



Family Services and Repair

Special thanks to
Carol Gregory!

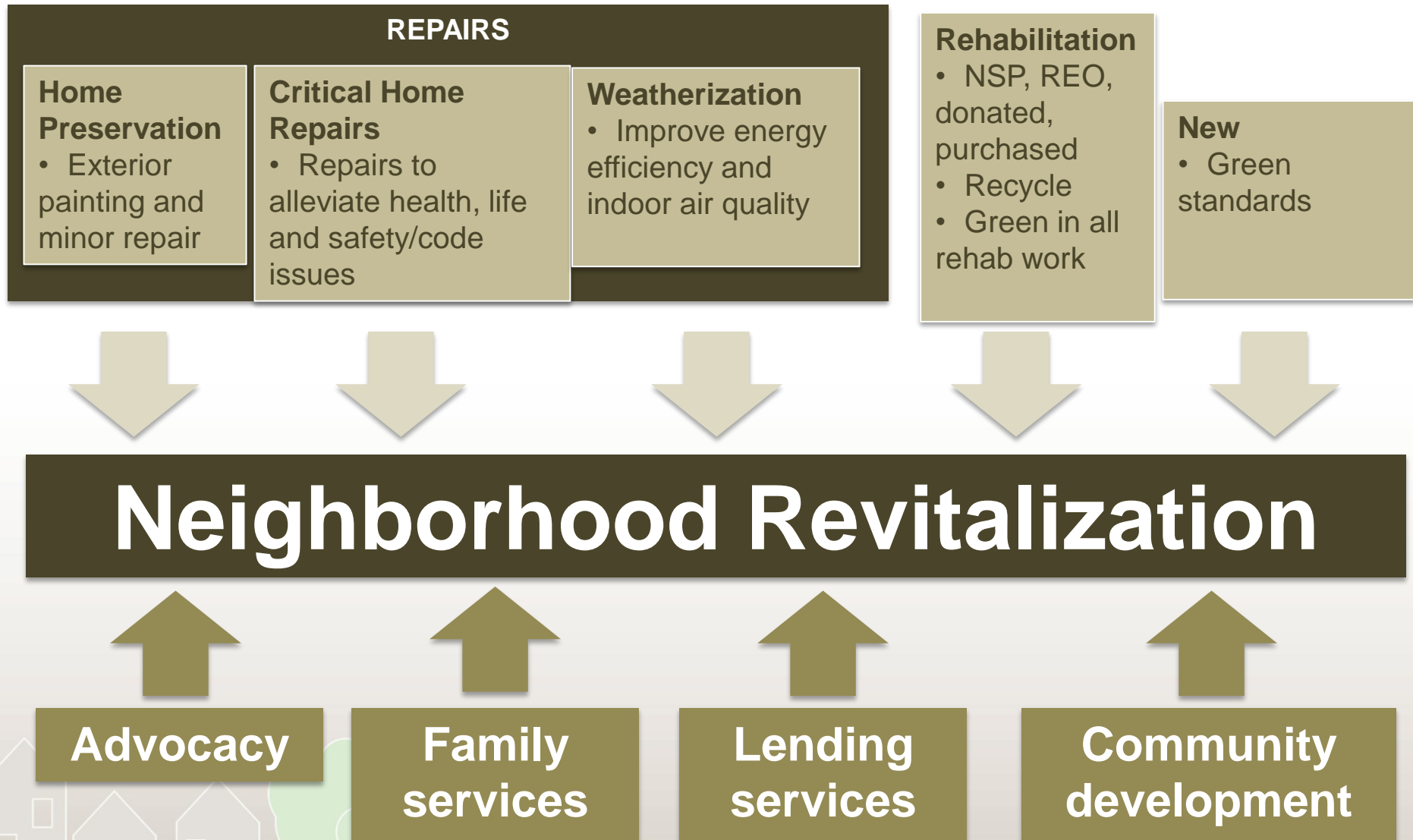




Brief Introductions/expectations



The HFH Housing Spectrum



Repair Definition

Repairs

A “repair” is the repair or renovation of an existing housing unit that is not owned by the affiliate, so long as:

- The housing unit is owned and inhabited by an individual or family that has been approved in accordance with the affiliate’s Board approved family selection process
- The work is performed under a written agreement, including scope of work and payment terms, between the homeowner and the affiliate in accordance with the affiliate’s Board approved procedures for repair projects
- The work fully complies with applicable local building codes and other legal requirements

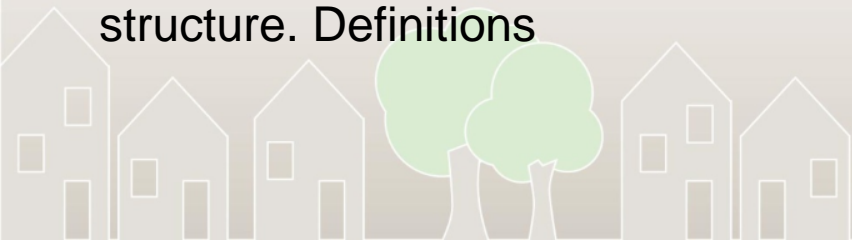


Repair Definitions

Home Preservation - Exterior work that includes painting, patching, minor repair, landscaping and replacement of exterior building materials for maintaining good or sound condition.

Weatherization - Work done to improve the energy efficiency and indoor air quality of a structure. The scope of work of a weatherization project is defined by a comprehensive energy audit performed to determine the scope of work, and also testing of the home upon completion, and should include a homeowner education component.

Critical Home Repair - Extensive interior or exterior work performed to address health and safety issues or code violations. Critical home repair includes such activities as a change to, or repair of, materials or components; a reconfiguration of space; a modification for accessibility; installation or extension of plumbing, mechanical or electrical systems on an existing structure. Definitions



More Definitions

Funding

The funding an affiliate secures prior to starting a repair project from donors.

Home Preservation – A Brush with Kindness (free Valspar paint)

Weatherization – WIPP grant from DOE.

Critical Home Repair – Repair Core; Veterans Program; Fannie Mae Grant; FHLB; state or local programs

Pricing

The process of determining the full cost of the project and what the price will be for the homeowner.

Payment

The amount the homeowner will pay, and the terms for paying that amount.



NRI – Neighborhood Revitalization Initiative Mission

Neighborhood Revitalization Initiative affiliates serve more families by responding to community aspirations with an expanded array of products, services and partnerships, with the mission of empowering residents to revive their neighborhoods and enhance the quality of life.

Family Selection for Repair

Use your approved application and selection process for repair.

- 3 main criteria: Need, Ability to Pay, Willingness to Partner
- Sex offender policy
- Affiliate criteria additions: ensure ownership (deed), *owner occupied, insurance and taxes paid.

*veteran is a member of the family

Family Selection

Questions:

Should we use a different application for repair?

Should we have a separate committee for repair?

Do we really have to go through the lengthy process that we use for homeownership?

Why do families have to pay?

What laws apply to repair selection?



Marketing the Program

How do we find applicants for repair and especially veterans?

Leaflets

Orientation meetings

Contact possible collaborative partners

VA Hospital

VFW

Local armed service base

Homeless coalitions

NRI--Survey neighborhoods

Hint from an affiliate—use “served in the armed service”

Family Selection part 2

Assessment on all applicant properties

- Forms available in resource guides (Preservation/ABWK), Weatherization, CHR)
- Write up scope of work & estimated cost
- Meet with the family
 - Habitat Orientation
 - Sweat Equity requirements
 - Payment requirements

Final selection-- sign the homeowner agreement currently in ABWK guide.

Completing the Project part 3

Volunteers

Construction Staff

Timeline

Completion and closing ceremony
(house blessing)

Consumer loan paperwork

Family Selection Review

Need

Housing conditions that are physically inadequate, unsafe, energy inefficient.

Income does not support conventional contracts for the work.

Determined unmet needs by disaster case manager

Ability to Pay

A general guideline is 30-60% of area median income with adjustments to serve lower income families subject to their ability to pay. Some affiliates may choose to go lower and higher than the AMI based on the need in their service area. Payment should not cost burden a family—no more than 30% (HUD) of monthly income.

Willingness to Partner

At least 8 hours of sweat equity – affiliate sets the policy around those hours.



Repair Pricing

An affiliate should adopt a policy on repair pricing and payment that:

- Follows the repair pricing guidelines to identify the full cost of the repair;
- And, incorporates at least one of the payment models to determine the price for the homeowner.

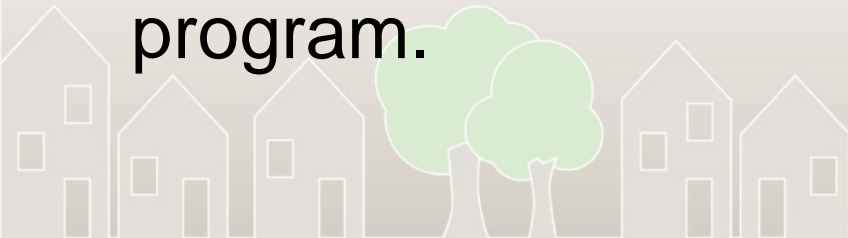


Why We Charge for Repair

It has to do with our very identity. Who we are as Habitat for Humanity. (hand up not a hand out)

It has to do with the dignity and success of Habitat homeowners.

It has to do with sustainability of the affiliate and growth of the Habitat program.



Repair Pricing Guidelines

Affiliates should structure their payment plan in such a way as to ensure that the monthly payment when combined with current home financial obligations (mortgage, insurance, property taxes and, where applicable, mortgage insurance and loan servicing) shall not exceed 30 percent of the household's gross income (unless the affiliate develops a separate policy for families on fixed incomes).



Pricing Options

1. 100% Cost
2. Sliding Scale
3. Fixed Cost
4. Fixed Percent of the Cost
5. Partnerships



Pricing Options

<u>Model</u>	<u>Description</u>
100% Cost	Affiliate provides a zero interest loan* to the homeowner to recover all costs, or the homeowner pays all costs up front.
Sliding Scale	Affiliate offers a sliding scale payment option based on household income. The homeowner repays a zero interest loan* for the cost based on their income.
Fixed Price	Affiliate determines a fixed price for housing products, for example \$500 for ABWK, and the homeowner pays that amount.
Partnerships	Affiliate partners with a 3 rd party financier that offers the loan to the families, need to ensure that the loan is offered with 0% interest or the price should be reduced so that it is a 0% equivalent. One exception is USDA loans, which do have interest as a component.

Costing, Pricing, Payment

- Payment agreements for repair more flexible than traditional mortgage agreements.
- Length of payment agreements varies but typically 1-3 years for preservation, for example.
- Payment agreements (in addition to existing housing costs) should not exceed 30% of household income.
- Make every attempt to fit the payment to the homeowners ability to pay.

Payment Options

1. Prepayment
2. Downpayment
3. Early Payment Incentive
4. Secured Loans
5. Unsecured Loans
6. Third Party Loans
7. Third Party Servicing



Resources

My.habitat.org

<http://my.habitat.org/kc/page-detail/3e36e/Pricing-and-Payment-for-Repairs>

[Pricing and Payment for Repair Products conference call recording](#)

[Funding Repairs - Options for Securing Loans and Collecting Payments.ppt](#)

[Sample homeowner agreement](#)

[Template Promissory Note for ABWK Program](#)

