

COMMUNITY PLANNING AND DEVELOPMENT
 SELF-HELP HOMEOWNERSHIP OPPORTUNITY PROGRAM
 2007 Summary Statement and Initiatives
 (Dollars in Thousands)

SELF-HELP HOMEOWNERSHIP OPPORTUNITY PROGRAM	<u>Enacted/ Request</u>	<u>Carryover</u>	<u>Supplemental/ Rescission</u>	<u>Total Resources</u>	<u>Obligations</u>	<u>Outlays</u>
2005 Appropriation	[\$76,800] ^a	[\$71,328]	[-\$613]	[\$147,515] ^a	[\$117,953]	...
2006 Appropriation/Request	61,000	...	-610	60,390	60,390	\$1,220
2007 Request	<u>39,700</u>	<u>...</u>	<u>...</u>	<u>39,700</u>	<u>39,700</u>	<u>20,314</u>
Program Improvements/Offsets	-21,300	...	+610	-20,690	-20,690	+19,094

a/ SHOP funding prior to fiscal year 2006 is within the overall funding for the Community Development Fund account.

Summary Statement

The fiscal year 2007 budget proposes \$39.7 million for Self-Help Homeownership Opportunity Program (SHOP), a key to accomplishing the President's priority to promote homeownership, especially the 10-year goal to have 5.5 million new minority homeowners. The proposed funding is a \$19.9 million increase compared to fiscal year 2006 and reflects the importance of this homeownership model and the successful achievements to date. The increased funding request is in recognition of the importance of this effort and the proven track record of the program. Since the start of the program in 1996, 78 percent of the new homeowners have been minorities. Eligible uses of funds are land acquisition, infrastructure improvements and administrative costs.

The proposed increase in SHOP funding from the fiscal year 2006 enacted level makes the availability of technical assistance to improve the performance of grantees, including new grantees, and their affiliates critical to the continued success of the program. The SHOP budget proposes \$990 thousand for technical assistance (TA) activities such as providing direct assistance to individual grantees, and developing and delivering national training courses. In addition, TA funds will be used in the production of a variety of written or web-based materials that provide guidance, including "best-practices," to SHOP grantees and their affiliates.

Initiatives

The funding level proposed for this program, as did the request in fiscal year 2006, supports the President's priority to promote homeownership, especially for minorities.

Self-Help Homeownership Opportunity Program

COMMUNITY PLANNING AND DEVELOPMENT
 SELF-HELP HOMEOWNERSHIP OPPORTUNITY PROGRAM
 Summary of Resources by Program
 (Dollars in Thousands)

<u>Budget Activity</u>	<u>2005 Budget Authority</u>	<u>2004 Carryover Into 2005</u>	<u>2005 Total Resources</u>	<u>2005 Obligations</u>	<u>2006 Budget Authority/ Request</u>	<u>2005 Carryover Into 2006</u>	<u>2006 Total Resources</u>	<u>2007 Request</u>
Self-Help Homeownership Opportunity Program ..	[\$24,800]	[\$26,841]	[\$51,641]	[\$26,841]	\$19,800	[\$24,800]	\$19,800	\$39,700
Capacity Building	[34,224]	[34,545]	[68,769]	[68,769]	29,700	...	29,700	...
Housing Assistance Council	[3,274]	...	[3,274]	[3,274]	2,970	...	2,970	...
National American Indian Housing Council	[2,381]	...	[2,381]	[2,381]	990	...	990	...
Special Olympics	[1,984]	...	[1,984]	[1,984]	990	...	990	...
National Housing Development Corp.	[4,762]	[4,971]	[9,733]	[9,733]	1,980	...	1,980	...
National Council of LaRaza	[4,762]	[4,971]	[9,733]	[4,971]	3,960	[4,762]	3,960	...
Total	[76,187]	[71,328]	[147,515]	[117,953]	60,390	[29,562]	60,390	39,700

SHOP funding prior to fiscal year 2006 is within the overall funding for the Community Development Fund program account. The fiscal year 2005 amounts are adjusted to parallel the fiscal year 2006 account structure with fiscal year 2005 carryover retained in the CDBG account. The fiscal year 2007 request is only for the SHOP "sweat equity" homeownership program.

<u>FTE</u>	<u>2005 Actual</u>	<u>2006 Estimate</u>	<u>2007 Estimate</u>
Headquarters	4	4
Field	3	3
Total	7	7

NOTE: Includes overhead FTE for CPD. In fiscal year 2005, the staffing is subsumed within the CDBG program.

Self-Help Homeownership Opportunity Program

**COMMUNITY PLANNING AND DEVELOPMENT
SELF-HELP HOMEOWNERSHIP OPPORTUNITY PROGRAM
Program Offsets
(Dollars in Thousands)**

Self-Help Homeownership Opportunity Program	<u>Amount</u>
2005 Appropriation	[\$24,800]
2006 Appropriation/Request	19,800
2007 Request	<u>39,700</u>
Program Improvements/Offsets	+19,900

Proposed Actions

A funding level of \$39.7 million in fiscal year 2007 is expected to provide homeownership opportunities to approximately 2,000 low-income families over time. The SHOP funding requests in 2006 (\$30 million) and 2007 (\$39.7 million) are in recognition of the importance and proven track record of this program. The level of funding also reflects the ability of the existing participants, including the largest, Habitat for Humanity International, to expand their staffing, outreach and production. Expanded demand for this program is evidenced by the fact that the availability of only \$25 million in fiscal year 2005 generated \$53 million in funding requests. Finally, due to the increases in land acquisition costs across the country, the maximum average per-unit SHOP subsidy limit of \$10,000 was raised to \$15,000 in the fiscal year 2004 Notice of Funding Availability (NOFA). Consequently, it is projected that no less than the fiscal year 2007 requested amount will be needed to assist at least 2,000 households.

Program Design

The SHOP program has assisted homebuyers with an average income range of between 50 to 65 percent of area median income, with some grantees assisting homebuyers at 30 percent of area median income and with incomes as low as \$15,000 per year. The homebuyer's sweat equity contribution reduces the cost of construction, and has resulted in home purchase prices as low as \$31,000.

SHOP has been successful because it provides funding for the acquisition and preparation of land to assist the efforts of national and regional organizations and consortia, which have already demonstrated a strong ability to obtain materials and mobilize volunteer labor to develop high quality affordable housing. Land costs and infrastructure expenses are key factors for driving the cost of homeownership beyond the reach of low-income families. SHOP funds serve as the "seed money" which provides momentum for greatly expanded levels of construction investment. While the matching of SHOP funds with other dollars is not required, SHOP grantees have submitted evidence, as part of their annual application submissions, that for every SHOP dollar, approximately \$3 dollars in resources from other sources is leveraged. This does not include the value of sweat equity contributed by homebuyers.

The presence of Federal funds increases the ability of non-profit organizations to leverage funds from other sources, providing a substantial return on a Federal investment that had been an average of \$10,000 per unit, but has been adjusted to \$15,000 as of fiscal year 2004. SHOP provides a tremendous boost to building efforts across the country. Grantees indicate that the use of SHOP funds covers about one quarter of the cost of producing a unit. Thus, SHOP funds reinforce the very grassroots nature that has made self-help housing organizations so successful at expanding housing opportunities for low-income and very low-income families across the country.

Self-Help Homeownership Opportunity Program

Program Operations

The SHOP program embodies HUD's focus on nurturing partnerships with non-profit organizations by providing competitive grants to national and regional non-profit housing organizations and consortia that specialize in self-help homeownership. Funds have been appropriated for SHOP as a set-aside in the CDBG appropriation. Appropriations of \$20 million were made available in fiscal years 1999, 2000, and 2001. Appropriations of \$25 million, \$26.8 million, and \$24.8 million were made available in fiscal years 2003, 2004 and 2005, respectively. A total of \$19.8 million was appropriated in fiscal year 2006 with an additional \$40.6 million in set-asides that were historically funded within the Community Development Block Grant (CDBG) account (see chart on page C-2 for further detail). The fiscal year 2005 NOFA has been issued with awards expected in February 2006. Current SHOP grantees are Habitat for Humanity International, Housing Assistance Council, Northwest Regional Facilitators, ACORN Housing Corporation, Wisconsin Association of Self-Help Executive Directors, Inc., and PPEP Microbusiness and Housing Development Corporation.

The following chart provides the status of SHOP projects undertaken since 2002. Approximately 2,000 units are currently under development. Grantees have completed construction on 14,369 housing units from all funding years as of September 30, 2005. The projected number of completions is estimated at 1,500 units in both fiscal years 2006 and 2007, respectively.

<u>Projects Status</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Units Under Construction.....	2,936	2,395	2,100	2,100	2,000	2,000
Units Completed.....	2,063	2,157	1,722	2,098	1,500	1,500

The units completed shown above for fiscal years 2004 and 2005 differ from the units reported in the Department's Performance and Accountability Report (PAR) because the units here are on a full fiscal year basis (October 1 through September 30) whereas the PAR units are on a July 1 through June 30 basis.

Self-Help Homeownership Opportunity Program

COMMUNITY PLANNING AND DEVELOPMENT
 SELF-HELP HOMEOWNERSHIP OPPORTUNITY PROGRAM
 Program Offsets
 (Dollars in Thousands)

Capacity Building	<u>Amount</u>
2005 Appropriation	[\$34,224]
2006 Appropriation/Request	29,700
2007 Request	<u>---</u>
Program Improvements/Offsets	-29,700

Proposed Actions

This Budget proposes no new funding for the National Community Development Initiative/Section 4 program, reflecting limited overall budget resources and other higher funding priorities. This program is authorized by Section 4 of the HUD Demonstration Act of 1993 which established HUD's participation in the privately organized and initiated National Community Development Initiative (NCDI) in 23 cities, and was amended in 1997 to enable NCDI's intermediaries, Local Initiatives Support Corporation (LISC) and The Enterprise Foundation, as well as Habitat for Humanity International and Youthbuild USA, to serve low-income communities nationwide, including rural and tribal areas. In 2005, \$34.2 million was appropriated within the CDBG account, and in 2006, \$29.7 million was funded in the SHOP account.

Self-Help Homeownership Opportunity Program

COMMUNITY PLANNING AND DEVELOPMENT
 SELF-HELP HOMEOWNERSHIP OPPORTUNITY PROGRAM
 Program Offsets
 (Dollars in Thousands)

Housing Assistance Council	<u>Amount</u>
2005 Appropriation	[\$3,274]
2006 Appropriation/Request	2,970
2007 Request	<u>---</u>
Program Improvements/Offsets	-2,970

Proposed Actions

No funding is proposed for the Housing Assistance Council (HAC) in fiscal year 2007, reflecting limited overall budget resources and other higher funding priorities. In 2005, \$3.3 million was appropriated for the Housing Assistance Council within the CDBG account, and in 2006, \$2.97 million was funded in the SHOP account.

Self-Help Homeownership Opportunity Program

COMMUNITY PLANNING AND DEVELOPMENT
 SELF-HELP HOMEOWNERSHIP OPPORTUNITY PROGRAM
 Program Offsets
 (Dollars in Thousands)

National American Indian Housing Council	<u>Amount</u>
2005 Appropriation	[\$2,381]
2006 Appropriation/Request	990
2007 Request	<u>---</u>
Program Improvements/Offsets	-990

Proposed Actions

This Budget proposes no funding for the National American Indian Housing Council (NAIHC) in fiscal year 2007, reflecting limited overall budget resources and other higher funding priorities. In fiscal year 2005, \$2.4 million was appropriated in CDBG and \$2.2 million was appropriated within the Native American Housing Block Grants (NAHBG) program. In 2006, \$990 thousand was appropriated in the SHOP account, and \$990 thousand was appropriated in the NAHBG program. Established in 1974, NAIHC delivers technical assistance and training to Tribally Designated Housing Entities (TDHEs) and researches and provides information on Native American housing issues. NAIHC provides direct support to regional housing associations, Indian Housing Authorities (IHAs) and tribal housing groups in areas such as Low-Income Housing Tax Credits, homebuyer counseling, the HUD Section 184 Loan program, leveraging of funds, and in meeting the monitoring and other requirements outlined in the Native American Housing Assistance and Self Determination Act (NAHASDA).

Self-Help Homeownership Opportunity Program

COMMUNITY PLANNING AND DEVELOPMENT
SELF-HELP HOMEOWNERSHIP OPPORTUNITY PROGRAM
Program Offsets
(Dollars in Thousands)

Special Olympics	<u>Amount</u>
2005 Appropriation	[\$1,984]
2006 Appropriation/Request	990
2007 Request	<u>---</u>
Program Improvements/Offsets	-990

Proposed Actions

There is no request for Special Olympics in fiscal year 2007. In 2005, \$1.98 million was appropriated within the CDBG account, and in 2006, \$990 thousand was funded under the SHOP account.

Self-Help Homeownership Opportunity Program

COMMUNITY PLANNING AND DEVELOPMENT
 SELF-HELP HOMEOWNERSHIP OPPORTUNITY PROGRAM
 Program Offsets
 (Dollars in Thousands)

National Housing Development Corp.	<u>Amount</u>
2005 Appropriation	[\$4,762]
2006 Appropriation/Request	1,980
2007 Request	<u>---</u>
Program Improvements/Offsets	-1,980

Proposed Actions

No funding is requested for National Housing Development Corporation in fiscal year 2007, reflecting limited overall budget resources and other higher funding priorities. Each Appropriations Act since fiscal year 2001 has provided funds for a grant to the National Housing Development Corporation for operating expenses of at least \$2 million and for a program of affordable housing acquisition and rehabilitation. In 2005, \$4.8 million was appropriated within the CDBG account, and in 2006, \$1.98 million was funded in the SHOP account.

Self-Help Homeownership Opportunity Program

COMMUNITY PLANNING AND DEVELOPMENT
 SELF-HELP HOMEOWNERSHIP OPPORTUNITY PROGRAM
 Program Offsets
 (Dollars in Thousands)

National Council of LaRaza	<u>Amount</u>
2005 Appropriation	[\$4,762]
2006 Appropriation/Request	3,960
2007 Request	<u>---</u>
Program Improvements/Offsets	-3,960

Proposed Actions

No funding is requested for fiscal year 2007, reflecting limited overall budget resources and other higher funding priorities. Each Appropriations Act since fiscal year 2002 has provided at least \$4 million for a grant to the National Council of La Raza for the HOPE Fund, of which \$.5 million is for technical assistance and fund management, and the remainder is for investments in the HOPE Fund and financing to affiliated organizations for development of housing, education, day care, health and job training facilities for low- and moderate-income residents in primarily Latino communities. In 2005, \$4.8 million was appropriated within the CDBG account, and in 2006, \$3.96 million was funded under the SHOP account.

Self-Help Homeownership Opportunity Program

**SELF-HELP HOMEOWNERSHIP OPPORTUNITY PROGRAM
Performance Measurement Table**

Program Name: SELF-HELP HOMEOWNERSHIP OPPORTUNITY PROGRAM					
Program Mission: SHOP provides homeownership opportunities to low-income homebuyers, who contribute sweat equity toward the construction of their house.					
Performance Indicator	Data Sources	Performance Report		Performance Plan	
		2005 Plan	2005 Actual	2006 Plan	2007 Plan
The number of homeowners who have used sweat equity to earn assistance with SHOP funding reaches 1,500 (represents units completed)	Quarterly progress reports	2,140	2,098	1,500	1,500

Explanation of Indicators

The current measure of SHOP program performance is both an output and outcome indicator with the outcome being expanding homeownership opportunities for families who otherwise would not be able to achieve homeownership.

The SHOP program provides funds for the acquisition and preparation of land to assist the efforts of national and regional consortia. SHOP funds assist low-income homebuyers willing to contribute sweat equity toward the construction of their homes.

Objective H.1: Expand National Homeownership Opportunities

Strategic Goal Indicator "The number of homeowners who have used sweat equity to earn assistance with SHOP funding is maximized:"

The fiscal year 2007 request for Self-Help Homeownership Opportunity Program (SHOP) reflects the President's initiative to double the funding from the fiscal year 2006 appropriation level for this well-recognized, successful program. The request reflects the well established and growing capacity of existing program participants as well as the expectation that the number of affiliates participating in the program will expand. The SHOP Program awards funding on a competitive basis to national and regional non-profit housing organizations and consortia that specialize in self-help housing where the homebuyer contributes a significant amount of sweat-equity toward the construction or rehabilitation of the dwelling.

SHOP Performance Reporting and Program Evaluation

Information on SHOP performance is collected quarterly. Grantees are required to report on the number of units completed and the number of units under construction, along with a narrative on other pertinent information on program progress or delays. Requirements have recently been revised to gather more uniform accomplishment data on lots acquired, infrastructure starts and completions, housing construction starts and completions, property conveyances, unit characteristics, racial and ethnic composition of homebuyers, and detailed financial information on administration, land acquisition, infrastructure costs, and leveraged funds. The fiscal years 2002, 2003, 2004, 2005 and future funding awards will follow these new reporting requirements, and grantees will be encouraged to use this form for reporting on all prior SHOP-funded activities.

Self-Help Homeownership Opportunity Program

**COMMUNITY PLANNING AND DEVELOPMENT
SELF-HELP HOMEOWNERSHIP OPPORTUNITY PROGRAM
Justification of Proposed Changes in Appropriations Language**

The 2007 President's Budget includes proposed changes in the appropriations language listed and explained below. New language is italicized and underlined, and language proposed for deletion is bracketed.

For the Self-Help and Assisted Homeownership Opportunity program, as authorized under Section 11 of the Housing Opportunity Program Extension Act of 1996, as amended, [\$61,000,000] *\$39,700,000*, to remain available until September 30, [2008, Provided, That of the total amount provided in this heading \$20,000,000 shall be made available to the Self Help Homeownership Opportunity Program as authorized under section 11 of the Housing Opportunity Program Extension Act of 1996, as amended; Provided further, That \$30,000,000 shall be made available for capacity building, of which \$26,500,000 shall be for capacity building for Community Development and Affordable Housing for LISC and the Enterprise Foundation for activities authorized by Section 4 of the HUD Demonstration Act of 1993 (42 U.S.C. 9816 note), as in effect immediately before June 12, 1997, and \$3,500,000 shall be made available for capacity building activities administered by Habitat for Humanity International; Provided further, That \$3,000,000 shall be made available to the Housing Assistance Council; \$1,000,000 shall be made available to the National American Indian Housing Council; \$4,000,000 shall be available as a grant to the Raza Development Fund of La Raza for the HOPE Fund, of which \$500,000 is for technical assistance and fund management, and \$3,500,000 is for investments in the HOPE Fund and financing to affiliated organizations; \$2,000,000 shall be available as a grant to the National Housing Development Corporation for operating expenses and a program of affordable housing acquisition and rehabilitation; and \$1,000,000 shall be made available to the Special Olympics National Organizing Committee for planning, equipment and operational expenses associated with the 2006 games in Ames, Iowa] *2009: Provided, That up to \$990,000 shall be made available for technical assistance.*

Explanation of Changes

The language reflects that only the SHOP "sweat equity" homeownership program is requested and there is no request for other set-aside programs funded in fiscal year 2006. Language is included for technical assistance.

Self-Help Homeownership Opportunity Program

COMMUNITY PLANNING AND DEVELOPMENT
 SELF-HELP HOMEOWNERSHIP OPPORTUNITY PROGRAM
 Crosswalk of 2005 Availability
 (Dollars in Thousands)

<u>Budget Activity</u>	<u>2005 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2005 Resources</u>
Self-Help Homeownership Opportunity						
Program	[\$25,000]	[-\$200]	...	...	[\$26,841]	[\$51,641]
Capacity Building	[34,500]	[-276]	...	...	[34,545]	[68,769]
Housing Assistance Council	[3,300]	[-26]	...	...	...	[3,274]
National American Indian Housing						
Council	[2,400]	[-19]	...	...	...	[2,381]
Special Olympics	[2,000]	[-16]	...	...	...	[1,984]
National Housing Development Corp. ..	[4,800]	[-38]	...	...	[4,971]	[9,733]
National Council of LaRaza	<u>[4,800]</u>	<u>[-38]</u>	<u>...</u>	<u>...</u>	<u>[4,971]</u>	<u>[9,733]</u>
Total	[76,800]	[-613]	...	...	[71,328]	[147,515]

This program was funded within the Community Development Fund through fiscal year 2005. Activity for fiscal year 2005 and prior fiscal years is shown in that Justification.

Self-Help Homeownership Opportunity Program

COMMUNITY PLANNING AND DEVELOPMENT
 SELF-HELP HOMEOWNERSHIP OPPORTUNITY PROGRAM
 Crosswalk of 2006 Changes
 (Dollars in Thousands)

<u>Budget Activity</u>	<u>2006 President's Budget Request</u>	<u>Congressional Appropriations Action on 2006 Request</u>	<u>2006 Supplemental/ Rescission</u>	<u>Reprogrammings</u>	<u>Carryover</u>	<u>Total 2006 Resources</u>
Self-Help Homeownership Opportunity Program	\$30,000	\$20,000	-\$200	...	[\$24,800]	\$19,800
Capacity Building .....	...	30,000	-300	...	...	29,700
Housing Assistance Council .....	...	3,000	-30	...	...	2,970
National American Indian Housing Council .....	...	1,000	-10	...	...	990
Special Olympics .....	...	1,000	-10	...	...	990
National Housing Development Corp. ..	...	2,000	-20	...	...	1,980
National Council of LaRaza .....	...	<u>4,000</u>	<u>-40</u>	...	<u>[4,762]</u>	<u>3,960</u>
Total	30,000	61,000	-610	...	[29,562]	60,390