



## On the Level:

# Mold Is Gold: A Whole New Way to Get Sued

BY JACK JENSEN

Mold is the new lead paint – the common man's asbestos. At an afternoon mini-session on toxic mold, at the 2003 Neighborhood Reinvestment Training Institute in Atlanta, Claude Limoges of ALC Environmental Inc., said, "This is the second time today I've given this talk. This morning I gave it to a room full of lawyers. At the coffee break, hotel staff had to come squeegee the drool off the carpet."

Limoges told the saga of an entire planned unit community, with hundreds of units all less than five years old, which had to be demolished because of a mold. Click on InjuryBoard.com and they'll brag that the number of toxic mold lawsuits filed in the United States has tripled in the last three years. Then the Web site gives you a convenient button to click on: "Yes, I would like to consult with an attorney now."

We're not talking about the stuff growing on the bottom of your vegetable drawer, either. Toxic mold exposure has been linked to a number of severe and even fatal ailments, including allergic reactions, respiratory disorders, and memory loss. Here's some bad news: It's all over your house. And your kid's daycare center. And your hospital, and your mother's nursing home, and your favorite restaurant. It's there, waiting for just a little moisture to rise to an – ambiguous – level considered dangerous.

Once mold gets wet, you can't treat it. You have to remove it. The worst molds seem to love some pretty common environments: sheetrock, the underside of carpeting, the back side of wall paneling. A little moisture, and voila. Another lawyer rings the cash register big.

### Equal-Opportunity Menace

Consumer advocate Kelly Hayes-Raitt of the HomeSafe Campaign notes that toxic mold can be found in low-income apartments and mansions alike. According to an April 15, 2003, Associated Press story, former "Tonight Show" sidekick Ed McMahon settled a \$20 million lawsuit for \$230,000 for toxic mold that allegedly sickened him and his wife, killed his dog, and made his Beverly Hills mansion temporarily unlivable. He claimed that a plumbing pipe in his home ruptured, flooding his den. The company he hired to clean the mess allegedly merely painted over the stachybotrus chartarum. ("It's death mold," his attorney stated.)

Bianca Jagger is suing her Manhattan landlord for \$20 million, too, for mold issues at her luxury apartment. \$20 mill seems to be the basic asking price, although her dog is reportedly still alive.

(She did, however, have a "very inconvenient" summer.)

From the lawyer's point of view, the beauty is that there are several thousand different types of mold spores present in pretty much every cubic inch of air on the planet, and the only thing they need to live is plain water, in remarkably small amounts. So landlords and builders find themselves being sued for providing a fertile environment in which a naturally occurring phenomenon occurs. Fail to prevent even a tiny amount of water infiltration or condensation, fail to clean it up quickly enough, fail to protect your workers, or "fail to foresee unseen circumstances that might lead to propagation," and you're guilty.

Since most homeowners' policies don't cover damage resulting from "rust, mold, or fungi," attorneys nationwide are fielding a high volume of calls regarding toxic mold as victims seek help with mold-related insurance disputes. The Insurance Information Institute reported that 10,000 mold cases were pending in the United States in 2003.

And now lawyers are aggressively going after business. Landlords report finding all the cars in their lots leafletted with flyers giving the details of record awards to plaintiffs in mold cases, and a toll-free number to call. At a recent forum on mold, at the U.S. Chamber of Commerce, opponents of toxic mold litigation argued that current claims lack scientific evidence and have been filed by overzealous lawyers. (Imagine that.) In summary: the word is out, so there's no hiding from the liability.

Is it a real danger? Many of the lawsuits allege toxic mold exposure caused bleeding in the lungs and brain. Although no link between toxic mold and pulmonary hemorrhaging and memory loss has yet been proven, the Centers for Disease Control and Prevention has issued several fact sheets about the problem, and the court rulings have definitely tilted towards the plaintiffs.

The ambiguity in the courtroom is proving damage. But a basic reaction, similar to hay fever, has been established to be a nearly universal response to mold exposure, and, according to a 1999 study by the Mayo Clinic, most patients who have chronic sinus problems probably do so because of mold. People with allergies or immune deficiencies have an increased likelihood of experiencing problems, and an increased likelihood that those problems will become serious.

### Abatement Strategies

Who can sort the hype from the real danger? Moot point. Bottom line: Mold isn't good, it will make some people sick, and it'll certainly get you sued. You have to prevent it or react properly to it, that's all there is to it.

There's only one thing you can count on: your property insurance will continue to go up. Some companies are instituting a "three-strikes-and-you're-out" policy on water damage to any dwelling: three instances of water damage to a building, perhaps even before you owned it, and they won't insure it.

In the NeighborWorks® network, for instance, **Kalamazoo Neighborhood Housing Services** had a mold problem in its Roosevelt Hill low-income housing tax credit property. An air conditioner in the apartment above created some condensation. According to Roger Erickson, the KNHS project manager:

"A woman with pre-existing respiratory conditions was living in one of our apartments, and there was some mold. We wanted to be proactive, and it's really expensive to do that, too. We hired an environmental company, which cost us \$450 to do four wipes and send them to a lab. (Which actually charges just \$45 apiece to do the cultures.) The results came back fine: just common mold. Still, we hired a professional company which did a complete mold abatement job, using a blower door and Tyvek suits. Scared the neighbors to death. That cost several thousand dollars."

Of course, this is on top of the job of tearing out the drywall, replacing it, repainting it, etc. All the demo had to be done with Safe Work Practices, to prevent spreading the mold into the rest of the project. To all you rehab coordinators who just got done learning about lead safe work practices, does this sound familiar?

We're now in the fly-by-night phase of the environmental crisis du jour. Roger's advice: "Before you hire a testing or abatement company, you've got to make sure they're well credentialed and well-qualified."

So what do you do, starting right now, to protect yourself and your organization?

First, check your insurance and get the exclusions lifted if you can. Then

waterproof and ventilate and waterproof and ventilate some more.

One of the culprits for an increase in mold issues is energy conservation. In an effort to reduce heat loss, we've tightened up and thus trapped a lot of moisture in our homes. It's time to let a little out. Air-to-air heat exchangers work very well but are expensive, complicated, and require a fair amount of annual maintenance. A low-tech alternative: I recently replaced all the timers on the bathroom exhaust fans in my rental units with humidistats. They are no longer controlled by the tenant, but come on when the humidity in the room is too high and mold may grow.

I won't go into dampproofing. It's too big a subject, and good builders and maintenance crews know **how** to waterproof. The threat of a toxic mold lawsuit merely provides motivation to **use** that extra tube of caulk.

But, we all know, water finds a way. Pipes condense. Basements weep. Water gets on the floor and goes someplace. Dampness abounds. It's how you react once a mold problem is discovered that separates the winners from the losers in the courtroom. Send your people to trainings, or download some of the data provided below, and trot out those Policies and Procedures Manuals and put in a chapter about mold, right next to the ones on asbestos, lead paint, and pressure-treated lumber. Remember, it's no longer enough to dry out the carpet and paint over the wet spot. (Expect a subpoena.)

If a leak occurs, clear the tenant from the apartment and hire a professional environmental cleanup company. In all likelihood, the carpet goes, the drywall goes, the furniture goes, and possibly even some framing may have to exit the building. But once mold is discovered and reported, you're on the hook to remove it and most of what it was touching.

Most molds can be controlled with

household bleach. But I can't reiterate this enough: You have to know what you're doing. You wouldn't eat wild mushrooms you found in the woods just because they look like the mushrooms on your pizza, right? So don't mess with mold without testing. You will need to prove to the lawyers that you removed it properly, which requires sampling that you're not qualified nor insured to do yourself. So hire a pro. Bite the bullet now, or face the specter – not of Ed McMahon showing up at your front door with a big check, but of Ed McMahon's lawyer, wanting one. ■

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#### *Further Information*

*For more advice on prevention, remediation, and cleanup, the city of New York has published an excellent resource, Guidelines on Assessment and Remediation of Fungi in Indoor Environments <http://www.ci.nyc.ny.us/html/doh/html/epi/moldrpt1.html#remed>*

*The EPA has published a brochure called A Brief Guide to Mold, Moisture, and Your Home. <http://www.epa.gov/iaq/molds/moldguide.html>.*

*Trainings, among other resources, are available from the National Environmental Health Association [www.neha.org](http://www.neha.org). Contact: Larry Marcum, NEHA, 720 S. Colorado Blvd. #970-S, Denver, CO 80246*

*Testing and excellent advice are available from Josh Sarett, ALC Environmental Inc. 121 West 27th St. #402, New York, NY 10001 [Josh.Sarett@alcentvironmental.com](mailto:Josh.Sarett@alcentvironmental.com).*

One Network Organization's Journey

# NHS Silicon Valley Tests Moving from Mortgage Broker to Banker

BY EDWARD F. MONCRIEF

In order to broaden our services and increase revenue, **Neighborhood Housing Services of Silicon Valley** (NHSSV) has embarked on the journey from mortgage broker to mortgage banker.

Mortgage brokers focus on loan "origination." For a fee, they deliver packaged loans to mortgage bankers. Mortgage bankers, on the other hand, fund loans and hold them "in portfolio," or sell them in order to repay the "warehouse" line of credit used to fund them.

Mortgage bankers, thus, may earn additional revenue by holding and servicing a loan or may earn a "service-release premium" on its sale. The loans may be sold individually or in bulk. The buyer may be Fannie Mae or Freddie Mac, a private investor, or a state housing finance agency.

As our guide and companion, NHSSV has hired a mortgage banking consulting firm, Garrett, Watts & Company. In their preparations, Garrett, Watts assessed four strategic areas of NHSSV's organizational life: our organizational capacity, loan tracking and managing, financial resources, and products and services.

## Initial Assessment

Regarding organizational capacity, NHSSV and other NeighborWorks® organizations that are operating home-ownership centers and brokering loans are probably as well – or even better – prepared to enter into mortgage banking as the average for-profit broker who might be

considering the same move.

Both have considerable experience in loan origination and processing. However, the typical NeighborWorks® organization, unlike its for-profit counterpart, is often already engaged in the underwriting and funding of second mortgage loans. While not totally transferable, the skills needed to underwrite a second mortgage are similar to those required in first mortgage underwriting.

Regarding loan tracking and management, the new Nstep, NeighborWorks® Solutions to Enhance Performance, software greatly enhances NHSSV's ability to track and manage its portfolio. And the software's capacity to link to Point and other origination, processing and underwriting software provides a seamless flow of information across the spectrum of reporting, management, and tracking needs.

Even so, NHSSV must augment and tailor its lending policies and procedures to address the additional roles played by a mortgage banker, beyond those of a broker. These include establishing and managing the "warehouse" line of credit; creating and maintaining secondary market relationships with the investor(s); taking full responsibility for first-mortgage compliance issues; expanding insurance coverage; and developing systems for loan delivery, quality control, loan purchase, and final reconciliation.

Regarding financial resources, it should be noted that mortgage bankers, generally, do not lend their

own capital but, instead, access debt financing, which is known in the industry as a "warehouse" line of credit.

Like other NeighborWorks® organizations, NHSSV's balance sheet has been strengthened over the years by infusions of capital grants from Neighborhood Reinvestment and from local jurisdictions. While a degree of liquidity is important, it is not the salient issue to warehouse lenders. They are more concerned about the banker's net assets than liquidity. Nonetheless, a degree of liquidity is important should a loan have to be repurchased. According to Garrett, Watts, however, with good "front-office" underwriting, processing, and quality control systems, the need to repurchase should be rare.

NHSSV's initial strategy is to utilize a warehouse line provided by Neighborhood Housing Services of America and to sell its funded loans either to NHSA or to the California Housing Finance Agency (CalHFA). Commercial lines of credit also are available, either through partner banks or through private investor groups or individuals.

To date, NHSA has provided first-mortgage lines of credit to six other network organizations in Santa Fe, Rochester, New York, Phoenix, Laredo, and Roxbury and Springfield, Massachusetts.

As a mortgage broker, NHSSV can sell loans to NHSA or CalHFA only through partner banks or other mortgage bankers, who themselves capture a significant portion of



available fees – most notably the “service release premium,” which may be as much as one point on the loan amount.

As a mortgage banker, NHSSV would gain direct access to these additional revenue streams.

Regarding the final area, products and services, NHSSV will have to determine just which first-mortgage products are available and what its priorities will be in determining its products and setting its pricing.

Like its for-profit counterpart, a NeighborWorks® organization will need to balance its customer-first orientation with the need to generate sufficient revenue to support its lending activities. Charging points to a borrower or receiving rebates from a lender for delivering higher-interest loans raise delicate questions of policy for a nonprofit banker.

In this regard, a NeighborWorks® organization’s modus operandi may be quite different from other lenders; or the lines of distinction may be very thin, depending on market conditions, lending philosophy, organizational efficiency, and so forth.

Typically, in making this decision, a nonprofit mortgage banker will place a premium on products that provide the greatest benefit to its low- and moderate-income customers, perhaps even leaving needed revenue on the table.

In adopting a delivery strategy, NHSA’s below-market products are certainly a valuable resource to first-time homebuyers. As mentioned, a NeighborWorks® organization’s state housing finance agency also will offer an array of first-mortgage products at below-market rates.

In addition, state agencies also may have secondary financing available that can prove most valuable in structuring transactions for low-income buyers. Recently, NeighborWorks® organizations in California, for example, obtained through CalHFA a special set-aside of secondary financing, available primarily

through their home-ownership centers.

One major advantage in delivering loans to NHSA or a state housing finance agency is that questions of pricing are generally answered by the agency. It determines what points and fees may be charged, relieving the NeighborWorks® organization of this responsibility.

Many of the network’s national partner banks have developed special first-mortgage products in response to their obligations under the Community Reinvestment Act. Although these products are not, generally, available through the bank’s wholesale division, some banks are beginning to adjust their operations to accommodate nonprofit brokers that can deliver CRA loans.

Washington Mutual, for example, has been especially responsive. As a mortgage banker, NHSSV will seek to develop a “correspondent” relationship with WaMu, selling a portion of its funded loans to that institution.

### Implementing Strategies

After completing its assessment, Garrett, Watts & Company has begun to work with NHSSV’s staff to take us beyond our current operational modes, to move beyond the mere writing of policies and procedures tailored to first mortgage lending, and to incorporate a raft of new knowledge and practice into the daily life of NHSSV.

For example, contracts governing the warehouse line and the purchase of the loans must be developed and signed. An application seeking approval as a direct lender must be submitted to CalHFA. Other contractors must be retained to provide tax services and flood certifications. Staff may need additional training specific to each investor’s underwriting criteria and processing requirements.

Additionally, systems must be developed for pricing and locking a

loan, for drawing on the warehouse line and funding in a timely fashion, for reconciling anticipated revenue with actual, and for the trailing of closing documents and their distribution to the appropriate parties. As an extra measure of caution, NHSSV will have its loans reviewed before closing by an outside agency adept at detecting fraud.

Finally, in accordance with Fannie Mae and Freddie Mac, a qualified independent consultant must be engaged to conduct regular audits on 10 percent of the funded loans, validating vital employment, valuation, and credit information; checking for compliance with federal or investor lending demands; and providing feedback to the lender on general quality issues.

These implementing strategies will help ensure that NHSSV is truly prepared to fund its first loan as a direct lender, maintaining the highest quality, and substantially mitigating risk.

### Final Steps

Garrett, Watts & Company indicates that early this year NHSSV should be ready to function as a mortgage banker and as a CalHFA-approved first mortgage lender. In a subsequent issue of *bright ideas*, we will highlight NHSSV’s successes and challenges in living through this “birthing” experience.

Hopefully by then, the promise of improved service to customers and greater revenue to NHSSV will be realized. ■

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A Cautionary View

# A Checklist for Embarking on a Mortgage Lending Initiative



BY KEVIN FLANAGAN

Venturing into full service mortgage banking may be a natural extension of activities for some nonprofits. Organizations that have developed sophisticated mortgage lending operations can often make the transition with relative ease. Most nonprofits, however, will need to examine a range of issues that span functional, financial, and cultural considerations.

The decision to proceed with a mortgage banking operation should only be sanctioned after careful consideration of the likely impact on the organization. Following are six primary areas that should be thoroughly explored prior to embarking on any mortgage lending initiative.

These issues are not all-inclusive, but arguably have the most impact on the success of the lending operation. The ultimate course of action in each of these areas may raise additional concerns that need to be addressed. For instance, program administration needs will vary greatly, depending on the type of lending model and the lending functions that the nonprofit will perform.

## Licensing and Certification

More than 30 states require licensing for nonprofits that conduct mortgage lending activities. Fees, qualifications, and other requirements for mortgage bankers are often more stringent than those for brokers or correspondents. Nonprofits must ensure that they are properly licensed and that principals and staff (if applicable) meet the specifications for each type of license.

Mortgage bankers can sell their loans directly to Fannie Mae, Freddie Mac, HUD or other government-sponsored enterprises (GSEs). However, they must also be able to meet the elevated minimal seller or servicer requirements established by each individual agency.

## Staffing

As a full-service mortgage banker, the nonprofit is responsible for all aspects of loan origination, processing, underwriting, closing, servicing, sales, and other portfolio management functions. Additional staffing may also be required for administration and support services.

Increased payroll and operating expenses greatly impact

production costs, which can only be offset by increased volume and fee structures. Wholesale brokers and correspondents avoid the need for these staffing configurations since almost all functions except loan origination are conducted by the investor.

## Volume

Most lenders agree that volume is the key to success in the mortgage business. Every operation requires a minimal monthly number of closed loans in order to cover the cost of production. Every closed loan that exceeds the break-even threshold is pure income to the organization.

Many nonprofits will likely find that the break-even production level as a mortgage banker significantly exceeds their capacity to produce. Even less-complicated lending models can require substantially more closed loans than the nonprofit historically has been able to generate.

## Lender Relationships

The typical nonprofit has deep and abiding relationships with local banks and lenders in its community. Agreements may include financial support, board representation, education and guest speaking, and access to custom loan products, among others.

A nonprofit that chooses to become a mortgage banker may find itself in direct competition with these traditional partners. This issue must be confronted by any organization that chooses to originate mortgage loans. However, other lending models may offer the opportunity to preserve or enhance existing partnerships rather than forsake them.

## Pricing and Fees

Pricing loans is a foreign activity for most nonprofits. Loan products typically have established interest rates and fee structures, or customers are often referred directly to lenders that set pricing internally. Rate-lock management, consumer pricing, and selling individual whole loans or loan pools on the secondary market are well beyond the scope of traditional nonprofit expertise.

These routine mortgage banking activities can add an



element of organizational risk and exposure if handled incorrectly. Even savvy, experienced mortgage lenders are often tripped up by issues related to pricing.

Mortgage bankers normally do have access to the best price available by selling directly to the agencies. This means little, however, if individual transactions are not accurately priced for consumers, or loans are sold at a loss due to poor sales timing on the secondary market.

Implementing fee structures may help to offset some of the operating costs of a nonprofit mortgage banker. However, fees alone will generally not offset related costs. For instance, if a nonprofit chose to establish an “underwriting fee” of \$350, it would take more than 200 closed loans per year to equal the payroll, taxes, and benefits cost of a \$60,000 per year salaried underwriter.

#### Loan Products

Becoming a mortgage banker may provide an organization with a better price, though not necessarily a better loan product. Generally loan products available to mortgage bankers are limited to widely used mainstream programs.

In many areas, nonprofits and lenders have designed custom loan programs that meet specific needs in their communities. These are often portfolio loans that are held

by lender-partners and include features and benefits that are not available on standard, secondary market programs. The nonprofit mortgage banker may lose all access to these special programs especially if the establishment of a mortgage banking operation damages relations with the lender.

#### Conclusion

Profit margins in mortgage lending are generally very thin and almost entirely dependent on volume. Many nonprofits have evolved to a point where mortgage lending is a viable option for producing sustainable income and enhanced customer services.

Mortgage banking presents additional risks for an organization and may not produce commensurate rewards. In some cases, other less-complicated mortgage lending models can sufficiently meet the needs of the organization. Managers may want to initially evaluate simpler lending options and move into full-service mortgage banking, if appropriate, as the lending operation evolves. ■

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**GOING TO THE NEXT INSTITUTE? START PLANNING NOW!**

NHS of Waco

# Exploring Computer-Assisted Home Design

BY ROY NASH



Construction Coordinator Karen Saucedo refines a homebuyer's plans. COURTESY OF NHS OF WACO

**Neighborhood Housing Services of Waco** in Texas has been building homes and serving as the general contractor since 1997. It has completed more than 90 new homes in the Waco and McLennan County areas.

In summer 2002, Calvin Hodde, NHS construction manager, mentioned that the construction staff wanted to obtain software that would enable them to design plans in-house, and thus save the time and expense of subcontracting home design to a vendor. I gave him the green light, and Hodde and Construction Coordinator Karen Saucedo soon attended a trade show where several home-design software packages were demonstrated. Hodde and Saucedo liked the user-friendly and cost-effective "SoftPlan Lite" program.

From their offices in Dallas, SoftPlan Lite sales representatives conducted an electronic sales presentation and demonstration for NHS of Waco staff. They demonstrated the capabilities of the software and its ease of use and adaptability. So, in winter 2003, we purchased the software

and immediately began designing speculative and custom homes.

After a few months of hands-on designing experience, Saucedo was ready to attend a SoftPlan Lite-sponsored, one-day training course in Dallas. She has since become the NHS of Waco home design specialist. Subsequently, we invested in a plotter, which is a printer that has the capability of plotting the home design and accompanying schedules onto blueprint-sized paper.

With the plotter, the "house plans" are ready to obtain bids from subcontractors and building permits from the city's housing department. The system also prints elevations, plus door, window, cabinet, and other schedules for the home construction process.

## Payback in First Year

NHS of Waco has invested just over \$5,000 in the software, plotter, and off-site training. The payback came in the first year – saving us a minimum of \$350 a plan and lots of time and effort. NHS completed 18 newly constructed homes in fiscal year 2003, and all were designed on the new system.

While affordable housing costs may not allow new homebuyers to be overly liberal with design features, customers, even so, really appreciate the ability at least to design the layout that best suits their needs. In effect, NHS clients are truly getting the home of their dreams, because they helped design it.

Organizations that are building more than 10 homes a year should consider making the investment into a home design system. The flexibility obtained will be invaluable. ■

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## HomeSight of Seattle

# Using GIS Crime-Mapping to Follow Up ‘Weed and Seed’

**HomeSight** of Seattle, Washington, created a geographic information systems (GIS) crime-mapping project to help track trends in a target neighborhood, which will help it provide better services to neighborhood residents and businesses.

### Background

Founded in 1990 as a community development corporation, HomeSight’s mission is to revitalize communities through affordable housing strategies, such as education, counseling, purchase assistance, and building affordable homes for sale. It serves Seattle, South King County and Snohomish County. It is a HUD-certified housing counseling agency, with one of the largest home-ownership programs in the state of Washington. HomeSight incorporates a 15.5-hour education program with one-on-one counseling, and is available to all first-time homebuyers regardless of income. HomeSight offers NeighborWorks Full-Cycle Lending® services and is a community development financial institution (CDFI), as well as a Washington State-licensed mortgage broker.

Over the past few years, the southeast area of Seattle was part of the nationwide “Weed and Seed” initiative. Unfortunately, the program in this area expired in 2003 and guidelines did not allow areas already served to reapply for funding.

### Components

**Program Purpose.** HomeSight felt

it was important to identify new resources to address the ongoing needs of the southeast Seattle neighborhood and in April 2003, created the GIS crime-mapping project. Through the GIS program, HomeSight was able to identify seven “hot spots,” areas experiencing an elevated occurrence of crime and in need of resources to address it.

The goal of the program was to continue to reduce crime in the area through technology and community mobilization, even though substantial Weed and Seed resources had been lost. HomeSight hoped to improve the visibility of citizen participation and increase efficiency for public safety entities.

**Partners.** Partners in the project include members from the “Community Safety Initiative” (CSI), founded by the Local Initiatives Support Corporation (LISC), the Seattle Police Department, Southeast Crime Prevention Council, several neighborhood block watches, neighborhood residents, and the Columbia City Business Association. All these partners attend meetings and serve as the “thinking body,” which produces ideas and objectives.

As the coordinator for the CSI program in southeast Seattle, HomeSight was the natural lead of the GIS crime-mapping project. It had the development, technology, and political capacity to operate the program, plus broad connections in the community.

**Mapping.** HomeSight mapped portions of the two major arterial

corridors in southeast Seattle (Rainier Avenue South and Martin Luther King Way), and created a thorough database for each. Staff requested specific crime information from the police department, which provided verbal reports and crime statistics. HomeSight requested not only arrests, but also complaints and other information, such as unofficial police encounters resulting from suspicious activities. An intern from the University of Washington created a massive crime-mapping database for HomeSight using ArcView software from ESRI of Redlands, California ([www.esri.com](http://www.esri.com)).

Many agencies conduct GIS mapping for planning, development, and land use purposes, recording property information and building trends. The ArcView program allows maps to be assembled by blocks or lots and may include aerial photos of each area. The maps also include the location of buildings and ownership information.

The GIS crime-mapping project allowed HomeSight to include code violations and crime statistics such as petty theft, burglary, prostitution, assault, and narcotics violations. This, combined with the general uses of the mapping program, created a very detailed picture of each area.

**Target Neighborhoods.** The seven “hot spots” were identified from data collected in the database. Program partners then reviewed each to determine which had the highest need. Partners chose one two-block area in the Columbia City area to

focus on first. The group highlighted the obvious issues present, then recruited area businesses, neighborhood groups, residents, and police officers to help.

On an ongoing basis, police officers help residents identify environmental design issues that will improve safety. Residents identify other issues and offer solutions and ideas for addressing them. Partners and community members make the necessary physical changes, such as lighting and facade improvements. For matters requiring legal intervention, the police and the prosecutor's office are notified. There are various anti-crime activities that residents can do, which police cannot (police have to have probable cause to investigate, for example), and there also are circumstances that require legal intervention to ensure residents' safety.

**Costs.** The primary cost of this project is staffing. Most partners incorporate the program costs into their general operating budgets. The initial set-up of the program and data-entry required a great deal staff time, but utilizing the services of a university intern saved HomeSight the costs of staffing.

**Funding.** HomeSight received \$35,000 from the Community Safety Initiative to carry out its crime prevention through community development activities. In addition, HomeSight also was a 2003 recipient of a MetLife Foundation Award which provided an additional \$20,000.

## Results

Because of the GIS crime-mapping project, HomeSight now is better able to meet the needs that exist in the targeted areas. Neighborhood groups are becoming more efficient and effective. New block watches are forming. HomeSight is able to track trends in the neighborhood and has access to real numbers and percentages, which will be very helpful in soliciting funding and

encouraging other businesses and agencies to participate. Residents are addressing neighborhood issues, which helps them feel safer and reduces crime. Residents feel more connected and interested in what's going on, and are coming together and feeling proactive. The GIS crime-mapping project has been a great vehicle for getting people involved.

One important goal in Columbia City was to establish a strong business association. Currently, the Columbia City Business Association meets monthly, with an average of 15 businesses attending. "Volunteer clean teams," made up of business owners, care for sidewalks in the neighborhood, and partake in an annual facade improvement, an event that improves the physical appearance of their buildings and renews their sense of ownership and pride.

## Lessons Learned

Before implementing a crime-mapping project, first identify need. Talk to other agencies and programs to determine who is doing what and in which neighborhoods. Pinpoint areas that have the greatest need and the least services, and concentrate on them. It is also important to get buy-in from programs and businesses already serving the area. They will be a vital component in reducing crime and revitalizing the area.

Buy-in from the local police department and police officers are especially important. Form an agreement with them, defining what they will and will not do. The police will be concerned about privacy and safety issues and will want to make sure the nonprofit is staying within the law and keeping its staff and constituents safe. Organizations creating this type of program will also need to get cooperation from the building department to track code violations.

Don't put added demands on police. It is essential to partner with

the police department, but do not create more work for it. Many police departments are also experiencing a decrease in resources. They appreciate programs that support their work, but the programs need to function within the legal parameters of the city and not create safety hazards.

Creating a business association is an excellent way to network and build resources in the community. Try to get all local businesses involved. HomeSight has found that the smaller, locally-owned businesses have been more supportive and resourceful than many of the larger chain stores.

One way to get business buy-in is to let owners know they will be able to utilize the mapping information. Let them know how they can benefit. Turning anecdotal information into hard statistics is a useful way to coordinate and prospect for resources. Decreasing criminal activity is a significant asset to every segment of the neighborhood, not just residents.

A nonprofit must have the capacity to create this type of mapping project. Utilizing an intern was a great help to HomeSight financially and relieved staff needs during start-up. Still, HomeSight needed to have the technological and ongoing staff resources to facilitate the program.

Create a common goal and delegate responsibilities to each partner. It is very important to have one organization take the lead and manage the program.

Conducting research is important, but a sponsoring organization will also need to create an action plan to address identified issues. Be sure to outline what will be done with the information that is collected. ■

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## Reader's Corner

### Recommended Reading

#### ***Tax Credits for Low-Income Housing: Opportunities for Developers, Nonprofits, Agencies and Communities Under Expanded Tax Code Provisions***

Joseph Guggenheim, 12th edition

Simon Publications

This new edition of a long-standing guide to securing funding for affordable housing adds information and updates on changes in legislation, rulings and issuances.

#### ***The New Americana: Impacts of the Increasing Latino Presence in Housing and Community Development***

Neighborhood Reinvestment Corporation

This issues update combines material from the February 2003 NeighborWorks® Training Institute symposium of the same name together with other, related material that explores increasing home ownership among minorities.

#### ***The State of the Nation's Housing 2003***

Joint Center for Housing Studies of Harvard University

This is the premier academic review of the intersection of the nation's economic and housing trends. On balance, it concludes 2002 "was the strongest year for housing on record," but weaknesses lurk, and low- and moderate-income families "will continue to have difficulty finding affordable housing."

#### ***Neighborhood Futures: Citizens Rights and Local Control***

George W. Liebmann

Transaction

*Neighborhood Futures* explores how, for a society to move forward and improve, its citizens must exercise the power to act creatively, and feel they are both competent and responsible individuals. ■

*Special Note: Many Neighborhood Reinvestment publications can be ordered in the Publications Catalog at [www.nw.org](http://www.nw.org). Network members are encouraged to order directly from the NeighborWorks® Online Publications Catalog at <http://www.b2eresource.com/productlink/>*

## Grant-o-Mania in Grand Junction

BY SHARON SULLIVAN

**Housing Resources of Western Colorado** has succeeded in obtaining a number of grants in recent months that will assist it in mitigating the lack of affordable housing in Western Colorado.

In a collaborative effort among Housing Resources, the Grand Junction Community Homeless Shelter, and the Veterans' Administration, Housing Resources was granted \$170,000 from the Daniels Fund to be used for the Homeless Veterans Permanent Supportive Housing program.

With this money, Housing Resources and the Homeless Shelter will purchase eight one-bedroom rental units by the end of 2004. Veterans whose income is 30 percent to 40 percent of the area median will be eligible to reside in the apartments. The Homeless Shelter will provide services, including management meetings with residents, and links with critical health services through the Veterans' Administration. Additionally, participants will receive help with personal issues, including addiction and money.

"We don't have homeless veterans' supportive housing between Denver and Salt Lake City," said Dan Whalen, Housing Resources executive director. "The Homeless Shelter is overflowing. This will take some of the pressure off of the Shelter."

In addition, Housing Resources also received financial support for the veterans' housing project from Federal Home Loan Bank of Topeka, which granted \$40,000 for the project. The sponsor for this grant was Commercial Federal Bank.

Housing Resources also received another \$200,000 from the Federal Home Loan Bank for its Self-Help Housing program. "This grant will help leverage the Rural Development funds for the program," Whalen said. The U.S. Department of Agriculture's Rural Development program is the primary funder for the Self-Help Housing program.

Through Housing Resource's self-help housing, approximately 25 families are helped each year in obtaining low-interest loans to build new houses, using "sweat equity" as a down payment.

Each household will receive approximately \$4,000 from the Federal Home Loan grant, which means 50 families will be helped in realizing their dream of building a house.

In the past year, Housing Resources also received \$25,000 from Fannie Mae, which will be used to fund projects throughout the organization.

A \$20,000 grant from The Bacon Foundation went toward purchasing the Plaza del Sol building in Grand Junction – the new home of Housing Resources – needed to accommodate its expanded services, offices, and supplies. ■