

The FAHE Investor Newsletter

# COMMUNITY FOCUS



JUNE

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## June is Homeownership Month!

Long considered the American Dream, owning a home is associated with self-sufficiency, independence, stability, and achievement. To underscore the importance of homeownership and to promote its benefits, June is celebrated as National Homeownership Month. In recognition of this, FAHE is dedicating this issue of our Investor Newsletter to sharing information on how our work impacts homeownership.

## FAHE Members Help Save USDA 502 Direct Program in Federal Budget Battle



*FAHE's Director of Membership, Tom Carew (right) and Peter Carey, the CEO of Self-Help Enterprises.*

The strength of FAHE's advocacy to improve housing in Appalachia was in full force earlier this year when USDA Rural Development's 502 Direct Loan Program was in danger of being cut to inoperable levels in the federal budget.

The 502 Direct Loan Program provides mortgages to low-income households

with interest rates as low as 1% and terms as long as 38 years. Started in the late 1940's, it is one of the successful rural housing programs in the country. Last year, FAHE Members in Kentucky alone utilized \$60 million in 502 Direct Loans in providing affordable housing for their clients. These mortgage loans are a critical source of funding to most rural homebuyers. Other affordable housing programs such as USDA's Self-Help Housing Program rely heavily on 502 Direct Loans in program design, and would be inoperable without this source of funding.

Realizing the potential crisis that could result if 502 Direct Loan funds were cut at the proposed levels, FAHE rallied the troops. FAHE mobilized a group of 16 Members to gather data and to

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## FAHE Members Help Save USDA 502 Direct Program in Federal Budget Battle *(continued from page 1)*

prepare stories about the importance of 502 Direct Loans to their communities. FAHE led these Members to testify in front of the House Appropriations Committee to illustrate the impact that the proposed cuts would have on rural housing in Appalachia. In order to strengthen the message, FAHE partnered with other strong groups across the nation including Self-Help Enterprises, the National Rural Housing Coalition, the Housing Assistance Council, and Rural LISC.

Ultimately, this work paid off. Although the program received a cut near 30%, the level of funding remaining will allow the program to continue. According to FAHE's Membership Director, Tom Carew, "The strength of FAHE's network really allowed us to be successful in this effort. From organizing our Members to tell their stories, to increasing our impact by partnering with other strong organizations, to leveraging ongoing relationships with elected officials, our success demonstrates how critical the strength of FAHE's network is to affordable housing in Appalachia."

### FAHE Approved as USDA Lender

Over the years, FAHE has built a strong partnership with the US Department of Agriculture (USDA) Rural Development, ensuring that a range of the agency's programs were well utilized in Central Appalachia. Recently, this relationship has taken on a new dimension, as JustChoice Lending, FAHE's mortgage division, is approved as a USDA lender.

This change in status will allow JustChoice Lending to begin offering USDA Guaranteed Loans directly rather than brokering the products through another lending institution. Applications will be processed by JustChoice Lending staff allowing for better pricing and shorter processing times for customers.

According to David Brock, Mortgage Loan Originator, "it will absolutely impact the number of people we are able to serve with these products. Local banks in many of the communities we serve don't have access to 502 Guaranteed Loans. By offering these loans through JustChoice, we will be providing another avenue for people to purchase homes at affordable rates."

JustChoice will begin offering USDA Guaranteed Loan products to homebuyers in mid-July. For more information, please contact Jon Rogers, Director of Homeownership at 859-986-2321, ext. 2110.

## FAHE Utilizes HUD's NSP Funds to Provide Assistance to Appalachians

Before she was able to buy her own home through the Neighborhood Stabilization Program (NSP), Anna Oswald rented a dilapidated trailer in rural Rockcastle County, Kentucky. Anna's utility bills were more than \$400 a month during the winter—and with her rent, it left very little of her \$865 per month in Social Security for other living expenses. In her new home in Berea, KY, her utility bills this past winter were about \$200 each month.

"I was warm," she says. "I wasn't even warm before. It was a great help to me because I don't know where I would have ended up, with rent so high. I'm in a better situation."

The NSP program provided Ms. Oswald a safe, decent place to live. And it helped stabilize the neighborhood through improved property values—FAHE bought the foreclosed home for only \$73,000. After repairs and energy efficiency improvements, the home appraised and sold for \$97,000—not only providing a stabilizing influence for the neighborhood, but increasing the community's tax base as well.

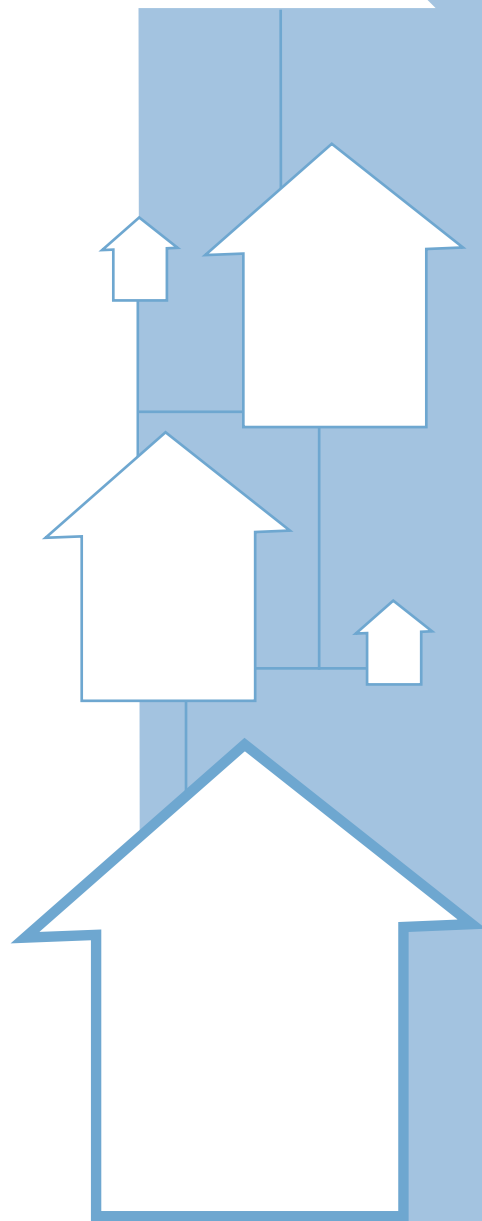
Anna Oswald believes the Neighborhood Stabilization Program should continue: "Other people out there need the same help that I received, and I'd hate to see the program end. I really appreciate what's been done for me."

## Save the Date: FAHE 2011 Annual Meeting

Plans for FAHE's next Annual Meeting are in full swing. Please mark your calendars for September 28th and 29th and plan on joining us at this special event to connect with others in the affordable housing and community development fields and to hear more about FAHE's current and future work.

We are able to offer our guests reserving from FAHE's block of rooms the special rate of \$125 per night plus tax when reservations are made by August 29th. Reserve a room by calling the Hotel Roanoke and Conference Center in Roanoke, Virginia at 540-853-8216.

Speakers, workshops, and program details will be available before registration opens July 31st with a final deadline of September 6th. For more information, check for updates at FAHE's website at [www.fahe.org](http://www.fahe.org) or contact Shellie Bowling at 859-228-2144 or [shellie@fahe.org](mailto:shellie@fahe.org)



# FAHE Leading Neighborhood Stabilization



*Before and after shots of a home rehabbed by FAHE with NSP funds in Richmond, KY. The home was sold to an NSP income-eligible buyer.*

The Housing and Economic Recovery Act of 2008 created HUD's Neighborhood Stabilization Program (NSP) to rebuild communities where homes have been abandoned and foreclosed. FAHE role is instrumental in helping local organizations connect to this new resource.

When the funding announcement was made, FAHE prepared five applications that were awarded \$14 million, one-third of all the NSP resources allotted to Kentucky. "This was the first new source of HUD funding to be released in years" explains Vonda Poynter, Director of FAHE Consulting. "So there weren't really final program guidelines in place for using the funds. We worked with our partners, staying ahead of the curve, to figure out and formalize best practices for these programs. Our partners were some of the first groups to use NSP funds and to get their monies spent and housing units sold."

With FAHE's assistance Beattyville Housing and Development Corporation, Community Ventures Corpora-

tion, the City of Richmond, and The Housing Partnership are using NSP funds to purchase and rehabilitate foreclosed properties or to develop newly constructed properties in struggling neighborhoods. As a result of this work, 84 homes are under construction in addition to a new Community Center offering assistance to low-income families through a Head Start Program.

FAHE's work with the NSP program didn't stop there. In the second offering of NSP funds FAHE assisted Members in Tennessee and West Virginia to secure \$35,000. A successful application for Program Income will be awarded on a rolling basis to fund three additional units through Community Ventures in Lexington and an undetermined number of units through The Housing Partnership, Inc. in Louisville. In the third round, FAHE was awarded \$682,500 for work in Perry County Kentucky and is helping The Housing Partnership develop plans for implementing their \$500,000 award.



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FAHE leads a network of Appalachian organizations to sustainable growth and measurable impact through collective voice and provides access to capital that creates housing and promotes community development.