



## HOUSING PRIMER

Please note: This is a condensed version of C.A.R.'s Online information. For more detail, please see: <http://www.car.org/index.php?id=OTAy>.

### Introduction

Finding affordable housing in California is difficult in itself. But perhaps the greatest obstacle to homeownership in California is financing. Whether it's the down payment or the mortgage itself, figuring out how to pay for a home can be very frustrating. REALTORS® who have taken an interest in creating more housing opportunities will be pleased to learn about the multitude of resources that have been created publicly and privately to address this part of the problem.

### CalHFA

The California Housing Finance Agency (CalHFA) (<http://www.calhfa.ca.gov/>) has as its mission to finance below market rate loans to create safe, decent and affordable rental housing and to assist first-time homebuyers in achieving the dream of homeownership. To accomplish its goal, the agency has four separate divisions: [homeownership programs](http://www.calhfa.ca.gov/homeownership/index.htm) (<http://www.calhfa.ca.gov/homeownership/index.htm>), mortgage insurance, multifamily finance and small business development. All of the agency's programs are targeted to renters and homebuyers that meet five criteria: first-time homebuyer purchasing a primary residence, intend to occupy the property, HUD income limits, credit and loan requirements of the participating lender and mortgage insurer and a U.S. citizen or permanent resident alien.

CalHFA funds most of its activities with [Proposition 46](http://www.calhfa.ca.gov/prop46.html) (<http://www.calhfa.ca.gov/prop46.html>) money. It administers programs such as the California Homebuyer's Downpayment Assistance Program (CHDAP) and the Extra Credit Teacher's Home Purchase Assistance (Extra Credit Teacher Program). Funding is directly channeled to consumers (through approved financial institutions) in the form of down payment assistance, financing and mortgage insurance. Also, to maximize homeownership opportunities, the agency cultivates partnerships and establishes new relationships within the affordable housing market place. Interested partners should contact CalHFA at 800.789.2432 or any of its divisions directly.

### CDBG

Community Development Block Grants (CDBG, <http://www.hud.gov/offices/cpd/communitydevelopment/programs/cdbg.cfm>) provide annual grants on a formula basis for many different types of grantees. The programs covered under this designation are: [Entitlement Communities](http://www.hud.gov/offices/cpd/communitydevelopment/programs/entitlement/index.cfm) (<http://www.hud.gov/offices/cpd/communitydevelopment/programs/entitlement/index.cfm>), [State Administered CDBG](http://www.hud.gov/offices/cpd/communitydevelopment/programs/stateadmin/index.cfm) (<http://www.hud.gov/offices/cpd/communitydevelopment/programs/stateadmin/index.cfm>), Section 108 Loan Guarantee Program, Colonia, HUD Administered Small Cities, Insular Areas, and Disaster Recovery Assistance. From all of these programs, only the first two provide important funding opportunities for the development of housing and housing programs.





CDBG funds may be used for activities that include, but are not limited to:

- Acquisition of real property
- Relocation and demolition
- Rehabilitation of residential and non-residential structures
- Construction of public facilities and improvements, such as water and sewer facilities, streets, neighborhood centers and the conversion of school buildings for eligible purposes
- Public services, with certain limits
- Activities relating to energy conservation and renewable energy resources
- Provision of assistance to profit-motivated businesses to carry out economic development and job creation/retention activities

The *California State CDBG* (<http://housing.hcd.ca.gov/ca/cdbg/progdesc.html>) program has as its objective to develop viable communities by providing decent housing and a suitable living environment and by expanding economic opportunities, principally for persons of low- and moderate-income. Grants are only awarded to **non-entitlement areas** which include those units of general local government which do not receive CDBG funds directly from HUD as part of the entitlement program (Entitlement Cities and Urban Counties).

## HCD Programs

The mission of the Department of Housing and Community Development (HCD, <http://www.hcd.ca.gov/exec/dir/message.html>) is to provide leadership, policies and programs aimed to the preservation and expansion of safe and affordable housing opportunities and to promote strong communities for all Californians. In accordance with its mission statement, HCD's main responsibilities are to:

- Advocate and support housing development for all Californians.
- Develop, administer and enforce building codes, manufactured housing standards and mobile-home park regulations.
- Administer State and federal housing, community development and childcare facilities finance programs.

To fulfill its housing administrative financing responsibilities, HCD (<http://www.hcd.ca.gov/>) has in place several programs that help the development and preservation of affordable housing. The programs offer loans, grants or both to localities, developers, non-profits and individuals that engage in the construction, development or rehabilitation of housing units. The overarching goal of this help is to produce more affordable housing and to increase the rates of homeownership of low- and median-income households.

HCD works directly with local governments, counties, non-profits, for-profits and in some instances, income eligible families and individuals, in order to allocate the financing resources needed toward specific housing uses. The best way to find the right program for a determined activity (and all of its requirements) is to consult the Loan and Grant Program Directory of HCD ([http://www.hcd.ca.gov/ca/program\\_dir.pdf](http://www.hcd.ca.gov/ca/program_dir.pdf)). This directory lists all of the housing programs



available for California by: purpose, assistance type, terms, eligible activities, eligible applicants, application procedures, and contact information for all the programs offered.

## Homebuyer Education Resources

Homebuyer education is an important component of homeownership, as it prepares the buyer for the acquisition process and provides the necessary tools for remaining a successful homeowner. Please see the following links for more information:

- **BorrowSmart** (<http://www.borrowsmart.org/index.asp>): Online source sponsored by lenders with information on how to manage credit and loans.
- **C.A.R. Homebuyer Education and Housing Counseling** (<http://www.car.org/index.php?id=MjQ2Mw==>): First-time and low-to-moderate income buyers have several programs through all levels of government and non-government organizations willing to assist.
- **Fannie Mae Foundation** (<http://www.fanniemaefoundation.org/>): This agency offers **Home-Buying Guides** (<http://www.homebuyingguide.org/>) that outline the basics about owning a home, knowing your credit, borrowing, and choosing the best mortgages.
- **Fair Isaac** (<http://www.myfico.com/>): This organization offers a very complete credit education page focused on the FICO score.
- **Freddie Mac's Route to Home Ownership** (<http://www.freddiemac.com/homebuyers/>): This online program provides easy to understand and in-depth information on all aspects of buying a home, from understanding the pros and cons of homeownership to demystifying the mortgage process. Freddie Mac also offers **Recursos en Español** (<http://www.freddiemac.com/consumers/recursos/>).
- **Ginnie Mae Homeownership Your Path to HomeOwnership** (<http://www.ginniemae.gov/learn/homeownership.c.asp?Section=YPTH>): The site has a series of links with information about the home buying process.
- **Homebuyers Education Center** (<http://www.homebuyersinformationcenter.com/home/>): This website offers information about home buying and educating the consumer on the importance of using a REALTOR® during the process.
- **HomeOwnership Alliance** (<http://www.homeownershipalliance.com/>): Its Toolbox provides the consumer with extensive information on how to buy a home, moving, mortgages, insurance and equity.
- **Homes for All Program** (<http://www.ezdownpayment.com/gift/information/>): This non-profit site offers counsel on how to choose a real estate agent and advocates for the use of REALTORS® only. It has a buyers and a seller's guide.
- **HCD** (<http://www.hcd.ca.gov/>) has a **Memo for Local Homebuyer Program Operators and Sponsors** (<http://www.hcd.ca.gov/ca/Intro2SmplHmByr.doc>): Contains a Sample Homebuyer Program Guidelines and a Homebuyer Program Guidelines Checklist for those who want to set up their own homebuyer program using HCD funds.
- **HUD's HomeBuying Resources** (<http://www.hud.gov/buying/index.cfm>): Includes information on: homebuyer rights, mortgage, finding a real estate broker, home-buying





programs, shopping for a home, home inspections, appraisals, homeowners insurance, closing, and moving. [HUD Counseling](http://www.hud.gov/offices/hsg/sfh/hcc/hcc_home.cfm) ([http://www.hud.gov/offices/hsg/sfh/hcc/hcc\\_home.cfm](http://www.hud.gov/offices/hsg/sfh/hcc/hcc_home.cfm)) will help you find a local counseling agency. The US Homebuyer Education Center (<http://www.hud.gov/utilities/intercept.cfm?http://mirage.towerauction.net/homebuyer/coursehud.html>) offers a homebuyer education online course and provides the student with a certificate upon completion.

- [Mortgage Bankers Association](http://www.mortgagebankers.org/ResourceCenter/index.asp?cat=1) (<http://www.mortgagebankers.org/ResourceCenter/index.asp?cat=1>): Has posted information on financial literacy, homebuyer education and predatory lending. The website contains useful links.
- Private Lenders: Lenders such as [Bank of America](http://www.bankofamerica.com/loansandhomes/index.cfm?template=learning_center&statecheck=CA) ([http://www.bankofamerica.com/loansandhomes/index.cfm?template=learning\\_center&statecheck=CA](http://www.bankofamerica.com/loansandhomes/index.cfm?template=learning_center&statecheck=CA)), [Countrywide Home Loans](http://firsttimebuyer.countrywide.com/) (<http://firsttimebuyer.countrywide.com/>), [Wells Fargo](http://www.wellsfargo.com/mortgage/) (<http://www.wellsfargo.com/mortgage/>), [IndyMac Bank](http://www.indymacmortgage.com/loanworks/homebuyers/default.asp?tab=homebuyer) (<http://www.indymacmortgage.com/loanworks/homebuyers/default.asp?tab=homebuyer>), [Washington Mutual](http://www.wamuhomeloans.com/index.jsp) (<http://www.wamuhomeloans.com/index.jsp>), [Citi Bank](http://www.citimortgage.com/cm/Main.do?page=firstbuy&td=id446292|1) (<http://www.citimortgage.com/cm/Main.do?page=firstbuy&td=id446292|1>), just to name a few, have online home buying resources. Check with your bank or credit union about available information.

In addition to the above resources, there are several non-profit organizations that offer homebuyer's education. We recommend also contacting your [local housing authority](http://www.hud.gov/offices/pih/pha/contacts/states/ca.cfm) (<http://www.hud.gov/offices/pih/pha/contacts/states/ca.cfm>), as new programs might be in place. HUD keeps a ***list of approved house counseling agencies*** (<http://www.hud.gov/offices/hsg/sfh/hcc/hccprof14.cfm>) for all California.

Several sites offer information on how to detect signs of **predatory lending** and what to do if one has already fallen into a mortgage fraud scheme:

- [HUD Predatory Lending](http://www.hud.gov/offices/hsg/sfh/pred/predlend.cfm) (<http://www.hud.gov/offices/hsg/sfh/pred/predlend.cfm>): The agency informs thoroughly on the issue of predatory lending.
- [Stopmortgagefraud.com](http://www.stopmortgagefraud.com/) (<http://www.stopmortgagefraud.com/>): This site features information on the borrower's bill of rights, warning signs of abusive lending and a place to report abusive lending.
- [City of LA Don't Borrow Trouble](http://www.ci.la.ca.us/lahd/borrow.htm) (<http://www.ci.la.ca.us/lahd/borrow.htm>): It offers advice on how to prevent loan scams. Several documents about the topic are available both in English and Spanish. The site also features an extensive list of counseling organizations and a link to Freddie Mac's site (below).
- [Freddie Mac's Don't Borrow Trouble](http://www.dontborrowtrouble.com/) (<http://www.dontborrowtrouble.com/>): The site posts information on how to avoid predatory lending practices.

Glossaries help homebuyers find definitions to real estate terms they are not familiar with or are difficult to understand.

- [Fannie Mae's Mortgage Terms Glossary](http://www.mortgagecontent.net/content/fanniemae/FullGlossary/Glossary1.html) (<http://www.mortgagecontent.net/content/fanniemae/FullGlossary/Glossary1.html>)



- [Glossary of Real Estate Terms](http://www.buyersresource.com/Bglossary.html) (<http://www.buyersresource.com/Bglossary.html>)
- [HUD's Mortgage Glossary](http://www.hud.gov/offices/hsg/sfh/buying/glossary.cfm) (<http://www.hud.gov/offices/hsg/sfh/buying/glossary.cfm>) translation available in Spanish.

## HUD

The U.S. Department of Housing and Urban Development has in place several programs to help homebuyers and homeowners with homeownership issues. The site is divided in six broad categories: HUD News, HUD Homes, HUD Communities, Working with HUD, Resources and Tools. From all of these sections and its links, there is some very useful information for the homebuyer or the real estate professional.

### Private Mortgage Insurance

Private Mortgage Insurance (PMI) enables homebuyers to obtain conventional home loans with relatively small down payments. Lenders typically require mortgage insurance on low down-payment mortgages because loss experience and studies have shown that a borrower with less than 20 percent invested in a home is more likely to default on a mortgage should problems arise. Fannie Mae and Freddie Mac currently require mortgage insurance on all low down-payment programs with a Loan to Value (LTV) ratio of 90-95 percent.

This list constitutes an inventory of mortgage insurance programs requiring minimal upfront funds with participating lenders.

- [Cal Rural ACCESS 97/6](http://www.calhfa.ca.gov/insurance/programs/access_conform_97-6.pdf) (conforming, statewide) ([http://www.calhfa.ca.gov/insurance/programs/access\\_conform\\_97-6.pdf](http://www.calhfa.ca.gov/insurance/programs/access_conform_97-6.pdf))
- [CalHFA Conventional](http://www.calhfa.ca.gov/insurance/programs/calhfa.pdf) (<http://www.calhfa.ca.gov/insurance/programs/calhfa.pdf>)
- [CalPERS 97 & 97/3](http://www.calhfa.ca.gov/insurance/programs/pers.pdf) (<http://www.calhfa.ca.gov/insurance/programs/pers.pdf>) CalPERS members have additional benefits such as reduced Title and Escrow Fees through, [Stewart Title](http://www.stewartaffiliates.com/servlet/ViewSiteServlet?OfficeId=218&Style=Default) (<http://www.stewartaffiliates.com/servlet/ViewSiteServlet?OfficeId=218&Style=Default>) and [Old Republic Title](http://www.ortc.com/v2/calpers/) (<http://www.ortc.com/v2/calpers/>). Other benefits are 30-day rate lock, 100% financing option, Free 60-day rate protection, two free float downs, controlled closing fees, closing cost assistance and reduced mortgage insurance rates. For more information go to [CalPERS Advantage program](http://www.calpers.ca.gov) (<http://www.calpers.ca.gov> select "for members" then "member homeloan program").
- [CalSTRS 80/17](http://www.calhfa.ca.gov/insurance/programs/strs80-17.pdf) (<http://www.calhfa.ca.gov/insurance/programs/strs80-17.pdf>)
- [CalSTRS 95 Conventional](http://www.calhfa.ca.gov/insurance/programs/strs95.pdf) (<http://www.calhfa.ca.gov/insurance/programs/strs95.pdf>)
- [CalSTRS 95/5](http://www.calhfa.ca.gov/insurance/programs/strs95-5.pdf) (<http://www.calhfa.ca.gov/insurance/programs/strs95-5.pdf>)
- [Fannie Mae & Freddie Mac 97/3](http://www.calhfa.ca.gov/insurance/programs/97-3.pdf) (<http://www.calhfa.ca.gov/insurance/programs/97-3.pdf>)
- [Fannie Mae & Freddie Mac Conventional 95 & 97 LTV](http://www.calhfa.ca.gov/insurance/programs/fnma95-97.pdf) (<http://www.calhfa.ca.gov/insurance/programs/fnma95-97.pdf>)
- [Freddie Mac 100 & 100/3](http://www.calhfa.ca.gov/insurance/programs/100-3.pdf) (<http://www.calhfa.ca.gov/insurance/programs/100-3.pdf>)





- Lease Purchase—ABAG Program  
(<http://www.calhfa.ca.gov/insurance/programs/abag.pdf>)
- Lease Purchase 97/3 ([http://www.calhfa.ca.gov/insurance/programs/lp\\_97-3.pdf](http://www.calhfa.ca.gov/insurance/programs/lp_97-3.pdf))
- NHF—Access & Gold 97/7 Conventional  
([http://www.calhfa.ca.gov/insurance/programs/nhf\\_97-7.pdf](http://www.calhfa.ca.gov/insurance/programs/nhf_97-7.pdf))

### **FHA-Insured Loans**

FHA was established in 1934 under the National Housing Act and was consolidated into HUD in 1965. The FHA's purpose is to improve housing standards and conditions, provide an adequate home financing through mortgage insurance, help stabilize the mortgage market and provide homeownership opportunities. HUD acts as an administrator and insurer of FHA's originated loans. FHA does not insure individuals, it insures the loans that lenders offer to borrowers. Lenders must offer long-term, self-amortizing, market rate, assumable loans in order to participate in the program. By insuring lenders' loans, lower down-payment costs and mortgage insurance premiums are offered to homebuyers.

### **Mortgage Credit Certificates and Mortgage Revenue Bonds**

State and local governmental agencies and joint powers authorities can issue tax-exempt mortgage revenue bonds (MRBs) or mortgage credit certificates (MCCs) to assist first-time homebuyers purchase homes.

MCCs are designed to reduce homebuyers' federal tax liability by applying the credit to their net tax due and can be used with conventional, fixed-rate, FHA, VA and privately insured loans for single family and condominiums homes. Program participants must meet program income limits, depending on the issuing locality, and live in the home for at least three years. MCCs that are issued in Federal Target areas usually have less restrictive limits than other areas. Target areas are locations where 50% of the households earn less than that area's median income.

To access a current allocation award list (<http://www.treasurer.ca.gov/cdlac/>) of Counties and Cities using MCCs and MRBs, visit the California State Treasury's Office website at <http://www.treasurer.ca.gov/cdlac/>.

### **Proposition 46**

Proposition 46 (<http://www.calhfa.ca.gov/hcd-prop46.pdf>) also called the Housing and Emergency Shelter Trust Fund Act of 2002 is a California-approved, \$2.1 billion dollar bond measure. It provides funds for the construction, rehabilitation and preservation of affordable rental housing, emergency shelters and homeless facilities. Funds can be used to provide down payment assistance to low and moderate-income first-time homebuyers. Seniors, families with children, teachers, disabled persons, veterans and working people will benefit from the bond.

### **Purchase Assistance Programs**

For most first-time homebuyers, the greatest obstacle to owning a home is the down payment. Fortunately, to help fill this need, homebuyers throughout the State of California can access different



assistance programs that enable them to reach the dream of homeownership.

The most common conditions attached to any loan program are:

- First time buyers must not have home ownership in any property within the last 3 years.
- Purchase price and income level limits are based on area medians for family size, usually to HUD standards.
- Assistance with 0–20 percent of purchase price or a fixed quantity, whichever is less.
- Below market interest rate deferred until sale or transfer of the home.
- Balloon payment of loan at the time of transfer or selling of property.

Funding for purchase assistance programs can come from a variety of sources. The Individual Development Account Network (<http://www.idanetwork.org/>) maintains information on how and where to start matched saving accounts for down payment assistance and other purposes.

### **Redevelopment Agencies Set-Asides**

To accomplish revitalization of blighted areas Redevelopment Agencies (RAs): make loans to small businesses and non-profit incubators; alter, improve, modernize, reconstruct or rehabilitate existing structures (commercial, residential, industrial and retail) and engage in other activities geared to the preservation of affordable housing, such as the creation or rehabilitation of affordable and market rate housing.

State law requires all redevelopment agencies to set aside 20 percent of their tax increment dollars to be spent on programs that increase, improve and preserve the supply of housing for very low-, low- and moderate-income households.

Examples of Affordable Housing Programs offered by RAs:

- Acquisition, Rehabilitation and Donation of Real Property
- First-time Buyer Program
- Post-Buying Counseling
- Rental Housing
- Mobile Home Parks
- Transitional Housing
- New Construction for Owners and SELF-HELP Organizations
- New Construction for Rental Families and Seniors
- Rehabilitation for Owners and Renters
- Remediation of Soil Contamination
- Financing insurance premiums during construction or rehabilitation
- Development of plans, payment of principal, interest, financing or carrying costs on bonds, loans, advances or other indebtedness to finance low- and moderate-income housing





## Rental Assistance Programs

With rents and housing prices rising, the crisis is creating a permanent class of renters, families that are not going to attain the dream of homeownership. It is essential that REALTORS® help renters to find the right sources of assistance so that they can remain in their homes and eventually become homeowners. There are several types of rental assistance programs that REALTORS® can get involved with: security deposit, counseling, eviction prevention and moving. Both non-profits and the federal and state government have already developed working models of such programs.

Alameda County Eden Council for Hope and Opportunity, Inc. (ECHO):

[http://www.alamedaco.info/resource/agencydetail.cfm?pid=ECFHAOI\\_2\\_0&page=2](http://www.alamedaco.info/resource/agencydetail.cfm?pid=ECFHAOI_2_0&page=2)

City of Monterey Housing Advocacy Council of Monterey County Renter's Assistance

<http://www.monterey.org/housing/rentassist1.html> The Council can counsel other organizations on how to establish a security deposit assistance program and offers local eviction prevention and rental counseling programs. Contact Marilyn Dorman at (831) 424-9186. //City of Santa Cruz:

<http://www.hacosantacruz.org/programs.html> // Marin County:

[http://www.hud.gov/offices/pih/programs/hcv/wtw/ppp/learning/marin\\_ca.cfm](http://www.hud.gov/offices/pih/programs/hcv/wtw/ppp/learning/marin_ca.cfm)

San Diego County: List of rent Deposit Guarantee Program

[http://sandiego.networkofcare.org/aging/resource/tax\\_list.cfm?sw=BR-300.725-](http://sandiego.networkofcare.org/aging/resource/tax_list.cfm?sw=BR-300.725-)

[&ageGrp=all&cat=14](http://sandiego.networkofcare.org/aging/resource/tax_list.cfm?sw=BR-300.725-) // Stanislaus County Community Services Agency Security Deposit

Guarantee Loan Program: Contact Carol Wright, Phone: 209 558.2863, Fax: 209 558.2558,

Email: [wrightc@mail.co.stanislaus.ca.us](mailto:wrightc@mail.co.stanislaus.ca.us).

To access funds for rental assistance programs, Housing Authorities respond to Notices of Funding Availability (NOFAs) (<http://www.hud.gov/nofas.html>) published in the Federal Register. A federal program of interest is HUD's HOME program

(<http://www.hud.gov/offices/cpd/affordablehousing/programs/home/index.cfm>). It provides grants to state and local governments, which may use them to offer rental assistance. Also, visit Affordable Housing Programs page for further information

(<http://www.hud.gov/offices/cpd/affordablehousing/programs/index.cfm>). The State of California approved a \$2.1 billion dollar bond measure that provides funds for the construction, rehabilitation and preservation of affordable rental housing, emergency shelters and homeless facilities.

Proposition 46 has five rental programs.

## Secondary Mortgage Market

Conventional financing assistance and loan programs are offered by private lenders, non-profit organizations, savings and loan institutions, credit unions, commercial banks, mortgage banking companies and state and local housing finance agencies. These lenders, the originators of loans, are also called primary lenders. By extension, the primary mortgage market is the place where loans originate and are issued directly to the homebuyer by primary lenders.

After issuing loans to homebuyers, primary lenders have the option to keep it in their portfolio or to sell it to the secondary mortgage market in order to replenish their funds and have more money available to issue new loans. The secondary mortgage market includes investors and financial companies, pension funds, housing GSEs (Government Sponsored Enterprises, <http://www.hud.gov/offices/hsg/gse/gse.cfm>) and other financial agents.



The Federal National Mortgage Association (Fannie Mae, <http://www.fanniemae.com/index.html>) and the Federal Home Loan Mortgage Corporation (Freddie Mac, <http://www.freddiemac.com/>) are the two GSEs that purchase loans from the primary lenders. Their purpose is to support homeownership. They replenish primary lenders' funds and support their financial activity so that lenders have money available for more mortgage loans. Fannie Mae and Freddie Mac do not lend money directly to homebuyers. Instead they fund several of the affordable financing programs (<http://www.car.org/library/media/papers/pdf/PurchaseAssistancePrograms.pdf>) in place in the mortgage market and publish a number of educational materials (<http://www.car.org/library/media/papers/pdf/HomebuyerEducation.pdf>) for the public, in some instances in other languages than English, to provide consumers with the necessary tools to become knowledgeable in the home-purchasing and home-owning process. The loans issued through their sponsorship are called conforming loans because the primary lender drafts the loan according to the secondary purchaser's terms. Their loans are designed to help people become homeowners in spite of the challenges they face, such as coming with a down-payment or having credit problems.

## **Housing Opportunities Development**

Housing developers agree that any kind of development is a very cumbersome process, whether it is for-profit or non-profit. There are many issues to consider before starting any project. We offer a list of some ideas to help you get started with your project.

### ***Project Idea***

There are a number of things you should consider when designing your project:

1. What type of development do you want to pursue: infill, acquisition, preservation, redevelopment, new construction, rehabilitation?
2. What is your time frame? Is this a short-term, long-term, or continuous (such as rental assistance) or limited project?
3. What are the costs involved: land purchase, materials, permits and fees, labor, management, insurance, etc?
4. What is the specific need that the project addresses: homelessness, lack of assisted housing, housing for special needs population (elderly, single parents, disabilities, etc.), affordable single family residency housing, affordable multifamily housing, homeownership counseling/education?
5. What is the proposed service area: neighborhood, city, county?
6. What are the service criteria? Who is going to benefit from the project and what are the criteria used to select participants: need (such as only students for student housing), income, residency area, age group, other?
7. What are the potential problems: neighborhood opposition, city council disagreement, state regulations, lack of financial support, red tape and permits or liability issues? What are the potential solutions? Who are your potential allies?
8. Who is responsible of providing the service? How is the service going to be delivered?





## Specific Plan

Once you have the project idea developed, you need to make a specific plan to attain your objective.

1. Consider all sources of funding from: Federal government ([HUD Funds Available](http://www.hud.gov/library/bookshelf18/supernofa/nofa03/fundsavail.cfm) (<http://www.hud.gov/library/bookshelf18/supernofa/nofa03/fundsavail.cfm>), [HUD Grants Index](http://www.hud.gov/grants/index.cfm) (<http://www.hud.gov/grants/index.cfm>), [Other HUD Grants Available](http://www.hud.gov/library/bookshelf18/supernofa/nofa03/otherhud.cfm) (<http://www.hud.gov/library/bookshelf18/supernofa/nofa03/otherhud.cfm>); local government CDBG (<http://www.car.org/library/media/papers/pdf/CDBG.pdf>) or RDA (<http://www.car.org/library/media/papers/pdf/RedevelopmentAgenciesSetAsides.pdf>) loan and grant funds); other organizations ([Clearinghouse Database Search?](http://www.hcd.ca.gov/asw/FCH/index.jsp) (<http://www.hcd.ca.gov/asw/FCH/index.jsp>)). Examples of the programs covered by all of the above providers are: technical assistance, insurance mortgages, construction loan and permanent loans. It is always best to stay in touch with your local planning or housing agency for current information on availability of funding.
2. Consider global tax credits such as: [Low Income Housing Tax Federal \(LIHTC\) and Low Income Housing Tax State Credit](http://www.treasurer.ca.gov/ctcac/ctcac2.htm), both administered by the [California Tax Credit Allocation Committee](http://www.treasurer.ca.gov/ctcac/ctcac2.htm) (<http://www.treasurer.ca.gov/ctcac/ctcac2.htm>) and only rental housing projects are eligible; [Historic Tax Credits](http://ohp.parks.ca.gov/default.asp?page_id=21746) ([http://ohp.parks.ca.gov/default.asp?page\\_id=21746](http://ohp.parks.ca.gov/default.asp?page_id=21746)); [Housing Tax Exempt Bonds](https://secure.cacommunities.com/cacomm/apps/housing/) (<https://secure.cacommunities.com/cacomm/apps/housing/>); [Renewal Communities; urban Empowerment Zones; and Urban Enterprise Communities \(RC/EZ/EC\)](http://www.hud.gov/offices/cpd/economicdevelopment/programs/rc/index.cfm) (<http://www.hud.gov/offices/cpd/economicdevelopment/programs/rc/index.cfm>) tax credits for housing rehabilitation and construction; and [Tax Information for Charities and Other Non-Profits](http://www.irs.gov/charities/index.html) (<http://www.irs.gov/charities/index.html>). Also, search the [Low-Income Housing Tax Credit \(LIHTC\) Database](http://lihtc.huduser.org/) (<http://lihtc.huduser.org/>) to get information on the projects and housing units being produced in your locality (use left menu to access geographic data on LIHTC production).
3. Consider partners that will help your project: government; nonprofits (consult the [Southern California Association of Non-Profit Housing Directory](http://www.scanph.org/) (<http://www.scanph.org/>) and [Northern California Association of Non-Profit Housing Directory](http://www.nonprofithousing.org/index.atomic) (<http://www.nonprofithousing.org/index.atomic>)); for profits. Both directories are for sale, contact the organization for more information. A partnership has pros (i.e. experience, contacts, advice) and cons (i.e., loss of independence in the planning and implementation process).
4. Consider other information: [HUD information for grantees and nonprofits](http://www.hud.gov/groups/grantees.cfm) (<http://www.hud.gov/groups/grantees.cfm>), [Nonprofit participation in housing programs](http://www.hud.gov/offices/hsg/sfh/np/np_home.cfm) ([http://www.hud.gov/offices/hsg/sfh/np/np\\_home.cfm](http://www.hud.gov/offices/hsg/sfh/np/np_home.cfm)), [Office of Community Planning and Development](http://www.hud.gov/offices/cpd/) (<http://www.hud.gov/offices/cpd/>), [Establishing a Non-Profit Organization](http://fdncenter.org/learn/classroom/establish/index.html) (<http://fdncenter.org/learn/classroom/establish/index.html>), [Tax Information for Charities and Other Non-Profits](http://www.irs.gov/charities/index.html) (<http://www.irs.gov/charities/index.html>); [Starting a Business in the U.S. \(for profit and non-profit\)](http://www.managementhelp.org/strt_org/strt_org.htm) ([http://www.managementhelp.org/strt\\_org/strt\\_org.htm](http://www.managementhelp.org/strt_org/strt_org.htm)); [HUD's Affordable Housing Programs](http://www.hud.gov/offices/cpd/affordablehousing/programs/) (<http://www.hud.gov/offices/cpd/affordablehousing/programs/>)



(requiring non-profits participation); [HUD's Matrix of Systems per Working Group](http://www.hud.gov/systems/other.cfm) (<http://www.hud.gov/systems/other.cfm>) information of what HUD system or database resource might be useful to you as a non-profit.

### ***Suggestions from Non-Profits***

Once you are ready to seek approval for your project and you have thought and planned everything through, you are ready to consider some suggestions gathered from non-profits that have already worked in housing projects.

**Consider other things you haven't considered before and that might influence your project:** Did you include parking, is it adequate? How do you know? Did you consider the impact on the local school district? Is transportation close by? Is this a friendly building? Are the materials adequate?

**Emphasize the good points of your project:** Getting a project approved is also a matter of marketing and public relations. Learn how to sell it effectively to the City and its residents. Emphasize amenities, like a projected child care facility, or benefits, like increased home values and tax revenue due to development of a vacant property. Anticipate all possible objections and negative comments about your project, but do not address them before the City Council or any Commission does. Be ready to answer, but do not alert them to objections they have not thought about.

**Know your community:** Research demographic and economic characteristics of the area. Do surveys, talk to people, know what they want, know what they need, work with them, gather their support. Use task forces. Offer amenities (i.e. child care center) to make people and officials like you. Do you know if prospective grantees like your project? What would they change and what would they keep? Why?

**Know the law:** Review and locate the general plan and zoning plans because sometimes they have conflicting data. Look for consistency in housing fabric. Present the law and how the project fits into the law.

**Increase density:** More dense projects are likely to draw environmentalists support.

**Learn from similar nonprofits and developers:** Talk to them. Ask about what they could have done better. What went right? What went wrong? What useful advice do they have for you?

**Open channels of communication with city officials:** Network with the planning department. Educate city attorneys about the law. Speak early before filling of documents. Read and know your staff report and respond to each issue. Know your request. Address each topic in your specific request.

**Partnership:** Diverse groups accomplish more.

### ***Suggestions from Government Officials***

**Ask staff for relief:** They might be able to provide some, especially when it comes to affordable housing. It might come in the form of political support, recommendations to a commission, deferred payments or guidance.

**Be aware of what the City is doing:** What tools does it have, how can they be used? Once the strengths are assessed, a strategy to tackle the problems can be set up.





**Be politically savvy about City Hall:** It speeds up the approval process by contacting the right people, and it makes staff's work easier.

**Check the Building and Safety list of nuisance properties:** Potential revitalization sites can be found among those properties. Ask the city for a list of city owned properties, It is also a good source of affordable housing sites.

**Educate the public about what affordable housing means.**

**Know the community:** Know its pros and cons.

**Lobby Council members when there are difficult projects:** Get them to assist on your project meetings (private, neighborhood, etc.), agitate.

**Partnership:** Profit from other organizations' experience and contacts. It is also useful to establish work relationships and to identify sites.

**Possess financial know-how:** Learn where the sources of financing for your project are located.

**Realize that an outsider has the power to influence the outcome on ways a city staff can't:**

Staff is bounded to support the position of the elected official it is serving. However, by brainstorming, questioning, dialoguing, depicting alternative scenarios and sharing information with staff, new approaches can be created and that communication process can help shape policy and change outcomes.