

2010 NCSHA Annual Awards for Program Excellence

HFA: Nebraska Investment Finance Authority

Entry Name: Repair a Roof, Save a Neighborhood

Repair a Roof, Save a Neighborhood

Have you ever bought a box of fresh, ripe strawberries that you set on the counter overnight and by the next day they were all moldy? It is amazing how quickly one rotten strawberry, sitting undetected in the bottom of the carton, can ruin its perfectly good neighbors.

We see neighborhoods of rich history plagued by housing units that are deteriorating. One by one, if left rotting, these aging homes infect their neighbors, leading to a decline in property values. Eventually, if left unattended, these homes will provide a haven for crime and disease, polluting the entire neighborhood.

What is to be done? Do we wait for a house with the leaky roof to cave-in, forcing out the homeowner? Or do we save that roof, the house, and the neighborhood?

We see this scenario repeated time and again in many of our North Omaha neighborhoods. The devastating problem - 923 condemned properties in two zip codes, with 323 of these on the city's demolition list. With a city budget allowing only 30 dilapidated homes to be bulldozed each year, the severity of the problem and the crippling effect of disinvestment results in a rotting community. Something had to be done to decelerate the number of properties being added to the demolition list.

To address this rapidly growing number of homes at risk, the Nebraska Investment Finance Authority (NIFA) and Habitat for Humanity (HfH) of Omaha partnered together to create "The Roof Repair Program". The idea was to fix houses *before* they became uninhabitable.

The Roof Repair Program

The Roof Repair Program serves homeowner's with incomes below 80% of the area median income. NIFA provides the financing while HfH qualifies the homeowners for loans and certifies the need for repairs on the homes. Many of the clients helped by this program do not have sufficient credit to obtain a conventional bank loan or the ability to repay such a loan on a short-term basis. When a homeowner is qualified by HfH, they receive a 0% interest loan for the cost of the roof replacement (not to exceed \$15,000) with a term of up to 10 years. The actual term of the loan is jointly determined by the homeowner and HfH based upon the homeowner's desire and ability to repay.

Once a homeowner has qualified for the Program, a project specification is created by the HfH program coordinator and mailed to as many as four independent contractors for bidding purposes. The bid results are tabulated, shared with the bidding contractors, and one is awarded the contract. After the loan documents are prepared by HfH and signed by the homeowner, repair to the roof begins and is usually completed within 5-10 working days. The progress of the work is overseen by the HfH program supervisor. The homeowner receives the roof warranty, signs off on the repairs being "completed in full", and the contractor is paid through a disbursement of the loan proceeds by HfH.

The bidding process managed by HfH is a key component to this process. HfH has the capacity to identify qualified contractors to ensure that the project is completed without compromising the workmanship and quality of the repair. The homeowner is able to choose an experienced contractor, and the roof is properly repaired.

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A unique aspect of the Roof Repair Program is the provision that each homeowner who participates in this program must agree to complete 25 hours of volunteer service with HfH. This helps to ensure that HfH has access to a volunteer pool, while empowering the homeowner to make a difference both in the neighborhood and in the overall community.

NIFA's Partnership

In 2008, HfH approached NIFA requesting assistance in funding for their newly designed Roof Repair Program. NIFA staff met with HfH representatives on numerous occasions to discuss the program terms and conditions and the implementation and control procedures. NIFA suggested a financing vehicle that emphasized simplicity and low overhead. NIFA provides liquidity for the program in the form of a loan to HfH to reimburse HfH for amounts expended to make loans to homeowners for the roof repairs.

The NIFA loan to HfH amortizes over ten (10) years at 0% interest and HfH pledges the roof repair loans as collateral. HfH assumes all risk on the loans and pledges to make the principal payments to NIFA on its loan regardless of whether it receives payments from the homeowners. NIFA's trustee collects payments on the loan from HfH and serves as custodian of the roof repair notes for a minimal fee.

NIFA funds the program with recycling dollars from existing single family bond issues where the 0% loan is used to blend down excess mortgage yield.

NIFA committed to funding up to \$300,000 in 2009 and has committed to funding up to \$375,000 for calendar year 2010. In 2009, NIFA disbursed \$273,722 to HfH for the repairing of 29 roofs. As of June 30th 2010, NIFA has disbursed \$175,169 to HfH representing 17 roofs repaired...and 17 homes saved!

Program Success

The Roof Repair program began in August of 2008. To date, 49 homeowners have received 0% interest rate Roof Repair loans from HfH totaling \$448,891. The goal for 2010 is to complete 45 projects, providing \$375,000 in financing. So far, the Program has saved **49** homes and provided structurally safe housing for the families residing in them as a result of an initiative that provides community growth instead of community decay.

"It is amazing how things happen. I want to thank Habitat for giving me the opportunity to get a new roof, gutters and storm door on my home. I can't praise Habitat enough for all the work they do in the community."

- Carol Dorsey, Roof Repair Program participant

While participating in the Roof Repair Program, homeowners also receive assistance to clear credit discrepancies, judgments and probate issues. Volunteers also help them with clear title and code violation issues, one of the greatest obstacles in qualifying a homeowner for this Program. Homeowners also receive help obtaining homeowners insurance, which in some cases has not been in place on the dwelling for many years.

As part of this Program, HfH also partners with the Weatherization Trust to provide house insulation and new windows to qualifying homeowners after the roof has been replaced. Once the home is given a new roof, Omaha's Rebuilding Together program is often deployed to assist elderly homeowners with interior repairs.

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A New Roof and a New Friend

The Program is not only about repairing roofs, it is also about reestablishing community connections. Just as NIFA has partnered with HfH to strengthen the housing stock in North Omaha, HfH is partnering with the homeowners to strengthen their community ties. For example, when Mary A. called HfH and was able to obtain a 0% loan to fund a roof replacement, it was just the beginning of a new relationship.

Later that month, HfH was in desperate need to fill a temporary part-time position. Remembering Mary, HfH called her to see if she might be able to assist them, she immediately agreed. She was great at the job and quickly grew to be a favorite among employees and clients. Even now that the position has been permanently filled, Mary A. still comes into the HfH office every month to make her roof repair payment and check in with the staff to find out how things are going throughout the community.

In Summary

The unique Roof Repair Program has been successful due to the hard work and partnerships among NIFA, HfH, HfH donors and the participating homeowners. The foresight to recognize and address a rehabilitation problem in North Omaha not only solves a structural housing issue, but it is also encourages community connection and involvement.

“Thank you, NIFA, for stepping up and helping to make the fabric of our city, our community and especially our neighborhoods a nicer place to call home. Thanks for making a difference.”

- Barry Wingert, Roof Repair Program Coordinator, Habitat for Humanity of Omaha

Rather than allowing the rotten strawberry to mold in the carton, we must remove it so that it doesn't infect and then ruin the entire box. In the same way, we can prevent disinvestment in a neighborhood when we prevent housing stock from becoming uninhabitable. By simply repairing roofs, we can save neighborhoods!