

**NCSHA Annual Awards for Program Excellence  
Description of Entry and Executive Summary  
Homeownership Category**

Please use this form for each entry in the homeownership category. (The form is also available by emailing nakintilo@ncsha.org.) Use a separate form for each entry. When completing forms, please maintain this format. At the top of each page and all attachments, type or label your HFA name, entry name, category name, and category number.

An Executive Summary and \$35 entry fee must accompany each entry. Enter as many programs as you wish in each category.

Submissions must be received by NCSHA on July 30, 2004.

**Name of entry: Making Homeownership A Reality for African American Virginians**

**Category name and number: Homeownership: Empowering New Buyers, Category 1**

**Person preparing entry: Teresa Lemons Coleman**

**HFA: Virginia Housing Development Authority**

1. **Purpose of program:** After more than 30 years of financing homes for low- and moderate-income Virginians, VHDA has made significant progress in making this American dream a reality for many Virginians. However, various studies, including VHDA's 2001 statewide Housing Needs Assessment, show that housing gaps persist between African Americans and other groups. To address these inequities in homeownership rates, VHDA developed a multi-pronged minority initiative that combines several creative regional and statewide solutions, including: 1) enlisting a Multicultural Advisory Group to provide VHDA feedback on current and proposed loan programs and outreach efforts as well as to increase our understanding of key challenges; 2) teaching homeownership education to African Americans enrolled in HUD's Hope VI Homeownership Education Classes in the Hampton Roads city of Norfolk as a pilot; 3) encouraging non-profits and local governments statewide to customize loan programs for their specific communities through the Sponsoring Partnerships and Revitalizing Communities (SPARC) loan program; and 4) providing education and low-interest loans through the faith-based Genesis Project in the Richmond area as a pilot.
2. **Program start date:** Planning for our various initiatives began in 2001, immediately after the authority completed an assessment of housing needs across the state. The various initiatives began unfolding as follows:
  - o The Multicultural Advisory Group—2001
  - o Hope VI Homeownership Education Classes— 2002
  - o Sponsoring Partnerships and Revitalizing Communities—2002
  - o The Genesis Project—2003
3. **Amount of funding (over life of program and in calendar year 2003):**
  - o The Multicultural Advisory Group has minimal cost (providing lunches, etc.).
  - o The Hope VI Homeownership Education Classes are taught by VHDA's two Homeownership Education Managers, so costs are incorporated in existing staff time.
  - o The SPARC program has provided three rounds of allocations totaling \$174 million.
  - o The Genesis Project cost \$370,000, which includes \$195,000 for 2003.
4. **Source of funding (if federal, identify program; if state, be specific about source):**
  - o VHDA's operating budget covers costs associated with the Multicultural Advisory Group meetings, staffing for the Hope VI classes and funding of The Genesis Project.
  - o The SPARC program is funded through the Virginia Housing Fund, which VHDA finances through net revenues generated by on-going operations.

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**5. Program activity to date (number of persons served, number of loans, dollar amount of loans expended and committed, etc.):**

- o The Multicultural Advisory Group meets quarterly.
- o To date, 138 African American families have participated in five Homebuyer Clubs and taken the Hope VI Homeownership Education Classes. Of those, 41 families have graduated, 14 have become homeowners, six have contracts pending on homes and 10 have been approved to purchase homes.
- o Under the SPARC program, 405 families have purchased homes for \$42.7 million. Of that number, 42 percent or 171 buyers have been African American.
- o The Genesis Project has provided free homeownership training and education to about 900 African Americans, 370 counseling sessions, and Homebuyer Clubs for 213 people. So far, 17 families have purchased homes for \$2.04 million.

**6. Program particulars (briefly describe eligibility requirements and targeting):**

- o Hope VI is a revitalization effort of the Norfolk Redevelopment and Housing Authority that is funded by a HUD grant. VHDA partners with the Norfolk Housing Authority to provide specialized Homeownership Education classes to address three key areas that keep potential borrowers from owning a home: credit, personal finance and predatory lending. The classes have been taught on a monthly basis to members of the Norfolk Authority's Homebuyer Clubs.
- o The SPARC program provides lower-interest loans to Virginians who meet eligibility requirements of VHDA's First-time Homebuyer Programs. The SPARC program encourages collaboration between VHDA and various non-profit and government agencies, who work directly with potential homebuyers to address the specific housing needs of their communities. Partner organizations are selected on a competitive basis, receiving VHDA allocations that are 1/2 percent to 1 percent lower than VHDA's First-time Homebuyer Program rates. Applicants are encouraged to develop strategies that increase service to low-income households, increase service to minorities, address inadequacies of housing stock, encourage local revitalization efforts and reduce affordable housing gaps not met by traditional lenders.
- o Although open to anyone, The Genesis Project targets African American renter households in the Richmond metropolitan area whose members want to own a home and who meet the eligibility requirements of VHDA's loan programs, (for example, gross household income of \$62,600 for two or more people and \$72,400 for three or more people.) The Genesis Project features a partnership with the 204 member churches of the Baptist General Convention of Virginia.

**7. Briefly explain why this program should be considered for an award:** VHDA has employed a variety of creative approaches to close the homeownership gap among African Americans in the state. These programs, which combine education through the familial venue of the church, low-rate loan options and partnerships with non-profit and local governmental groups to provide advice and layered financing, have opened the doors for thousands of African American families across the state to become homeowners.

VHDA recognizes that this is a long-term commitment. Our partners, such as the Multicultural Advisory Group, have increased our understanding of the need to build trust. Partnerships with groups, such as the Baptist General Convention build that trust, thus enabling us to begin the education process and assist with credit issues and other barriers.

Attach an Executive Summary, addressing all relevant topics described in the Call for Entries. Each summary may not exceed two single-sided, typed pages.

**Virginia Housing Development Authority**  
**Making Homeownership a Reality for African American Virginians**  
**Homeownership: Empowering New Buyers, Category 1**  
**Executive Summary**

When VHDA sought to open the doors of homeownership for more African Americans in Virginia, we knew that the solutions would have to be creative, broad and long term. A one-size-fits-all, quick-fix approach would neither fit African American buyers and the state's diverse regions nor be comprehensive enough to have a lasting effect.

Yet, armed with data freshly gathered from statewide housing forums held in 2001, we knew that the need existed. Statewide, African Americans are an underserved population of homeowners, and the greatest gap in the state occurs in the metropolitan Richmond area, where 52 percent of African Americans own homes versus 76 percent of non-Hispanic whites, according to our Housing Needs Assessment. Thus, as VHDA developed its Five-Year Strategic Goals, the authority articulated a goal to increase service to minorities and new immigrants. For the past three years, VHDA has developed solutions to address the need to increase minority homeownership.

We determined that the keys to homeownership for African American Virginians are:

- o partnerships with non-profits, local housing authorities and other organizations that work with clients in their communities,
- o education about resolving credit issues, developing a budget, and learning lending terms and
- o creative financing solutions.

In 2001, we invited minority representatives of lenders, Realtors, non-profit groups, local governments, and private industry partners to join us in forming a Multicultural Advisory Board and help us identify key issues and obstacles to homeownership facing minorities. The board, which meets quarterly at VHDA, has been instrumental in helping us to evaluate how our loan programs and policies can either encourage homeownership or be a deterrent to the goal.

Multicultural Advisory Board members serve as volunteer consultants to VHDA. The board members have increased VHDA staff's understanding of key challenges, such as the need for trust. Not only are they able to share their knowledge about clientele with VHDA, but also they serve as a network for each other, said Doug Myrick, Home Ownership Program Coordinator for Arlington County.

"This really shows that VHDA is trying to reach its mission by finding marketing strategies for various communities," he said. "What I'm really interested in is building capacity. All of us have the same end goal—creating successful low- to moderate-income homebuyers."

On the heels of starting this advisory group, VHDA also created the Sponsoring Partnership and Revitalizing Communities (SPARC) program in 2002. Since Virginia is a very diverse state, SPARC provides the flexibility for localities to develop programs that best meet the needs in their region. SPARC allocates lower-interest loan funds through a competitive process to housing providers, who then package these low-interest mortgages with local, state and federal grants and other low-interest loans. Since it began, the SPARC program has awarded more than \$174 million to housing organizations statewide. While SPARC allocations do not exclusively serve the state's African American population, applicants are strongly encouraged to include strategies that support VHDA's goal of increasing homeownership to minorities.

In this regard, 42 percent or 171 of the 405 SPARC loans that have closed so far have been to African American households. Of the total number, 90 percent have been loans for families whose incomes are between 30 to 80 percent of the Area Median Income.

This has been accomplished thanks to partnerships with organizations such as:

- o Interfaith Housing Corp., which received a \$2 million allocation of SPARC funds that will finance 20 homes for Richmond area residents who make no more than \$38,280. This program also provides downpayment and closing cost assistance of about \$10,000 per home.

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- o Arlington County in the high-priced Northern Virginia area, which received \$6.8 million in SPARC funds to finance 36 homes for residents whose incomes are no more than \$67,840. The county provided an additional \$1.3 million to reduce sales prices by 30 to 40 percent for the affordable dwelling units in the program. It also provides \$15,000 of downpayment assistance per home and special emphasis is placed on municipal workers.
- o City of Norfolk, which received \$3 million in SPARC funds to help finance 25 homes for residents who make no more than \$55,200. The program leverages HOME funds and provides downpayment and closing cost assistance of \$6,500 for existing home purchases and \$8,500 for new construction purchases.

In addition to creative financing programs, our multi-pronged initiative encompasses two specialized education programs—HOPE VI homebuyer clubs and The Genesis Project—that seek to remove other barriers to homeownership for minorities. In 2002, we formed a partnership with the Norfolk Redevelopment and Housing Authority to provide instruction to families participating in HUD’s HOPE VI initiative that replaces public housing with new rental units and homes to purchase. To prepare participants for homeownership, VHDA’s two Homeownership Education managers helped organize homebuyer clubs, in which participants learn how to overcome three key barriers to owning a home: monitoring personal finance, maintaining good credit and avoiding predatory lending.

The homebuyer clubs meet for 20 months, and of the 138 families participating, 41 have graduated, 14 have purchased homes, six have homes under contracts and 10 are pre-approved and waiting for building to commence.

VHDA’s other specialized education program, The Genesis Project, is a faith-based effort that reaches African American audiences through the congregations of the Baptist General Convention of Virginia, the largest of such associations in the state. We launched The Genesis Project in the Richmond area because we identified that as the area of Virginia with the largest gap in homeownership rates between African-American and non African-American households.

VHDA contracted with a minority firm, Vision Integration, which had a strong relationship with the Baptist General Convention of Virginia. The African American church is a familiar and trusted venue to provide the outreach and awareness, homeownership education, individual counseling and homebuyer clubs although participation is open to anyone in the community, regardless of race or religion. The Genesis Project has been tremendously successful as shown by the following:

- o 900 African Americans have received education and training
- o 370 have received counseling
- o 213 have participated in homebuyer clubs and
- o 32 have become homeowners.

One family who went through The Genesis Project praised the program for replacing fear and misconceptions with knowledge about owning a home. “They taught us to be patient and to take our time because for many people, this is the biggest purchase they will make,” said Quintrail Lambert, who with his wife Brandi, purchased a home in December 2003.

Due to the long-term success this program offers, we are now expanding The Genesis Project to be a statewide effort. This success, when combined with VHDA's other targeted efforts, illustrates VHDA's commitment to truly opening the doors of homeownership for African Americans across the state.