



SELF-HELPER

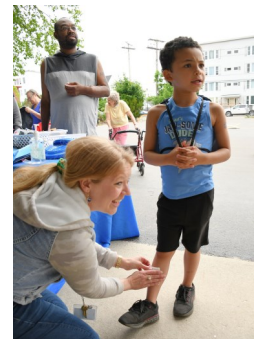
Providing comprehensive, quality services for Self-Help Housing

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HOMEOWNERSHIP MONTH CELEBRATIONS!

Happy Homeownership Month!! Many of the grantees in our region took the opportunity to celebrate all of the great work that is being done. Thanks so much for including us in the festivities when possible.



MANAGING THROUGH TIMES OF LIMITED FUNDING

Limitations on funding happen in many programs from time to time. Self-Help Housing is not exempt from this and for some grantees the current lack of 502 Direct Loan financing is impacting their program in multiple ways.

Since the Self-Help program is reliant on 523 TA Grant funds for operations and Section 502 borrower loans for land, materials, contracted labor, etc., problems will occur when either source is unavailable. The lack of 502 loans could result in a smaller group of families than planned. It could result in a delayed production start for a group of new construction or acquisition/repair participants. Without 502 loans families can't buy their lot on which to build and cannot commence building. With acquisition/repair, the lack of 502 funds stops eligible families from searching and realtors from helping because no purchase and repair funding is available.

A lack of funding impacts grantees who have a program schedule to meet and participants who were planning to build a new home or purchase and repair an existing one.

Here are some thoughts or considerations of how to try to manage through this dilemma:

- Prepare yourself to be able to take advantage of 502 loan funds immediately when they are available. If



you don't have families with 502 applications submitted, you won't be ready when the money starts to flow again. Get your new construction groups and your acquisition/repair families submitted, or you risk being without funding for even longer. Having loans at RD on time puts the ball in their court which is where you want it.

- Consider finding a way to limit TA Grant spending while production halts or slows so as not to be upside down in your grant spending vs. production. Are there other programs the grantee operates that TA Grant staff can work on until the 502 problem resolves? Think about reducing purchases and spending to bare bones during this bad patch and maintain modest grant spending so as not to fall further behind the 8-ball.
- Use this time for work that always gets pushed aside because it seems less

important than the day-to-day pressures. This may be the time to get policies into shape, to work on securing the next batch of lots needed, to improve your marketing material, apply for supplemental grant or house funding, or solve those nagging problems you never get around to addressing.

- Aid participants by getting them together for training sessions on credit, insurance, professional services, and tool safety. If you have been skimping on pre-construction meetings and homeownership sessions, now is a good time to catch up while allowing people to come together and vent in a group of peers going through the same thing.

The challenge is how to make the best of a bad situation. Invite your team to discuss and brainstorm creative ways to manage through the storm and come out of it as unscathed as possible.

GROUP MOTIVATION

In Mutual Self-Help Housing, there is nothing more important than to keep your participants motivated. Motivated groups keep showing up and working hard. They keep the progress going and the schedule intact. The following are some ideas to help to keep your build group motivated throughout the build:

Set clear and realistic goals

One of the key factors that influence group/individual motivation is having a clear and shared vision of what the project aims to achieve and how each group member contributes to it. Setting **SMART** (specific, measurable, achievable, relevant, and time-bound) goals can help your build group align their efforts, track their progress, and celebrate their milestones. Make sure to communicate the goals clearly and frequently. Involve your participants in the goal-setting process whenever possible.

Provide feedback and recognition

Another way to boost group motivation is to provide them with regular and constructive feedback and recognition. Feedback can help your group identify their strengths and areas for improvement, as well as address any issues or concerns that may arise during the project.

Recognition can help the participants feel valued and appreciated for their hard work and achievements, as well as

increase their confidence and satisfaction. You can use various methods to give feedback and recognition, such as one-on-one meetings, weekly group meetings, emails, or rewards, like a weekend cookout or pizza night.

Encourage collaboration and communication

Working on their homes can sometimes feel isolating or overwhelming, especially if the group is building on scattered sites or is geographically remote. To prevent this, encourage collaboration and communication among build group members, as well as with other stakeholders. Collaboration can help the families leverage their diverse skills and perspectives, as well as create a sense of camaraderie and trust. Communication can help the build group stay informed and connected, as well as resolve any conflicts or misunderstandings that may occur. You can use various tools and platforms to facilitate collaboration and communication, such as online chats, video calls, or weekly on site meetings.

Support learning and development

Another way to keep a group motivated is to support their learning and development throughout the build. Learning and development will help your families acquire new skills and knowledge, as well as overcome any challenges or difficulties that



they may face throughout the build and beyond. Supporting learning and development can also show the group that you care about their growth and support their achievement of becoming a homeowner. Do this by providing access to training prior to getting them on site. Once on site, continue to educate and guide the families with on going skill development, safety procedures and team building.

"Opportunity is missed by most people because it is dressed in overalls and looks like work."—Thomas Edison

RD INTEREST RATE

For July, the Rural Development 502 Direct note rate is going up to 4.875%. Visit RD's website monthly to check for changes.

FROM 523 OBLIGATION TO GRANT CLOSING

Do you remember the sigh of relief when your Self-Help 523 grant was obligated by RD? That was a major milestone worth celebrating, but it is not quite the end of the road to an operating grant.

The more complete your 523 TA Grant application is and the more ingredients you have pulled together for your self-help program, the closer you are to grant signing and closing, and actual operations. While it is rare that a 523 TA Grant is obligated and needs no further actions to reach grant signing and closing, the closer you come to that goal, the quicker you will be building.

Invariably, there is a “Letter of Conditions” from RD that approves the 523 grant application for further processing, and outlines conditions necessary to be met before the grant can be signed, closed, and become operational.

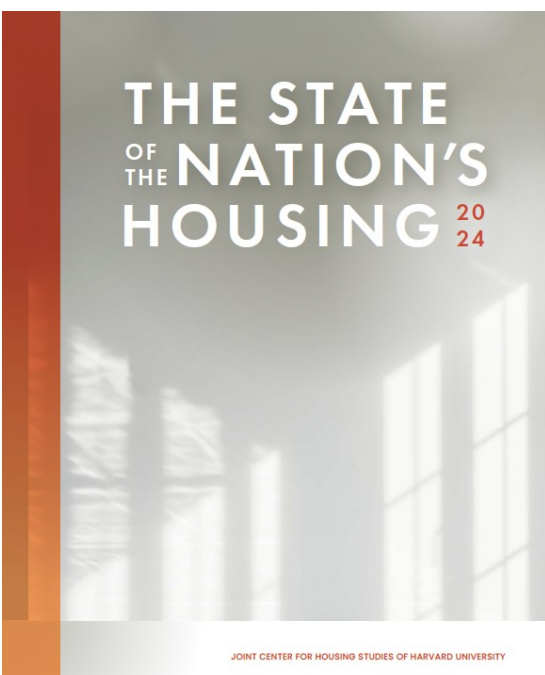
The goal is to reduce the time elapsed between grant obligation and grant closing while addressing and accomplishing all conditions. Consider the following:

- When you receive an RD Letter of Conditions, make sure you understand each condition and what must be done to satisfy it. If it is not clear, seek clarification.
- Make resolving these conditions an organization or team priority and establish a plan of action setting things in motion, articulating the priority status to all involved.
- Establish a timeline for resolving the conditions that is both realistic and ambitious.
- Assign and allocate tasks, time, and resources to assure prompt action.
- Update RD on your progress, get clarification as needed, and communicate where you are in the process.



- Ultimately develop and provide RD with a complete package which resolves the Letter of Conditions. As you present your response, consider meeting with RD to go over it point by point.

In this time when the Self-Help 523 TA Grant and 502 Direct Loan programs are underfunded and in great demand throughout the country, it is important to reduce the time between 523 obligation and grant closing. Don't let the conditions languish and put your obligation at risk.



NEW HOUSING STUDY RELEASED

The Joint Center for Housing Studies of Harvard University released The State of the Nation's Housing Report 2024 earlier in June. This study is done annually and provides a very comprehensive look at where the nation stands on housing. Their findings show that “homeowners and renters across the US are struggling with high housing costs. On the for-sale side, millions of potential homebuyers have been priced out of the market by high home prices and interest rates, while the number of renters with cost burdens has hit an all-time high. However, a surge in new multifamily rental units is slowing rent growth and accelerated single-family construction is starting to lift for-sale inventories.” Check out the study at https://www.jchs.harvard.edu/state-nations-housing-2024#msdyntrid=KRcnkdUbHSMWGOHNejdkjD-4LwfgAIT_8gvUfsZlbZc.

PROTECT YOUR ASSETS

A primary role of management and board governance is the protection of the nonprofit's assets. This is important to the organization as a whole, the self-help housing program, and all lines of business. Since assets are the chief drivers of net worth or value of the organization it is critical to safeguard them. After all, assets (what is owned) less liabilities (what is owed) equals net assets, commonly known as net worth or fund balance. Your organization's net assets can be used to fuel growth and prosperity or solve problems.

Assets can include such items as land, buildings, equipment, and not the least, money, finances, and investments.

Buildings such as the office, warehouse, and housing that is owned should be fully insured, well-maintained, meet local codes, be ADA compliant, and be an asset of which the organization can be proud. Land, whether developed or undeveloped, should be insured and maintained. Trucks, equipment, and tools should follow a service and

inspection schedule, be insured, be maintained, have limited users, and appropriate policies.

Finances and investments require proper financial management policies including all aspects of budgeting, procurement, approvals, reconciliation, documentation, audits, financial reports, oversight, and more. Annually, the organization should meet with its Insurance Broker to explain what is new so any gaps or exposures in coverage can be addressed. The Executive or Board should regularly undertake a risk assessment on behalf of the organization.

Some ways to protect your assets and minimize risk:

- Develop, approve, follow, and update financial policies.
- Have a Finance Committee and/or an Asset Committee for proper oversight.
- Review monthly financial reports (financial position, activities, cash flow, actuals/budget).
- Keep revenue at FDIC insured institutions and within coverages.



- Insurance Broker meets with the Board annually to explain coverage and assure adequacy.
- Limit conflicts of interest and related party transactions.
- Maintain a fixed asset inventory and valuation.
- Store vehicles and equipment safely when not in use and assure drivers have a license and insurance.
- File IRS 990 and all state/payroll taxes on time. Extensions shouldn't be the norm.
- Make sure these responsibilities are assigned and accountability exists.

FEDERAL BUDGET

Since the 2024 federal budget for USDA and HUD was finally passed in early March, the focus is now on a budget for 2025.

The House Agriculture Appropriations Committee has laid out some dismal numbers related to Self-Help Housing, with the 523 grant program taking another cut down to \$20

million. The Direct 502 Loan Program fared a bit better at \$950 million, compared to this year's historically low \$880 million. Other related programs such as the 504 loan and grant program, the 515 loans and the 516 grants are also facing cuts.

The Senate has not finalized its appropriations bills yet, so

advocacy is still welcome. They are expected to begin meeting in early July.

This FY is still wreaking havoc, with most states out of 502 direct loan funding. Grantees are hoping for more 502 funds after the pooling date on July 31, 2024. Fingers crossed!

NATIONAL CONFERENCE PLANNED



The National Self-Help Housing Conference is coming!! Save the date for several days of learning and networking in **ORLANDO**, Florida on **March 11-13, 2025**.

More information will be coming soon.

Regional Video-Conference Call Planned

NeighborGood Partners will be hosting another regional video-conference via Teams on **Thursday, July 25th at 11:00 a.m.** for an open discussion. Please join us and be prepared to share your thoughts and questions.



@neighborgoodpartners

A soon-to-be new homeowner celebrates breaking ground during a Homeownership Month event at Warrick County Habitat for Humanity in Evansville, IN.



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