

### **Fix a Roof and Save a Home!**

The expression “when it rains it pours” can be a good thing if you’re a blade of thirsty grass, or a flower about to bloom, or a growing tree....but not so great if you are an older home, with homeowners who have limited income, that has a leaky roof, or missing gutters, or deteriorated siding. Instead of nurturing moisture, the rain feeds a “spiral of decline” for the home.

### **Background**

The Nebraska Invest Finance Authority (NIFA) and Habitat for Humanity of Omaha (Habitat) “Roof and Repair Program” (“RR”) was jointly developed in 2009 in response to an alarming increase of homes in Omaha’s older, low and moderate income neighborhoods becoming uninhabitable due to interior water damage, electrical system failures and hazards, and the development of mold. These problems resulted from faulty roofs or exterior component failures. Even a pinhole leak, if not properly and timely fixed, will eventually become a stream, then a river and ultimately a flood.

The City of Omaha currently has issued demolition orders for over 700 homes in the older neighborhoods of North and South Omaha and has over 245 homes that have been abandoned in the last twelve months (*see attached map*). NIFA and Habitat (“NH”) observed that many of these homes might have been saved if needed exterior repairs and/or roof replacements had been accomplished. With a limited demolition budget of approximately \$240,000 per year allowing for the removal of approximately 20 homes per year, the City of Omaha was hard pressed to address the growing number of uninhabitable homes in these older sections of the City.

And with each new abandoned home comes the predictable and devastating outcomes on the street and surrounding neighborhood: increased crime, increased safety risks, disinvestment and declining property values.

### **The Roof and Repair Program – the Basics**

The Roof and Repair Program is available to owner occupants in designated low income neighborhoods in North & South Omaha whose incomes are at or below 80% of the area median income. The maximum loan amount is \$15,000, carries a zero percent interest rate, and requires monthly, amortizing payments. The loan term is flexible to suit the homeowner’s desires and financial capabilities but is limited to a maximum of a ten year term. A promissory note is executed by the homeowner and a deed of trust is recorded on the property. To be eligible to participate in the Program, homeowners are required to be current on their property taxes and must have a current homeowner’s insurance policy in place. The RR loan may be subordinated to existing mortgage liens on the home. Proceeds of the RR loan must be used by the homeowner for “allowable” exterior repairs on the home as outlined in Section 201.20(b)(2) of the Title 1 regulations for Qualified Improvement Loans (*see list attached*). The improvements made must address critical (non-cosmetic) repair needs, which may include life/safety issues, and must be approved by NIFA in advance of the loan closing.

Additionally, each participating homeowner agrees to complete at least 25 hours of volunteer service with Habitat. This commitment involves the homeowner in the mission of Habitat, provides Habitat with very necessary volunteer hours and ultimately empowers the homeowner to make a difference both in the neighborhood and in the overall community.

### **The Roof and Repair Program – How it Works**

Habitat staff identifies and pre-qualifies eligible homeowners for the RR Program. Habitat subsequently investigates and verifies the need for repairs to the home. Once approved by Habitat staff, the list of the identified repairs to the home is submitted to NIFA's Single Family Program staff for review and approval. Additionally, NIFA's Single Family Program staff conducts a pre-closing review of the homeowner's income to determine eligibility. Experience has demonstrated that most of the homeowners assisted by this Program do not have sufficient credit history (or in some case even a credit rating) nor possess the financial ability to obtain conventional bank financing for a loan, contributing to why the repairs have historically been out of reach.

Once a homeowner is determined to be eligible for the Program and repairs have been approved by NIFA, a project specification is created by the Habitat RR Program Coordinator and mailed to as many as four independent contractors for bidding purposes. The bid results are tabulated, shared with the homeowner for approval, and a contractor is awarded a contract to make the repairs. The loan documents (forms supplied by NIFA) are prepared by Habitat and once signed by the homeowner, repairs begin. The progress of the work is overseen by the Habitat RR Program Supervisor. Upon completion of the work, the homeowner receives originals of all warranties, signs off on the repairs being "completed in full", and the contractor is paid through a disbursement of the loan proceeds by Habitat.

The bidding process managed by Habitat is a key component to this process. Habitat has the capacity to identify qualified contractors to ensure that the project is completed without compromising the workmanship and quality of the repair

### **NIFA's Partnership**

NIFA provides ongoing liquidity for the Program in the form of a loan to Habitat that reimburses Habitat for amounts they have loaned to homeowners for RR loans. NIFA's loan to Habitat equals 95% of the underlying RR loans, which are assigned to NIFA as collateral for our loan. Currently, American National Bank, a local Omaha Bank, provides servicing of the loans at no cost to the Program.

Habitat has full principal risk on the loan from NIFA and is obligated to make all principal payments to NIFA on its loan regardless of whether it receives payments from the homeowners. Habitat is required to repurchase any of the collateral loans pledged to NIFA that become 90+ days or more delinquent or substitute another eligible RR loan in its place. NIFA's trustee collects payments on the loan from Habitat and serves as custodian of the RR promissory notes for a minimal fee.

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

To assist Habitat with their administrative costs to manage the RR Program, NIFA has entered into a 3 year \*Outreach Partnership Program agreement with Habitat that provides them with a \$25,000 per year matching grant award for capacity and staffing expenses.

\* *NCSHA award winning program 2008*

### **Program Success**

The average loan amount has been \$10,487 and the majority of the loan terms have been for the full 10 year maximum allowed with a few 7 and 5 year exceptions.

Since the Program's launch in August of 2009, NIFA has disbursed \$572,909 to Habitat for essential, exterior repair loans they have made to 59 homeowners...representing 59 homes saved! As of 6/22/12, NIFA has approved an additional 18 loans in the amount of \$181,948 that will be purchased from Habitat by mid-July. This new purchase will bring the total number of zero percent loans funded by NIFA to 77 with a total dollar value of \$800,700.

A reasonably estimated cost to demo those 77 home and then replace them new homes would likely exceed \$10 million. As demonstrated above, just the financial return on investment of the NH RR Program exceeds 10:1... but the social and economic benefits to neighborhoods are unmeasureable.

NIFA has committed to purchase up to \$500,000 in RR loans in both 2012 and 2013 and the NIFA Board, at their June 15, 2012 meeting, authorized staff to explore the expansion of the Program to other Habitat chapters statewide.

### **Testimonials & Collateral Benefits**

*"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 and Repair Program participant

While participating in the Roof and 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. 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, Habitat also partners with the Weatherization Trust (NE) to provide house insulation and new windows to qualifying homeowners. Once the home is given a new roof, Omaha's Rebuilding Together program is often deployed to assist elderly homeowners with interior repairs.

*"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 and Repair Program Coordinator, Habitat for Humanity of Omaha

### **In Conclusion,**

"When it rains it pours" can be a good thing if you're an older home with a new roof...or gutters....or siding..... Instead of "a death spiral of the home", nurturing moisture, can make the grass grow, the flowers bloom and the trees reach to the sky. The NH RR loan has proven to be a great success!

**Supporting Documentation:**

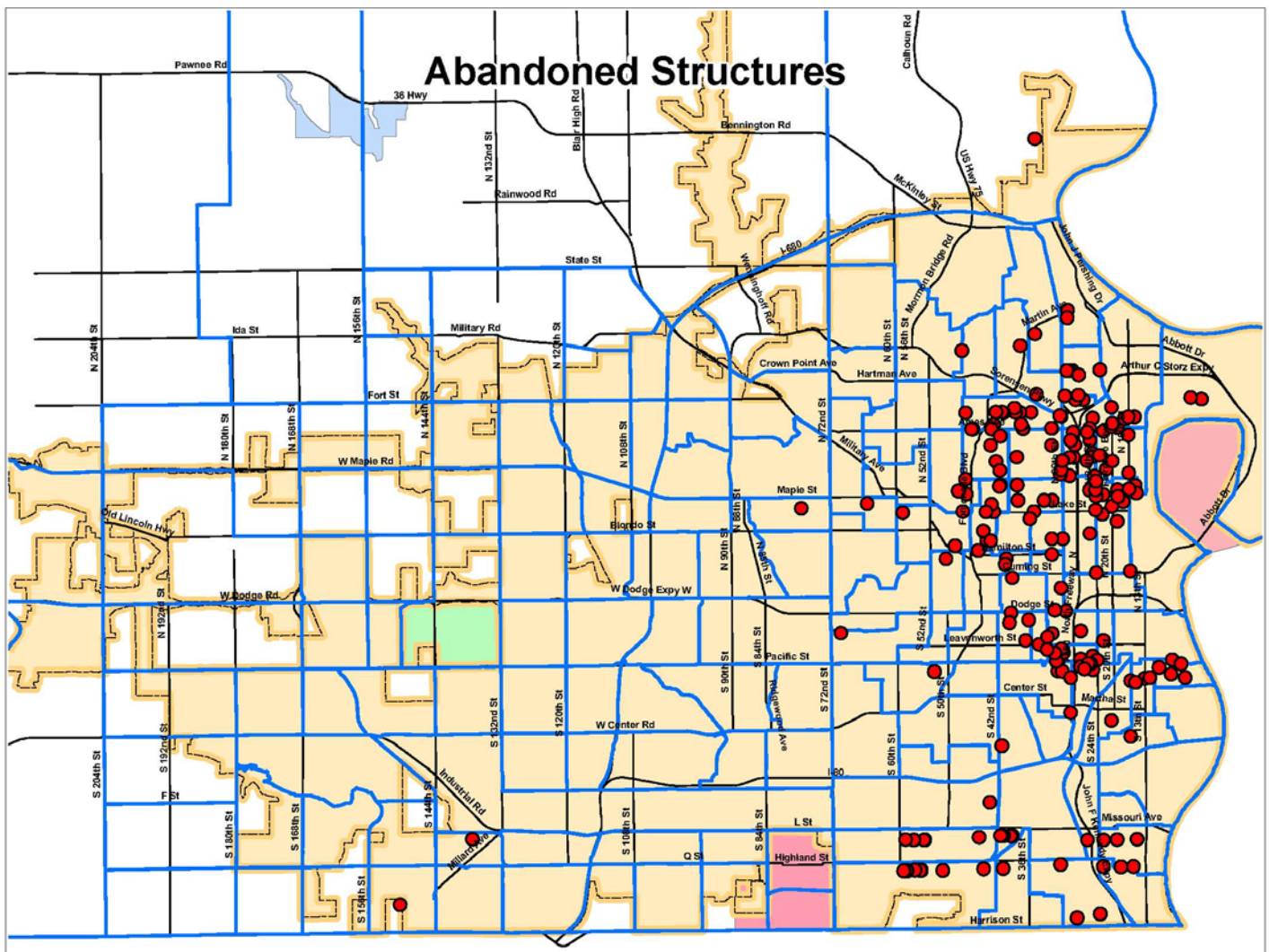
City of Omaha – 2012 Abandoned Houses Map (page 2)

Allowable Exterior Repairs List (pages 3 & 4)

Roof Repair “*Before and After*” project pictures (pages 5-6)

Habitat of Omaha “Roof & Repair Program” Brochure (page 7)

2011 - 2012 City of Omaha  
Recently Abandoned Structures Map  
North & South Omaha  
(E. of 72<sup>nd</sup> St. to the Missouri River)



Source: City of Omaha Planning Dept. 6/26/12

**NIFA/HABITAT RR Loan Purchase Agreement**

**Exhibit A**

**LIST OF ELIGIBLE/INELIGIBLE IMPROVEMENTS**

Section 201.20 (b)(2) of the Title I regulations states that the proceeds from a qualified improvement loan shall be used only to finance renovations that substantially protect or improve the basic livability and utility of the property. The following lists of eligible and ineligible improvements may be amended by HUD in future Title I Letters.

**ELIGIBLE IMPROVEMENTS (EXTERIOR ONLY)**

- Awnings; aluminum, canvas, plastic, wood
- Brick shingles or siding
- Burglar bars/decorative bars
- Casements; window
- Coating; roofing
- Composition; shingles, siding
- Curbing
- Doors:
  - 1. Storm
  - 2. Fire
  - 3. Screen
- Downspouts
- Fences
  - 1. Chain link
  - 2. Wood
  - 3. Iron
- Fire escapes
- Guttering
- Porches
- Railings
- Retaining walls
- Roof coating
- Roofing (repair or replacement)
- Screening
- Shingles
- Shutters
- Sidewalks (private)
- Siding (Cement, ceramic tile, brick, wood, aluminum)
- Sills

Stuccoing

Termite control, with replacement of damage

Trees (Diseased or damaged and hazard to structure on property)

Waterproofing

Weatherstripping

Windows

1. Screen
2. Storm
3. Thermal

### **INELIGIBLE IMPROVEMENTS (EXTERIOR ONLY)**

These ineligible improvements fall under two categories:

1. Products or improvements that do not become a permanent part of the real property.
2. Products or improvements that are considered luxury items.

Air conditioner (Placed in a window and not permanently affixed to the property)

Asbestos siding

Barbecue pits

Clothes lines and poles

Debt Consolidation

Deck around Swimming Pool

Demolition (Structure must be replaced at the same time)

Equipment (Used commercially or industrially; farm or dairy)

Exterior hot tubs,

saunas, spas or whirlpool baths

Flower boxes

Greenhouses

Kennels

Landscaping

Moving Structures (Eligible if move is on the same lot)

Outdoor fireplaces

Satellite dishes

Swimming Pools

Swimming Pool enclosures

Tree Surgery/Removal (Eligible if tree is diseased and hazard to structure)

Television Antennae

Waterproofing (Pumping or injecting any substance in the earth adjacent to or beneath the foundation or basement floor)



**2012 NCSHA Annual Awards for Program Excellence**

HFA: Nebraska Investment Finance Authority

Entry Name: Fix A Roof – Save a Home



*Before*



*After*

Property: 7411 N. 28<sup>th</sup> Ave.  
Loan Amount: \$3,707.63  
Loan Term: 5 years  
Loan Payment: \$62.00/mo



*Before*



*After*

Property: 3318 Myrtle Ave.  
Loan Amount: \$8,438.50  
Loan Term: 10 years  
Loan Payment: \$71.00/mo



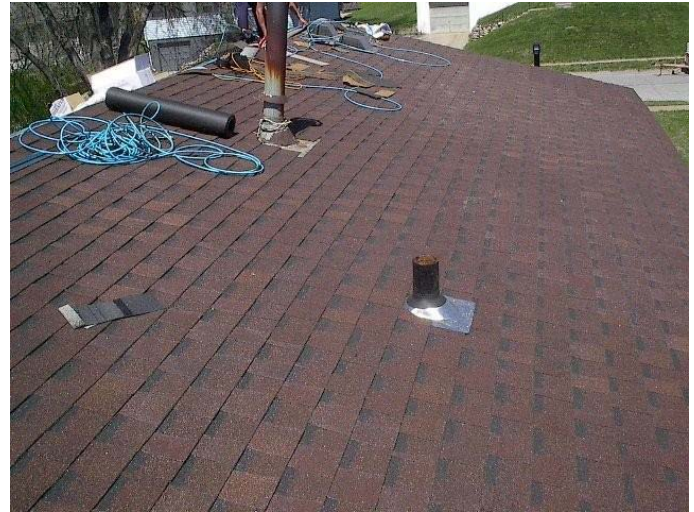
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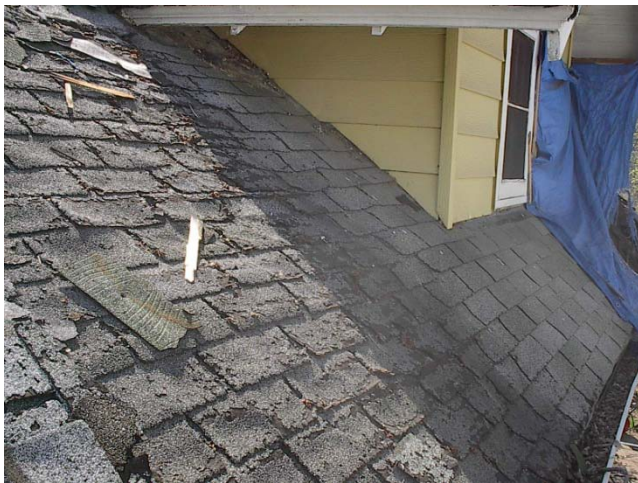


*Before*



*After*

Property: 4673 Kansas St,  
Loan Amount: \$7,177.50  
Loan Term: 10 years  
Loan Payment: \$60.00/mo



*Before*



*After*

Property: 3177 Larimore St.  
Loan Amount: \$13,655.00  
Loan Term: 10 years  
Loan Payment: \$114.00/mo

# Roof Problems?

Habitat for Humanity of Omaha's Roof & Repair Program gets the job done right.

Solve your roof problems now with:

- Experienced, reputable and fully insured contractors who will present bids for your project
- 15 years of project oversight by your Roofing Coordinator
- Quality Heritage style 25-year shingles in your choice of color
- Replacement of deteriorated roofing components, gutters and downspouts
- Work that meets or exceeds current City Code
- 0% interest loan, with monthly payments based on your ability to pay using Habitat's proven program



For more information, contact Barry Wingert at 402.457.5657 ext. 121 or by email at [bwingert@habitatomaha.org](mailto:bwingert@habitatomaha.org).



Photos: Kim MacDonald/Habitat for Humanity International