

**HEALTHY HOMES INITIATIVE PROJECT**

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## **Abstract**

Lemoyne-Owen College Community Development Corporation (LOCCDC) is in the process of rehabilitating and lead abating 6 single homes located in the Soulsville area. After completion, the projects will be sold to qualified low income single families. At least three of the projects will be sold to a low income family with a child under the age of six. This project is a combined effort by LOCCDC, City of Memphis Division of Housing and Community Development (CHDO) and Shelby County Department of Housing.

The City of Memphis has provided a CHDO grant in the amount of \$215,000 for the rehabilitations and Shelby County Department of Housing grant funds total up to \$60,000 for the lead abatement. LOCCDC is using surplus funds (\$377,134) from previous housing initiatives. The project is a continuation of LOCCDC's infill housing and construction of rental properties in the area around Soulsville, USA in order to complete the removal of blighted dilapidated houses in the community. To date, LOCCDC has completed four rehab projects and is in the final phases on the two remaining projects. The project completion goal is set for May 2006. The single homes will cater to the low income clients' market, preferably single mothers with a child(ren) under the age of six years.

## Executive Summary

A healthy and safe community is vital for the overall quality and economic stability of any city. To maintain the health and attractiveness of our communities, we must rebuild, enhance, restore and alleviate sickness in our neighborhoods. A major objective of many neighborhood revitalization programs is to increase home ownership to help stabilize neighborhoods and strengthen communities. It creates important local and individual incentives for maintaining and improving private property and public spaces. Local nonprofit community development corporations spearhead the revitalization of distressed communities.

The Lemoyne-Owen College area was faced with the challenge of a deteriorating community. To solve this problem, LeMoyne-Owen College Community Development Corporation (LOCCDC) was re-established in 1989 to institutionalize Lemoyne-Owen College's commitment to its community. Since its establishment, LOCCDC has been recognized as a key mechanism for community development and outreach. This organization has been successful in various areas, including Micro Lending, Business and Economic Development and Housing.

LOCCDC started the Housing component in 1999 when it received its first CHDO grant. Since then, it has built 10 new single homes and rehabilitated 5 single homes using its "Build – a – Block" infill program.

LOCCDC started the Healthy Homes Initiative program in 2004 to join the nation in its effort to eliminate the home lead poisoning especially in children under the age of six years by the year 2010 while producing affordable homes for sale to low income single families. LOCCDC aims to complete 20 such projects by the turn of the decade.

This paper is a demonstration of how LOCCDC conducted the first piece of the Healthy Homes Initiative Project with an outline of community needs assessment, the problem statement, project design, project implementation and project monitoring and implementation process.

## **I. Community Needs Assessment**

### Community Profile:

The Soulsville community is a deteriorating urban area characterized by very old housing stock, high levels of poverty and unemployment, high density of low income children and low educational attainment. The target area for this project consists of the four (4) census tracts surrounding LeMoyné-Owen College, all of which are in the Memphis Renewal Community. The census tracts to be covered are: 45, 46, 47, and 48, 49 and 50. The Soulsville community is on the City of Memphis "Highest Priority" neighborhood strategy area designation.

**The target area is bordered by E. McLemore Avenue, Mississippi Boulevard, and E.H. Crump Boulevard. (See target area map below)**

*City of Memphis*  
*Memphis Housing Authority/Housing and Community Development*  
**LEMOYNE GARDENS STRATEGIC DEVELOPMENT ZONE**



Prepared By: Urban Design / Neighborhood Revitalization Department

## Community Needs:

The need for affordable housing in Memphis is serious. Although there were 42% earning less than 80% of the median income (\$32,280) for Memphis, only 130 affordable housing units were built annually in a 10 year period between 1986 and 1995. More recently, in 1995 only 27 out of a total of 4,273 housing units sold in the city were affordable (\$56,000 or less).

To compound the problem, the housing stock is becoming deteriorated and demolition and rehabilitation is becoming necessary in many cases. A total of 20,000 units were demolished during the 20 year period between 1970 and 1990; and due to sluggish housing market in Memphis, they have not been replaced.

Home ownership rates in Memphis are much lower (53.8%) than those for the state (68.9%) and Nation (66.7%) according to 1997 estimates. Home ownership rates not only vary with income but also with race. There is a home ownership gap between white and black households in Memphis. An estimated 59.6% of owner occupied units were owned by whites compared to 39.8% units were by blacks in 1990.

Investing in affordable housing is good for all parties involved. Benefits outweigh the costs by significant amounts in both social and economic terms. More so, construction spending leads to Job creations.

The social benefits of home ownership include:

- Lower high school drop out rates and fewer teenage pregnancies (Green and White 1994)
- Increased participation in civic activities (Rohe and Stegman 1944a)
- Attraction of industry, increased personal net worth and reduced economic strain, depression and alcohol usage by home owners compared to renters (Page-Adams 1997)

According to an LOCCDC in house research, on every street in the target area (see target area map) there are at least two abandoned homes built pre

1978 period. One hundred percent of these abandoned homes that are purchased by LOCCDC test lead positive. These homes belong to absentee homeowners of who 9 out of 10 live out of state. A Soulsville market research done for Fannie Mae Foundation by Zimmerman/Volk Associates, states “Although there is currently limited new construction activity within the Soulsville Neighborhood, this does not indicate a limited potential market for new housing. In fact, as has been demonstrated in other urban infill projects under construction across the country, appropriately-priced and targeted new housing can not only capture untapped markets, which increases overtime, but can also have a transforming effect on adjacent neighborhoods.” It is LOCCDC’s vision to create neighborhoods of value in the community it serves. The acquisition and rehab strategy is one that LOCCDC has adopted to help preserve and or restore the urban fabric of the community.

## **II. Problem Identification**

### **Problem statement**

Between 1990 and 2000, there was a decline of people in the older suburbs including Orange Mound and South Memphis (where Soulsville is located). The area encompassing 29 census tracts lost 20,461 people, more than one-fifth its 1990 population of 97,694. The 38126 Zip code area lost more than half its population. The losses in individual census tracts reached 78 percent during this period. Records from the Office of Construction Code Enforcement showed that 503 buildings in two South Memphis Zip Codes were demolished between 2000 and 2002. That represented about one-fourth of demolition activity in Shelby County. In one census tract, 73 of 321 housing units were listed as vacant. The abandoned properties are among the devastating effects population loss has had on South Memphis.



After the re-opening of the famous Stax Museum and after LOCCDC aired its idea of the “New Town Center” project<sup>1</sup>, there has been a great need of former residents wanting to return in the community and new residents looking for opportunities to purchase a new home in this community. This has created an undisputed need for new and infill housing in the Soulsville area.

Rehabilitation and de-leading six single family homes in the target area is one of LOCCDC’s step of fulfilling the demand of affordable home ownership through its Healthy Homes Initiative project.

### **Target Community:**

In 2001 LOCCDC advertised on the radio that it will start offering free home buyer classes to community members. There was an enormous turn-out from community members who were primarily renters. The community members aired their concerns of needing to improve their credit scores and so they could qualify for mortgages. LOCCDC created financial literacy and credit counseling to assist the interested parties. This was a huge success. After one year, at least 4 out of 10 participants were mortgage worthy and were willing and able to purchase homes at affordable prices in the community that they were renters and hence creating a market for affordable homes in the Soulsville community. To date the home buyer and financial literacy classes have continued to be a success. Participants share their positive views of how infill and rehab housing projects conducted by LOCCDC have changed the overall perception of the community from the outside.

### **Stakeholders:**

Key and / or primary stakeholders in this project will be LeMoyne-Owen College Community Development Corporation (LOCCDC), City of Memphis division of Housing

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<sup>1</sup> The New Town Center project is an economic development project initiated by LOCCDC. This project will constitute of strip mall directly opposite the Stax Museum and 15 new single homes residential cove to be sold at market rate.

and Community Development (CHDO), Shelby County Department of Housing (SCDH) and target community members. Their influence in the project is significant and will play a big role in the success of the project. LOCCDC will conduct rehabilitation of 6 pre-1978 homes that it has already acquired and use CHDO, SCDH and in-house funds to conduct the rehabs. Other stakeholders include subcontractors, vendors, LeMoyné-Owen College CDC Home Buyers Institute (LOCCDC-HBI), and the home buyers. LOCCDC is responsible for selecting and hiring subcontractors, selecting vendors and monitoring the project.

**The goals of the project include:**

Short –term and intermediate outcome goals:

- Create jobs for community subcontractors and lead workers.
- Eradicate dilapidated homes in the target area.
- Prevent lead poisoning by abating the homes before rehabilitation

Longer-term outcomes

- Sell the homes to low income clients at an affordable rate ( Asset building )

**The objectives of the project include:**

- Increase the availability of affordable home ownership hence creating asset building for the target market.
- Improve the face of the target community.
- Create jobs in the community
- De-lead lead positive single family properties in the community

### **III. Project Design:**

**Specific Program:** A Healthy Homes Initiative program grant funded by the City of Memphis Division of Housing and Community Development and Shelby County Department of Housing to increase affordable home ownership and alleviate the number of vacant dilapidated lead positive homes in residential areas in the target community.

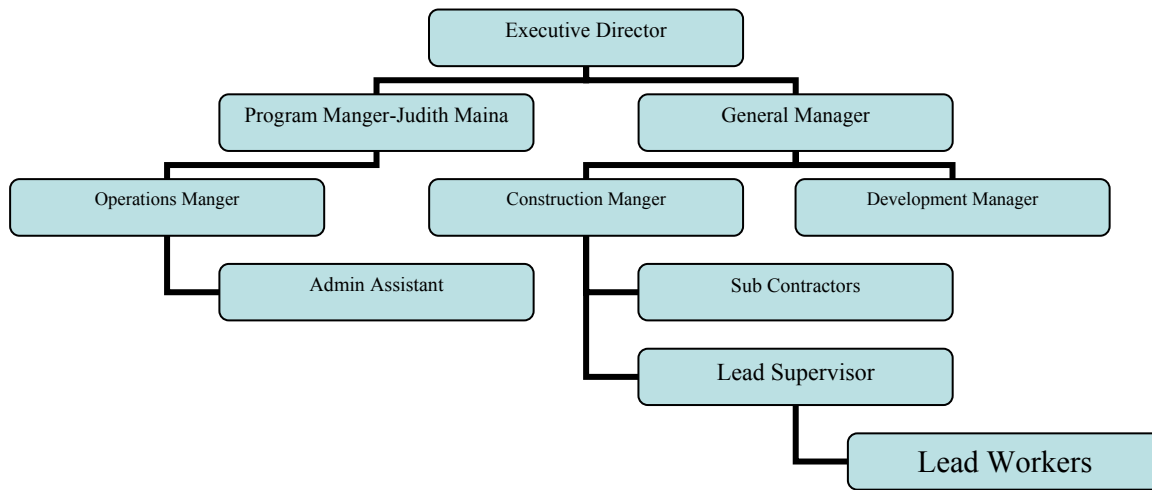
**Participants:** Soulsville community members, City of Memphis Department of Housing and Community Development, Shelby County Department of Housing and Development and Local Subcontractors.

**Target Community:** Soulsville community.

As soon as LOCCDC learned of the available funds to conduct to the project, the LOCCDC- Home Buyer Institute (HBI) tapped into its data of community residents who had attended the home buyer and credit counseling classes to notify them. Twenty interested parties filled in home buyer applications and started the mortgage application process. In the process, LOCCDC learned that 5 of them had fallen back to undesirable credits due to loss of employment, and they were enrolled in the credit counseling classes, 7 applicants changed their mind about purchasing a rehabilitated home and decided to be on the list for new homes. 4 have purchased 4 of the completed projects, 2 are waiting to move in by June 1, 2006 and the remaining 2 were referred to Orange Mound Development Corporation and are waiting to purchase similar homes by August 2006.

**Host organization:** LeMoyne-Owen College Community Development Organization (LOCCDC).

## Organizational Chart



**Method:** LOCCDC has acquired vacant dilapidated residential homes in the target community that are lead positive, hired lead qualified workers, and subcontractors from the community to conduct lead abatement and rehabilitation.

### Products & outputs:

#### *Community wise:*

- Six newly lead abated and rehabilitated homes for sale to low income home buyers
- Eliminate blighted sights in the community giving it a desirable face
- Attraction of new community members (the new home buyers)

#### *Economic and Development wise:*

- Job creation for community members qualified to conduct lead abatement and also subcontractors for the rehab work
- Revenue generation for LOCCDC for selling the new homes
- Increase home values in the community

## Literature Review:

It is generally assumed that home ownership is the ultimate tenure goal in North American society. A number of advantages are associated with home ownership in comparison to rental tenure. Home ownership is regarded as an expression of individualism, a symbol of status and a way of achieving financial equity (Clark 2001, Murdie and Teixeira 2001, Myers and Lee 1998, Ratner 1996, Harris and Pratt 1993, Balakrishnan and Wu 1992). Murdie and Teixeira exemplify these claims, suggesting that: "Home ownership satisfies an inherent need for social prestige, allows maximum control over one's dwelling and provides an investment opportunity which renting does not. It also provides accommodation for families with children who may have difficulty finding suitable housing in the rental sector". (Murdie and Teixeira, 2001, p. 12). Saunders (1990) further argues the importance of home ownership. He indicates that "with ownership comes the right to indefinite use; the right to give away or bequeath; the right to modify; the ability to choose an appropriate price and method of payment; security of tenure; the right to do what one wills with the property; and the advantage of investing in something one controls". (Saunders, 1990, p. 97). Affordable home ownership is hence necessary for people who fall under the low to moderate income brackets.

LOCCDC started "Build-A-Block" infill program in 1994 to help stabilized business schools churches and enhance the lives of community stake holders in the target area. I joined LOCCDC as an intern in 2001 and as a fulltime employee in 2003. After working In 2004, the organization explore the possibility of adding the de-leading component in it rehabilitation projects after securing funds fund from Shelby County Department of Housing resulting to Healthy Homes Initiative project. I was delighted when the offer of being the project manager was extended to me.

There are organizations with programs nationwide that specialize in production of new and / or rehabilitated affordable homes. Examples of these organizations include Community Housing Development Corporation of Des Moines and Orange Mound Development Corporation.

### **Community Housing Development Corporation of Des Moines:**

This organization rehabilitates existing structures and builds new single-family homes that are sold to low-income families. Starting in Des Moines' Enterprise Community and expanding into additional neighborhoods, CHDC has provided nearly 80 homes in a few short years and is on pace to construct 12-20 homes annually. Using \$2,040,000 in HOME Investment Partnership Program grants from the U.S. Department of Housing and Urban Development (HUD) and \$25,000 in Polk County Housing Trust Fund grants, CHDC has put \$14,400,000 in real estate back on the tax rolls. <http://www.chdcdesmoines.org>

CHDC's Home Ownership Program serves applicants who have incomes 20 percent below median income, have steady jobs, reasonably good credit and wish to purchase a home. Local banks provide a 30 year fixed mortgage at lower interest rates. A ten-year tax abatement is provided and grants are available to assist with down payment and closing costs. <http://www.chdcdesmoines.org>

### **Orange Mound Development Corporation:**

This organization Develops affordable single-family housing, through new construction and rehabilitation in Memphis, TN.

The LOCCDC and Orange Mound Development Corporation add the lead abatement component in their pre-1978 rehabilitation projects.

## **IV. Project Implementation**

LOCCDC and the City of Memphis in general recognize the importance of housing to the quality of life and health of its residents in all communities. But with limited resources and jurisdiction, the active participation of non profit organizations and different levels of government partnerships with industry and community is essential.

Below is a pre-implementation planning table outlining activities, designating responsible parties to carry out each activity and a planned delivery timeline.

I. Predevelopment Phase			II. Acquisition and Construction Phase		III. Operation Phase	
I-1. Concept Phase	I-2. Feasibility Phase	I-3. Deal-making Phase				
Time Frames: January to June 2005			July to Dec '05	Jan to May 2006	Jan to May 2006	
Project Team Community Members, LOCCDC	Create project mission	Market analysis	Formalize the development team		Marketing plan	Operation of the Rehabilitations
		Propose the development team			Management plan	Home Buyer mortgage application process
Site / Architecture- LOCCDC, Shelby County Dept. Of Housing, City of Memphis	Identify a Subcontractors					
		Site analysis	Architectural working drawings		Finalize acquisition	Initiate Rehabilitations
Community , LOCCDC	Conceptual sketch	Site control				
		Preliminary architectural drawings	Select general contractor			
Plan review committee- LOCCDC, Community	Community assessment	Build community support			Monitor the construction process	
					Keep in touch with the community	Projects walk through
Financing	Pre-application review	Design review	Building permit		Building inspection Certificate of occupancy	
	Budget projection	Obtain commitments for acquisition/ construction/ permanent financing	Close the acquisition loan		Close the construction loan	Close the permanent loan



**Actual Implementation:**

ID	i	Task Name	Duration	2005												2006				
				J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M
1		Secure funding	6.2 mons	█																
2		Secure buyers	6.5 mons							█										
3		Secure properties	5 mons					█												
4		Secure permits	5 mons				█													
5		Secure sub-contractors	1 mon																	
6		Complete Lead work	4 mons																	
7		Complete rehabs	6 mons																	

**Implementation report:**

The Healthy Homes Initiative project is so far successful and on schedule. Securing for funding involved community members accepting the proposal by LOCCDC to acquire six pre- 1978 dilapidated single family homes, de-lead them, conduct rehab work and sell them at an affordable price to a qualified low income client. After the agreement, LOCCDC applied for funding for City of Memphis Community Housing Development Organization (CHDO) grant. It took six months before we received an award letter. LOCCDC and the community committee members decided that while in the process of acquiring identified properties, we could also pull out our list of graduates from the LOCCDC-Home Buyer Institute for interested home- buyers. While in the process of securing mortgages and home buyer agreements for the qualified candidates, some walked away from the deal, other defaulted on their credit and the remaining 8 were 2 more than the projects on the table. The 2 were referred to Orange Mound Development Corporation that has a similar program. Therefore we successfully placed all interested graduates.

The acquisition of properties was not as easy as anticipated in the initial planning process. Dealing with out of State property owners was a challenge that we have overcome. The properties were not acquired all at the same time and the rehab and de-leading were conducted as the properties became available. The de-leading process in

all projects took a week more than scheduled due to Shelby County Division Housing Inspector shortage. The lost time was compensated by requiring sub contractors to work 2 more hours during the week and on Saturdays.

Every project comes with a learning experience. Acquiring the properties simultaneously at least a couple of months before the rehabilitations began would have made it possible for the organization to complete the projects a month earlier and also eliminate the need of subcontractors working over weekends.

To date, LOCCDC has successfully completed 4 projects and sold them. The remaining 2 will be completed by May 31, 2006.

**Inputs, Outputs resources used in implementation:**

inputs	processes/ activities	outputs	short-term outcomes	intermediate outcomes	long-term outcomes
<p>- <b>Human resources:</b> subcontractors, counselors at the LOCCDC-Home Buyers Institute</p> <p>- <b>Financial resources:</b> CHDO subsidy, Shelby County Dept. Of Housing lead grant , and LOCCDC in-house funds</p> <p>- <b>Office resources:</b> Supplies and materials</p>	<p>-Subcontractor selection Submit credit line application to vendors</p> <p>- Preparation by the in-house real estate agent to sell the newly rehabbed homes</p> <p>- Conduct home buyers expos-</p> <p>Match potential home buyers with the agent secure home purchase agreements</p>	<p>- subcontractors selected and approved</p> <p>- \$100,000.00 approved line of credit and loans</p> <p>- Secured a “for sale” listing in the Commercial Appeal in the classified section</p> <p>- 20 qualified home buyers</p> <p>- 2 signed home purchase and sales agreements</p>	<p>- Sign contracts with subcontractors</p> <p>- Increased interest calls from the number of interested and qualified home buyers</p>	<p>- Potential home buyers have increased comfort interacting with the real estate agent</p>	<p>- 6 completed rehab projects</p> <p>- Decreased the number of dilapidated homes in the community</p> <p>- Decreased the potential lead poisoning in the community</p> <p>- Successful home sales and purchases by the participants</p>

## **Staffing Patterns:**

LOCCDC is a general contractor and is equipped with the staff to conduct the rehabs. The organization is also fully staffed with home buyer counselors. For this project, the organization only needed to hire a lead supervisor and lead workers. Below are job descriptions for staff involved in the project:

### **Lead Workers**

- Conduct abatement activities in accordance with the procedures and requirements of the pre-abatement plan.
- Conduct de-leading activities in accordance with the procedures and requirements of the de-leading plan.

### **Lead Supervisors**

- Ensuring that abatement activities are conducted in accordance with regulatory requirements.
- In projects involving the abatement of less than 10 units, develop a written pre-abatement plan and abatement report for each assigned unit.
- Maintain accessibility at all times when abatement activities are being conducted.
- Ensure completion of all abatement activities according to the standards of this regulation.
- Ensure that de-leading activities are conducted in accordance with regulatory requirements.
- Develop a written de-leading plan and a post- abatement report for each assigned abatement project.
- Maintain accessibility at all times when de-leading activities are being conducted.
- Ensure completion of all de-leading activities according to the standards of this regulation.
- Identify lead- based paint; and

- Complete all other reports required under this regulation. In the statute, activities associated with the inspection and assessment of lead-based paint are clustered together, and the Agency originally envisioned that it would develop one job discipline to both inspect for the presence of lead-based paint and to evaluate or assess any lead hazards.

### **Project Manager**

- Administer the Healthy Homes Initiative Project
- Coordinate housing production activities, from design to sale, including contract development, negotiation and execution, contractor relations and some site management
- Participate in the planning of community development and outreach programs
- Administer the CHDO reimbursement process
- Be active in the recruitment of buyers and the selling of the CDC's homes
- Develop and implement strategies that assists the housing department in operating smoothly
- Develop and implement the Homebuyers Education Club

### **Rehab Supervisor**

- Administer and supervise all rehabilitation projects and sites
- Coordinate site work schedules with contractors and subcontractors.
- Maintain safety and neatness of sites.
- Coordinate materials and supplies purchase and acquisitions.
- Monitor contractors and subcontractors for compliance with contracts
- Supervise site labor to complete work assigned
- Coordinate visits to the site by funders and potential buyers
- Other duties as needed and assigned pertaining to LOCCDC construction sites

<b>PROJECT BUDGET</b>	
<b>ITEM</b>	<b>COST</b>
Properties Acquisition	\$ 150,000.00
Lead abatement	\$ 60,000.00
Rehabilitation	\$ 300,000.00
Contingency	\$ 54,000.00
Demolition	\$ -
Permits	\$ 834.00
Fencing, Alarm, Warranty	\$ 2,100.00
Construction Supervision	\$ 30,000.00
Architect & Engineer	\$ 6,000.00
Appraisal	\$ 1,500.00
Marketing Expense	\$ 500.00
Const. Insurance	\$ 7,200.00
Project Admin Operation	\$ 40,000.00
<b>TOTAL COST</b>	<b>\$ 652,134.00</b>

#### **IV. Monitoring and Evaluations**

**Project goals:** Create jobs in the community

1. Eradicate dilapidated homes in the target area.
2. Prevent lead poisoning by abating the homes before rehabilitation
3. Sell the homes to low income clients at an affordable rate ( Asset building )

**Project objectives:**

1. Increase the availability of affordable home ownership hence creating asset building for the target market.
2. Improve the face of the target community.
3. Create jobs in the community
4. De-lead lead positive single family propertied in the community

Performance Questions and Related Targets	Information Needs and Indicators	Baseline Information: Requirements and Status (If Known)	Data Gathering: Methods, Frequency, Responsibilities	Planning and Resources: Forms, Planning, Training, Data Management, Expertise, Responsibilities	Information Use: Analysis, Reporting, Feedback, Change Processes, Responsibilities
How many jobs were created?	20 jobs resulted from hiring carpenters, roofers, HVAC workers, lead workers and a supervisors	Current and Valid Licenses from subcontractors	Employee weekly timesheets, bi-monthly payroll reports , invoices from subcontractors	Submitting payroll data to the human resources office, enter invoice in the systems using peach software  Contract agreements with subcontractors	Contract agreements amendments
How many available home buyers were interested in purchasing the projects after completion?	20 candidates were pulled from a list of LOCCDC Home Buyers Institute (HBI)	Current credit score should be 550 and above  Should be employed or have a steady income supply  2 most current pay check stubs	Record-keeping from previous LOCCDC-HBI graduates  Placing phones to the candidates	Entering into written agreements with the home buyers  Referring home buyers to financial institutions  Helping buyers with mortgage applications	
How many projects were rehabilitated		4 are completed and occupied	Close on Mortgages		
How many projects were de-leaded	6		Close on homes		
	6			Lead Inspection reports	

## **VI. Sustainability Plan**

LOCCDC has been involved with creating rental housing and new construction and performing rehabilitations for sale to low income clients for six years through its “Build – a – Block” infill program. The net assets resulting from the sale of these properties will be used to acquire and rehab more properties in the target area

## **VII. Conclusion & Recommendation**

In the coming years, the affordable home ownership programs of LOCCDC are likely to face several new challenges. Among them are weakened demand for home ownership, and a change in the characteristics of clients.

### **Weakening Demand:**

After many years of strong economic growth, the national economy is weakening. Unemployment seems to be rising and forecasters suggest that the economy is likely to remain sluggish for some time. This may affect the interest in home ownership in general in a negative way. It would particularly impact heavily the demand among low and moderate income households who compose the market of LOCCDC. Increased fear of job insecurity is likely to push away potential homebuyers from investing in homes in the near future. Intensive advertising, creating for – profit subsidiaries and looking for new markets will be some of the measures that LOCCDC will take in response to the declining demand.

### **Changing client characteristics:**

The number of organizations offering affordable home ownership programs has continued to grow over the last decade. The number of people who receive this service has also increased. This implies that LOCCDC target clientele has already bought affordable homes and the remaining larger group is composed of a “harder to serve” clients with more severe impediment to home ownership. Hence it will take longer to

and more resources to make them successful candidates which may have an adverse effect on Healthy Homes Initiative sustainability plan.

With this in mind, LOCCDC needs to start preparing resources that will be fundamental in catering for this clientele. This may include an increase in staff to offer home buyer counseling, setting funds aside to assist the home buyers with down payment and more importantly, striking a relationship with a non- traditional financial institution that will readily accept the clientele.