestions for Neighborhood Reinvestment’s Community Business and Economic Development Committee.

The suggestions came as the steering committee met to both evaluate progress and set direction for the next two years.

At the sessions, three NeighborWorks® executive directors – Manuel Estrada of **Neighborhood Housing Services of Dimmit County**, Carrizo Springs, Texas; Rosa Rios Valdez of **Cen-Tex Certified Development Corp.**, Austin, Texas; and Kevin R. Smith of **Community Ventures Corp.**, Lexington, Kentucky – made presentations on their community economic development programs. Community Ventures Corp. recently was awarded a new markets tax credit allocation.

The steering committee reaffirmed that priorities for rural practitioners should remain resource development and expanding a national partnership with USDA Rural Development, increased capitalization of RNA Community Builders, and implementation of a comprehensive rural Program of Study at Neighborhood Reinvestment Training Institutes. ■



ANNOUNCEMENTS

Campaign for Home Ownership

Green Bay Receives Grant to Help Section 8 Homebuyers

Neighborhood Housing Services of Green Bay, Wisconsin, received a \$278,825 grant from Neighborhood Reinvestment to provide loans to Section 8 homebuyers. The grant dollars will be loaned at special interest rates to participants in Brown County's Housing Choice Voucher Homeownership Program. NHS currently provides counseling services for this program that helps low-income renters to purchase homes. Brown County's program leads the upper-Midwest in helping working families to become homeowners.

"The Housing Choice Voucher Homeownership Program takes what otherwise would be a rent subsidy going to landlords and makes it work for our working families, elderly, and persons with disabilities – allowing them to buy homes," said Noel S. Halvorsen, executive director of NHS. "We're excited to have another tool to strengthen our community by increasing home ownership."

Insurance Initiative

AAIP Cites Task Force As 'Partner of Distinction'

The Atlanta Association of Insurance Professionals (AAIP) has awarded the National Insurance Task Force its 2003 Partner of Distinction Award for having "directly and significantly assisted AAIP in their vision to develop successful partnerships that benefit the community they serve." Todd Pittman, NITF national director, accepted the award, the association's second-highest, at the 14th annual T.M. Alexander Scholarship Dinner and Ball in July. The task force, in collaboration with Neighborhood Reinvestment's Southern District office, had earlier supported the first ever Atlanta Insurance Education Day.

Multifamily Initiative

Second Round Awarded of Mixed-Income Grants

The NeighborWorks® Multifamily Initiative has awarded \$5 million, earmarked by Congressional allocators, in a second round of mixed-income grants to enable 15 NeighborWorks® organizations to provide affordable housing for 166 families with extremely low incomes (less than 30 percent of the area median).

"These projects are particularly exciting," said Frances

Ferguson, manager of the initiative, "as families with a wide range of incomes will be served in the same property or community. These projects make the American dream real – a safe home and a good neighborhood affordable for all, even our lowest-income Americans."

Ferguson said the winning projects were underwritten by experienced organizations with a high degree of readiness and were ranked with sustainability as a primary factor. Projects included reducing debt, establishing a sinking fund, and constructing extremely low-income units at new or existing properties.

Mark-to-Market Housing Counseling Grants

Neighborhood Reinvestment will award \$500,000 in housing counseling grants to eight NeighborWorks® organizations to serve residents of rental properties that are eligible for HUD's Mark-to-Market program.

Participating organizations will provide a range of services, including outreach and training to ensure that residents understand the changes that are coming, fair housing counseling, financial literacy training, and home-ownership options. They also will provide informational materials, housing search assistance, and clear communications as a service for residents.

The participating network organizations are MHA of South Central Connecticut, NHS of New Haven, NHS of New Britain, HomeOwnership Center Inc. of West Virginia, Community Housing Partners, Portage Area Development Corp., Community Action Project of Tulsa County, and Sacramento MHA.

Rural Initiative

National Rural Housing Summit

David Dangler, Neighborhood Reinvestment's Rural Initiative manager, was among the speakers at the June 16 Rural Housing Summit that the U.S. Department of Agriculture hosted in Washington, D.C., in support of the Bush administration's minority home-ownership initiative.

Dangler thanked the Rural Housing Service for the numerous USDA programs and services which are the lifeblood of community development organizations across rural America. He also recognized Patrick Brennan, Rural Development's New York state director, and Brennan's housing chief, George Van Pless, for their innovative leadership in working with 10 rural NeighborWorks® organizations in the state. ■

