

Homeownership Continuum  
Andrew DeFranza  
Dr. Tosun Aricanli  
School of Community Economic Development  
Southern New Hampshire University  
Manchester, NH

Submitted in partial fulfillment of requirements for the  
M.S. in Community Economic Development  
Approved by Dr. Tosun Aricanli

## **Abstract**

Beverly Massachusetts is a small City with wide income disparity and prohibitive housing costs. The dramatic rise in housing prices over the last 5-10 years has made it impossible for low-income people to purchase homes. The Homeownership Continuum is an attempt at melding new and existing resources to leverage homeownership opportunities for low -income people. The HC provides low-income families with a viable path toward homeownership by addressing each barrier to ownership with pertinent resources. Financial limitations are addressed by the establishment of the Section 8 Mortgage program, the creation of an IDA savings program and the application of existing down payment programs. Limited understanding about credit, basic finance and mortgage processes is dealt with through educational workshops and targeted marketing. The IDA program will offer monthly workshops on these topics. A certified homebuyer class will be offered by the Community Outreach Program in conjunction with a local realtor and local bankers. In addition, information regarding existing first-time buyer programs will be distributed in low-moderate income neighborhoods. Finally, the local affordable housing developers will commit to considering first-time buyer projects as part of their efforts to address the affordable housing shortage. All these fulcrum points are necessary to leverage first time buyer opportunities for low and moderate income families.

## **Executive Summary**

The City of Beverly Massachusetts is home to 40,000 people of diverse income. Beverly's coastal location with easy access to Boston has contributed to a rapid rise in real estate prices over the last 5-10 years. In addition a large new commercial development, the Cummings Center, and three growing colleges draw people into the area and into the housing market. In addition to students, prosperous Boston commuters, and wealthy ocean-side homeowners Beverly also has a large number of middle-income areas and six low-income neighborhoods that are home to hundreds of families. These six low-income neighborhoods exist because of the presence of some type of public subsidy (i.e. Section 8 mobile and project based vouchers, state and federal housing developments). Without these subsidized living situations most of these families would not be able to live in Beverly. Furthermore, with the spike in real estate values over the last decade typical market system homeownership in Beverly is nearly impossible for low to moderate income residents of the City. Scarc availability of affordable properties, limited understanding of mortgage processes, lack of financial capacity, unproductive personal financial management, poor credit history, nearly non-existent targeted marketing regarding alternative mortgage products and down payment assistance programs all contribute to the difficulty of homeownership for low to moderate income Beverly citizens. The City of Beverly needs a homeownership network that helps low to moderate income families pass through a continuum providing informative marketing of resources, financial literacy training, alternative mortgage product education and provision, credit repair, various models of financial assistance, and ultimately affordable homeownership options.

As an initial step toward the vision of a *homeownership continuum* this project will attempt to pull together various community partners with existing or potential resources that could help low-income families become homeowners. The two main goals of the project are: 1) to encourage the creation of affordable properties for purchase by families from low-mod income neighborhoods and 2) to facilitate the readiness of low-moderate income families to purchase

homes. To these ends a variety of objectives are being pursued. Most important among these objectives are the following: securing the commitment of local affordable housing developers to consider homeownership projects, creating a viable IDA program to provide education, credit repair and down payment assistance, organizing a first time buyer marketing campaign to the low-moderate income areas, developing some condo units for first time buyers through the Beverly Affordable Housing Coalition, establishing a homebuyer education class and convincing the Beverly Housing Authority to establish a Section 8 mortgage program.

Some of the objectives have been achieved, others are in process, and yet others are proving difficult to attain. A small group of low income community members has been formed to consider and advocate for homeownership initiatives. This group has potential but needs a specific project to galvanize its resolve and commitment. The marketing campaign is in full swing. Multiple entities provided literature on their first time home buyer programs for the marketing packet. 500 households from the target community received these marketing packets in late February. Three affordable housing developers have expressed a willingness to support the Homeownership Continuum concept. The Beverly Affordable Housing Coalition has also taken a direct step toward supporting the continuum by purchasing 1-2 triple decker buildings, suggested buy the Community Outreach Program Director, with the intent to create affordable condominiums for first time homebuyers. The final arrangements are now in process. The North Shore Housing Trust has also gotten involved by facilitating a local land trust project that will provide 15 condos for first time buyers. A local real estate and mortgage broker, Ken Anslono, has agreed to provide homebuyer education workshops. These workshops are in phase one of a two phase process. Beginning in March and running for 3-6 months a 2 hour Introduction to Homeownership Workshop will be offered. The initial workshop drew 22 people the majority of whom had very positive feedback. If interest continues to be strong then an 8 hour, full homebuyer workshop will begin being offered quarterly. This homebuyer education program will operate in accordance with the regulations of CHAPA's *Mass Homeowner Collaborative* so that participants will be eligible to access certain first time buyer resources. While the education components of the IDA program are ready the funding for the savings component of the program is experiencing some problems. Also, the Beverly Housing Authority has shown some resistance to the idea of the Section 8 mortgage program.

While there are a number of tasks to ensure the progress of the ongoing efforts mentioned above two key tasks remain pivotal for dealing with the two problem areas (i.e. IDA funding and BHA approval of the Section 8 Mortgage Program). First, 2-3 other funding sources will be approached by the end of March to seek funds for the IDA savings match. Second, the Beverly Housing Authority will be approached with the concept of the Homeownership Continuum and a letter indicating current supporters. The BHA will be asked to initiate the establishment of the Section 8 Mortgage program. If they resist key people will be contacted and asked to exert influence upon the decision (i.e. Mayor, State Rep., City Planner).

This project began as the creation of an IDA program for homeownership development. However, it became apparent over time that IDA programs in expensive housing markets like the Boston area have unique challenges. In fact the challenges are so varied and pervasive as to greatly limit the effectiveness of the IDA program in achieving the goal of homeownership. As a result this project grew to incorporate an IDA program within a much larger homeownership

strategy. It is the conclusion of this project that an IDA program for homeownership is not effective in high cost markets as a free-standing program. It is therefore recommended that IDA programs in these areas find ways to participate in a more holistic and multi-layered effort to help low-moderate income people become homeowners. Only with the help of many partners will people have enough leverage in these markets to achieve homeownership.

## I. Community Needs Assessment

### 1. Community Profile

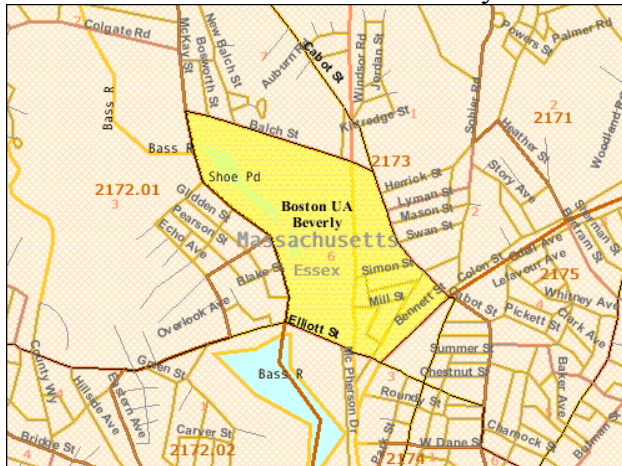
The cost of living in the City of Beverly and the entire Boston area is extremely high (Bacon, Russell, Pearce, 2000). The median income in Beverly is \$53,984 while the average household income is \$72,330 (*Profile of Selected*, 2000). The average cost of a single family home is \$338,623 (*North Shore Profiles*, 2003). The median price for condominiums in 2002 was \$205,000, while from January to May of 2003 the median price was \$220,000 (The Warren Group, 2003). Demand is high and new development is very limited. "Part of what's going on is that inventory-the supply of homes for sale-has remained modest (Thomas Grillo, Boston Globe, 11/3/02)." According to HUD income limits (2003) Beverly has a greater percentage of low-income (51-80% of area median: \$27, 531-\$43,187) and extremely low-income people (31-50% of area median: \$16, 735-\$26,992) than the majority of the Essex County region (*Consolidated Plan*, 2000). Moderate-income households (81-95% of area median: \$43,727 to \$51,284) and low income households combined are a sizeable minority in the City, accounting for an estimated 3629 households or 23 percent of all households (*Household Income 1999, 2000*).

### 2. Needs Assessment

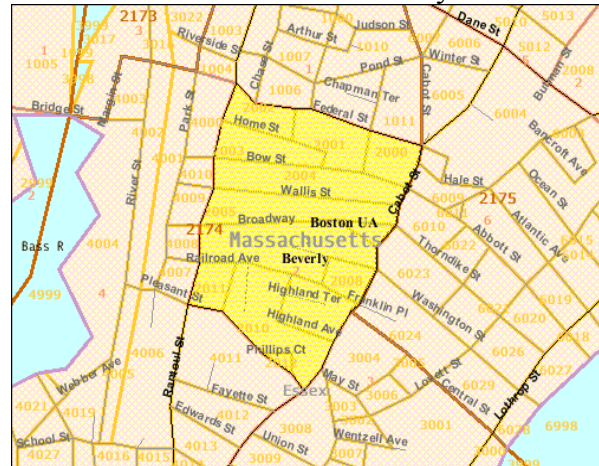
The cost of living has presented the low to moderate-income citizens of Beverly with a variety of problems. Livable wage employment is not readily available to low-income people with limited skills and/or education. Affordable childcare is limited and difficult to access. These problems notwithstanding, affordable housing is continually the greatest need (Cosica, Friedman, Mason, Ward, 1999). According to a year 2000 survey published in the North Shore Home Consortium's Consolidated Plan (2000) "the median rent for family housing (2 or more bedrooms) is now pegged at \$1208.00 which represents an increase of 99% since 1990". A survey of low income citizens done by Beverly Bootstraps reported that nearly 99% of those in low income neighborhoods were renters while 87% knew nothing about first time homebuyer programs, although that same percentage, 87%, were interested in buying a home. In the autumn of 2002 the North Shore United Way held the first of a series of focus groups. 23 representatives of social service providers came together and listed affordable housing as their number one need (Georgina Keefe-Fedlman, personal communication, 12/11/02). In addition the local CAP agency (NSCAP) indicated in their Community Action Plan that "94% of providers rated lack of adequate, affordable housing as a severe problem" (2002). The National Low Income Housing Coalition has ranked Massachusetts the *least affordable state* in the nation and the Boston metro as the 5<sup>th</sup> least affordable area in the country (2003). Even the most recent City of Beverly Master Plan acknowledges that the development of affordable housing is a priority need (2002).

The City has a high proportion of renter occupied dwellings, an expensive rental housing market, and a low vacancy rate. Census tracts 2173 and 2174 have markedly higher amounts of renter occupied than owner occupied units when compared to the rest of the City (*Occupied Housing Units*, 2000). Three of the four block groups in tract 2173 have more renters than owners and all four block groups of tract 2174 have more renters and owners. The two most disproportionate neighborhoods in terms of renters to owners are tract 2173 block group 6 (83% renters/17% owners) and tract 2174 block group 2 (86% renters and 14% owners).

Census Tract 2173 BG 6 Beverly MA



Census Tract 2174 BG 2 Beverly MA



While one report indicates, that “There are no low income census tracts within” Beverly there is at least one low-income block group, tract 2173 BG 6 (*Community Reinvestment Performance Evaluation*, 1999). Not surprisingly the two renter dominated neighborhoods listed above also have the lowest household median income in the entire City (*Median Household Income in 1999 (Dollars)*, 2000). It is difficult for families to rent apartments in Beverly and exponentially more difficult for them to buy houses or condominiums. For this reason they rent in the areas that will cost less or will readily accept voucher subsidies. These areas have become concentrated with renters and lower income households as the census data indicates. Due to the high cost of real estate the families in these lower and moderate income neighborhoods have almost no chance of purchasing a home and therefore are in danger of displacement through gentrification. Many of the families leaving Massachusetts for areas with more affordable housing are from Essex County (*The Fiscal Impact of New Housing*, 2003). The North Shore Home Consortium, the local entity that administers HOME funds, points out that “In light of the existing housing market and the cost of single family homes condominiums, this activity [Homeownership Assistance] has become increasingly difficult to implement” (*Action Plan*, 2003). Previously, according to their Director, Mr. Kevin Hurley, the Home Consortium was able to provide regular funding for first time buyers in need of deposit assistance (personal communication, 10/10/03). However, in recent years the dramatic rise in real estate values has strangled the supply of affordable homes for sale thereby greatly impeding first time buyer assistance activity. In fact the City of Beverly Community Development Office is no longer operating their HOME funded Homeownership Assistance Program (personal communication 2/26/04). Upon noticing a disparity between the percentage of low-income households in Beverly and the percentage of home loans made to this income group a CRA examiner remarked that “it should be noted that the low-income group

contains a large proportion of households with income so low that *home-ownership is virtually impossible.*” (*Community Reinvestment Performance Evaluation*, 1999. emphasis mine). While this may be true for households with incomes below 50% of the area median (i.e. \$26,992) it does not have to be true for those between 50% and 80% of area median (i.e. 80% = \$43,187). For example, Habitat for Humanity is currently in the process of selecting a buyer for a three bedroom single family home. They are requiring a minimum household income of \$28,000. Families with incomes below 50% of median income will likely continue to need subsidized housing in the form of Section 8 mobile vouchers, public housing, or project based vouchers. The Beverly Community Outreach Program supports the preservation and expansion of this type of housing. However, for the purpose of this project the COP is focusing on those between 50% and 80% of area median income.

## **II. Problem Identification/Solution**

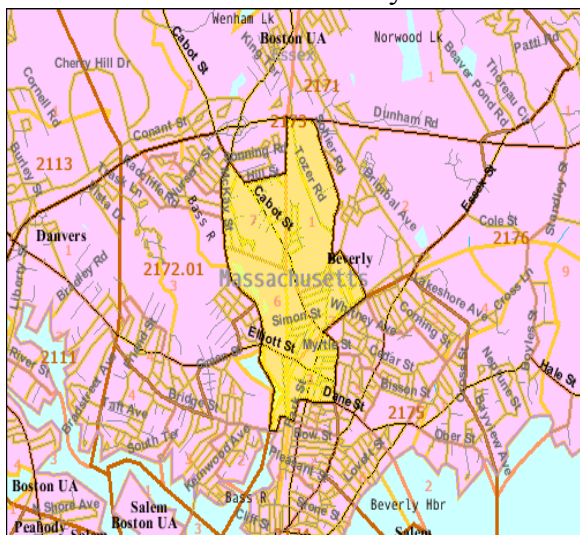
### **1. Problem Statement**

The high cost of real estate in Beverly Massachusetts, along with a near absence of properties developed for affordable homeownership, poor connections between the low-moderate income community and existing homeownership resources, resident credit problems and issues of long term financial capacity and skill have resulted in very few viable homeownership opportunities for low-moderate income Beverly citizens, especially clients of the Community Outreach Program. Unless the various community entities and individuals gather within the next two years to create a homeownership continuum supporting low-moderate income homeownership for residents in census tracts 2173 and 2174 these citizens will continue to struggle with rising rents, displacement, and the impossibility of homeownership.

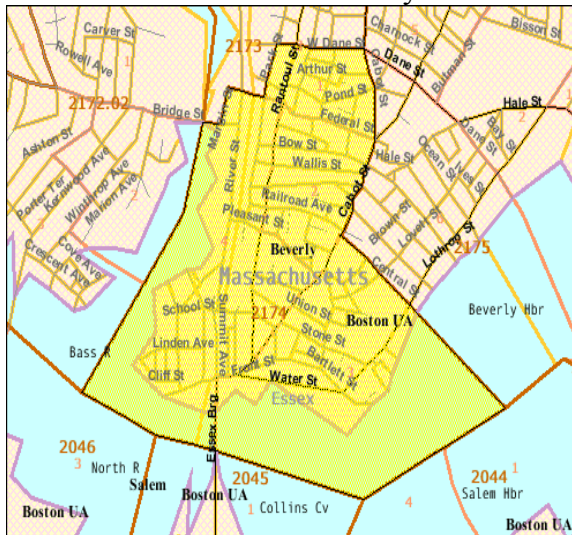
### **2. Project Target Community:**

The project’s target community is the low income residents (i.e. 50% -- 80% of median) found mainly in census tracts 2173 and 2174 within the City of Beverly, specifically those involved with the Community Outreach Program. There are 1238 households within this income range found in these tracts. These families make up 28% of the households in these two areas. The target of this intervention *is not* families below 50% of area median income. Those families will require rental oriented affordable housing programs. Representatives from these areas have been involved in implementing a community survey about interest in homeownership. They have also given feedback regarding various homeownership strategies they think would appeal to people. Other community members such as affordable housing developers, bankers, the planning department, a realtor, and hopefully the housing authority are involved in this project through the provision of financial and educational resources. Further detail about stakeholder involvement is given below in the design section. In short, the community is being changed in three ways through this activity. First, low-moderate income families are being empowered to act by seeing that homeownership is possible. Second, low-moderate income families are able to access a mechanism to pursue education and other resources that will help them gain equity and housing security, thereby increasing their family and neighborhood stability. Third, those providing services in the area (bankers, housing providers etc) are beginning to understand that affordable homeownership should be a priority for the whole community. This shift in priority will contribute to not merely the commitment but the actual use of resources for encouraging homeownership.

Census Tract 2173 Beverly MA



Census Tract 2174 Beverly MA



Source: [www.census.gov](http://www.census.gov)

### 3. Stakeholders:

Some of the key stakeholders are the City of Beverly (i.e. Planning Department and Community Development Department), the low-moderate income citizens, a few key banks, four local affordable housing developers, local Realtor, Ken Anslono, and the Beverly Bootstraps' Community Outreach Program.

**For a more full description of the stakeholders and their respective roles please see table in Section III, Point 4, Design, Community Role:**

### 4. Project Goals:

Currently low-income homeownership is nearly impossible in Beverly. This project promotes the creation of a loose structure of partners that will make homeownership possible for low-income Beverly families. The two main goals of the project are as follows:

- a) encourage the creation of affordable Beverly properties for low-moderate income homeownership,
- b) facilitate the readiness of low income families to purchase the affordable properties that are developed

This project is feasible because the necessary resources and partners are available or potentially available in or to the Beverly community. Affordable housing developers, and those in City government that support affordable housing, have it within their power to create properties for ownership. The issues that compromise the readiness of low-income families can be overcome through the resources found in the Homeownership Continuum Chart in

Appendix Six. Verification that the project is progressing toward the two main goals is determined by keeping track of the monitoring indicators found in section V.

### 5. Project Objectives:

1) develop a small base of low to moderate income community members by December 2003 to lobby for affordable homeownership support systems and opportunities such as inclusionary zoning, Section 8 mortgage vouchers, and Habitat for Humanity homes,

**a) Prerequisite(s):** meeting space and a number people from the target community who are interested in participating.

**b) Resources Acquisition:** Meeting space is being provided by the First Baptist Church downtown. The Community Outreach Director recruited potential community advocates from the pool of clients in the Outreach Program (i.e. est. 300). Maintaining interest among this group has been difficult. It is recommended that a particular issue be identified as a rallying point. The abstract idea of encouraging affordable housing seems a bit too abstract to draw committed interest.

2) secure commitments from affordable housing developers by April 2004 (i.e. We Care About Homes, Beverly Affordable Housing Coalition, North Shore Housing Trust, Habitat for Humanity) to create homeownership opportunities when viable AND to consider the use of alternative homeownership strategies (i.e. cooperatives),

**a) Prerequisite(s):** interest of the affordable housing developers in homeownership projects.

**b) Resources Acquisition:** The leadership of each entity was given a packet describing the homeownership continuum concept, demonstrating their potential role, and asking for support. Follow up conversations were held in a number of cases to further explain the concept and solicit support. In two cases specific developers were encouraged to pursue home ownership projects by the Community Outreach Director.

3) create a viable IDA program by June 2004 that will offer a 4:1 deposit match through bank donations (Beverly National Bank has been eliminated as a funding source. Beverly Coop Bank and Danvers Savings Bank are still involved) as well as homebuyer education, financial literacy, and credit repair,

**a) Prerequisites:** \$48,000 in match funds, volunteer workshop leaders for \$ literacy, credit repair and asset specific training, and meeting space.

**b) Resources Acquisition:** Volunteer workshop leaders were recruited by the Community Outreach Director according to their relevant expertise and interest. Meeting space will be provided by the First Baptist Church. Match funds have been difficult to acquire. The Beverly National Bank was approached but they declined to participate. Currently an appeal is in to Danvers Savings Bank and Banknorth. A further appeal will go out to the Beverly Cooperative Bank. Federal funds are available for this program through the Assets for Independence Act. The project resisted pursuing these funds due to the extensive reporting requirements. If



however, the private funding does not come through then this public funding will be pursued during the next funding round.

4) in the Winter of 2004 organize and operate, with the help of bankers, real estate brokers, churches, community groups, and City employees, a targeted community marketing campaign to low-moderate income residents in tracts 2173-4 informing them of homeownership programs, financial assistance, and alternative mortgage products.

**a) Prerequisites:** a mailing list in the target areas, 500 copies of all the materials regarding relevant programs, funds for copies, envelopes and shipping, people to stuff and mail the envelopes.

**b) Resources Acquisition:** The mailing list was comprised of a base of 225 people from the Community Outreach Program and another 275 chosen from the low-moderate income and heavy rental areas. The latter list of names and addresses were gathered from the City Directory.

Through research a group of twelve programs were chosen for inclusion in the marketing packet. Some groups were asked to provide 500 copies of their materials. Other materials were copied at the Community Outreach Office. Banknorth provided the funds for the shipping and materials cost.

5) garner the public support of the Mayor for homeownership initiatives for low-moderate income residents by April 2004,

**a) Prerequisites:** the willingness of the Mayor to offer his support

**b) Resources Acquisition:** The Mayor was sent a packet in February 2004 explaining the Homeownership Continuum and seeking his support. A follow up email was sent in early March 2004.

6) convince the Beverly Housing Authority of the need for and viability of a Section 8 homeownership program,

**a) Prerequisites:** willingness of the Beverly Housing Authority to approve and administer the program.

**b) Resources Acquisition:** The Community Outreach Director and the Section 8 Director had an initial conversation about the program in early 2003. The Executive Director and the Section 8 Director of the BHA were mailed a packet describing the homeownership continuum concept, demonstrating their potential role, and asking for support in early March 2004. If they do not express willingness to consider the idea then the Community Outreach Director along with the community advocate group and interested members of the Beverly Affordable Housing Coalition will attempt to rally public support and the support of City officials.

7) maintain and if possible increase down payment assistance through the Beverly Community Development Office,

**a) Prerequisites:** willingness of the Beverly Community Development office to approve and administer the program, available funds through the HOME program.

**b) Resources Acquisition:** The Community Development Director was sent a packet in February 2004 explaining the Homeownership Continuum, describing their specific role in continuing the down payment program and seeking his support. A follow up email was sent in early

March 2004. Unfortunately, the CD office responded that it is no longer going to continue the program.

- 8) continue providing annual affordable housing opportunities through the Beverly Planning Department's "lottery",
- a) **Prerequisites:** willingness of the Beverly Planning Department office to approve and administer the program,
  - b) **Resources Acquisition:** The Planning Director was sent a packet in February 2004 explaining the Homeownership Continuum, describing their specific role in continuing the first time buyer program and seeking her support.
- 9) facilitate the sale of Apple Village to Preservation of Affordable Housing with the agreement that 30-50 extra units will be built on site for some type of low-moderate income homeownership (i.e. condos or cooperative)
- a) **Prerequisites:** willingness of the Apple Village Owners to sell, capacity of an affordable housing developer to purchase, available funding, willingness of the tenants to support the sale, willingness of the zoning and planning officials to allow more construction
  - b) **Resources Acquisition:** POAH was contacted by the Community Outreach Director to assess their interest in partnering with a local group to purchase the property. They agreed. The Apple Village owners were contacted numerous times. They communicated their unwillingness to sell. At this point the project is trying to find other ways to convince the AV owners to sell. The Beverly Bootstraps Community Outreach Director is going to speak with Salem City officials about leverage they used to encourage an owner of a similar project to sell.
- 10) develop 3-6 first time homebuyer condos through the Beverly Affordable Housing Coalition by April 2004,
- a) **Prerequisites:** willingness of the BAHC board to consider such a project, available property, available funding, available purchasers
  - b) **Resources Acquisition:** The Community Outreach Director located two triple decker properties and convinced the owner to sell to the BAHC. The Community Outreach Director encouraged the leadership of the BAHC to consider buying and reselling the buildings as condos. Funding was sought for and located in the form of conventional finance from a local bank. Funding available from government entities was only useable for rentals. This may yet influence the project toward rentals. Purchasers have not yet been sought after.
- 11) establish a free homebuyer education program to enhance low-moderate income residents' access to first time buyer programs (i.e. two phases: 1) general 2 hour interest session, 2) fully CHAPA approved 8 hour education with opportunity to certificate that allows access a variety of 1<sup>st</sup> time buyer programs)
- a) **Prerequisites:** workshop facilitator, available space, interested participants
  - b) **Resources Acquisition:** The Community Outreach Director recruited Realtor Ken Anslono to teach the workshops. First Baptist Church

provided space. Flyers regarding the workshops were put in the 500 marketing packets. Announcements were also placed in local papers and businesses.

### III. Project Design

#### 1) Review of the Literature

Although the IDA model of asset development is a relatively new one a variety of resources are available through research. Other resources were found on the cost of housing, homeownership and financial literacy education.

- Articles/Books:

Boshara, Ray. (2001) *Building Assets: A report on the asset-development and IDA field*. Washington D.C.: Corporation for Enterprise Development.

*Community Reinvestment Performance Evaluation*. Beverly Cooperative Bank. September 20, 1999.

Dailey, Colleen, Tim Flacke, Brian Grossman. (2001) *Individual Development Account Program Design Handbook: A Step by Step Guide to Designing and IDA Program*. Washington D.C.: Corporation for Enterprise Development.

Paige-Adams, Deborah, and Sherraden, Michael. (September 1997). "Asset Building as a Community Revitalization Strategy." *Social Work*, 42, 423-435.

Saunders, David, and Stoesz, David. (September 1999). "Welfare capitalism: A new approach to poverty policy?" *Social Service Review*, 73, 380.

Saunders, David, and Stoesz, David. (Fall 1998). "Welfare windfall." *Social Policy*, 29, 42-45.

Sherraden, Michael. (Winter 2000). "From research to policy: Lessons from individual development accounts." *Journal of Consumer Affairs*, 34, 159-181.

- Web Sites:

Allston Brighton CDC	<a href="http://www.allstonbrightoncdc.org">www.allstonbrightoncdc.org</a>
Center for Social Development	<a href="http://www.gwbweb.wustl.edu/csd">www.gwbweb.wustl.edu/csd</a>
Emmanuel Gospel Center	<a href="http://www.egc.org">www.egc.org</a>
Housing Assistance Corporation	<a href="http://www.haconcapecod.org">www.haconcapecod.org</a>
Individual Development Account Network	<a href="http://www.idanetwork.org">www.idanetwork.org</a>
Institute for Social and Economic Development	<a href="http://www.ised.org/economicdevelopment/iowanssave.asp">www.ised.org/economicdevelopment/iowanssave.asp</a>
International Institute of Boston	<a href="http://www.iiboston.org">www.iiboston.org</a>
Lawrence Community Works, Inc.	<a href="http://www.lawrencecommunityworks.org">www.lawrencecommunityworks.org</a>
Organization for a New Equality	<a href="http://www.newequality.org">www.newequality.org</a>
Corporation for Enterprise Development	<a href="http://www.cfed.org">www.cfed.org</a>
Individual Development Account Network	<a href="http://www.idanetwork.org">www.idanetwork.org</a>

- Reports:

McCulloch, Heather and Robinson, Lisa. (2001) *Share the Wealth: Resident Ownership Mechanisms*. New York: Policy Link.

National Low Income Housing Coalition (2003). *Out of Reach 2003: America's Housing Wage Climbs*. Washington D.C. Retrieved at [www.nlihc.org/oor2003](http://www.nlihc.org/oor2003) on 10/13/03.

There are a number of other agencies operating IDA programs in the state of Massachusetts including:

Acre Family Day Care, Lowell  
 Allston Brighton Community Development Corp, Allston  
 Emmanuel Gospel Center, Boston  
 Greater Holyoke CDC, Holyoke  
 Housing Assistance Corp, Hyannis  
 International Institute of Boston, Boston  
 Lawrence Community Works, Lawrence  
 North Shore Community Action Program, Peabody  
 Organization for a New Equality, Boston  
 St. Francis House, Boston  
 University of Mass, Bedford  
 Women's Institute for Housing and Economic Development, Boston

Most of these projects approached the IDA concept by focusing on a particular area, low-income population, and one or more of the traditional IDA related assets; higher education, homes, and small businesses. They varied in their match ratio, number of participants, and asset foci. Through literature found on their websites and personal interviews with program staff from Lawrence Community Works, Organization for a New Equality, Emmanuel Gospel Center, and the director for the statewide collaboration known as MIDAS the Community Outreach Director was able to glean some helpful information related below.

- the fact that the MA housing market makes homeownership through an IDA difficult,
- the difficulty of using the funds from AFIA,
- the various models used and communities being worked with,
- the need for dedicating more staff time to the IDA,
- the critical need for Bank support,
- various alternative funding sources being used.
- the potential difficulty of using funds through the federal Assets for Independence Act.

These interviews and this literature were crucial in providing a framework and a model for the IDA program. With the basic IDA concept in place as a foundation the project created a program that would focus on housing and small business. Furthermore, being aware of the

particular difficulty of housing in the Beverly context it was decided to make a concerted effort to pursue a number of items to provide participants with the most realistic chance of purchasing a home. Along these lines is provision of the highest match funds possible to enhance down payments, inquiry into alternative forms of ownership including cooperatives, and cultivation of relationships with affordable housing entities that are in place to sell homes at a reasonable price. In addition the things learned have encouraged the project to be as broad as possible with funding sources and to cautiously enter into any agreement with the federal government through AFIA funds.

## 2) Program:

**Program Mission Statement:** The mission of the *Homeownership Continuum* is to help low-income Beverly families become homeowners.

To achieve the goals and objectives associated with this mission the Homeownership Continuum project will proceed in the following manner. The lobbying and advocacy work combined with the facilitation of either the Apple Village purchase and development or the BAHC condo purchase and sale will encourage the creation of properties for affordable homeownership. The project participants will pursue the stability of programs that currently support affordable homeownership (i.e. Planning Dept. annual lottery) while at the same time advocating the creation of new supportive mechanisms such as inclusionary zoning. In addition, key stakeholders will negotiate and advocate for the purchase of the largest subsidized housing complex in Beverly, Apple Village, by the Preservation of Affordable Housing (POAH). In this way currently affordable rental units will be preserved beyond their “expiring use” contract and new units will be constructed on the site for low-moderate income homeownership. Finally, it is the intention of the project to educate bankers and community leaders regarding affordable homeownership, through their participation in or exposure to the marketing campaign. In private and public meetings as well as during the campaign itself these leaders and business people will be informed as to why affordable homeownership is so important. The hope of this project is that these people of influence will then support affordable homeownership initiatives, such as the Apple Village expansion, when they arise. In this way community education of middle and upper income people will facilitate the development of affordable homeownership opportunities for low-moderate income families.

While the marketing campaign will provide broad community education, the *First-time Buyer Workshop Series* will be the major vehicle for asset specific education. The Community Outreach Director in partnership with local Realtor Ken Anslono will operate a cycle of short first time buyer workshops. Bankers and other guest speakers will be brought in as needed. These initial workshops will serve as “feeders” for a more in depth 8 hour first time homebuyer workshop. This workshop will use the curriculum provided by the Mass Homebuyers Initiative and will seek to be certified by CHAPA (i.e. Citizens Housing and Planning Association). This certification will allow the program to grant “completion certificates” to participants which will then enable them to be eligible for certain first time buyer resources.

As the First-time Buyer Workshop Series is the major vehicle for homebuyer education the IDA program will be the major venue for empowering low income people with the financial services

needed to prepare for homeownership. Through the IDA venue financial literacy training, credit repair assistance, peer support, property management education, for those interested in purchasing multi-family homes, and financial and specialty mortgage product resource education \$50. The workshop leaders will be provided through the Beverly Bootstraps volunteer network and if necessary through contracts with outside trainers. The match funds will be accessed through local banks, foundations, civic groups, and possibly federal and/or City funding sources. The actual IDA accounts will be hosted by two or three local banks: Danvers Savings and Beverly Cooperative. Credit repair and counseling will be done by Consumer Credit Counseling Services or another like entity. The policy work (i.e. chapter 58, CPA, inclusionary zoning, Section 8 mortgage vouchers) will be done by government employees and officials with lobbying by the community advocates. The actual development of affordable homeownership opportunities will need to be done by the local development groups (Habitat, We Care About Homes, North Shore Housing Trust, Beverly Affordable Housing Coalition, POAH). The low-moderate income advocacy group will lobby both government employees and development groups to facilitate the creation of affordable homeownership opportunities.

**3) Participants:** 10-20 people will attend the monthly first time buyer “mini-workshops”. 7-15 people will attend the quarterly full scale first time buyer class. 10 low-moderate income people from the Community Outreach Program will participate in the IDA program. A wider group of low-moderate income people will participate in the lobbying and advocacy endeavors. A variety of community advocates, business people and city employees will help provide materials and time for the marketing campaign. Residents of Apple Village along with representatives from the Beverly Affordable Housing Coalition, the Community Outreach Director, and POAH staff members will work on the Apple Village purchase and expansion project.

#### **4) Community Role:**

The stakeholders involved with this project include residents of the low to moderate income neighborhoods, the City of Beverly, the various affordable housing and social service entities, the Community Outreach Program participants, the faith community, the citizens advisory group, local foundations and funding sources, local politicians, and the business community. The project will rely on the heavy participation of all these groups particularly in providing funds and volunteers to serve as educators and professional counselors and in presenting viable home purchasing options. It is expected that a high level of participation will be crucial to program outcomes. The program will not succeed without groups and individuals involved to provide match money, to teach workshops, to walk people through financial literacy, to explain the home buying process, and to create home purchase opportunities.

Please consult the following table for specific community roles and responsibilities.

<b>ROLES AND RESPONSIBILITIES</b>	<b>COMMUNITY MEMBERS/INSTITUTIONS</b>
Advocating and support the creation of homeownership strategies including the IDA program	Citizen Advocates, Beverly Bootstraps
Providing guidance and feedback in the program planning stages regarding interest in the IDA model and design logistics	Citizen Advocates
Participating in the IDA program and eventually purchasing a home	IDA participants
Offering mortgage education and professional mortgage services	Mortgage Broker Ken Anslono, Bank representatives from Beverly National Bank, Beverly Cooperative Bank, and Danvers Savings Bank
Providing flyers and information re: first time buyer programs for the marketing campaign	Mortgage Broker Ken Anslono, Bank representatives from Beverly National Bank, Beverly Cooperative Bank, and Danvers Savings Bank, Citizens Bank, St. Josephs Credit Union, MassHousing, Beverly Community Development Office, Beverly Planning Department, We Care About Homes, Mass Housing Partnership
Hosting and tracking participant accounts as well as providing basic banking education	“Back room” staff from Beverly National Bank, Beverly Cooperative Bank, and Danvers Savings Bank
Providing creative homeownership options	Preservation for Affordable Housing, Beverly Affordable Housing Coalition, We Care About Homes, North Shore Housing Trust
Offering financial literacy training	COP Outreach Director and volunteers: Dick Barger, Lori Smith and Peter Monaco
Making available financial assistance for down payments or on-going mortgage support (i.e. Section 8 mortgage program)	IDA program, Community Development Office, We Care About Homes
Contributing to the IDA match fund	Beverly National Bank, Danvers Savings Bank, Beverly Cooperative Bank
Providing credit counseling	Consumer Credit Counseling Services
Providing information about basic property management law	Lori Fonseca, Attorney for the Housing Law Project
Provide meeting space	First Baptist Church

**5) Program Host and Affiliates:** The IDA and Homebuyer Education programs will be hosted by the social service agency Beverly Bootstraps. Other institutions will affiliate and partner with the Beverly Bootstraps in providing the crucial resources and service listed above: First Baptist Church, Beverly National Bank, Beverly Co-operative Bank, affordable housing developers, Beverly Affordable Housing Coalition and We Care About Homes, Beverly Housing Authority, Ken Anslono, the City planning and community development offices and the credit repair entity, Consumer Credit Counseling Services. The First Baptist Church will provide space for the regular workshop and peer meetings as well as office space for staff. The banks will hold the participant accounts, provide some match money, and provide staff to participate in basic banking and homebuyer education. The affordable housing groups and the City planning department will provide viable affordable homes for purchase through their development

activity. The community development office will provide supplemental down payment funds. We Care About Homes will also provide supplemental down payment funds. CCCS will provide credit repair services. Ken Anslono will operate the homebuyer workshops. The Beverly Housing Authority will provide the mechanism to allow Section 8 vouchers to be used toward mortgage payments. They will also operate the Family Self Sufficiency Program (FSS), which can be used toward a down-payment. POAH will provide the financial and technical capacity to purchase and expand Apple Village. Beverly Bootstraps will supervise the creation, implementation, and operation of the project. It is my responsibility to write proposals, seek out funding sources, recruit volunteers, develop effective relationships with the stakeholders mentioned, recruit participants, institute and supervise the operation of the program.

**6) Organizational Chart:** See Appendix 1

**7) Method:**

<b>PROGRAMS<sup>1</sup></b>	<b>PARTICIPANT INVOLVMENT</b>	<b>RESPONSIBILITY</b>	<b>IMPLEMENTATION</b>
<b>IDA Program</b>	Participants save money over 2 years and attend monthly workshops	1) Create participant savings 2) Provide basic economic education 3) Provide asset specific training 4) Repair participant credit	Participants make monthly deposits which are matched 3:1 by the sponsor agency. Participants attend monthly workshops on a variety of financial or asset based topics. Participants follow credit repair plan. All facets are monitored by the Community Outreach Program.
<b>Homebuyer Workshops</b>	Participants attend initial 2 hour workshop followed by an 8 hour workshop	Educate participants about the homebuying process and homebuying resources	2 hour mini workshops will be offered monthly. The full scale 8 hour workshops will be offered according to interest levels. The intention is to offer them quarterly.
<b>First-time Buyer Marketing Campaign</b>	Entities that run 1 <sup>st</sup> time buyer programs provide marketing materials. 500 households from target neighborhoods receive them.	Provide general information about first time buyer programs to the public so that they can see what is available and pursue resources if applicable.	Volunteers and staff from the Community Outreach program mail packets with 12 pieces of information from 1 <sup>st</sup> time buyer programs and a flyer on the upcoming homebuyer workshop to 500 households selected from the target area. These packets are followed by a survey.
<b>12 locally relevant first time buyer programs such</b>	These are the entities that provide materials	See above.	See above.

<sup>1</sup> Programs created by this project are listed in RED. Programs accessed through leverage or collaboration are listed in GREEN.



<b>as the Beverly Planning Dept. 1<sup>st</sup> Time Buyer lottery</b>	<b>for the marketing campaign.</b>		
<b>Affordable Housing Developers</b>	<b>The developers create housing units which are designed for low-income 1<sup>st</sup> time buyers.</b>	<b>To make available units that prepared low income families can afford to purchase.</b>	<b>The developers engage in projects that use creative strategies to encourage ownerships. For example, the BAHC is working on a condo project that uses multiple funding sources and a tax break so that the price is subsidized enough to make the units affordable for purchase to those under 80% of AMI.</b>
<b>Beverly Housing Authority Section 8 Mortgage Program</b>	<b>Low-income families use the Section 8 voucher to either help with a lump sum down payment or with monthly payments over 15 years.</b>	<b>To provide participant families with leverage that will enable them to borrow enough funds to cover acquisition of a home.</b>	<b>The BHA approves the Section 8 mortgage program and makes it available to those holding BHA vouchers. The program is administered through existing administration structures.</b>

#### **8) Products and Outputs (2004):**

- a) creation of and regular advocacy activity of a citizens advocacy group made up of low and moderate income residents, (i.e. lobbying public and private entities to support affordable housing friendly legislation and policy, and the creation of more properties for homeownership.)
- b) development of a viable IDA program with the help of community advisors,
- c) 4 months of financial training and peer support meetings for IDA participants,
- d) improved credit situations for IDA participants,
- e) bank accounts opened by participants and basic banking education received,
- f) steadily increasing participant savings accounts with personal deposits and matched funds,
- g) commitments from affordable housing developers to creatively consider putting together affordable homeownership projects,
- h) commitment from the Beverly Housing Authority to consider enacting a Section 8 homeownership program,
- i) public support for the *Homeownership Continuum* voiced by the Mayor,
- j) public support for *Homeownership Continuum* by the banking and real estate community in the form of commitments to participate in the marketing campaign, homebuyer education workshops, and the actual home buying process of participants,
- k) widespread targeted marketing campaign of relevant mortgage products and homeownership programs to low-moderate income neighborhoods,

- l) commitment of Consumer Credit Counseling Services (or alternative) to offer credit repair services,
- m) creation of some type of low-moderate income affordable homeownership project by one of the affordable housing developers,
- n) development of a first time homebuyer workshop program,
- o) operation of two first time buyer workshops,

**NOTE: Points relevant to the IDA program (i.e. B-F) are on hold until necessary funding is acquired. The project was denied funds from its first partner choice. Two other entities are now reviewing funding appeals.**

#### IV) Project Implementation:

##### 1) Implementation Plan: see Appendix 2 for table and Gantt Chart

##### Implementation Narrative:

The *Homeownership Continuum* project began conceptually in the fall of 2002 as an IDA program focused on housing. Upon reading the literature, researching existing programs and considering housing market conditions it became apparent that an IDA program was not sufficient to create homeownership for low-moderate income families in Massachusetts. The housing costs were too high and the incomes were too low. In order to develop a viable path toward homeownership for low-income Beverly residents a host of resources needed to be targeted upon that goal. Therefore, the Community Outreach Program staff began working on a method that would focus existing resources on creating this linked path toward homeownership. In addition, new resources would be created to overcome obstacles to low-income homeownership that had no existing solutions. After surveying low-income residents and researching existing homebuying resources two main obstacles came to the forefront: 1) low-income families were not prepared to purchase homes and 2) the market was not supplying any natural first time buyer opportunities. In response the Community Outreach Program made the two major goals of the Homeownership Continuum to facilitate the readiness of low-income families for homeownership and to encourage the intentional creation of units for first time buyers. To achieve these goals the following objectives were developed:

<b>GOAL #1: increase the capacity of low-income residents for homeownership</b>	<b>Objectives</b>
	Create a viable IDA program by June 2004 that will offer a 4:1 deposit match through bank donations,
	organize a targeted community marketing campaign to low-moderate income residents in tracts 2173-4 informing them of homeownership programs, financial assistance, and alternative mortgage products,
	convince the Beverly Housing Authority of the need for and viability of a Section 8 homeownership program,
	maintain and if possible increase down payment assistance through the Beverly Community

	Development Office,
<b>GOAL #2</b> <b>encourage the creation of affordable properties for low-moderate income homeownership</b>	
	continue providing annual affordable housing opportunities through the Beverly Planning Department's "lottery",
	develop a small base of low to moderate income community members to lobby for affordable homeownership support systems and opportunities
	secure commitments from affordable housing developers to create homeownership opportunities when viable
	garner the public support of the Mayor for homeownership initiatives for low-moderate income residents
	begin some affordable first time buyer project

Various challenges and supports developed between September 2002 and February 2004. For instance, support for the educational components of goal #1 went very well. The Community Outreach Program was able to secure volunteer teachers, well developed financial literacy and homebuyer education curricula, and resources for the marketing campaign. In addition, a new objective "To create a homebuyer education program" developed out of this process. Research showed that a variety of first time homebuyer resources were only accessible to people who had a certificate from an approved homebuyer course. The City of Beverly has no such approved program. So the COP decided to create one. A local realtor/mortgage broker with a track record of helping people creatively access homes agreed to be the point person in developing this project. CHAPA, the certifying agency, supplied the necessary homebuyer curriculum. Interestingly, at the same time as the COP was working to embed an IDA program in a larger strategy of homeownership creation others were beginning to do the same thing. The statewide IDA collaborative, MIDAS, began providing its participants with information regarding homebuying resources that could be coupled with an IDA to create more leverage for low-income buyers. While the support for education and the need to publicize existing resources was strong financial support for the IDA has been a problem. The original plan was to use a team of three friendly banks to provide the match money for the IDA program. From November 2003 through February 2004 one of the local banks indicated interest in being the lead bank of this endeavor. Unfortunately, this bank eventually declined to provide funds for the program although they did agree to provide some human and informational resources. Thus, the COP is now moving on to other bankers. This problem slowed down the inception of the IDA program by about 3 months.

Other problems and successes surfaced around goal #2. The Community Outreach Director discovered and researched two potential homebuyer projects. One was brought to the Beverly Affordable Housing Coalition and the other was brought to the Preservation of Affordable Housing. The BAHC was encouraged to purchase two triple-decker buildings on the market as condos. Through, a tax incentive the owner was able to sell the buildings at a lower cost such

that the BAHC could then sell the condos at a lower cost to first time home buyers. The owners agreed to the idea. However, funding agencies like CEDAC and MHP did not. They wanted BAHC to do rental. This stalled the process by 6 months. Eventually, the BAHC returned to the condo concept with the help of a local bank partner. The plan now is to buy both buildings. One will be sold as condos right away. The other will be held at least for a time as rentals. The second first time buyer project was larger and more complicated. The Community Outreach Director approached a sophisticated Boston based affordable housing developer, POAH, about purchasing a large expiring use property known as Apple Village. POAH expressed interest in purchasing the 200+ unit facility and a willingness to consider new construction for homeownership on site. Unfortunately this is where the project bogged down. The owners of the property were contacted a multitude of times during the fall and winter of 2003-04 to no avail. Eventually, in February of 2004 they responded and indicated that they were not interested in selling the property. At this point conversations are scheduled with the City Councilor and the Planning Director in an attempt to enlist their support for pushing the idea further. In short, the Homeownership Continuum is still in process. Many foundation stones have been laid toward creating this homeownership path. However, others such as funding for the IDA program and the creation of more units for purchase will require more work. This work is ongoing.

## 2) Inputs:

### Some of the key inputs are as follows:

- Communicate with various affordable housing developers regarding interest in homeownership projects.
- Communicate with multiple bankers about funding for an IDA program.
- Communicate with City Officials or relevant staff members about their support for the Homeownership Continuum.
- Put together and mail 500 packets to low-moderate income areas marketing first time buyer programs
- Hold an initial first time homebuyer workshop.

**For a full list of inputs please see the chart in Appendix 2**

## 3) Staffing Pattern:

**Executive Director**, Tom Gifford: Financial reporting and recordkeeping, supervision of Community Outreach Director.

**Community Outreach Director**, Andrew DeFranza: Program development, Implementation and operation, volunteer recruitment, supervision of staff, volunteers and consultants, some workshop education. Supervised by ED.

**Outreach Worker**, Angela Ebersole: Volunteer management, deposit tracking, administrative assistance, participant support, peer meeting facilitation. Supervised by COD.

**Homebuyer Workshop Teacher, Ken Anslono:** Provide education on the various aspects of first time homebuying in a respectful and effective manner to low-moderate income Beverly residents on a monthly/quarterly basis.

**Workshop Volunteers, Dick Barger, Lori Smith, Bank staff, real estate brokers, Consumer Credit staff, etc:** Teach personal financial management, organization skills, basic business skills, and home buying resources and techniques. Supervised by COD.

**Community Advocates,** Program development feedback and design, community surveying, regular accountability, and public advocacy.

**For job descriptions see Appendix 3.**

#### **4) Budget Plan:**

The major expense for the IDA program is the matching funds, \$48,000.00. The only other significant expense is staff salaries and supplies, \$18,177.00. The facilities are donated thereby reducing any lease or utility expenses. There are small expenses for materials and refreshments.

**For a full *pro forma* please see Appendix 4.**

**5) Project Implementation Report: See Appendix 2**

**6) Project Implementation Gantt Chart: See Appendix 2.**

### **V. Monitoring/Evaluation**

#### **1. MIS**

a) Program information will be gathered through a variety of means.

1) **Community Surveys:** The original community survey was tested by the Community Outreach Director and the Citizens Advocacy group in September of 2003 and administered in October and November of 2003 to 155 low income participants in the Community Outreach Program. A follow up survey related to understanding of homeownership programs will be tested by the Community Outreach Director and the Citizens Advocacy group in February of 2004 and administered by the Outreach Worker in March of 2004.

2) **Interviews with public employees:** The Community Outreach Director will interview the Community Development Office staff and the Planning Dept. Director regarding participation in the marketing campaign in January of 2004. The CO Director will interview the Planning Dept. Director regarding inclusionary zoning status and the Apple Village Development in January of 2004 and monthly thereafter as is necessary with the ongoing development of those projects.

3) **Interviews/letters from Affordable Housing Developers:** The CO Director will collect letters of commitment from the 3 local affordable housing developers regarding homeownership by February 2004.

4) **IDA participant data:** The Outreach Worker will make weekly phone calls to participants to check on their status. She will also administer and collect monthly self evaluations and program evaluations done by IDA participants at each monthly workshop. She will also take attendance at each monthly workshop and monitor the deposit activity of each participant as found in the quarterly bank statements mailed to us.

b) The standard IDA record keeping system (MISIDA) has experienced problems in recent years. New software is supposed to be forthcoming. If this software does not materialize than the Community Outreach Director will set up an excel spreadsheet or an access database that records workshop and peer group attendance, participant deposits or lack thereof, the status of any asset purchasing activity, and participant's evaluation information of themselves and the program. Information about the creation of affordable homeownership opportunities or the establishment of helpful policies and legislation will be kept in hardcopy on file. Community surveys will be recorded in Excel.

**c) Successful/Unsuccessful:**

Thus far the survey data has been very successful. A high rate of participation has allowed good data to be gathered. The interviews with public employees and housing developers have worked but they have been difficult. These people tend to be very busy making it hard to get their attention long enough to have them conceptualize the Homeownership Continuum, develop a sense of real buy in, and then put that in print. It is getting done but it is slow. The IDA data collection has not yet occurred due to funding delays.

**2) Summary Monitoring Table**

<b>Goal</b>	<b>Objective</b>	<b>Performance Indicator(s)</b>	<b>Planned Timeline</b>	<b>Actual Timeline</b>	<b>Benchmark Accomplished/DATE</b>
GOAL #1: increase the capacity of low-income residents for homeownership					
	create a viable IDA program by June 2004 that will offer a 4:1 deposit match through bank donations,	1) percentage of IDA participants making deposits and amount of deposits, 2) levels of program participant attendance at all IDA workshops, 3) improved understanding, on the part of IDA participants, of basic finance issues, such as budgeting, banking services, credit, negative financial services as found in participant monthly self evaluations and follow up tests, which will be compared with an initial intake assessment. 4) improved IDA participant credit ratings as found on their credit report which will be pulled by Outreach Worker, Angela Ebersole at the end of year one and year two	Sept. 2003	June 2004	Workshop facilitators have committed and space has been secured Jan./Feb. 2004.  Funding has been delayed.
	organize a targeted community marketing	level of awareness among low-moderate income	Feb./March 2004	March	500 marketing packets went out to the targeted

	campaign to low-moderate income residents in tracts 2173-4 informing them of homeownership programs, financial assistance, and alternative mortgage products,	neighborhood residents about first time homeownership programs. The survey will be administered to the 300-500 families that received the marketing packet.			areas in early March containing information on 12 first time buyer programs and a flyer on the upcoming homeownership workshop
	convince the Beverly Housing Authority of the need for and viability of a Section 8 homeownership program,	verbal commitment by the BHA to consider implementing the Section 8 Mortgage program	February 2004	Jan./Feb. 2005	Packet went out to BHA ED in March 2004. Communicated with ED via phone and email in March 2004.
	maintain and if possible increase down payment assistance through the Beverly Community Development Office,	Verbal/written commitment by CD staff to continue program	March 2004	March 2004	CD Office has declined to continue participation in this program.
	establish a free homebuyer education program to enhance low-moderate income residents' access to first time buyer programs (i.e. two phases: 1) general 3 hour interest session, 2) fully CHAPA approved 8 hour education with opportunity to certificate that allows	1) verbal commitment of the homebuyer workshop teacher(s) for the IDA program and the homebuyer education program, 2) attendance levels at homebuyer interest workshops, 3) increased understanding of the homebuying process from workshop participants as indicated in self evaluations administered at the end of each workshop,	March 2004	March 2004	The first workshop was held in March. The second workshop has been planned for April 12, 2004. Flyers went out to 500 households and notice was placed in 2 local papers.



	access a variety of 1 <sup>st</sup> time buyer programs)	4) interest level of homebuyer workshop participants in attending a full fledged 8 hour homebuyer education forum later in the year,			
<b>GOAL #2</b> encourage the creation of affordable properties for low-moderate income homeownership					
	continue providing annual affordable housing opportunities through the Beverly Planning Department's "lottery",	verbal/written commitment by Planning Dept. to continue the affordable housing lottery	March 2003	March 2004	Planning Dir. Tina Cassidy provided a letter of support in March
	develop a small base of low to moderate income community members to lobby for affordable homeownership support systems and opportunities	attendance levels at community organizing meetings,	Sept. 2003	Sept. 2003	Held multiple meeting in the fall of 2003
	secure commitments from affordable housing developers to create homeownership opportunities when viable	number of written commitments by local affordable housing developers to actively consider and pursue homeownership projects when viable,	March 2003	March 2004	BAHC and NSHT wrote letters in March 2004, and Habitat FH agreed to write a letter as well
	garner the public	written commitment by the	Feb. 2004	March 2004	Homeownership

	support of the Mayor for homeownership initiatives for low-moderate income residents	Mayor to support efforts to create more affordable homeownership			Continuum info. packet went out in March. Met with Mayor in March.
	develop 3-6 first time homebuyer condos through the Beverly Affordable Housing Coalition by April 2004,	closing by Beverly Affordable Housing Coalition on a property to be converted to condos for first time homebuyers in the spring of 2004,	April 2004	Change of plans	BAHC agreed to close on 2 triple-deckers and turn one into condos, Feb. 2004. BUT funding source was available to maintain rentals so they took that route.

**3. Performance Indicators:** This programs will be successful if affordable housing developers agree to consider creating ownership properties, low-moderate income people are aware of available resources, and IDA participants move toward being prepared for homeownership (i.e. repairing credit, learning about the process, and gather \$ resources).

- a) number of written commitments by local affordable housing developers (i.e. Beverly Affordable Housing Coalition, North Shore Housing Trust, We Care About Homes) to actively consider and pursue homeownership projects when viable,
- b) establishment of inclusionary zoning regulation through the planning department and the City Council by December 2004 with submission of the draft regulation given to the City Council by the Planning Director, Tina Cassidy by June 2004,
- c) written commitment from POAH to pursue the purchase and expansion of Apple Village, which would include new construction for affordable homeownership,
- d) level of awareness among low-moderate income neighborhood residents about first time homeownership programs as determined amount of survey respondents answering “yes” to the question “Are you aware of any first time homebuyer programs” and number of respondents being able to name one such program. In a survey of the target population in the autumn of 2003 87% of respondents did not know of any first time buyer programs. The survey will be administered to the 500 families including those in the database of the Community Outreach Program, and others selected from the low-moderate income census tracts targeted by this program. All of these families will have received a homeownership marketing packet in February. The follow up survey will be administered by Outreach Assistant, Angela Ebersole in March of 2004.
- e) percentage of IDA participants making deposits and amount of deposits,
- f) levels of program participant attendance at all IDA workshops,
- g) improved understanding, on the part of IDA participants, of basic finance issues, such as budgeting, banking services, credit, negative financial services as found in participant monthly self evaluations and follow up tests, which will be compared with an initial intake assessment.
- h) quality of IDA participant credit ratings as found on their credit report which will be pulled by Outreach Worker, Angela Ebersole at the end of year one and year two, **E-H POSTPONED DUE TO FUNDING DELAY**
- i) closing by Beverly Affordable Housing Coalition on a property to be converted to condos for first time homebuyers in the spring of 2004,
- j) attendance levels at community organizing meetings,
- k) attendance levels at homebuyer interest workshops,
- l) increased understanding of the homebuying process from workshop participants as indicated in self evaluations administered at the end of each workshop,
- m) interest level of homebuyer workshop participants in attending a full fledged 8 he homebuyer education forum later in the year,
- n) funds raised for the IDA program,
- o) verbal commitment of financial literacy teachers for IDA program,

- p) verbal commitment of the homebuyer workshop teacher(s) for the IDA program and the homebuyer education program,
- q) verbal commitment by the BHA to consider implementing the Section 8 Mortgage program
- r) Verbal/written commitment by CD staff to continue down payment assistance program
- s) verbal/written commitment by Planning Dept. to continue the affordable housing lottery,
- t) written commitment by the Mayor to support efforts to create more affordable homeownership

#### **4. Summary Evaluation Table**

- a) The data mentioned in point 2 above will be reported to the board of directors of Beverly Bootstraps at least on a monthly level within the Community Outreach Directors monthly report. It will be reported to the City of Beverly in the quarterly Outreach Report. It will also be provided to local partners in the banking, real estate, and development sectors. Further reporting of the data will be provided to relevant funders and partners in the manner requested by these parties.
- b) The evaluation and record of the activities involved in this program will be logged in the **Summary Evaluation Table** on the following pages.

Goal	Objective	Performance Indicator	Expected Outcome	Actual Outcome
GOAL #1: increase the capacity of low-income residents for homeownership				
	create a viable IDA program by June 2004 that will offer a 4:1 deposit match through bank donations,	1) percentage of IDA participants making deposits and amount of deposits, 2) levels of program participant attendance at all IDA workshops, 3) improved understanding, on the part of IDA participants, of basic finance issues, such as budgeting, banking services, credit, negative financial services as found in participant monthly self evaluations and follow up tests, which will be compared with an initial intake assessment. 4) IDA participant credit ratings as found on their credit report which will be pulled by Outreach Worker,	Have a 7 of 10 IDA participants complete the program and use their funds and to purchase an asset	IDA program is not operational yet due to funding problem

		Angela Ebersole at the end of year one and year two		
	organize a targeted community marketing campaign to low-moderate income residents in tracts 2173-4 informing them of homeownership programs, financial assistance, and alternative mortgage products,	a higher level of awareness among low-moderate income neighborhood residents about first time homeownership programs as determined number of survey respondents answering “yes” to the question “Are you aware of any first time homebuyer programs” and number of respondents being able to name one such program. The survey will be administered to the 500 families.	Drastic increase in general knowledge about first time buyer programs in the targeted neighborhoods	Marketing materials went out to 500 households in early March on 12 different 1 <sup>st</sup> time buyer program. A follow up survey indicated that <b>37% of the people said they were aware of a 1<sup>st</sup> time buyer program.</b> A smaller percentage actually made the effort to name a program. This is a significant increase over the 13% that indicated they were aware of such programs in a similar survey of similar neighborhoods in October 2003.
	convince the Beverly Housing Authority of the need for and viability of a Section 8 homeownership program,	verbal commitment by the BHA to consider implementing the Section 8 Mortgage program	Approval by the BHA to institute the Section 8 Mortgage program followed by families using it to purchase homes	The ED is amenable to considering the Section 8 program however he does not want to do so this year due to budget problems. He is willing to discuss it again in 1 year.

	maintain and if possible increase down payment assistance through the Beverly Community Development Office,	Verbal/written commitment by CD staff to continue program	10-20 low-moderate income Beverly families per year using the program to purchase homes	The CD office declined to continue this program deciding instead to direct people to other first time buyer programs.
	establish a free homebuyer education program to enhance low-moderate income residents' access to first time buyer programs (i.e. two phases: 1) general 3 hour interest session, 2) fully CHAPA approved 8 hour education with opportunity to certificate that allows access a variety of 1 <sup>st</sup> time buyer programs)	1) verbal commitment of the homebuyer workshop teacher(s) for the IDA program and the homebuyer education program, 2) attendance levels at homebuyer interest workshops, 3) increased understanding of the homebuying process from workshop participants as indicated in self evaluations administered at the end of each workshop, 4) interest level of homebuyer workshop participants in attending a full fledged 8 hour homebuyer education forum later in the year,	5-10 participants in the first workshop with a high level of interest in an 8 hour workshop and a greatly increased understanding of the homebuying process among the 5-10 people.	The first workshop attracted 22 participants.  <b>94%</b> of the 17 participants who filled out the exit survey said they would be interested or very interested in attending a full scale 8 hour homebuyer workshop series.  <b>41%</b> of the respondents reported knowing "little" or "nothing" about the homebuying process before attending the workshop. <b>100%</b> of the respondents reported knowing "something" or "many things" about the homebuying process after participating in the workshop. The biggest complaint about the workshop was that it was too short.

<b>GOAL #2</b> encourage the creation of affordable properties for low-moderate income homeownership				
	continue providing annual affordable housing opportunities through the Beverly Planning Department's "lottery",	verbal/written commitment by Planning Dept. to continue the affordable housing lottery	Low-income families are able to purchase affordable condos through this program every time a unit comes on the market for the next 15 years	Planning Director Tina Cassidy committed on paper to continuing this program. She also provided a flyer for the marketing campaign on the lottery. .
	develop a small base of low to moderate income community members to lobby for affordable homeownership support systems and opportunities	attendance levels at community organizing meetings,	City government and CBO's respond to community interest in homeownership by providing more resources to help them do so	This process is ongoing although there has been trouble gaining serious interest in the very low-income community (>50%AMI).
	secure commitments from affordable housing developers to create homeownership opportunities when viable	number of written commitments by local affordable housing developers to actively consider and pursue homeownership projects when viable,	A number of housing units are built and/or rehabbed by affordable housing developers intentionally for first time buyers	BAHC provided a commitment letter and recently considered an ownership project. NSHT provided a letter of support. They are in the process of providing project management services for its first homebuyer project. HFH has indicated that it will provide



				commitment. They are currently working on one homebuyer projects in the area.
	garner the public support of the Mayor for homeownership initiatives for low-moderate income residents	written commitment by the Mayor to support efforts to create more affordable homeownership	Government offices act to support homeownership programs (i.e. Housing Authority, Planning Dept., Community Development Office)	During a March 2004 meeting with the Mayor he agreed to support the HC in writing. However, he was skeptical about the impact considering the high cost of property. On the positive side the Planning Director included a requirement for including 10% affordable housing in the reuse of a City building that is likely to become ownership condos. Furthermore, the Planning Director indicated that she is working on an inclusionary zoning ordinance to submit to the City Council
	develop 3-6 first time homebuyer condos through the Beverly Affordable Housing Coalition by April 2004,	closing by Beverly Affordable Housing Coalition on a property to be converted to condos for first time homebuyers in the spring of 2004,	3-6 low-income families will purchase the condos at an affordable price	The funding sources (i.e. MHP and CEDAC) only allowed rental unit development. Thus, BAHC chose to develop rental units instead of ownership.

## Sustainability

### 1) Sustainability Elements:

There are a variety of financial, political and social circumstances that could affect the City of Beverly, its low income neighborhoods and the viability of the homeownership program.

- Funding or lack thereof through local banks and/or the federal government through the Assets for Independence Act,
- Changes in Mayoral administration,
- Changes in key City staff positions (i.e. Planning Director, Community Development Director)
- Drastic shift in the housing market either up or down,
- Creation of an inclusionary zoning ordinance,
- Weakening of the State 40B housing legislation,
- Level of interest and/or support for housing resources within the low income community,
- Addition or elimination of any homeownership programs,
- Changes in key staff at Beverly Bootstraps,
- Changes in the make-up existence or purpose of the affordable housing development agencies

### 2) Sustainability Plan:

There are three main areas that this project must address to ensure sustainability over time. First, there must be buy in at the board and staff level. The Directors of the host agency and other partner agencies must support the concept. To that end this project has actively courted and educated over time the board of the host agency with particular emphasis on developing a champion of the project on the board. Other staff members at the host agency have also been informed about the value and the impact of the program through many venues. Education and marketing about the Homeownership Continuum has also been made to other key people in potential partner agencies. This has included repeated conversations, meetings, and informative mailings. In addition the Community Outreach Director of the host agency also serves on the board of two of the affordable housing developers thereby putting him in a unique position to influence and educate these boards. Second, funding is needed for the IDA portion of the project. Thankfully the other portions of the project (i.e. homebuyer ed., financial literacy, information mailings) require very little money. The cost for the staff time and materials is absorbed by the host agency. This lack of dependence on outside funding is a strong argument for the long term viability of these portions of the project. However, to date the funding for the IDA has been difficult to acquire. Thus far the project has been denied funding from one very likely partner. To deal with this three more potential funders are being contacted. The intent is to run a small pilot program with combined funding from 2-3 local banks. Then if the program is successful the project will heavily market its value and the importance of the sponsors in the local media and the partner agencies' publications. It is hoped that this positive PR will encourage the existing partners to continue and perhaps draw new partners in. Finally, if the IDA portion project is successful in the pilot phase then funding may be sought from the US government

through the statewide IDA collaborative's application for funding through the Assets for Independence Act. Third, this project will only be sustainable if it is vested in by a wide variety of partners. The project has sought after and recruited many types of partners. At this point it has been successful in securing the investment of teachers for the financial literacy and homebuyer workshops. It has located at least two sources of potential small business education and one source of higher education counseling. The host agency has provided staff time and office support. The First Baptist Church has provided meeting space. Local banks and first time buyer programs have provided marketing materials and offered to provide group or one on one education. The Planning Department has supported the concept and expressed their interest in homeownership. In fact they have recently influenced the RFP for the development of a public building for condos to include 10% affordable units. Three of the four local housing developers have supported the concept and these three are all involved in projects that support the creation of first time buyer units currently. In short, the strong interest of all these partners is necessary to maintain the long term activity of the *Homeownership Continuum*.

There are a few things that could be done to greatly improve the sustainability of this project. First, local low income residents who are interested in homeownership could participate in larger numbers to advocate for first time buyer programs. This is the most important area of potential leverage for the project/s success. Second, more funding will likely be needed to maintain the continued existence of an IDA program. Third, a few examples of the Homeownership Continuum resulting in first time buying experience for local people could be used as very effective public relations. This type of PR could draw in more interested families and more potential supporters. It could also encourage affordable housing developers and government officials to continue finding ways to make homeownership opportunities available.

### **3) Institutional Plan:**

The host organization, Beverly Bootstraps will institutionalize the project with a view toward long term success in the following five ways. First, they will make efforts to maintain or hire staff people that have the interest and the ability to pursue the goals of the program. The agency will itself make a commitment of staff time to this project by including relevant tasks in staff job descriptions and by allocating funding to support the time to attend to these tasks. Second, staff will continually find ways to provide board education about the project. The Directors will be informed regularly about the activity, impact, and value of the program so that their level of commitment remains high. Third, relevant staff will work hard to maintain the key partnerships mentioned above or cultivate new partnerships as needed. This is especially true in regard to recruiting more people for community advocacy. Fourth, host agency staff will make regular efforts to educate the public, especially City official and employees, about the activity and positive effects of the project. Fifth, the host agency will make it a priority to acquire necessary funding for staff time, materials and match money for the IDA program.

## **VI. Conclusions and Recommendations:**

### **1) Results:**

#### **a) Goals**

Initially this project was essentially conceptualized as an Individual Development Account program. Therefore, the goal of the project revolved around creating the IDA program. This concept was much too limited to address the real problem which was the lack of homebuyer opportunity for low-income families. Therefore, the project broadened to better address the real issue. As a result over time the project was honed and built to revolve around two main goals. These goals (listed below) have been the focus of the project for the majority of the time.

- 1) encourage the creation of affordable Beverly properties for low-moderate income homeownership,
- 2) facilitate the readiness of low income families to purchase the affordable properties that are developed.

#### **b) Objectives**

##### **1) Changes**

Over the life of the project a number of objectives were removed, adjusted or added in pursuit of the two project goals. First, the objective to pass an inclusionary zoning law in 2003 was eliminated because it was beyond the scope of this project. Furthermore, a pending Mayoral election in the fall was likely to affect staffing in the Planning Department and therefore the probability of the passage of zoning ordinance. Second, the timing of most of the objectives, particularly the inception of the IDA program was pushed back. These delays were largely due to funding problems or overly ambitious planning. Third, multiple objectives were added to the project as opportunities to support the goals developed. Among these new objectives were the creation of a first time homebuyer's workshop program, the marketing of first time homebuyer materials to low-moderate income areas, and the development of first time homebuyer units through the auspices of the Beverly Affordable Housing Coalition. The workshop program and the marketing effort were added because they addressed an information gap that was discovered through project research. Also the information and human resources necessary to achieve these objectives were accessible. Two development objectives were added, one pertaining to condo conversion and one regarding an expiring use rental facility, in response to the serious need for production. The Community Outreach Director for Beverly Bootstraps learned of the need for production of affordable ownership units through research for this project. Therefore, the Outreach Director pursued potential development projects through his work with the Beverly Affordable Housing Coalition.

## 2) Fully achieved objectives:

Objective	Completion Date/Comment
<p>secure commitments from affordable housing developers by April 2004 (i.e. We Care About Homes, Beverly Affordable Housing Coalition, North Shore Housing Trust, Habitat) to create homeownership opportunities when viable AND to consider the use of alternative homeownership strategies</p>	<p>BAHC and NSHT provided written commitments in March 2004 HFH has expressed their intent to do the same in April 2003.</p>
<p>Winter of 2004 organize and operate, with the help of bankers, brokers, churches, community groups, and City employees, a targeted community marketing campaign to low-moderate income residents in tracts 2173-4 informing them of homeownership programs, financial assistance, and alternative mortgage products.</p>	<p>500 marketing packets were mailed to homes in the target area in March 2004. These packets contained information on 12 locally relevant 1<sup>st</sup> time homebuyer programs.</p>
<p>garner the public support of the Mayor for homeownership initiatives for low-moderate income residents by April 2004</p>	<p>In late March of 2004 the Beverly Bootstraps Community Outreach Director met with the Mayor. At that time the Mayor indicated a willingness to support the HC. The letter is expected to be shortly forthcoming.</p>
<p>continue providing annual affordable housing opportunities through the Beverly Planning Department's "lottery"</p>	<p>In March 2004 the Planning Director provided written intention to continue the lottery program. She also voiced intent to pursue an inclusionary zoning ordinance and willingness to support potential homeownership creation at the Apple Village facility. Furthermore, she acted to include a provision in a redevelopment RFP that may result in additional units for the lottery program.</p>
<p>establish a free homebuyer education program to enhance low-moderate income residents' access to first time buyer programs (i.e. two phases: 1) general 2 hour interest session, 2) fully approved 8 hour workshop with certificate that allows access a variety of 1<sup>st</sup> time buyer programs)</p>	<p>The initial shorter workshop was held in early March 2004. The second such workshop is scheduled for April 2004. The second phase which will create an 8 hour workshop is being planned for later in 2004.</p>

## 2) Objectives not fully achieved:

Objective	Reason for Incompletion	Work Yet Required
develop a small base of low to moderate income community members by December 2003 to lobby for affordable homeownership support systems and opportunities such as inclusionary zoning, Section 8 mortgage vouchers, and Habitat for Humanity homes	Multiple meetings were held which targeted very low-income participants from the Community Outreach Program. However, interest in this group (i.e. >50 % AMI) was tepid.	Low income (50-80% of AMI) families as opposed to very low income families will be targeted to increase the strength of the advocacy group. The low-income households will be drawn from the interested participants in the homebuyer workshop.
create a viable IDA program by June 2004 that will offer a 4:1 deposit match through bank donations) as well as homebuyer education, \$ literacy, and credit repair,	Lack of funding from the lead bank.	A second bank has been contacted with a proposal and a third bank will be approached after the response from the second bank.
convince the Beverly Housing Authority of the need for and viability of a Section 8 homeownership program	While he supported the concept the ED of the BHA was not willing to pursue the program this year due to funding trouble.	Continue to gain other local support for the Homeownership Continuum in general and the Section 8 program specifically with the intention of revisiting the topic with the ED in 2005.

## 3) Unachieved or Unattempted Objectives:

Objective	Reason for Failure
maintain and if possible increase down payment assistance through the Beverly Community Development Office	The Director of the CD office said they had decided to funnel interested parties through other existing first time buyer programs.
facilitate the sale of Apple Village to Preservation of Affordable Housing with the agreement that 30-50 extra units will be built on site for some type of low-moderate income homeownership (i.e. condos or cooperative)	While the City, the local development non-profit, and a willing development partner were interested the owner of Apple Village, American Properties, was not willing to have even a discussion on the possibility of selling

	the facility.
develop 3-6 first time homebuyer condos through the Beverly Affordable Housing Coalition by April 2004	The available funding for the project through pseudo-public entities, CEDAC and MHP, would only allow development for rental purposes.

### **b) Relevant Factors, Unexpected Occurrences and Potential Outcomes:**

There were two main factors that had they varied would have greatly facilitated the completion of this project. First, a more active and assertive group of community advocates could have put pressure on the affordable housing developers and others with relevant resources to create first time homebuyer opportunities. Second, has the management of American Properties been willing to work on selling the facility a large amount of units could have been preserved as affordable rentals and a number of new construction units for affordable ownership could have been created or planned for creation in the near future.

In addition, two factors affected the completion of the project goals: one negatively and one positively. First, a lead funding source for the IDA portion of the project was considered secure. This funding source, a local bank, was intended to be an entry point into creating a partnership of 3-5 banks that would support the IDA with funds, logistical assistance, and technical resources. Quite unexpectedly, after receiving preliminary support from a high ranking officer the bank decided against supporting the program. If this bank had supported the IDA program then the other necessary funding partners would have come into line thereby enabling the program to start and families to begin saving and preparing for homeownership. The loss of this bank's support required the IDA program to be delayed while a new funding strategy was developed and executed. Second, the ability to create and provide a quality homebuyer education forum in very little time was quite unexpected. The availability and commitment of a knowledgeable workshop teacher with a proven interest and ability to creatively help first time buyers get into a home really made this possible. Providing this service along with making available a wide array of first time buyer program materials greatly increased the projects movement toward fulfilling the second goal: *facilitate the readiness of low income families to purchase the affordable properties that are developed.*

If this project is successfully completed and all the points of leverage for affordable homeownership are put into place than a small number of low income Beverly households will be able to purchase their first home in Beverly. It is expected that the number of households would be somewhere between 50-75. This number is largely dependent upon production of units for the purpose of homeownership by the affordable housing entities. The other factors such as education and special financing are available to people. Production is the key to the equation. As a final note, it is possible that the number of homeowners could increase if the Beverly Housing Authority authorizes the Section 8 mortgage program and participants decide to use their vouchers in more affordable areas outside of Beverly.

## 2) Recommendations:

This project has been influenced by the IDA policy put forth nationally by the Center for Enterprise Development (CFED) in Washington DC and the Massachusetts IDA collaborative, MIDAS in Allston MA. Their models for financial literacy education and asset development were very helpful. Also the model of leveraging the Section 8 voucher program for asset development instead of maintenance as used locally in Lynn MA is worthy of imitation and widespread use. Also the homebuyer education program run locally by the Salem Harbor CDC and supported statewide by Citizens Housing and Planning Association (CHAPA) in Boston were critical in developing the education component of this project. Models

The following recommendations are based upon the learning that has come about through the research and practice associated with the project. These suggestions are offered for those considering supporting asset development through homeownership, particularly those using IDA programs in high cost markets like Boston.

- In expensive real estate markets embed an IDA program within a larger homeownership support system. IDA's alone will not be successful in creating low-income homeownership in cost prohibitive areas.
- Take the time to cultivate partnerships within the community that are relevant to creating affordable homeownership. Many people from various spheres are needed to make homeownership happen for low-income families.
- Find out about and make use of existing homeownership resources. There are many programs available to support 1<sup>st</sup> time homebuyers. However, it seems these programs are intentionally under-promoted. Knowledge is power: find a way to make existing programs widely known to the target community.
- Lobby entities in control of affordable housing funding streams to make them available for ownership projects and not merely rentals. Non-profit developers are forced to follow the funding. If it is not made available for ownership then ownership will not happen.
- Become closely involved with one or more groups that are producing affordable housing locally. If one can gain influence in these contexts then it is possible to steer energy and resources toward homeownership projects.
- In densely packed over developed areas like the Northeast pay attention to and lobby for land use and zoning strategies that could effect affordable homeownership. It is not the housing that is expensive in these areas it is the land.<sup>2</sup> If land use policy can be harnessed such as through inclusionary zoning then supply of affordable units will be forthcoming.

---

<sup>2</sup> In the course of this project this point was brought out by the Mayor and the City Appraiser in Beverly Massachusetts.