

IV.B.a. APPLICATION OVERVIEW

COMMUNITY FRAMEWORKS SHOP 2008 APPLICATION OVERVIEW

- **Form SF-424, Application for Federal Assistance**, has been **submitted electronically** as part of this Community Frameworks SHOP 2008 application.
- **Form SF-424 Supplement**, Survey on Ensuring Equal Opportunity for Applicants, has been **submitted electronically** as part of this Community Frameworks SHOP 2008 application.
- **Self-Help Housing Organization Qualification:** Community Frameworks is a qualified self-help housing organization eligible to administer SHOP funds per Section III.C of the program NOFA dated May 12, 2008.

Non-Profit Status/Not a Consortium: Copies of our **IRS Determination Letter** and **current Certificate of Good Standing from the State of Washington** have been faxed as part of this application. Community Frameworks is a **regional 501(c)(3)** nonprofit organization incorporated in the State of Washington, **servicing Idaho, Montana, Oregon and Washington**. A substantial portion of SHOP funds will be loaned in each state. Community Frameworks is not applying as a consortium.

- **Program Summary:**

Program Description and Amount of Request: Community Frameworks is the lead agency making this request for SHOP 2008 funding. Twenty-five affiliates, including Community Frameworks' HomeStarts self-help homeownership program, are joining this application. **Community Frameworks is requesting \$9,567,600 in SHOP 2008 funding.** \$8,400,000 of this amount is for SHOP loans to affiliates to support land acquisition and infrastructure development for 560 units at \$15,000 per unit. \$1,167,600 is designated for Community Frameworks SHOP program administration. This is 12.2% of the total SHOP 2008 request. **If only partially funded, Community Frameworks requests 14.9% administrative funding due to economies of scale in program administration.** All SHOP activities for which Community Frameworks is requesting funding are scheduled within the timeframe needed to expend all grant funds awarded and substantially fulfill our obligations under our grant agreement, including timely development of the 560 units.

The target areas served for this SHOP 2008 funding proposal are the states of Washington, Oregon, Idaho and Montana. We and our affiliates work primarily in distressed urban neighborhoods and more isolated underserved rural communities. Generally, the urbanizing areas in the Northwest, and recreational areas as well, are experiencing extremely high land and land development costs. Rural areas suffer from isolation, lack of local expertise, and lack of access to development capital. Our program provides ongoing assistance to our affiliates that helps them develop the long-term capacity to overcome these barriers and provide homeownership opportunities to low-income households.

The majority of homes developed will be single-family detached dwellings with fee simple ownership. However, a number of our affiliates will be developing self-help condominium projects or administering self-help acquisition/rehab programs, and using other ownership models such as community land trusts or cooperative/condominium ownership. All homes constructed will be quality dwellings that comply with local building and safety codes and standards that will be made available to homebuyers at prices below the prevailing market price.

Community Frameworks provides substantial technical assistance to its affiliates in the course of underwriting SHOP loan applications, convenes an annual affiliate meeting, conducts interactive site

visits, and maintains a SHOP website. Community Frameworks is recognized as a regional and national leader in homeownership program design and administration. Community Frameworks disburses SHOP funds as 10-year, zero-interest 100 percent forgivable loans with no fees. It is our goal that these funds remain local resources supporting low-income homeownership for years to come, and much of our project financing advice promotes re-use of SHOP funds as a community asset for at least the term of our loan agreement (10 years).

Homebuyer Eligibility: Community Frameworks SHOP affiliates use a variety of public and private sources as the primary funders for their self-help projects. Community Frameworks and its SHOP 2008 affiliates **will serve only low-income households with incomes at or below 80 percent of the Area Median Income.** The table below notes the definitions of "annual income" used by each of our SHOP 2008 affiliates as required by their projects' primary funders.

Affiliate Definitions of "Annual Income"

Affiliate	Income Definition	Affiliate	Income Definition
CAT	3	LHA	1
CCHS	1	MHID	1
CCLT	2	NAHN	1
CVHA	1	NWGF	1
D4HRDC	1	OPAL	3
EMAAH	3	SEICAA	3
HACC	1	SJCHT	3
HBCLT	1	UCDC	3
HFI	1	WAFB	3
HHP	1	WCCAC	1
HS	3	WNHS	1
KCCHA	1	YCDC	3
LCCAP	1		

1. "Annual income" as defined at 24 CFR 5.609
2. "Annual income" as reported under the Census long-form for the most recent available decennial Census
3. "Adjusted gross income" as defined for purposes of reporting under Internal Revenue Service (IRS) for 1040 series for individual Federal annual income tax purposes

Experience: Community Frameworks and its SHOP 2008 affiliates will use SHOP funds only for eligible activities. Affiliates inexperienced with self help housing will receive the necessary technical assistance and mentoring to properly utilize SHOP funds. No affiliates in this application have sought SHOP 2008 funding from another applicant. Frameworks and **all** its affiliates have completed 299 self-help units in the 24 months previous to May 12, 2008; **Frameworks and the affiliates joining this application have completed 212 of the 299 self-help housing units completed in the 24 months previous to May 12, 2008** (see table next page).

24 Months Completions, Community Framework Affiliates

Affiliates	Homes Completed, 5/12/2006-5/11/2008
CAT	11
CCHS	10
CCLT	0
CVHA	0
D4HRDC	0
EMAAH	0
HACC	19
HBCLT	0
HFI	8
HHP	28
HS	36
KCCHA	9
LCCAP	5
LHA	0
MHID	8
NAHN	18
NWGF	0
OPAL	0
SEICAA	18
SJCHT	0
UCDC	20
WAFA	0
WCCAC	0
WNHS	0
YCDC	22
Total	212

Sweat Equity & Community Participation: Community Frameworks requires affiliate clients to perform at least 100 hours of sweat equity (50 hours for a single-adult household) towards construction of their own homes and/or the homes of other buyers participating in the self-help program. Community Frameworks requires community participation in all of its affiliates' SHOP-funded projects. This may involve community volunteers, and/or families in a mutual self-help build group assisting on each others' homes. Community Frameworks also requires all of its affiliates to provide reasonable accommodations to persons with disabilities, either by providing alternative tasks or providing a volunteer substitute.

Affirmatively Furthering Fair Housing: Community Frameworks will require SHOP 2008 funded affiliates (which includes Community Frameworks' HomeStarts program) to adopt and follow procedures and requirements to affirmatively market the self-help housing program.

Reduce Energy Cost: Community Frameworks requires SHOP 2008 affiliates (which includes Community Frameworks' HomeStarts program) to submit a copy of a Energy Star Certification issued by an independent Home Energy Rater (HER) within 30 days of completion of the SHOP2008 funded units.

Eligible Activities: Community Frameworks and its affiliates will use SHOP 2008 funding only for eligible activities. Eligible activities include Land Acquisition and Infrastructure Improvements. Community Frameworks will also use a portion of its SHOP 2008 award for Administration, Planning, and Management Development.

Leverage Funding: Community Frameworks and its affiliates will leverage other sources of funding, including private and other public funds, to complete construction or rehabilitation of the housing units.
SHOP Funds

Homebuyer Financial Contribution: Community Frameworks and its affiliates will not require a homebuyer to make an up-front financial contribution to a housing unit other than cash contributed for down payment or closing costs at the time of acquisition.

COMMUNITY FRAMEWORKS SHOP 2008 APPLICATION NARRATIVE

RATING FACTOR 1: CAPACITY OF THE APPLICANT

Factor 1.a. Past Experience (10 points)

Note: All activity listed in this section is related to the activities we propose for funding under this application and is reflective of the most recent five years (approximately May 2003 – April 2008) noting that the NOFA publication date is May 12, 2008, but historic data was collected by month or quarter so may not perfectly coincide with the five years prior to the exact date of publication requirement.

INTRODUCTION

Community Frameworks (Frameworks) creates safe and affordable homes for individuals and families with low-incomes and helps others to do the same.

Frameworks has a 34 year history in affordable housing work and is accomplished in the development of nearly every housing type. Because we administer programs and develop projects ourselves, we have "hands-on" experience to pass along to our SHOP clients. Frameworks staff both "do" and "teach". Our consulting work is informed with practitioner savvy. Most of our work is in rural locations or in deteriorated, disenfranchised urban neighborhoods. We have been particularly successful in utilizing peer learning events and techniques to foster collaboration among rural housing providers.

Frameworks' mission is to "Support and develop affordable housing as a foundation upon which individuals, families and neighborhoods can build vital communities". The goal of Frameworks staff is that every project they touch will be an asset for its sponsor, occupants, neighborhood and community for decades.

EXPERIENCE IN THE ACTIVITIES PROPOSED - Fiscal Management & Funding Administration

Financial Systems – Community Frameworks' annual operating budget has hovered around \$2 million for the past several years. It has other funds (besides the operating fund) which contain millions of dollars for construction activities and for internal revolving loan funds. The Finance Department uses a sophisticated financial software system that accounts for about 90 project and program cost centers. The system manages a complex and diverse array of projects and programs, revolving funds, loan portfolios, fiscal agent accounts, and a non-profit office center. The accounting system is tied to a custom designed timesheet data base and a specialized application of Microsoft Project for budgeting and management of staff tasks and costs by month by project. Our accounting procedures and systems are maintained in accordance with generally accepted accounting standards, government auditing standards issued by the Comptroller General of the United States, and the provisions of OMB Budget Circulars A-133 and A-122. We have successfully completed all grants and have never had a negative program or organizational finance audit.

Fund Administration – Frameworks has managed many federal, state and local contracts. We are experienced in securing, administering and utilizing CDBG, HOME, SHOP, HUD TA (CHDO, HOME), Federal Home Loan Bank Challenge & AHP funds, Washington State Housing Trust Fund, Washington State Technical Assistance funds, weatherization funds, private lender development, construction, and mortgage financing, and private contributions.

The following chart shows internal revolving loan fund/lending awards currently under management:

REVOLVING LOAN FUNDS ADMINISTERED	HUD SHOP	WA State Hsg Trust Fund RLF	NeighborWorks, Private Equity Investments, Grants RLF	Child Care Micro Loan Fund	TOTAL FUNDS BY YEAR
Balance on 4/30/03	6,606,387	1,250,000			
Funds Awarded to Frameworks RLF (Years Ending April 30)					
2004	3,460,000	500,000	0	0	
2005	0	350,000	0	0	
2006	4,050,000	490,000		0	
2007	4,755,000	645,000		0	
2008	2,445,000	695,000		0	
TOTAL	21,316,387	3,930,000			

Community Frameworks began developing housing for unrelated entities in 2003. As a housing developer Community Frameworks provides services to a project owner/manager to develop a project concept, conduct feasibility, secure financing, oversee project construction to fruition, and prepare for operation and ongoing compliance. These are multi-year projects and we typically have 6-12 active in our pipeline. In the past five years we have completed 10 projects with 319 units and 152 shelter beds (131 units + 34 beds by 4/30/05, 12 units by 4/30/06, 120 units + 28 beds by 4/30/07, and 56 units + 90 beds by 4/30/08). The total development cost for those projects was \$28,348,234. Funding sources included state housing trust funds, HUD 202 & 811, CDBG, HOME, Federal Home Loan Bank, NeighborWorks® America, private lender, donor contributions, and sponsor funds. Our active pipeline of 10 current projects will produce another 260 units for a total development cost of \$43,966,786.

EXPERIENCE IN THE ACTIVITIES PROPOSED – Self-Help Housing Production

HomeStarts Self-Help Homeownership Program - Frameworks has administered an innovative urban self-help program in Spokane County, WA since 1994. Because subsidies afforded by Rural Development's Section 523 administration grants and 502 construction/mortgage loans are unavailable, we work primarily with private lenders to provide first mortgages and accept sweat equity contributions in lieu of downpayment and closing costs. In addition, families receive deferred second mortgages funded through a variety of sources assembled by Frameworks, including Washington State's Housing Trust Fund, SHOP, Federal Home Loan Bank, Neighbor Works of America, and private lender foundations. HomeStarts projects over have included standard single-family subdivisions, as well as a mixed-income project that incorporated condos and detached single-family units, developed in partnership with one of the largest for-profit housing developers in the area. HomeStarts also utilizes USDA Rural Development 502 mortgages in rural locations and operates a self-help acquisition-rehab program periodically. In each of the five years preceding the NOFA, Homestarts produced 16, 20, 13, 18, and 7 units respectively. Total production since inception is 152.

EXPERIENCE IN THE ACTIVITIES PROPOSED - Training & Technical Assistance Delivery

Community Frameworks also operates a technical assistance line of business separate from its SHOP and direct development activities. Data is not readily available for the exact timeframes associated with the NOFA release, but our fiscal year data (that ends June 30) is similar. Our last five audits show expenses for TA delivery each year from years ending 6/03 to 6/07 to be \$432,247, \$465,962, \$292,159, \$171,520, \$207,657 respectively. (The earlier years reflect additional HUD RHED TA grant activity which we are not currently doing.)

In addition to assisting its SHOP affiliates, for over 11 years Frameworks has provided training and technical assistance to many government, nonprofit, for-profit, resident, and community entities throughout its four-state service area. In the past five years alone, we have received six HUD Technical Assistance awards totaling \$235,000. In testament to Frameworks' reputation as a leader in homeownership program design, development and administration, we are in our third year of providing the State of Washington Department of Trade & Community Development assistance to the department to develop its resource investment strategies, to manage and reduce risk

in its portfolio of trust fund projects, and to provide technical assistance to housing entities in the state. Frameworks is assigned to the homeownership segment of the trust fund activities. We have completed redesign of the state's trust fund allocation process for homeownership and have developed program evaluation and capacity assessment tools to help the state make sound lending decisions. We have trained the department in the use of the tools and assisted with CTED's transition to the new program. All prior grants were completed with good evaluations.

Examples of Frameworks' training and technical assistance work that demonstrates capacity to assist homeownership programs operate successfully (conducted during the five years preceding May 12, 2008) are listed below. The types of technical assistance provided include:

- Assessment of Housing Need & Market Analysis
- Organizational Capacity Building and New Program Design Development
- Affordable Housing Financing
- Training and Support Materials

2003-2004:

Methow Valley Housing H.O.M.E. Trust – Helped a group of local affordable housing advocates create a community land trust. TA included organizational authorizing documents; development of community support base and CLT education; community housing needs assessment; identification of homeownership program design and potential first homeownership project; summary report of challenges, barriers, and strategies.

Boise Valley Habitat for Humanity – TA was provided to this new all-volunteer chapter to build their capacity to produce affordable homes for very low-income families. A strategic plan was completed and an Executive Director hired. By 2005, this organization became the recipient of nearly \$800,000 in Boise HOME funds.

Pocatello Neighborhood Housing Services – This TA strengthened the organization's board/staff relationships in relation to shared goals for neighborhood revitalization. A strategic plan was completed which included both rental and homeownership strategies; policy updates were recommended, and the CDFI loan fund strengthened.

2004-2005:

Habitat for Humanity of North Idaho – Worked with this Habitat chapter on two technical assistance areas of need: organizational capacity-building, board training and assistance in developing their first Planned Unit Development with 12 homes.

Montpelier Housing Coalition – To help this small rural community address its aging & deteriorating housing stock and develop much-needed affordable housing for their workforce, TA was provided to assess housing needs throughout Bear Lake County, establish a Housing Coalition and build a partnership with an existing CHDO organization serving their area. Through this partnership, 8 new homes were built in 2007-8 under USDA's Mutual Self-Help Program.

Rural Rehab Collaborative – Frameworks facilitated a two-year Rural Rehab Collaborative to help rural affordable housing agencies develop, improve and/or expand their housing rehab programs. The Collaborative project provided four quarterly training workshops, 1-on-1 technical assistance, operating seed grants, and web based resource library and peer learning vehicle to 11 rural organizations. Under contract with the State of Washington, Frameworks developed a manual on design and implementation of rehabilitation programs that served as the textbook for the Rural Rehab Collaboratives.

2005-2006:

Swinomish Tribal Housing Authority – The Swinomish Tribe received extensive technical assistance to assess housing and community facilities needs, develop a strategic plan with a 10-year horizon, and engage the tribal community in site planning for an 80-acre site to accommodate their housing and community needs over the next ten years. The resultant master plan included provision for a full range of housing types to meet needs from young families to elders.

Idaho Housing Resource Guide – Under Frameworks' HUD TA contracts, a comprehensive web-based affordable

housing resource guide was created. The guide contains extensive information about and links to federal, state and local funding sources, affordable housing programs, and resources for affordable housing development in Idaho.

Habitat for Humanity – Spokane – Frameworks assisted this Habitat chapter with building their capacity to apply for funding sources outside of Habitat International support. Specifically, they were assisted in applying for County HOME funds, Federal Home Loan Bank mortgage subsidy and the Washington State Housing Trust Fund.

2006-2007:

Training, Toolbox & TA: Developing Affordable Housing in High-Cost Areas and Training, Toolbox & TA: An Introduction to Community Land Trusts - Under its HUD TA contracts, Frameworks developed two training, toolbox & TA modules which were delivered in three locations. These all-day trainings, complimented by web-based resource "toolboxes" and follow-up technical assistance, were designed to assist high-cost area communities to meet the challenges of developing affordable housing common especially to resort/retirement communities in the Northwest. Of particular interest was the use of the community land trust model for developing permanently-affordable homeownership opportunities.

Diocese of Yakima Housing Services - DYHS is an experienced multifamily housing producer in Washington's Yakima Valley, serving primarily farmworkers. Technical assistance helped them design a market study survey for their new homeownership program, provided training and technical assistance in homeownership program models and design, and assistance with preparation/review of an application to Washington's Housing Trust Fund to initiate the homeownership program. DYHS is a SHOP affiliate.

Shoshone County Housing – This new affordable housing organization serving the Silver Valley of Idaho was assisted in building organizational capacity, planning and prioritizing potential development projects to meet their housing needs, and establishing a community land trust program. In addition, a feasibility analysis and pre-development planning was completed for two projects, one of which (adaptive re-use of an historic building for workforce housing) has moved into the development phase.

2007-2008:

Mercy Housing Idaho - Provided technical assistance and training to an "urban" self-help program leveraging first mortgages from private lenders. Training has allowed MHID to expand its production of affordable self-help homes, complementing ongoing rural self-help activities. MHID is a SHOP affiliate.

Saratoga Community Housing, Homeward Bound Community Land Trust and ARCH CLT – These three new community land trusts were assisted in start-up, organizational capacity building and planning. In addition they were assisted with selecting development strategies and structuring their first development projects to provide permanently-affordable homeownership opportunities in their communities.

Hayden Canyon – A private developer desiring to incorporate affordable housing into a large master-planned community near Hayden Lake, ID asked for Frameworks' help in structuring an affordable homeownership program as an element of this development.

EXPERIENCE & PERFORMANCE AS A HUD SHOP GRANTEE

Frameworks has been a regional grantee for HUD's Self-Help Homeownership Opportunity Program (SHOP) since 1996. Frameworks' SHOP program serves organizations in Idaho, Montana, Oregon and Washington. Frameworks makes technical assistance and program and management development assistance available to SHOP affiliates that require these services. Since 1996, Frameworks has received just under \$24 million in SHOP funding to support development of 1,757 homes. We received four awards in the past five years: FY2003 - \$4,854,026, FY2005 - \$4,500,000, FY2006 - \$5,271,000, and FY2007 - \$2,801,556 for a total of 1,096 units. **Since 1996 and as of June 30, 2008, we have made 150 loans to build 1383 homes, 828 of which are complete and occupied.** The remaining units are scheduled in affiliate pipelines to commence within the contracted grant periods. (See Factor 1b for further detail on progress schedules). Frameworks and all its affiliates have completed 299 self-help units in the 24 months previous to May 12, 2008; **Frameworks and the affiliates joining this application have completed 212**

of the 299 self-help housing units completed in the 24 months previous to May 12, 2008. A break out of the 212 units by affiliate is listed in the Application Overview.

Frameworks affiliates use a variety of approaches to sweat equity contributions, both in the number and type of tasks performed by families and volunteers (see Factor 3a). The average number of sweat equity hours provided per homebuyer family is 700 and the average number of volunteer labor hours provided per unit is 471.

Frameworks' lending activities under its previous SHOP grants have been successful and were carried out as proposed within the planned timeframe. While we have been able to keep lending activity fairly well on schedule, we see that affiliates are finding the activities subsequent to acquisition much more challenging. To track progress we set interim benchmarks for internal monitoring such as environmental review, acquisition, disbursement of SHOP funds, infrastructure completion, construction start and completion, and occupancy. We use a custom database system to monitor accomplishments against proposed timelines. We use that information to assess affiliate need for technical assistance, responding to requests or initiating interventions where necessary.

The delays Frameworks' affiliates experience on occasion are quite typical of the development business as a whole. They can occur at any point in the development process. Common disruptions relate to site control, environmental review, URA, infrastructure development, family recruitment and retention, construction insurance, weather and final closing on mortgage financing. When project delays occur or appear that they might, Frameworks not only tries to help the affiliate, but also facilitates a coordinated, timely effort by government agencies, and other lenders to resolve the issues as quickly as possible.

Over the past two years affiliates have faced more challenges. Costs have risen, public resources continue to dwindle, the economy has soured, and the mortgage crisis is impacting buyer attitudes and their ability to borrow. This has caused some production slowdowns and we expect that to continue as the root causes have not gone away. In response we have ramped up our level of technical assistance and training and have expedited monitoring and TA site visit schedules to try to head off potential problems. Our active intervention has helped rejuvenate production both on the lending and the construction fronts. As a result the affiliate unit completion backlog is disappearing and loan volume for new projects is greatly increased.

Factor 1b. Past Performance (7 points)

Community Frameworks has received ten SHOP grants since 1996. Although work is complete on four, HUD has not issued a Final Closeout Agreement on any, so all are considered to have been "open" during the past five years. The table below reflects key benchmark completion status from the database (we collect progress data on other interim benchmarks but have included only the major milestones in the table due to limited space). There has been considerable activity during the quarter just ended June 30. The narrative sections below provide information on additional activity after May 12, as well as projections for future milestone accomplishments.

Grant Year	Grant Amount	Amount Disbursed	Percent	Unit Target	Infrastructure Complete	Percent	Construction Complete	Percent	Occupied	Percent
1996	300,000	300,000	100%	30	32	107%	32	107%	32	107%
1998	688,875	688,875	100%	64	67	105%	67	105%	67	105%
1999	785,000	785,000	100%	73	74	101%	74	101%	74	101%
2000	1,810,000	1,810,000	100%	146	143	101%	143	101%	143	101%
2001	2,455,588	2,455,588	100%	214	214	100%	190	89%	190	89%
2002	1,623,000	1,623,000	100%	140	131	94%	115	82%	115	82%
2003*	3,854,928	3,779,514	98%	346	276	80%	195	56%	189	55%
2005	4,500,000	3,121,356	69%	270	96	36%	13	5%	13	5%
2006	5,271,000	1,301,205	25%	317	47	15%	0	0%	0	0%
2007	2,801,556	88,848	3%	163	4	2%	0	0%	0	0%

* See notes in FY2003 grant narrative below for explanation of funds not disbursed

HUD SHOP grantees are most able to influence timely disbursement of SHOP funds to affiliates. They can retract

commitments and substitute other more ready borrowers if an affiliate is not progressing rapidly enough. Once the loan is made however, there is far less opportunity to control achievement of subsequent benchmarks, because the affiliates must perform and the grantees' options are limited. While we can sanction, refuse to lend again, or even as a last resort foreclose, we cannot physically produce homes and the buyers to occupy them for the affiliates.

SHOP funds are designed to be first in to the deal – for acquisition and infrastructure. Real estate development is a competitive field, particularly for suitable land. That means that affiliates must be able to act quickly to purchase, often before the project is fully planned, before all financing is fully secured, and before buyers have been qualified. SHOP grantees like Frameworks make every effort to assess the risk when they make a loan to an affiliate, but the reality is that there are many unknowns. It has been Frameworks' experience that if we carefully evaluate affiliate capacity, and if they have a good program plan, and if they have done reasonable due diligence, they nearly always will be able to produce units and qualified buyers. It just may take longer than originally projected.

Frameworks' activities under all of its SHOP grants achieve successful outcomes, producing quality affordable homes for eligible buyers using the self-help method. In the first two years our grants were small and while some milestone slippage occurred along the way, affiliates were generally able to complete and occupy within the allotted time. Disbursement of every grant made to Frameworks has occurred within the grant period with the exception of a small amount of SHOP03 funds (see following SHOP03 section). As is typical of the real estate development field in general, our affiliates do on occasion experience production delays and that has caused completion and occupancy of some units to occur beyond the one year grace period (see details in the grant year narratives below).

The goal of Community Frameworks' SHOP Program is for every affiliate to successfully access funds and produce quality affordable units that will change the lives of the low income buyers. We make responsible loans, but our objective is not to deny applicants, but rather to help them get ready to be good borrowers. We want our affiliates to maintain strong and sustainable programs with capacity and resources to keep providing homes well into the future. We know programs need to plan and have funding commitments well into the future. Ideally they have resources when they are ready to use them, not when the funder decides to have a competitive process. That is why we nurture our affiliate network, earmark funds for their pipeline needs, and utilize a floating application process that allows them to apply when they need funding. We provide TA if needed during the pre-application period, and help affiliates deal with pre-development barriers. This takes more time than a competitive round process, but we think it produces better programs and better projects.

It is this approach that has caused us to disburse past grant funds throughout the grant period. Unfortunately projects starting late may have trouble finishing within the one year grace period if anything goes wrong. Problems can and do occur at any point in the development process. Examples include difficulties with site control, environmental review, URA, infrastructure development, family recruitment and retention, construction insurance, weather and final closing on mortgage financing.

When it appears that an affiliate may be facing a problem in the development process, Frameworks has been proactive in trying to help them and thus mitigate the impact of those delays on the ultimate benchmarks for the program – completion of units and occupancy by low-income households. Grant information provided below offers more detailed insight into the challenges affiliates sometimes face and how Community Frameworks responds. **Interim production benchmarks include environmental review, land acquisition, infrastructure begun and completed, construction begun, under roof and completed, and occupancy. Interim administrative benchmarks include reporting, site visits, and affiliate meetings.**

Challenges are part of the game in the real estate development world. Community Frameworks has observed those to intensify in recent years. A few things stand out as systemic barriers to quick and easy production:

- Many Northwest communities where affiliates work have seen cascading price inflation that has drastically changed affordability. In-migration of households bringing equity gained in other markets (especially California) to invest in Northwest real estate has occurred. This has caused extraordinary pressure on land availability and prices. Affiliates have to act quickly to buy land, pay more, and expect higher development costs. Even with the recent economic downturn this has not moderated very much.

- Program financing is diminishing and changing. More than three quarters of our affiliates use USDA 523 and 502 loans in their programs. Appropriations are no longer adequate and the 523 admin grants are being distributed differently, in effect forcing programs to produce more units for less money when costs have risen. Private lender financing has been hugely affected by the foreclosure crisis resulting in tight underwriting criteria, fewer resources, and less programmatic flexibility. Philanthropic donations are under enormous pressure as the economy causes sizable spikes in demand and competition. Our affiliates are feeling the pinch and are taking longer to assemble financing.
- Easy credit plus a slowing economy has placed a part of the potential buyer market in jeopardy. Furthermore, many buyers are spooked by stories of sham nonprofits and bad loans. They are wary and it takes more time to cultivate buyers' confidence, to repair credit, and to otherwise prepare them for homeownership.
- Construction costs, after rising astronomically for several years, have moderated with the economic downturn, but not as much in the Northwest as other parts of the nation. While generally good for affiliate budgets, the continuing unpredictability makes planning production pipelines several years out more a gamble than certainty.

Given these realities, Frameworks has made the following adjustments to our SHOP Program. These are already bearing fruit as we are catching up on completions and disbursing new funds earlier in the grant period.

- Because timelines between acquisition and occupancy are longer than they used to be, we will make all loans during the first two years of the grant, thereby allowing an extra year for completion.
- Because of the challenges facing affiliates, for the purposes of our SHOP 08 application we are reducing our expectations of what they can produce below what they have planned and requested and we have increased the timelines they projected.
- We have increased the frequency and adjusted the timing of our TA and site visits so as to offer earlier and more "prevention" assistance.
- We have increased our scrutiny of past performance issues, and in some cases require completion of past grant units before disbursing new funds. Note that this is a difficult strategy as programs must overlay pipeline projects if they are to be sustainable. It will be implemented in cases where the capacity of the applicant to perform is in question in the interest of protecting the public's investment.

These are things we can do to improve our contract performance. However, we strongly believe that the statutory timelines set for SHOP are not reasonable in today's real estate environment. Ongoing programs need to acquire land often in large parcels to guarantee future production capacity. They need more time from land acquisition to occupancy than the SHOP program allows. We urge HUD to pursue a change.

SHOP96: Received \$300,000 to produce 30 units. All funds were expended and 32 units were completed by March 31, 2000, the completion date for the grant. The SHOP96 grant was audited by HUD regional staff and there were no negative findings.

SHOP98: Received \$688,875 (\$640,000 in pass-through) to fund 64 units. All funds were expended by the end of the grant period. 67 units were completed and 66 were occupied within the one year grace period ending 1-25-03. Occupancy of one unit was delayed when the buyer dropped out of the program just prior to completion. Another was recruited and met their sweat equity obligation with a subsequent build group. The home was occupied within the following year.

SHOP99: Received \$785,000 (\$730,000 in pass-through) to produce 73 units. All funds were expended by the end of the grant period and 74 units were produced. 58 units were completed and occupied by 12-1-02, the end of the grace period. The remaining units were completed and occupied by 6-22-04.

- With this grant there were several common reasons for slower than expected progress, including staff turnover, regulatory challenges, cost increases, and homebuyer fallout.
- Three affiliates experienced delayed when each had a buyer lose a job and could not qualify for a USDA 502 mortgage. Frameworks provided guidance in the recruitment effort and helped the affiliates plan for integration of the buyers into the other build groups, as well as substituting new buyers who then completed and occupied

the SHOP99 unit with the next build groups.

SHOP00: Received \$1,610,000 (\$1,400,000 in pass-through) to produce 141 units. All funds were expended during the grant period and 142 units were produced. 86 units were completed and 75 occupied by 12-14-03, the end of the grace period. The last unit occupied on 1-17-06. There were a number of regulatory issues and circumstances beyond the affiliate's control where Frameworks was needed to help resolve a problem. These caused completion delays.

- A complex relocation question required a HUD legal opinion on what Uniform Relocation Act compliance measures should apply. Frameworks coordinated between HUD and the affiliate over six months, forwarding regs/cites/interpretations to the affiliate, with HUD field and national offices, and facilitating communication. Once the opinion was rendered, relocation compensation was paid and the project proceeded to completion.
- An affiliate could not begin infrastructure development on a 27-unit project when NOAA's Fisheries division requested additional storm water run-off mitigation beyond local code requirements. Frameworks assisted HUD staff and the affiliate in negotiating mitigation measures and obtaining NOAA-Fisheries concurrence on the environmental review, including attending a meeting among all parties at the site to facilitate a resolution. However, the NEPA approval was not received until the rainy season, further delaying site work.
- One project encountered a roadblock on 34 condominium units when the insurance industry adopted a policy denying general contracting liability coverage on condominiums due to a recent increase in lawsuits in Washington State pertaining to mold and other "construction defects". The affiliate had to put the project on hold and accelerate development of a different subdivision instead, shifting the earmark to non-condominium units. H
- One affiliate had 2/3 of the families in the original prequalification group lose their jobs due to a severe local economic downturn prior to qualification for RD Section 502 loans. Frameworks assisted them to target marketing efforts to identify new families. The build group slots were filled, and the homes completed.
- Disbursement of SHOP funds was delayed to craft a leasehold mortgage that met the security needs of public/private funders and also protected the interest of a tribe to maintain trust status of land. Frameworks served as intermediary between the parties involved, and Frameworks SHOP staff contributed to the development of this unique agreement. Although this project was delayed due to these negotiations, Frameworks assistance contributed to development of an innovative and replicable real estate financing model.

SHOP01: Received \$2,461,000 (\$2,140,000 in pass-through) to produce 214 lots. All funds were expended during the grant period. By 3-4-06 (the end of the grace period) 214 lots were acquired and 98 homes were complete and occupied. By 5-11-08 190 were complete and occupied. As of May 2008 24 units scattered among 5 affiliates are still in progress. All 24 should be complete by September 2008. Most of these received transferred funds late in the grant period when other affiliates experienced difficulties that could not be resolved quickly. Frameworks launched its SHOP program website in March 2004. The site contains information about the Frameworks SHOP program, downloadable application materials and HUD forms, statutory and regulatory links, contact information for affiliates, and links to housing development information resources.

- With this grant there were several common reasons for slower than expected progress: staff turnover, regulatory challenges, cost increases relative to volatile prices following Katrina disaster recovery demand, and homebuyer fallout.
- One project delay occurred related to an unusual relocation situation involving two prior tenants. The relocation officer in HUD's Seattle Field office retired so the file was transferred the Portland field office. Frameworks coordinated with HUD and the local sponsor in gathering and transmitting the required information to all parties. After many months, HUD Central issued its determination that the Uniform Relocation Act did apply to this case and a SHOP loan could not be done. Funds were transferred to another affiliate ready to proceed.
- One affiliate was trying to assist farm worker families who were being dislocated due to a mobile home park closure. Frameworks received a CDBG planning only grant to provide technical assistance for this high priority project. Market and client research indicated that few of the families would qualify for a homeownership program, and the affiliate also lost site control for the project after a NIMBY uprising. The earmark was shifted to

other affiliates.

- Two organizations beginning their first self-help programs closed their first SHOP loans with Frameworks under this grant. Frameworks, in conjunction with RCAC, the USDA TA provider, provided substantial guidance in assisting these organizations to establish their programs and proceed with their first projects. One of the organizations completed 10 units and then closed down their program due to a variety of difficulties. Because they closed down they returned their funds and Frameworks reprogrammed them to another agency in the same state who produced 10 more homes.
- In late 2004, an affiliate working in partnership with a tribal entity went out of business. The SHOP01 loan was assumed by another entity. Frameworks staff helped to clear up legal issues in the transfer and finalize mortgage packages for the families. All homes were completed.

SHOP02: Received \$1,623,000 (\$1,400,000 in pass-through) to produce 140 lots. All funds were expended within the grant period. By 1-28-06 (the end of the grace period) 142 lots had been acquired and 75 homes were complete and occupied. By 5-11-08, 115 were complete and occupied. As of 5-11-08, 25 homes remain to be completed and occupied. These are spread among 7 affiliates. These units are underway, albeit delayed. 16 are scheduled for completion in 2008 with the 9 remaining due to finish by mid-2009.

- Many reasons for delay parallel those experienced by the SHOP01 group: staff turnover, regulatory challenges, cost increases relative to volatile prices following disaster recovery demand, and homebuyer fallout. Frameworks is monitoring progress and assisting the affiliates to resolve problems and proceed as quickly as possible.
- One affiliate launched a rehab/acquisition version of their long-standing program. Frameworks provided guidance for the challenges of scattered site sweat equity supervision and training, and helped align appraisal and other SHOP requirements with those of its private lender pool. Delays in lead paint abatement also occurred, so they fell slightly behind schedule. Four homes were completed and occupied.
- Frameworks shifted some funding earmarks between its SHOP02 and SHOP03 grants to better align different grant year sweat equity requirements with "private funding" mutual self-help program designs. In these programs, private lenders provide the majority of project and mortgage financing. Cost savings are achieved in a variety of ways, such as in-house zero-interest construction funds, deferred subsidized second mortgages, banks crediting sweat equity for downpayment and closing costs, and speed of the construction process. Construction is accelerated partly through a smaller sweat equity requirement than in USDA programs. The restriction that required that families work 200 hours "on their own homes" proved difficult to manage. A SHOP regulatory change in later grants solved this problem. The earmark shifts disrupted schedules somewhat, but were necessary to sustain program activities.

SHOP03: Community Frameworks received \$3,854,026 (\$3,460,000 in pass-through) for 346 lots. All funds were expended within the grant period except \$74,512 for 8 lots. By 3-4-08 (the end of the grace period) 339 lots had been acquired and 184 homes were complete and occupied. By 5-11-08, 195 were complete and 189 were occupied. By NOFA publication 134 units spread among 11 affiliates were still to be occupied. 54 of these units are scheduled to occupy during 2008 and the remainder by late 2009.

- The \$74,512 loan was ready for disbursement near the end of the grant period when the HUD regional office discovered a technical error on the environmental form had been made by the local jurisdiction and retracted the RROF. We requested an extension as it was not the fault of the affiliate. In reviewing the file HUD did not rule on the technical issue, but rather considered the application "incomplete" and therefore ineligible for funds because of a date on one document. We disputed this ruling as inconsistent with our internal procedures for commitment and agreement documents and requested reconsideration. We have yet to receive an answer from HUD.

The issue relates to whether our loan commitment signature constitutes our contractual obligation to the affiliate and their signature on the loan agreement indicating their performance obligations represents theirs. Our procedure considered that to be so and a subsequent final sign-off signature on the loan agreement by our

Executive Director simply an internal check and balance assuring that the file and documents were in order and properly executed for handoff to loan servicing. HUD said the E.D. signature was contractual and should have been dated prior to the end of the grant period. It is our contention that we performed our obligations properly and HUD should have released the funds.

- Plat approval backlogs in the local jurisdiction delayed a loan closing. The project is now proceeding and should occupy in August 2008.
- Two SHOP loans were delayed due to misunderstandings with the HUD field office over NEPA review requirements in a project involving scattered sites of four or fewer lots that presumably were categorically exempt from the full NEPA review. Frameworks staff facilitated communications between local officials, the affiliate and HUD, with the project now proceeding. Additionally, Frameworks sent a SHOP staff person for intensive NEPA process training and HUD staff has conducted environmental sessions at our affiliate meetings.
- Because Community Frameworks was not awarded SHOP FY2004 funding, many of our affiliates found their development timelines in jeopardy and their self-help programs in trouble. Nine affiliates came to the rescue of their colleagues by offering their own earmarked SHOP02 and SHOP03 funds to other organizations that had more pressing needs. These generous offers totaled \$960,000. Frameworks staff had to delay disbursements until the combined affiliate pipelines could be assessed, affiliate programs could be evaluated to determine capacity to use the awards or to sustain their programs through a funding delay, and to arrange the necessary transfers. All of the funds were reprogrammed to other affiliates and production is underway. However, the effect of this pipeline disruption has taken some time to sort itself out.
- During this period many affiliates began exploring program design alternatives as traditional resources became more difficult to obtain.
- Market factors were exacerbating the problem, particularly rapidly escalating costs and stagnant incomes. As a result, several affiliates slowed their production pipelines from the expectations proposed in the original FY2003 application. This also contributed to the slower than anticipated disbursements of SHOP funds, and slower completion schedules.

SHOP05: Received \$4,500,000 (\$4,050,000 in pass-through) for 270 units. The grant period will end 6-21-09. As of May 11, 2008 \$3,121,356 have been expended, 192 lots acquired, infrastructure completed for 96, 54 units were under construction and 13 homes were completed and occupied. **As of June 30, 2008 an additional:** 36 lots have been acquired, infrastructure has completed for 27, and 9 units began construction.

SHOP06: Received \$5,271,000 (\$4,755,000 in pass-through) for 317 units. The grant period will end 5-21-10. As of May 11, 2008, \$1,301,205 had been expended, 66 lots acquired, infrastructure completed for 47, 29 were under construction, and none are completed and occupied. **As of June 30, 2008 an additional:** 78 lots have been acquired and infrastructure has completed for 34.

SHOP07: Received \$2,801,445 (\$2,445,000 in pass-through) for 163 units. The grant period will end 1-1-11. As of May 11, 2008, \$88,848 had been expended, 4 lots acquired, infrastructure completed on 4, and construction had not commenced.

Factor 1.c. Management Structure (10 points)

Community Frameworks pursues its affordable housing work through two divisions, Regional Capacity Building and Direct Development. Regional Capacity Building activities enhance the ability of local organizations throughout the Northwest to produce and maintain affordable housing. They include the SHOP and Technical Assistance lines of business (LOB). Direct Development facilitates production of affordable housing and includes the HomeStarts and Development Services lines of business. The Central Services and Finance groups support the work of the LOB's. Central Services provides general operations, information technology, resource development, and facilities needs for Frameworks. Finance provides accounting and financial management. (See organizational chart below)

team members as necessary. [REDACTED], as supervisor of all LOB Managers, provides the central clearing point for the coordination of assignments and oversight for any staff not directly reporting to [REDACTED].

Biographical information for the PRIMARY SHOP STAFF is summarized below:

[REDACTED] Executive Director. [REDACTED] oversees all of Community Frameworks' LOB activities, setting policy, assisting with resource development, and helping to develop new initiatives. [REDACTED] has been employed at Community Frameworks since 1984, after previous work in education, as a private business owner, and in the private construction industry. She became Executive Director in 2003. In addition to her expertise in rehab program design and administration, she has developed a number of homeownership programs, has utilized a wide array of public and private funding mechanisms, and is experienced in project, program and organizational development. She is a technical assistance provider under contract with the Washington State Office of Community Development for services related to homeownership, and has provided HUD technical assistance delivery under CHDO and HOME contracts, as well as training and services to others. [REDACTED] designed Community Frameworks' SHOP program and its HomeStarts self-help homeownership program. HomeStarts was one of the first successful and sustaining "urban" self-help programs, leveraging substantial private investment in affordable housing by negotiating with private lenders to provide first mortgages to self-help clients.

[REDACTED] SHOP Program Manager. [REDACTED] in her capacity as SHOP Program Manager, is responsible for directing the work of both primary and auxiliary SHOP staff and for general program administration. In addition to the Executive Director and the Deputy Director, [REDACTED] is the only other person authorized by Community Frameworks' Board to sign SHOP loan documents. The primary SHOP staff report directly to her. She also underwrites loans and provides technical assistance to several SHOP affiliates. [REDACTED] joined Community Frameworks in January 2005 after five years with the Kitsap Housing Authority, one of the largest producers of self-help homeownership units in Washington State. Her experience includes performing financial/program liaison activities for the Kitsap Housing Authority, as well as grant writing, coordinating with participants, lenders and vendors/subcontractors, performing environmental, compliance and program efficiency review, cost estimating and budgets, and reporting. She is fluent in Spanish and provides interpreter and translation services as needed.

[REDACTED] Senior Housing and Community Developer. [REDACTED] is a primary member of the SHOP team, with auxiliary assignments in HomeStarts and Technical Assistance. He is assigned to several SHOP affiliates, underwrites SHOP loan applications, provides technical assistance, and conducts site visits. [REDACTED] was formerly Single-Family Program Director for Kitsap County Consolidated Housing Authority (KCCHA), and on the Board of the National Rural Self Help Housing Association. He is knowledgeable in all aspects of the Rural Development mutual self-help, homeownership program design and administration, and real estate finance and development. Prior to his five years with KCCHA, he worked as a mortgage banker as Vice President of West Coast Bank's South Puget Sound Mortgage Division.

[REDACTED] Technical Assistance Program Manager. [REDACTED] is assigned SHOP affiliates that are community land trusts, underwrites SHOP loan applications, provides technical assistance and conducts site visits. In her capacity as Technical Assistance Program Manager, she also coordinates with the SHOP Program Manager to bring supplementary technical assistance resources to SHOP affiliates. Prior to joining Community Frameworks, [REDACTED] was the Executive Director of the Lopez Community Land Trust, a Community Frameworks SHOP affiliate. She has prior experience in the fields of community land trusts, affordable housing development and lending on tribal trust land, and housing and community development. [REDACTED] previous employment included teaching at the graduate level, and work in urban planning and housing programs for the City of Seattle.

[REDACTED] Housing & Community Developer. [REDACTED] joined Community Frameworks in 2008 as a Housing & Community Developer dividing her time between the Technical Assistance and SHOP lines of business. She has affiliate assignments, underwrites applications, conducts site visits and provides technical assistance particularly where TA needs involve use of HOME and CDBG funds and interfacing with local jurisdictions. She brings two years experience as a self-help housing program director and more than ten years in affordable housing

program administration for a local community action program, a housing authority, and county government where she administered HOME and CDBG program funding and compliance.

Associate Housing & Community Developer. provides general and IT support to the program and specifically conducts loan processing, coordinates document development, loan closings, subordinations and payoffs. He also works with the affiliates collecting and entering data for reports, and handling logistics for affiliate meetings. He previously worked as an Operations Support Assistant for Community Frameworks, in the computer lab at Whitworth University and worked in youth programs for many years.

The following are staff from other LOB's who are most likely to periodically support the SHOP program:

Homestarts Program Manager. joined Community Frameworks in 2005 as a developer, working across the spectrum of development tasks associated with multi-family rental projects and single family subdivision development. In his current position of HomeStarts Program Manager, he oversees the staff and the day to day operations of the program, including program design and administration, financing, land acquisition, infrastructure and unit construction, marketing and homebuyer recruitment, qualification and education. He has a masters degree in urban and regional planning, and has worked as a neighborhood planner developing comprehensive plans. He has experience in organizing and facilitating community groups and creating input processes for the public. As an Americorps volunteer, he developed a housing conditions analysis for Spokane, Washington. is able to assist SHOP affiliates with program management and construction related needs.

Group Coordinator. brings six years experience in the mortgage business working with poor credit and credit challenged buyers, as well as loan processing and application intake to her position as Group Coordinator for the HomeStarts Program. She is responsible for screening new applicants and determining their qualifications for program and mortgage eligibility. She places applicants within build groups and manages internal revolving fund resources including subsidized mortgage processing and closings and portfolio management. She will complete her NeighborWorks full cycle lending certification later this year. can provide assistance to SHOP affiliates with homebuyer intake, credit and financial counseling, and mortgage related needs.

Director of Finance. directs all financial activities and staff for Community Frameworks and its lines of business. He oversees all financial and lending transactions related to the SHOP program as well as SHOP loan portfolio management. He is a Certified Public Accountant with over 25 years of professional financial experience. Since 1982, he has held senior positions at the director and CFO level in private business and the public and non-profit sectors. His background includes financial statement preparation and analysis; hands on work and supervision of general ledger, accounts receivable, accounts payable, payroll, and fixed accounts; job cost analysis; inventory and internal controls system design and management; and tax and management advisory services. holds BS and BA degrees in Accounting and Political Science. He is able to advise SHOP staff and affiliates on matters related to accounting, financial reports and audit requirements.

Senior Developer & Development Finance Manager. has been on Community Frameworks' staff since 1999, and prior to that served on Community Frameworks' Board of Directors for nearly 15 years. He has considerable experience in business development and program administration experience and is a senior project developer of both single-family residential and multifamily affordable housing projects for Community Frameworks and its clients. He packages financing for the organization and its projects. He is available to assist SHOP affiliates with project financing, land and project development, and program design issues, particularly "urban"/private funding models and self-help acquisition/rehab.

Database Administrator. has developed Community Frameworks custom project management systems and is responsible for SHOP database development and upgrades. She is available to the SHOP program to assist with affiliate information management needs and community needs assessments. is skilled in support systems, technology and communications mechanisms including Access database development, web design and maintenance, data analysis and needs assessments, economic development and sales analysis, and relocation process implementation.

Finance Associate. provides bookkeeping and program support within the Central Services and Finance groups. She is also fluent in Russian and is available to provide interpretation and translation services.

Community Frameworks SHOP Program Administration and Capacity Building for Inexperienced Affiliates

Community Frameworks will provide capacity building assistance to affiliates that are inexperienced in carrying out self help housing, as well as to affiliates that are experienced in carrying out self help housing who are expanding their self-help homeownership production by developing new program models. Typical of the latter would be an experienced Rural Development mutual self-help (new construction) grantee that is establishing a new self-help acquisition-rehab program or implementing an urban program.

Frameworks provides specialized program and management development assistance to recipients and potential applicants. Assistance includes general program structuring, review and analysis of construction costs, assistance with affirmative marketing issues, structuring of financial packages, negotiations with funders regarding compatible terms for blended financing, and so on. Much of the work involves assuring that new programs are properly designed and managed, and assisting more experienced program managers to develop, improve and modify their program elements, especially financing, affirmative marketing and accessibility components. Part of Frameworks' process to qualify its affiliates is to examine the staffing plan and expertise of those organizations. Funds are only awarded to applicants who demonstrate satisfactory capacity to administer a successful program. Much of Frameworks' program and management development assistance to affiliates is conducted during the SHOP loan application phase. Affiliates have an earmark of SHOP funds with Frameworks. However, Frameworks will not disburse SHOP funds unless the organization and program are sound, and the project is ready to proceed. New affiliates often submit "draft applications" for feedback. If Frameworks notices gaps in program capacity, or potential project-related problems (e.g. land not appropriate, not enough subsidy, or mortgage financing not structured optimally), it identifies remedial actions and helps the affiliate increase its capacity to submit a full application and receive SHOP funding.

Frameworks coordinates with the USDA Rural Development Section 523 self-help technical assistance provider for the Western region, Rural Community Assistance Corporation (RCAC). One of RCAC's responsibilities is helping local housing organizations develop new self-help programs. Many of Frameworks' inexperienced SHOP affiliates receive their initial self-help technical assistance and ongoing assistance from RCAC. RCAC staff assist these organizations to prepare their original self-help program administration grant applications for Rural Development, advise on initial staffing, and help identify and secure project funding. Frameworks, with its hands-on HomeStarts program administration experience, generally augments RCAC's early program development technical assistance by working with organizations on land assembly and program marketing, fine-tuning financial structuring of the project, clearing the HUD environmental review process, and other program and organization development needs. Frameworks provides inexperienced affiliates with referrals to more experienced affiliates administering similar self-help programs or working in nearby market areas. Through this process, inexperienced affiliates receive formal self-help technical assistance from RCAC, practical project-related program and management assistance from Frameworks, and peer-to-peer learning from fellow Frameworks SHOP affiliates.

Frameworks site visits encourage affiliate capacity building. Frameworks SHOP staff conduct site visits themselves, rather than contracting with third parties for monitoring. Visits include records review and program evaluation and interviews with the affiliate self-help staff to learn what works best for their programs, where they have encountered challenges, and how they might better address their challenges. Rather than view these site visits as an onerous "audit," Frameworks SHOP affiliates have welcomed the opportunity to show off their accomplishments, highlight their communities, feature their client successes, and have face-to-face time with Frameworks staff to work towards ongoing program improvements. The advantage to running a regional SHOP program is having direct knowledge of the local communities benefiting from SHOP investments, ongoing personal interaction with borrowers, and the opportunity to develop strong business relationships with local lenders and officials.

Peer mentoring between affiliates is also fostered through Frameworks' annual affiliate meeting. These include workshops on self-help program models, regulatory requirements, innovative financing and other topics of interest to

affiliates. After the meetings, many affiliates have shared program design advice, resource referrals (such as affordable insurance carriers), model plans, and sample loan documents with their peers.

Factor 1.d. Experience Developing Accessible Housing (3 points)

Frameworks' SHOP Program policy is that all affiliates provide reasonable accommodations for persons with disabilities, both in terms of providing accommodation during the self-help build process and providing appropriate home plans. Affiliates must allow buyers with disabilities to perform alternative tasks if they are unable to fully participate in the construction process, and/or arrange for a sponsor to substitute for buyers with disabilities. Frameworks provides education and training to affiliates on the use of visitable designs through the annual affiliate meetings, direct technical assistance, and program and management development assistance, and posts links on its own SHOP website for use by affiliates who may be developing or modifying their own program practices and house plans.

Like other affiliates, Frameworks' HomeStarts program provides a house model with visitable design, which can also be converted into a fully accessible unit. Frameworks' encourages affiliates to use visitable and accessible home designs and to conduct additional outreach to persons of disability. Nearly all the affiliates joining this application have experience using visitable and accessible designs. Frameworks' affiliates have produced 130 accessible and 223 visitable self-help homes in the past five years.

Affiliate Experience with Accessible/Visitable Homes

	Accessible					Visitable						
	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007		
CAT											X X X X X X	All request of homeowner some or all of above will be provided
CCHS											X X X	Site selection efforts will include preference for flat visitable lots that can be developed into easily accessible lots.
CCLT	1					4					X X	
CVHA											X X	Will build accessible upon request
D4HRDC											X X X X	Provided upon request
EMAAH											X X X X	
HACC	1							9			X X X X X X	
HBCLT											X X X X	
HFI												No need at this time, but would provide upon request
HHP	2	1					1	1			X X	Bathrooms will be designed with ample floor space & with back framed to allow for future installation of grab bars
HS	1	1	1			3	3	3			X X X X	
KCCHA	1			1							X X X X X	Provide accessible units upon request
LCCAP	1	1		1							X X X X X	Raised outlets, floor coverings accommodate wheel chairs, strobe light fire alarm
LHA				1				1			X X X X X	Laminate Flooring
MHID								20	10		X	All homes built have ground access with wider doorways and halls
NAHH	5	3	5	5	1	5	3	4	5		X X X X	Fire sprinkling system and auto alarm
NWGF				1				16	19		X X X X X	Homes designed with the families as necessary
OPAL								6	2		X X	Entrances are graded (no ramps necessary)
SEICAA				1							X X X X X	
SJCHT		1									X X X X	
UCDC	1					1					X X X X X	Auditory devices
WAFA	4	6	8								X X	
WCCAG	3	8	1		1	36	3	3	2	8	X X X X X	
WNHS	8										X X X X X	ADA tub inserts/showers, light switches
YCDC	11	11	11	11	11	11	11	11	11	11	X X X X X	
Total	36	37	17	22	12	47	36	20	24	84		

*Per year figures for period Mid-May 2003 to Mid-May 2008

RATING FACTOR 2: NEED/EXTENT OF THE PROBLEM

Factor 2. Extent of Need for Affordable Housing (Housing Market Data and Housing Problems in the Proposed Target Areas) – 5 points

Table 2.1 - Selected Service Area Data - Frameworks SHOP Affiliates
HOUSING MARKET & HOUSING PROBLEMS TABLES BY STATE
 Source: Census 2000 and National Low Income Housing Coalition, Out of Reach 2007-2008*

		Housing Market				Housing Problems							
		Units renter occupied	Units owner occupied	Minority Owner Rate	Vacancy Rates	Renters who can't afford 2bdm*	Wrk hrs. per week @ min. wage to afford 2 bdrm*	Wrk hrs. per week @ min. wage to afford 4 bdrm*	Rentals lacking infrastr.	Rentals Over-crowded*	Units built before 1970	Disabled persons 5 yrs & older	% Disabled persons 5 yrs & older
OREGON COUNTIES	Benton	42.70%	57.30%	10.72%	5.74%	55%	72	121	0.5%	3.20%	40.91%	16,878	22.87%
	Clackamas	28.91%	71.10%	7.73%	6.39%	37%	73	128	0.5%	3.60%	33.59%	88,108	28.02%
	Clatsop	35.84%	64.20%	5.93%	25.31%	46%	65	97	1.4%	2.90%	55.76%	12,337	37.64%
	Columbia	23.85%	76.10%	4.81%	6.81%	45%	73	128	1.4%	3.80%	42.54%	13,830	34.11%
	Coos	31.85%	68.10%	7.24%	10.37%	54%	63	96	1.6%	3.60%	52.82%	29,812	50.70%
	Curry	27.05%	73%	6.68%	16.33%	46%	63	110	0.4%	3.40%	31.51%	10,365	51.69%
	Douglas	28.28%	71.70%	6.11%	8.00%	45%	61	103	0.6%	3.70%	44.41%	39,358	41.99%
	Lane	37.75%	62.30%	8.59%	6.11%	54%	74	114	0.7%	3.60%	44.98%	103,439	34.22%
	Linn	32.09%	67.90%	6.26%	7.01%	48%	69	119	0.6%	4.90%	44.64%	37,804	39.68%
	Marion	37.06%	62.90%	15.00%	6.04%	38%	61	108	0.5%	7.90%	38.88%	92,186	36.05%
	Polk	31.57%	68.40%	9.82%	5.74%	42%	61	108	0.9%	5%	39.28%	20,211	35.19%
	Tillamook	28.17%	71.80%	5.73%	35.67%	46%	68	99	0.5%	3.70%	43.89%	10,019	44.31%
	Washington	39.42%	60.60%	15.93%	5.45%	34%	73	128	0.5%	5.30%	23.75%	105,853	25.90%
	Yamhill	30.43%	69.60%	9.95%	5.08%	40%	73	128	0.2%	5%	34.44%	24,233	31.77%
WASHINGTON COUNTIES	Chelan	35.34%	64.70%	13.96%	17.71%	43%	64	99	1.4%	8.70%	45.76%	19,986	32.68%
	Clallam	27.27%	72.70%	8.61%	11.47%	50%	67	102	0.9%	3%	32.80%	25,931	43.63%
	Clark	32.75%	67.30%	10.07%	5.09%	39%	72	126	0.5%	4.40%	26.87%	98,812	31.33%
	Cowlitz	32.36%	67.60%	6.89%	7.18%	44%	60	99	0.3%	4.30%	53.54%	34,421	40.29%
	Douglas	29.06%	70.90%	14.80%	9.41%	41%	64	99	1.2%	7.60%	37.70%	9,866	32.94%
	Grant	33.31%	66.70%	24.32%	13.33%	42%	58	81	1.5%	12.50%	43.78%	23,988	35.48%
	Island	29.91%	70.10%	10.16%	14.19%	44%	81	142	0.4%	3.10%	27.83%	19,000	31.48%
	Jefferson	23.83%	76.20%	6.38%	17.67%	53%	72	108	2.2%	2.80%	28.38%	8,537	34.46%
	Kitsap	32.56%	67.40%	12.91%	6.72%	40%	76	119	0.5%	3.50%	32.31%	66,605	32.96%
	Lewis	28.60%	71.40%	6.22%	11.08%	45%	64	89	1.0%	4.60%	47.14%	28,042	44.24%
	Mason	20.98%	79%	8.93%	25.88%	42%	66	106	0.3%	4.70%	28.30%	18,616	41.92%
	San Juan	26.48%	73.50%	4.42%	33.70%	42%	78	137	2.3%	3.70%	23.39%	3,772	28.01%
	Skamania	26.15%	73.80%	7.16%	17.94%	47%	72	126	2.8%	4.80%	39.53%	3,051	33.31%
	Snohomish	32.23%	67.80%	12.45%	4.81%	42%	90	155	0.4%	4.70%	31.01%	165,940	29.91%
	Spokane	34.48%	65.50%	7.57%	6.51%	48%	64	100	1.0%	3.10%	50.62%	136,962	35.97%
	Wahkiakum	20.35%	79.70%	4.76%	13.34%	34%	60	100	0.0%	2.60%	51.17%	1,485	41.76%
	Whitman	52.14%	47.90%	11.65%	8.51%	59%	59	102	0.4%	2.70%	54.80%	8,460	21.96%
Yakima	35.57%	64.40%	30%	6.54%	50%	67	93	0.4%	14.20%	50.30%	80,609	40.15%	
IDAHO COUNTIES	Bannock	29.34%	70.70%	8.73%	6.58%	45%	75	128	0.4%	4.10%	48.23%	21,250	31.03%
	Bear Lake	16.87%	83.10%	2.52%	30.88%	40%	74	124	0.0%	4.10%	59.73%	1,924	32.35%
	Bingham	20.67%	79.30%	17.09%	6.89%	43%	73	104	0.3%	6.40%	44.53%	11,312	29.96%
	Caribou	20.55%	79.50%	3.79%	19.70%	35%	74	124	1.1%	3.40%	53.92%	2,153	32.17%
	Franklin	19.16%	80.80%	4.06%	10.23%	35%	81	133	0.4%	6.70%	58.99%	2,553	25.09%
	Oneida	17.55%	82.40%	2.38%	18.52%	49%	74	124	0.0%	3.80%	59.09%	1,220	32.23%
	Power	25.43%	74.60%	17.54%	9.99%	39%	75	128	0.8%	6.60%	43.67%	2,501	36.42%
	Twin Falls	31.65%	68.30%	8.54%	6.81%	43%	83	127	0.5%	4.40%	50.00%	20,783	35.37%
	Beaverhead	36.59%	63.40%	4.13%	19.40%	56%	86	135	2.5%	1.20%	50.45%	2,571	29.76%
	Blaine	38.94%	61.10%	37.62%	15.13%	44%	69	104	1.8%	14.20%	51.78%	1,904	29.84%
Montana Counties	Carbon	25.56%	74.40%	2.36%	26.01%	36%	78	127	1.0%	4.20%	52.57%	2,701	30.07%
	Custer	29.76%	70.20%	2.89%	11.04%	44%	68	103	0.0%	0.70%	61.49%	3,825	35.78%
	Granite	25.58%	74.40%	2.83%	42.14%	48%	73	106	3.5%	3.70%	52.65%	938	35.17%
	Hill	35.65%	64.30%	14.54%	13.36%	48%	68	105	0.2%	4.60%	57.00%	4,600	30.04%
	Jefferson	16.84%	83.20%	3.47%	10.76%	44%	73	106	1.7%	2.50%	30.91%	2,639	28.40%
	Liberty	28.69%	71.30%	0.72%	22.15%	41%	69	104	0.0%	4.40%	58.97%	555	27.89%
	Madison	29.57%	70.40%	2.47%	36.72%	46%	86	135	0.0%	3.00%	37.21%	1,737	26.95%
	Powell	28.70%	71.30%	3.10%	17.34%	38%	73	106	0.0%	2.30%	60.58%	1,845	34.00%
	Silver Bow	29.64%	70.40%	4.75%	10.78%	50%	68	98	1.7%	2.50%	71.26%	11,023	34.52%
	Yellowstone	30.83%	69.20%	6.51%	4.54%	43%	78	127	0.7%	2.30%	45.13%	37,083	31.11%

INTRODUCTION: Frameworks serves affiliates in Idaho, Montana, Oregon, and Washington (see Table 2.1 on previous page for a list of all counties served by affiliates per state). (In the cases where 2000 Censuses data is cited, it is the most current available for the areas served.)

HIGHLIGHTS OF COMMUNITY NEEDS AND HOW SHOP FUNDS MEET THE NEEDS IN THE FOUR-STATE SERVICE AREA

Community Need for Affordable Housing – (Note: In the cases where the Analysis of Impediments (AI) are cited to show the need for housing, we used the corresponding State's AI, given that the vast majority of our affiliates serve rural counties which are covered under the State's AI and given that our affiliates have not yet selected their sites.)

Taken together, the county aggregated area served by Frameworks SHOP affiliates has a poverty rate of 12.88%, reaching as high as 28% in one affiliate's service area in the state of Montana. The overall percentage of rental households in the area exceeds the national non-metropolitan rate by 3.1%. Of these, 38%, or more than 360,000, are cost burdened, compared to the national non-metropolitan rate of 37%. This indicates a substantial need for subsidized housing solutions (2000 Census). Furthermore, minorities do not generally enjoy the same level of homeownership in any of the four states. It is far more typical in these states for minority ownership to be 20% below that for whites; in all 52 counties served by affiliates, the gap is more than 40% (2000 Census). Many rentals are overcrowded with highs of 14.1% in Yakima County, Washington; 6.7% in Franklin County, Idaho; 7.9% in Marion County, Oregon; and 14.2% in Blaine County, Montana (2000 Census).

Additionally, more than 44% of the existing housing units were built before 1970 (2000 Census), and are likely to need major repair/renovation, are not as apt to be energy efficient, and are very likely to have lead based paint. The few homes that may be affordable (see Table 2.2 below), consistently have higher energy costs due to dated construction components. Even if these homes were affordable to low income people – and most are not (see Table 2.2 below) – these homes are not as affordable in terms of energy efficient as a new home built to today's standards.

Table 2.2 – Fair Market Rent and Conventional Mortgage (PITI) vs. Affordable Payment for Family of 4

	2008 3 Bdrm FMR (Source: NLIHC, Out of Reach 2007-2008)	Median Home Prices	Mortg. PITI (30yr., 6.375% int., 1% bs., .0030% ins.)	Max affordable Housing Payment at 80% AMI (Source: NLIHC, Out of Reach 2008)
Washington	\$1,174	1st Qtr 08, WSU Research \$293,600	\$2,073	\$1,380
Oregon	\$1,037	4th Qtr 06, Zillow.com \$263,228	\$1,876	\$1,191
Idaho	\$893	2006, American Community Survey \$163,900	\$1,227	\$1,094
Montana	\$841	4th Qtr 06, Zillow.com \$187,216	\$1,387	\$1,082

There is not a single county served by affiliates where a household with one minimum wage earner working 40 hours per week can afford the fair market rent for a 2-bedroom apartment (Table 2.1 above). According to the National Low-Income Housing Coalition, Out of Reach 2007-2008 report, 34% of the aggregate four-state's total households or 1,521,945 are renters. Of the 1,521,594 renters, 639,217 or roughly 42% are cost burdened.

Highlight of State Consolidated Plans – (Note: This data is from the most recent state Consolidated Plans)

Washington State Five-Year Consolidated Plan: 2005-2009 indicates that Washington's median sale price is significantly greater than the national average: \$203,800 for Washington compared to \$169,500 for the country. The cost burden rate statewide is 24%. In particular of the renters earning less than 30% AMI, more than 60% paid more than half of their income toward rent. Approximately 602,000 households have a housing problem. Of these 76,300 are overcrowded. Close to 199,500 households are paying more than 50% of their income for housing costs. Blacks and Hispanics are disproportionately cost burdened in owner occupied households. There are 11,599 physically disabled persons with unmet housing needs. This is listed as a high priority issue.

State of Oregon Five Year Consolidated Plan, 2006-2010 states that between 1990 and 2000 Oregon was the 11th fastest growing state in population in the nation at 20.4%. Compared to the nation where 17% of the population lives in non-metro areas, 23% of Oregon's population lives in non-metro areas (data from the Bureau of Economic Analysis, Regional Economic Information System). Oregon has led the nation in unemployment and hunger rates. Seventy percent (70%) of Oregon's population lives in areas with unemployment rates greater than national average

(2003 national rate was 6%, Oregon's 8.2%). Poverty rates from 1999 to 2003 were up 13.9%. The percentage of cost burdened homeowners grew from 12.3% to 17.5% by 2000. Overall, the Oregon housing supply is growing dramatically, but there remains a shortage of affordable owner/renter housing and 38,943 disabled low-income people have unmet household needs.

State of Idaho Five-Year Strategic Plan for Housing and Community Development: 2005-2010 cites that an estimated 8,500 new housing units must be produced annually to meet the demand for housing. Of these, 2,389 units per year are needed to meet the housing needs of low-income households. It is expected that some of these households will succeed each year in purchasing low cost homes, usually with substantial down payment and closing cost assistance. Almost 3000 low-to-moderate income households are cost burdened. A family earning 50% AMI can not afford a standard housing unit in good condition without some form of assistance. Overcrowding was a condition in 15,199 households. (IDAHO Analysis of Impediments, June 25, 2004 indicates that 34.5% of consumers with disabilities find that housing is difficult to access for people with disabilities.)

State of Montana Five-Year Consolidated Plan: 2005-2010 states that the housing inventory has not grown proportionately with population and incomes. Consequently, population growth has contributed to rising prices. Approximately 40% of Montana's 342,040 residential units were constructed before 1960 and about 19% of the residential units are mobile homes or homes without permanent foundations. Overall, the gap between Montana's lower-income citizens and available, affordable & suitable housing units continues to widen. Housing affordability continues to be a significant issue, with many areas experiencing tight markets and rapidly rising costs. The issue is made more complicated by the fact that such markets are not uniformly distributed around the State. Furthermore, HUD data reveals that between 1993 and 2003 of the 502 fair housing complaints 159 (32%) related to disability as a basis for complaint. Many residences are not in compliance with fair housing design and construction standards and accessibility regulations.

Need for Acquisition and/or Infrastructure Assistance for Self-Help Housing Activities and how proposed SHOP activities meet that need - The infrastructure needs and costs in rural areas are staggering. Developers, and by extension their customers, are being asked to pay more of the costs of infrastructure because local, state, and federal governments have less general fund money available and taxpayers are less inclined to pay for growth. The developer is forced to pass these costs on to the homebuyer. (Washington State Consolidated Plan: 2005-2009 and State of Oregon Five-Year Consolidated Plan: 2006-2010).

Due to the prevalence of growth management, restrictive planning & zoning regulations mandated in Oregon and Washington and the competition for affordable lots in the four states, Frameworks' affiliates have a significant shortage of affordable buildable lots. Many of the available lots do not have infrastructure. There are few land purchase options available that will meet the needs of an entire building group (single lots are easier to find). Due to the scarcity and competition for single family zoned land, affiliates must be willing to act quickly when opportunity arises. SHOP funding is critical in providing the seed money for acquisition and infrastructure in the "just in time" delivery system offered by Frameworks.

Need for Accessible Homes in Target Areas: The Housing Problems Table 2.1 above shows the number of disabled persons in the counties by state. Need for accessibility was stated for the four states in their State's Con Plans, Analysis of Impediments, or by non-profit advocacy agencies. Data indicating the population, employment and poverty rates of the disabled were cited as indicators that there is a need for special needs housing. They further note that a disproportionately high number of disabled persons are also low income, creating further barriers. Our affiliates have experienced demand for accessible housing; and as a result, have accessible floor plans available. Over the past five years, the affiliates participating in this year's request for SHOP 2008 funding have produced 130 accessible and 223 visitable homes. Data specific to the need of homeownership housing for the disabled or data specific to the number of disabled persons that equate to that housing need is not generally available. However, while specific data does not exist, there is a portion of low-income disabled for whom homeownership is a viable option.

Evidence of Housing Discrimination in Target Areas:

Table 2.3 highlights the differences in denial rates among low-income white and minority mortgage applicants in the four-state service area. While some denials are related to income and credit issues, the Federal Financial Institutes Examination Council indicates that a portion of the disparities in denial rates among whites and minorities is likely due to the persistence of discrimination among some lenders.

Table 2.3 - Denial Rate by race of conventional purchase loans to low-income applicants

	Whites	Hispanics	Blacks	Asians	Nat. American	Mixed Race	Other
Washington	24.4%	41.7%	39.2%	17.5%	32.6%	26.3%	39.2%
Montana	42.4%	78.6%	81.8%	46.7%	74.8%	64.4%	50.0%
Idaho	35.6%	51.9%	54.8%	22.9%	55.0%	42.2%	34.9%
Oregon	32.7%	46.8%	41.5%	18.4%	44.2%	37.1%	49.3%

Source: Federal Financial Institutes Examination Council, July 2004

Note: Low-income borrowers include households with 80% or less than the HUD area median family income.

The National Fair Housing Alliance (NFHA), 2008 Fair Housing Trends Report, based on a 2007 housing discrimination complaint data consisting of 27,023 (see Table 2.4) complaints compiled by (NFHA) member agencies nationwide, HUD, the US Department of Justice, and State and Local government agencies, indicates that a review of U.S. homeownership rates underscores the gap in homeownership between Whites and other racial and ethnic groups. In 2004, the U.S. census bureau reported that the homeownership rate for Whites that are not Hispanic was 76%. In contrast, the homeownership rate for Black Americans was a paltry 49.1%, lower than the rates for Asian and Pacific Islanders or American Indians. The homeownership rate for the Hispanics lags even further behind at 48.1%. This huge disparity in homeownership has persisted, despite concentrated efforts by HUD and other to reduce the homeownership gap.

Table 2.4 - 2007 National Complaint Data (27,023 complaints) by Protected Class

Race	30%	Sex	6%
Disability	43%	Religion	2%
Family Status	14%	Color	1%
National Origin	11%	Other	8%

Source: NFHA, 2008 Trends Report

Need for Housing as Shown in the Local Impediment to Fair Housing Choice- *Although the state AI tended to focus on the more extreme problems, as cited earlier the Consolidated Plans clearly indicate a need for housing.*

WASHINGTON STATE AI, November 2004 (a more recent AI is not yet available) - Noted a total 85,443 (46,275 one-bedroom and 39,168 two-bedroom/one-bath) apartment units that were affordable for very low-income households, in the 23 select counties from which data was collected. However, the 2000 Census counted 486,050 households in Washington with incomes below 50% of median family income in 2000. Additionally, as shown by the Table 2.5, there is a disproportionate need for housing within the minority populations.

Table 2.5 - Disproportionate Need by Ethnicity

Income Group	Renters and Owners					
	Percent of Households with Housing Problems					
	All FH	White	Black	Hispanic	Asian	Pacific Islander
Extremely Low Income (0% - 30%)	77.1	76.8	80.3	85.6	68.5	78.5
Very Low Income (31% - 50%)	69.3	67	77.9	80.4	78.2	77.6
Low Income (51%-80%)	45.5	43.5	47.4	59.9	58.5	62.5

Source: WA State AI, 2005-2009

OREGON AI, 2001-2005 (a more recent AI is not yet available). Impediment One: Lack of Affordable Housing. Although low-income persons are not a protected class under the Fair Housing Act, a large percentage of those queried said housing costs restrict fair housing choice in the state. Lack of affordable housing has a disparate impact on Oregon fair housing protected classes whose members generally tend to have lower incomes. To combat this situation, many suggested that both the public and private sector strive to build more affordable housing. No data was provided to show the need for housing.

IDAHO AI, June 25, 2004 (a more recent AI is not yet available) - To the extent that persons with disabilities have need for housing as shown in the AI, 34.5% of consumers with disabilities responded that housing is difficult to access for people with disabilities. No data was provided to show the need for housing.

MONTANA AI, November 2004 (a more recent AI is not yet available) indicates that 6,551 renters and homeowners experienced unsuitable housing in 2000 and cost burdens or extreme cost burdens were experienced by 39.8% of renter and 36.3% of homeowners in the state. It states the need to address homeownership disparities among minorities, subprime lending to low-income homeowners, and the high rate of complaints by protected classes. No data was provided to show the need for housing.

Specific Need for SHOP- Only considerable subsidy and sweat equity from affiliate programs puts ownership of an affordable, decent, suitable home within reach for these families. **The sweat equity value earned by affiliate homebuyers averages \$31,054.** (Data source: 2008 Community Frameworks Affiliate Survey). With the benefit of some combination of SHOP lot cost reductions, mortgage subsidies and sweat equity benefits, many qualified families pay less per month to own an affiliate home than they would to rent in similar locations.

SHOP supported homeownership programs effectively address the barriers identified in the Consolidated Plans and the Impediments to Fair Housing by providing: 1) affordable housing stock, 2) affordable financing, 3) suitability (size & amenities), 4) accessibility accommodation, 5) access through outreach to minorities and counseling, 6) education for protected classes, lenders, real estate professionals and local officials about fair housing issues, 7) elimination or mitigation of restrictive planning & zoning regulations, and 8) long term ownership (via hardship adjusted mortgage payments).

Affiliate selection after application submittal: Frameworks does not intend to select affiliates after application submittal.

RATING FACTOR 3: SOUNDNESS OF APPROACH

ACTIVITIES – GENERAL

SHOP 2008 funds will be used to support 25 self-help homeownership programs build 560 homes serving buyers at or below 80% of median income in Washington, Idaho, Oregon and Montana. Community Frameworks (Frameworks) is the sole applicant and will administer SHOP funds. Except for program administration costs, the funds will pass through to participating sweat equity programs that agree to comply with SHOP regulations and rules and procedures established by Frameworks. Frameworks' HomeStarts Program will continue to receive pass through funds subject to the same rules as other affiliates.

Frameworks and its affiliates will utilize the SHOP funds for **land acquisition** (including financing and closing costs), and **infrastructure development** (installing, extending, constructing, rehabilitating, or otherwise improving utilities and other infrastructure including removal of environmental hazards). A small portion will be utilized for **administration, planning and management development** as defined in the SHOP Program NOFA. The funds passed through by Frameworks will reside with the recipient organization as long as it complies with the terms of the award. Frameworks disburses its SHOP grant funds as zero-interest, ten-year forgivable loans to affiliate programs. Frameworks does not charge interest or fees for use of the funds by its affiliates. Affiliates plan fee simple, condo and land trust ownership structures and will build a variety of structure types (see Table 3-3).

Funds for acquisition and infrastructure development are initially disbursed to affiliates following an application and approval process. To document the transaction and secure Frameworks' SHOP Program interest, the affiliate signs a Loan Agreement committing to certain responsibilities and performance standards, and executes a Deed of Trust and/or Promissory Note. If subsequent construction or mortgage financing "takes out" SHOP financing, the affiliate is required to place the SHOP funds in a dedicated account for use as a revolving fund for future SHOP-eligible activities. To increase affordability for the families the affiliate may also elect to convert SHOP funds from acquisition/infrastructure financing to junior mortgages, which may be repayable, deferred or forgivable loans.

Frameworks must authorize reuse of revolved SHOP funds over the 10-year loan agreement period. If affiliates do not meet SHOP requirements or cease to operate a program, the funds are repaid to Frameworks, who will cycle them back into the SHOP program, or another homeownership program if SHOP no longer exists. Proper use of the funds for a ten-year period results in forgiveness of Frameworks' loan to the affiliate. Any proceeds generated during the ten-year period by repayments or interest earned must be deposited in the affiliate's dedicated account and used in a similar manner as the original funds.

Frameworks surveys current and potential affiliates to determine funding needs, assess development pipelines and update program and local housing market information. Organizations are invited to join Frameworks' next SHOP application to HUD. Frameworks earmarks funds for each affiliate's use based on their development requests. These requests often include multiple projects extending through the SHOP grant period. This allows affiliates to use SHOP earmarks and commitments to leverage other acquisition, construction and mortgage financing.

Affiliates must submit a project-specific application to Frameworks to access their earmarked SHOP funds. Applications are evaluated on the basis of organizational and program capacity, soundness of approach, suitability of the land, construction/mortgage financing identified and structured to complete the project, and readiness to proceed and complete within timeline. Affiliates may receive program and management development assistance from Frameworks to fill program planning gaps, resolve regulatory issues (such as environmental review, Section 3 and Uniform Relocation Act), develop appropriate program policy, structure financing, adequately train and supervise homebuyers, or properly manage construction. Once evaluation criteria have been met, Frameworks issues a conditional commitment of SHOP funds. Affiliate meetings and site visits are also used to assist programs.

Prior to disbursement of SHOP funds, applicants must evidence: site control (compliant with URA) of suitable land which has passed HUD environmental review; Section 3 Compliance Plan (if applicable); Affirmative Fair Housing Marketing (AFHM) Plan, including Policy and Procedure for informing the public and potential homebuyers about federal fair housing laws, use of the Equal Housing Opportunity logo, procedures to inform and solicit person not likely to apply without special outreach; sufficient funding to acquire and improve the lots; readiness to close on land purchase or proceed with infrastructure development; acceptable progress on pre-qualification of home buyers; likelihood funding available to complete the project on schedule; acceptable homebuyer training, administrative (including construction management) plans; and submission of required compliance forms. Frameworks requires continued evidence of compliance and performance. The recipient must report progress as requested.

Frameworks SHOP 2008 policy requires:

- Buyers contribute at least 100 hours of labor to construct their homes (50 hours for households with one adult);
- Volunteer labor from client homebuilders working on each others' homes or volunteers from the community;
- Pre- and Post-homebuyer counseling and/or training;
- Reasonable accommodation for disabled and senior clients;
- Units must meet Energy Star construction standards and use Energy Star labeled products and appliances.
- Affiliates to submit a copy of an Energy Star Certification issued by an independent Home Energy Rater (HER) within 30 days of completion of the SHOP2008 funded units.

ACTIVITIES – FRAMEWORKS SHOP PROGRAM ADMINISTRATION

Administrative costs to operate Frameworks' SHOP program are those allowed in the SHOP Program NOFA . Costs are for implementation and management of the program as described above in the general description of activities.

In addition, as we continue to operate our SHOP program we find that organizations timelines between acquisition and occupancy are increasing as the challenges of affordable-housing-developing are intensifying (see Factor 1.b.). As a result, we have increased the frequency and adjusted the timing of our technical assistance and site visits so as to offer earlier and more "prevention" assistance. Also, with USDA 523 administrative grants diminishing, more organizations are trying to leverage new funding sources, some are moving into new service areas, while others are modifying their programs. Some organizations are having difficulty making these shifts effectively. For these reasons we budgeted a portion of the administration funds to provide guidance to our participants, to help them with

compliance, program management issues, and other technical aspects of the program, and to help new self-help programs that want to access SHOP funds (especially those in underserved areas) set up systems properly. Finally, site visits and an annual meeting to disseminate information to affiliates are proposed for administrative funding. (See Factor 3.g. for a proposed site visit schedule and description of site visit methodology).

The annual affiliate meeting agendas vary from year to year in response to affiliate needs and include such topics as updates on Frameworks' SHOP program policies and procedures, training in regulatory issues (environmental review, Section 3, Uniform Relocation Act, Affirmatively Marketing Fair Housing), information on HUD policy priorities such as visitable and universal home design and energy efficiency, and opportunities for peer-to-peer networking and education. Sessions on model program design ("urban" self-help, community land trusts, self-help acquisition/rehab), and innovative financing. Representatives from HUD, USDA, and technical assistance providers are invited to present information about their programs and services, and to discuss regulations impacting SHOP-funded projects. Peer-to-peer learning is promoted in the meeting with affiliates administering innovative programs involved in presentations.

ACTIVITIES – AFFILIATE PROGRAMS AND FUNDING REQUEST

The organizations listed on Table 3-1 are joining this application as SHOP 2008 Frameworks affiliates. The affiliates will use SHOP funds for land acquisition and/or infrastructure. Program activities include all those required to complete the homes for which they are requesting SHOP funds. These activities include, but are not limited to, program development, homebuyer recruitment and pre- and post- homebuyer and/or training, land assembly, site preparation, securing financing, and construction. All affiliates joining this application will provide pre- and post-homebuyer counseling and/or training.

Table 3 - 1: Community Frameworks 2008 SHOP Affiliates and Funding Requests

CAT	Community Action Team	St. Helens, OR	18	\$240,000
CCHS	Catholic Charities Housing Services	Yakima, WA	20	\$300,000
CCLT	Clackamas Community Land Trust	Miwaukie, OR	20	\$300,000
CVHA	Columbia Valley Housing Association	Wenatchee, WA	8	\$120,000
D4HRDC	District 4 Human Resource Development Council	Havre, MT	12	\$180,000
EMAAH	Eastern Montana Association of Affordable Housing	Billings, MT	45	\$875,000
HACC	Housing Authority of the County of Clallam	Port Angeles, WA	18	\$240,000
HBCLT	Homeward Bound	Port Townsend, WA	12	\$180,000
HFI	Homes for Islanders	Friday Harbor, WA	18	\$240,000
HHP	Housing Hope Properties	Everett, WA	40	\$600,000
HS	Community Frameworks HomeStarts Program	Spokane, WA	10	\$150,000
KCCHA	Kitsap County Consolidated Housing Authority	Silverdale, WA	72	\$1,080,000
LCCAP	Lower Columbia Community Action Program	Longview, WA	28	\$420,000
LHA	Longview Housing Authority	Longview, WA	9	\$135,000
MHID	Mercy Housing Idaho	Eagle, ID	47	\$705,000
NAHN	National Affordable Housing Network	Butte, MT	30	\$450,000
NWGF	Neighborhood Housing Services of Great Falls	Great Falls, MT	20	\$300,000
OPAL	OPAL Community Land Trust	Eastsound, WA	10	\$150,000
SEICAA	South Eastern Idaho Community Action Agency	Pocatello, ID	20	\$300,000
SJCHT	San Juan Community Home Trust	Friday Harbor, WA	13	\$195,000
UCDC	Umpqua Community Development Corporation	Roseburg, OR	20	\$300,000
WAFSA	Washington Agricultural Family Assistance	Renton, WA	31	\$465,000
WCCAC	Whitman County Community Action Center	Pullman, WA	18	\$270,000
WNHS	Willamette Neighborhood Housing Services	Corvallis, OR	7	\$105,000
YCDC	Yamhill Community Development Corporation	McMinnville, OR	20	\$300,000
Total			24	\$3,567,600

Frameworks' FY2008 SHOP funding request of \$9,567,600 to build 560 homes supports requests of \$8,400,000 in pass through loans by 25 affiliates in our region. Of the \$8,400,000, \$1,860,000 is to reimburse affiliates who advanced non-grant funds for the purchase of 124 lots after the publication of the NOFA and prior to the effective date of the SHOP 2008 Grant Agreement (see Table 3-2). \$1,167,600 is requested for Frameworks' SHOP program administration representing 12.2 percent of the amount designated for affiliate loans. If only partially funded, Frameworks requests 14.9 percent administrative funding due to economies of scale. Approximately 59 percent of affiliates' proposed lot purchases are scheduled for the first year of the grant period.

Table 3-2: Acquisition After 5/12/2008 and Prior to Effective date of SHOP Grant Agreement

	CAT	CCLT	D4HRDC	EMAAH	HFI	KCCHA	MHID	SEICAA	WAFWA	YCDC
	8	12	6	21	8	27	17	9	11	5
	\$120,000	\$180,000	\$90,000	\$315,000	\$120,000	\$405,000	\$255,000	\$135,000	\$165,000	\$75,000

Frameworks affiliates will be producing single-family detached and multifamily structure types, and using a variety of ownership types, including fee simple, co-op or condominium ownership, and community land trust models. Affiliate self-help programs also vary to meet the affordable homeownership needs in the many diverse housing markets of the Northwest. About half of our affiliates administer a USDA mutual self-help program, where USDA provides a 523 grant for operations and their participating families use "Construction to Permanent" financing (USDA 502); while half administer "Construction and Permanent" self-help programs where private lenders provide construction financing, and then private and/or public lenders provide mortgage financing. The Table 3-3 below, outlines the housing types to be assisted as proposed by our affiliates, as well as the form of ownership and the program models administered by affiliates.

ACTIVITIES - HOUSING TYPES TO BE ASSISTED AND FORM OF OWNERSHIP

Table 3 - 3: Frameworks SHOP08 Affiliate Housing Types and Form of Ownership

	CAT	CCLT	D4HRDC	EMAAH	HFI	KCCHA	MHID	SEICAA	WAFWA	YCDC
CAT	X		X				X			
CCHS	X		X							X
CCLY	X	X			X					X
CVHA		X			X					X
D4HRDC	X		X			X				
EMAAH	X		X			X				X
HACC	X			X		X				X
HBCLY	X				X					X
HFI	X	X	X				X			X
HRP	X	X	X	X			X			X
HS	X		X				X			X
KCCHA	X		X			X				X
LCCAP	X		X			X				X
LHA	X		X							X
MHID	X		X				X			X
NAHN	X	X	X	X			X			X
NWGF	X		X				X			X
OPAL	X		X		X		X			X
SEICAA	X		X			X				X
SJCHT		X			X		X			X
UCDC	X		X			X				X
WAFWA	X		X							X
WCCAC	X		X							X
WNHS	X				X					X
YCDC	X		X			X				X

Definitions:

Structure Type – SF means single-family detached dwelling; MF means multifamily, including condos, townhouses, duplexes.

Ownership Type – Co-op/Condo means shared ownership of entire property (co-op) or of common spaces (condo); CLT means community land trust where clients own the improvements/structures and pay groundlease to CLT.

Program Models – USDA 523/502 means USDA Rural Development mutual self-help program with an administrative grant (523), plus Construction to Permanent Mortgage (502) financing aka "all in one construction loan"; Construction and Permanent requires two loans with two loan closing aka takeout financing.

Factor 3.a. Sweat Equity and Volunteer Labor (7 points)

Buyers that participate in a sweat equity program receive more than one kind of benefit from the effort they invest in their labor. They do work in exchange for bringing cash to the deal for down payment and closing costs. Their work reduces the price of the home because it isn't necessary to pay a professional for those construction tasks. The buyer learns valuable skills that will come in handy when maintaining, doing repairs or renovating their home. In a mutual sweat equity program buyers work together with other families to build a group of homes, building relationships before they move in that will help develop a cohesive neighborhood.

Volunteers add value to the programs because their work helps reduce the cost of the home for the buyer. In the case of buyers with disabilities or single adult households, volunteers also make accomplishment of the buyer's sweat equity obligation possible. Working alongside community volunteers can also help buyers establish a broader circle of contacts within their new community.

Frameworks requires that all affiliates meet the basic SHOP program sweat equity requirements: 100 hours of sweat equity per household minimum (50 hours for single-adult households) and that all affiliates include a volunteer contribution in their self-help developments, whether volunteer labor from the community, build group members working on each others' homes, or both. We look for program designs that accomplish some level of each benefit described above, although the proportion of each will vary with the program design.

Table 3-3 above, indicates that of the 25 affiliates joining our application, 10 affiliate programs use the USDA 523/502 model only, 11 affiliate programs use another model only (usually a Construction and Permanent Financing model), and 4 affiliates use both. Of the 560 units to be produced under Community Frameworks proposed SHOP08 grant, 363 (65%) are slated to be built using the USDA 523/502 and 197 (35%) are planned to be built with a non-USDA 523/502 model (2008 Community Frameworks Affiliate Survey).

Table 3a.-1 on the following page, includes the per unit and total dollar values of both the sweat equity and volunteer labor contributions, including sub-totals by program financing model. The average per unit sweat equity/vol. hours for the proposed homes is 1,171 and the average value per units of the sweat equity/vol. labor hours is \$31,054.

USDA 523/502 Program Model:

This program design has three key components: 1) very affordable construction to permanent mortgages (502's) with interest rates as low as 1% and terms as long as 38 years depending on income of the buyer; 2) significant sweat equity requirements which mean the buyers & volunteers must perform at least 65% of the labor tasks to build the house; and 3) USDA 523 grants pay the costs to administer the program (typically runs between \$18,000 and \$30,000 per home) so this cost does not need to be passed along to the buyer.

The Table 3a.-1 below indicates that affiliate programs using the USDA 523/502 model need 1100-2736 (Avg. 1529) hours of labor per house to be performed by buyers and volunteers to meet the 65% labor requirement. The exact amount varies depending upon which tasks the buyers perform, how many families are in the group, how skilled the family members and volunteers are, the severity of weather conditions, the house designs, and other factors.

Construction and Permanent Financing Models:

USDA products are only available in eligible rural areas and those resources are limited. There are no other comparable federal homeownership programs, and none at the state or local area within Community Frameworks four-state service area. Therefore self-help homeownership programs without access to USDA must be very creative in devising affordable products that will work. SHOP is very helpful to them.

The programs of the 15 affiliates using a model other than the USDA 523/502 vary greatly in a number of ways. What is consistent is that without the significant subsidy USDA provides in the form of mortgage rates/terms and admin grants, they must seek subsidy elsewhere to achieve affordability, and they must operate their programs very efficiently. Most must pass administrative costs along to the buyer in the form of developer fees (included in the construction line item in SHOP budgets in this application). Some are able to secure grants or donations to reduce costs to build. Nearly all achieve affordability through mortgage subsidies. Sweat equity value typically allows the buyer to access the program without significant cash in hand for down payment and closing costs.

Because the administration of the sweat equity/volunteer component of a program is very staff intensive, these programs must achieve the benefits noted above while limiting the tasks just to those that can be performed efficiently by amateurs. Unless the program has access to other administrative grant resources, it is typical to see significantly less sweat equity and volunteer labor in these programs. It is also important to note that the Construction and Perm providers (non-USDA 523/502) do not value sweat equity based on a per hour calculation, but rather what it would have cost had they hired a professional trades person to perform the same work. **All of Community Frameworks non-USDA 523/502 program affiliates meet or exceed the minimum hours required**

providing reasonable accommodations to disabled clients, as well as a list of alternative tasks that are available to disabled clients based upon their abilities.

Table 3a.-3: Affiliate Accommodations for Persons with Disabilities

Affiliate	CAT	OCHS	OCLT	CVHA	DHRDC	EMAAB	HACC	HBCLT	HFI	HFP	HS	KCCHA	LOCAP	LHA	MFID	NAHN	NMGF	OPAL	SECAA	SUHT	UCDC	WAFA	WCCAC	WNHS	YCDC
Painting	X		X	X	X	X	X	X	X	X		X	X	X	X	X	X		X		X		X	X	X
Clean-up	X		X	X	X	X	X	X	X	X		X	X	X	X	X	X				X		X	X	X
Marking	X			X	X	X	X	X		X		X	X		X	X	X				X			X	X
Timekeeper	X	X		X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X	X	X
Clerical	X		X	X	X	X		X		X	X	X			X	X	X	X	X	X	X	X	X	X	X
Inventory	X	X	X	X	X	X	X	X	X	X		X	X		X	X	X		X		X		X	X	X
Childcare	X		X	X	X		X	X		X		X	X		X	X			X		X		X	X	X
Records	X	X		X	X	X	X	X	X	X	X	X			X	X	X	X	X	X	X	X	X	X	X
Coordinator	X																				X				

Subs/Alt Tasks: Provide a volunteer substitute, but arrange alternative tasks at request of client

Frameworks has provided education and encouragement to its affiliates over the last four years to find ways to incorporate disabled clients more fully into the build process. Whereas in the past only about one-quarter of affiliates offered alternative tasks instead of solely the volunteer substitution option, now all affiliates emphasize disabled client participation in the build process, while still allowing volunteer substitutes. Frameworks education on this issue has been provided in the context of our annual affiliate meetings, work with individual affiliates during the loan underwriting process, through our SHOP website and our site visits.

Factor 3.b. Funds Expenditure, Construction, and Completion Schedules (7 points)

Table 3b.-1: Funds Expenditure, Construction, and Completion Schedule

Milestones	SEPA Environmental Review Complete	Number of Lots Acquired	Number of Lots with Construction Start	Construction Start	Units Under Sign	Units Required to Complete & Occupy within 12 months	Units Completed & Conveyed to Homebuyers	Total Units Completed & Conveyed by Grant End	Total Units Completed After Grant End	Fee Through SHOP Funds Expended for all Activities	Fee Through SHOP Funds Expended for Administrative	Total SHOP Fees Through Funds Expended	Administrative Fees Expended	Total Fees Expended
Pre-Agreements														
Lot Purchases	Q1	13	30	102	109	4	0	0	\$1,394,000	\$ 450,000	\$ -	\$ 2,310,000	\$ 233,520	\$ 2,543,520
	Q2	7	99	50	35	10	6	6	\$1,394,000	\$ 90,000	\$ -	\$ 1,484,000	\$ 175,140	\$ 1,659,140
	Q3	7	78	51	6	38	19	19	\$1,050,000	\$ -	\$ -	\$ 1,050,000	\$ 175,140	\$ 1,225,140
	Q4			51	69	27	7	7	\$ -	\$ 98,000	\$ 98,000	\$ 98,000	\$ 118,760	\$ 212,760
	Q1	12	158	125	101	33	69	69	\$2,040,000	\$100,000	\$ -	\$ 2,140,000	\$ 105,084	\$ 2,245,084
	Q2	5	50	79	78	61	58	58	\$ 680,000	\$ 90,000	\$ -	\$ 750,000	\$ 70,056	\$ 820,056
	Q3	1	25	38	83	66	38	38	\$ 375,000	\$ -	\$ -	\$ 375,000	\$ 70,056	\$ 445,056
	Q4	1		58	55	107	10	62	\$ -	\$195,000	\$ 195,000	\$ 195,000	\$ 48,704	\$ 241,704
	Q1			10	43		76	76	\$ -	\$ -	\$ -	\$ -	\$ 48,704	\$ 48,704
	Q2			25	65		69	69	\$ -	\$ -	\$ -	\$ -	\$ 48,704	\$ 48,704
	Q3			9	94		69	69	\$ -	\$ -	\$ -	\$ -	\$ 48,704	\$ 48,704
	Q4			10	2		59	59	\$ -	\$ -	\$ -	\$ -	\$ 35,028	\$ 35,028
Total at Grant End		48	560	560	560	548	10	519	529	\$5,989,000	\$671,000	\$ 8,400,000	\$ 1,167,600	\$ 9,567,600
Q1					12				19	\$ -	\$ -	\$ -	\$ -	\$ -
Q2									2	\$ -	\$ -	\$ -	\$ -	\$ -
Q3										\$ -	\$ -	\$ -	\$ -	\$ -
Q4									10	\$ -	\$ -	\$ -	\$ -	\$ -
Grand Total		53	660	660	660	660	10	519	529	\$6,349,000	\$671,000	\$ 9,400,000	\$ 1,167,600	\$ 10,567,600

Total Number of Units Completed and Conveyed to Homebuyers at time all funds are expended: 529
 Percentage of Units Completed and Conveyed to Homebuyers at time all funds are expended: 94%
 Total Number of Units Completed and Conveyed to Homebuyers within 12 months following Grant End: 560
 Percentage of Units Completed and Conveyed to Homebuyers within 12 months following Grant End: 100%

The schedule above in Table 3b.-1 reflects the typical mutual self-help development process for urban and rural programs, barring delays due to economic factors, regulatory compliance, NIMBY problems or other common challenges that can slow affordable housing development. Frameworks added some cushion in their schedules to accommodate possible delays. The schedule has quarterly intervals, with first 12 quarters reflecting a 36-month period of performance. Quarters 13 through 16 represent the time frame for completing any units not finished by the 36-month period of performance i.e. "Grant End".

Community Frameworks will be making a concerted effort to front load disbursements (and thus construction schedules) and disburse all pass through funds during the first two years of the grant. If absolutely necessary to disburse beyond the 7th Quarter, our first priority will be to experienced programs with designs that allow shorter construction periods. If none of the experienced programs have a project for the funds, which will meet the desired timeline, we will refer to our prospect affiliates that have expressed an interest in joining our next SHOP application to HUD (see "Selection of Participants not specifically identified in the application" below). This will allow Frameworks to expend all grant funds and substantially fulfill its obligations by grant end.

Milestones for Performance Measurement

Below are the primary and interim milestones for performance on the SHOP 2008 grant that correspond to the funds expenditure, construction and completion Table 3b.-1, above. It is assumed that each of these steps must be accomplished in the proper manner according to regulation and established procedure. This timetable reflects when milestones are most likely to occur. The following will be reported to HUD quarterly (except for Homes Under Roof).

HUD Approval of Environmental Review: Frameworks will provide affiliates with the regulations associated with SHOP environmental requirements, and will counsel and facilitate successful accomplishment of this milestone prior to disbursement of SHOP funds. All environmental reviews are projected to be complete by the end of 8th Quarter.

Disbursement of SHOP Funds: Except for Administration, which is spread over the life of the contract period, disbursement at \$15,000 per unit will occur as costs associated with land purchase and infrastructure development are incurred. All pass through funding for acquisition and infrastructure improvements is scheduled to disburse by the end of the 7th quarter.

Acquisition of Land/Lots: Frameworks will assist affiliates as appropriate in understanding HUD requirements for disbursement of SHOP funds, and provide them with counsel regarding adequate due diligence for site selection and purchase. Funds will be disbursed only after evidence of same. Lot purchase is projected to occur by the end of the 7th Quarter. Fifty-seven percent of projected lot purchases are estimated for the first year of the grant period.

Completion of Infrastructure Development: For those affiliates utilizing SHOP funds for infrastructure, Frameworks will assess plans, schedules and costs as a part of application review, and provide counsel when appropriate. Funds will be disbursed in accordance with eligible costs as they occur and an Unconditional Lien Waiver signed by the paid contractor is required within 7 days of releasing funds. Section 3 of the Housing and Urban Development Act 1968 is not expected to be triggered by any of the projects funded by SHOP 2008; however, in the event that Section 3 applies, Frameworks will require the affiliate to submit its Section 3 Compliance Plan prior to disbursement of funds (see 3h for Frameworks Section 3 procedures). Infrastructure development on all lots is scheduled for completion by the end of Quarter 12, with 98% estimated to be complete by the end of the 8th Quarter.

Construction Start: Each affiliate has submitted a best estimate of timing for construction start. Each affiliate understands the SHOP time requirements and Frameworks will be monitoring the progress of every affiliate and will provide guidance to help affiliates deal with unforeseen delays. Affiliate construction of all units will start by the end of the 12th Quarter.

Homes Under Roof: This milestone is not reported to HUD, but rather is an internal monitoring of affiliate performance. Each affiliate has submitted a best estimate of timing for units under roof. This milestone is particularly important as an indicator the unit will likely complete without complication. Ninety-eight percent of homes funded with SHOP08 are projected to be under roof by the end of the 11th quarter.

Homes Completed and Transferred to Homebuyers: Units that are completed will typically be occupied in the same quarter that construction is finished. Occasionally, they are occupied early in the following quarter, but for the purposes of the schedule in Table 3b.-1, occupancy is slated to correspond to completion. The number of dwellings units that must be completed within 24 months is 10. These units are to be developed by Community Frameworks' HomeStarts Program. All affiliates are developing five or more units. The number of dwelling units to be completed within 36 months is 519. Affiliates project that 529 of the proposed 560 units will be completed and conveyed to homebuyers by the time all funds are expended. The balance of 31 units is scheduled to occupy within 12 months of grant end. Frameworks will closely monitor the unfinished units to ensure timely progress is made.

Selection of Participants not specifically identified in the application: Frameworks does not expect to select affiliates that are not identified in this application. However, should funds need to be shifted (see Factor 3g.), we may offer those first come first served to our prospective affiliates if the existing groups are not ready. Frameworks maintains a list of prospective affiliates who have expressed an interest in joining our next SHOP application to HUD.

Factor 3.c. Budget (7 points)

This administrative budget in Table 3c.-1 represents 12.2 percent of the SHOP 2008 funds requested by Frameworks' affiliates. The estimates are based upon our experience managing this program since 1996 as applied to our management plan for this grant, and adjusted to accommodate the requests received from affiliates for program and management assistance. Community Frameworks' SHOP 2008 administration funding request is \$1,167,600.

If our request is partially funded, we request 14.9 percent administrative funding due to lower economies of scale. Although cost reduction will be found via less loan underwriting and loan servicing; our coverage area, the number of affiliates, and the number of site visits will not decrease.

We also anticipate increasing demands for program management and development assistance from the affiliates. Many are having difficulty finding enough easily developable land and have to enhance marketing and homebuyer education to find qualified families to service their pipelines. Need has not diminished, but to get land, affiliates are forced to move further into areas where infrastructure is more difficult and where credit and budget training are seriously lacking. At the same time funding resources have been reduced. In particular USDA RD 523 grants (the largest SHOP funding partner) is severely limiting administrative funding and has proposed a radical change in its application process. As a result affiliates will seek our help with marketing, outside of the box land acquisition, and locating leverage to help fund their USDA RD shortfall for operations. All of this will generate considerably higher demand for our time and resources than we have experienced in the past.

Table 3c.-1: Frameworks SHOP 2008 Administration Budget

Budget Category	Amount	Use of Funds
Personnel Salaries	\$508,614	Approximately 12,910 staff hours over 36 months for general administration, loan underwriting and servicing, program development, affiliate annual meeting prep and staffing, website maintenance, affiliate site visits, reporting & compliance
Fringe Benefits	\$188,187	Estimated benefit costs associated with 12,910 staff hours
Monitoring	\$34,146	28 affiliate site visits: costs include travel, Personnel Salaries, and Fringe Benefits. Approximately 400 staff hours over 30 months, plus \$500 travel expense per site visit
Travel	\$22,500	Affiliate travel costs to attend annual meeting, travel-related costs for marketing, program development, coordination with funders & TA providers
Supplies	\$5,900	Training and procedural materials, supplies for files and recordkeeping
Other	\$6,011	Miscellaneous direct operations costs: long distance, postage, website, etc.
Total Direct Costs	\$785,358	
Total Indirect Costs	\$412,242	Based on est. federally approved indirect rate for SHOP08 grant period.
Total Administrative Costs	\$1,177,600	
Frameworks Match	(\$10,000)	
Total Administrative Costs to SHOP08 Grant	\$1,167,600	

Affiliate Acquisition and Infrastructure Loan Requests

The following table shows the SHOP 2008 requests of Frameworks affiliates, noting the intended use of the funds for land acquisition, infrastructure development, or a combination of both. Community Frameworks is requesting

\$8,400,000 in SHOP 2008 funds to support loans to affiliates. This will support development of **560** self-help homes at \$15,000 per lot. Specific affiliate requests are listed in the Factor 3 general introduction.

Frameworks' SHOP2008 Detailed Budget follows on Table 3c.-1. It incorporates Frameworks' SHOP 2008 program administration funding request, the request for funding to support affiliate loans, and the estimated costs to complete construction (including \$74,900 in SE/Vol value – see Table 3a.-1) on 560 affordable self-help homes. The total development budget for this request is **\$110,513,495** including the requested SHOP 2008 funds.

Table 3c.-2: Frameworks' SHOP 2008 Detailed Budget

	HUD Share	Applicant Match	Other HUD Funds	Other Federal Share	State Share	Local/Tribal Share	Other	Program Income	Total
a. Personnel (Direct Labor)	518,114								524,414
b. Fringe Benefits	190,333								194,033
c. Travel	35,000								35,000
d. Equipment (only >\$5K depreciated value)									-
e. Supplies (only <\$5K depreciated value)	5,900								5,900
f. Contractual									-
g. Construction									-
1. Administration & Legal			74,917	9,101,921	474,079				11,469,147
2. Land, structures, appraisals, etc	7,829,000		2,752,265	5,058,900	555,000				30,432,492
3. Relocation expenses & payments									-
4. Architectural & engineering fees			139,850	156,000	301,500				694,150
5. Other architectural & engineering fees			60,715	9,286	13,333				108,477
6. Project inspection fees			83,921		54,667				187,093
7. Site work	571,000		1,350,884		1,088,800				5,972,857
8. Demolition & removal					50,000				50,000
9. Construction			451,900	47,363,897	1,540,853				59,098,906
10. Equipment									3,571
11. Contingencies				537,898	33,333				1,070,392
12. Miscellaneous					9,000				271,710
h. Other (Direct Costs)	8,011								8,011
i. Subtotal of Direct Costs	9,155,358		4,914,252	62,231,373	4,118,865				110,101,283
j. Indirect costs	412,242								412,242

Table 3c.-3 below summarizes the budget by major tasks and leveraged funds committed by each task category.

Table 3c.-3: Frameworks SHOP 2008 Detailed Budget Summary and Leverage/Committed Funds

Category	Amount	Committed	SHOP Request	Committed to Date	SE/Vol Value (Value included in Total Budget)
Frameworks SHOP Admin	\$ 1,177,600	\$ -	\$ 1,187,600	\$ 10,000	N/A
Administration - Pre/Post Homebuyer Counseling	\$ 229,382	\$ 40,000	\$ -	\$ 189,382	N/A
Administration - Other	\$ 10,291,547	\$ 1,928,000	\$ -	\$ 8,365,547	N/A
Acquisition	\$ 30,432,492	\$ 6,540,909	\$ 7,829,000	\$ 16,062,583	N/A
Infrastructure	\$ 9,283,588	\$ 648,000	\$ 571,000	\$ 8,088,588	N/A
Construction	\$ 59,098,906	\$ 2,110,900	\$ -	\$ 58,988,006	\$ 74,900
Total	\$ 110,513,495	\$ 11,237,809	\$ 9,587,600	\$ 86,988,006	\$ 74,900

Community Frameworks and its SHOP 2008 affiliates pledge to raise all funds necessary to complete construction on the units for which SHOP 2008 funds are being requested. The total budget is **\$110,513,495**. The total budget includes the cost of Energy Star products and appliances (which is accounted for in the Construction line item). The cost of Pre- and Post Homebuyer Counseling has been extracted from the Construction-Administration & Legal line item of Table 3c.-2 above.

The total budget also includes the sweat equity/volunteer labor value of \$74,900 for the 197 units built without the USDA 523 admin grant. The USDA 523/502 built units do not include the sweat equity/volunteer labor values into their cost to build; therefore, the sweat equity and volunteer labor value of \$635,450 for the 363, USDA 523/5052 built, units is not included in the total budget. After subtracting the SHOP 2008 request of **\$9,567,600** and the value of the non-USDA 523/502 homebuyer sweat equity/volunteer labor of **\$74,900**, the amount remaining is **\$100,870,995**.

Frameworks and its affiliates have firm commitments in hand for [REDACTED]. In addition, Frameworks and its affiliates have pledged to raise and/or commit additional leverage of [REDACTED]. Together, firm commitments and affiliate commitments to raise funds, plus the SHOP request, total \$ [REDACTED] 100 percent of the proposed development budget.

Factor 3.d. Cost Effective (7) points)

Frameworks' affiliates use two new construction and rehabilitation financing models, with some small variances; Construction to Permanent loans and Construction and Permanent loans (aka takeout financing). All USDA RD Mutual Self Help (523) funded affiliates are Construction to Permanent (502) users. Their families close permanent mortgages prior to house construction beginning. Most remaining affiliate financing models fall under Construction and Permanent financing and families close permanent mortgages after house construction is completed.

With Construction to Perm financing the family and volunteer labor contribution is NOT included in the construction cost or the sales price of the home. It should be noted however, that the value of the self-help work performed is necessary and would represent a cost were it not donated. In this model the affiliate sells the lot to the family and the family uses their loan funds to purchase the labor and materials needed to construct their home.

In the Construction and Perm financing model (includes Rehabilitation) the family labor contribution IS included in the cost of construction and the sales price. This is generally a private lender requirement. The value of the sweat equity is used as a credit at closing to reduce closing costs and/or prepaids and/or principal. In this model the affiliate sells the new or rehabilitated house/lot as one transaction to the family and there is no separate lot price (just as when a buyer purchases a newly constructed home on the open market). Appraisals which are done on the house and lot as a package do not separate out lot values so we do not include a lot value for these homes as we do not know what it is. Frameworks' requires that the sales price of the home (including the lot) does not exceed the appraised value for both and that the value of any labor contribution is a benefit back to the low income buyer.

Construction and Perm programs do not receive 523 or other grants to cover administrative/management costs and must build those costs into the price of the home as a developer fee. Thus the buyer will not receive as much equity as in the 523 model. Because self-help/volunteer labor is expensive to manage, Construction and Perm affiliates often require fewer self-help hours and have novices perform only tasks they can accomplish cost effectively.

Because this model requires that both the admin costs and the sweat equity value be built into the cost of the home, the difference between the sales price and appraised value may be minimal. The buyer still receives the sweat equity value benefit as it is credited at closing. We encourage HUD not to use a methodology which values the difference between appraisal and sales price as this would unfairly penalize construction and perm programs which are effectively using private financing and self-help to put low income families into affordable homeownership

Land Trust models may fall under either of the financing models. Currently all of our Land Trust affiliates use Construction and Perm financing. In the Land Trust model SHOP funds are part of the large permanent subsidy that is not charged to the family. The model removes most or all the cost of the land and sometimes part of the house permanently from what the buyers must pay. The sales price is tied only to the structure and is based on what is affordable to the purchaser rather than its value if it were a fee simple home and lot on the open market. It is not necessarily transparent how much of the sales price was reduced by SHOP. Sweat equity buyers in this model earn the right to participate in the program and if mortgage qualified, to purchase a home. Their labor becomes part of the package of permanent subsidies that keep the homes affordable in perpetuity. Their equity, by definition of a land trust, is limited.

In the table below you will note that some affiliates show excess lot revenue or excess house/lot revenue. Frameworks believes that too few affiliates mark up lots or homes, not too many. As a long time direct provider of home ownership and as an intermediary working directly with our SHOP affiliates we have come to learn that there must be revenue sources for program costs that are not covered by public funding and private contributions. Examples of these costs include developing new program and financing models, land/lot search and pre-purchase due diligence, building and nurturing a family waitlist, unfunded counseling, unexpected land development/home construction delays, material or contractor price increases, fighting NIMBY challenges, and affordable housing community participation. If self-help programs are to continue offering affordable homeownership in the future, they must be financially sound and have a means to pay for these very real expenses. Modest margins from development are an important resource for organizational sustainability.

accessible/visitable house plans, or plans that can be easily converted to be visitable or accessible (see Factor 1.c.). The provision of alternative sweat equity tasks and availability of accessible/visitable home designs also facilitates the participation of **elderly households** in self-help homeownership projects. These individuals are more likely to have mobility, strength and other physical limitations that Frameworks affiliates will accommodate. All affiliates provide translation services when needed to serve persons with **Limited English Proficiency**. Most common in the Northwest is the need for Spanish language and document translation services, particularly in rural areas with agricultural economies and large farm worker populations. In addition, Western Washington and Oregon have large Asian minority populations, and many urban centers especially are experiencing an influx of Russian immigrants. Frameworks has staff bilingual in English and Spanish or Russian that are available to assist affiliates. All affiliates must also have an affirmative marketing plan with a component explicitly designed to reach those least likely to apply, and that includes bilingual marketing and intake materials as appropriate.

Anticipated Frameworks SHOP08 Affiliate Client Demographics

	CAT	CCHS	CCLT	CVHA	DAHRDC	EMAHAH	HACC	HBCLT	HFI	HHP	HS	KCCHA	LCCAP	LHA	MHID	NAHN	NWGF	OPAL	SEICAA	SJCHT	UCDC	WAFA	WCCAC	WNHS	YCDC	Total	%
Latino	1	9	2	3	0	2	1	2	2	7	1	3	3	1	6	0	1	1	2	1	5	15	2	1	4	76	13%
White	16	18	15	6	8	41	15	9	15	28	8	64	27	8	47	26	17	10	19	11	17	16	14	7	18	478	86%
Asian	0	0	3	0	0	0	1	0	1	3	2	1	0	1	0	0	0	0	1	2	0	0	2	0	0	19	3%
African-Am	0	0	1	0	0	0	0	2	1	3	0	3	0	1	0	0	0	0	0	0	2	15	1	0	0	28	5%
Native American	0	2	1	2	4	4	1	2	0	3	0	1	0	0	0	5	2	0	0	0	1	0	1	0	1	29	5%
Hi/Pac Islander	0	0	1	0	0	0	0	0	0	3	0	1	1	0	0	0	1	0	0	0	0	0	0	0	1	8	1%
Total	16	29	22	9	12	48	18	13	19	48	10	72	28	9	47	33	26	10	20	13	29	31	18	7	20	568	100%

Frameworks SHOP affiliates also promote affordable homeownership opportunities for racial and ethnic minorities as the table above demonstrates. These client demographic estimates are based on affiliates' past client local demographics. Hispanic homeowners comprise 6 percent of all homeowners nationally, but 13 percent of the estimated client base among Frameworks affiliates. Frameworks affiliates are therefore promoting Hispanic homeownership at 2 times the national ratio. Some of Frameworks' affiliates also work in areas with Native American communities. Native American homeowners comprise 0.6 percent of all U.S. homeowners, but 5 percent of the households Frameworks affiliates expect to serve.

(2) ENCOURAGING ACCESSIBLE DESIGN FEATURES: VISITABILITY IN NEW CONSTRUCTION AND SUBSTANTIAL REHABILITATION AND UNIVERSAL DESIGN.

Frameworks' policy is that all affiliates provide reasonable accommodation to disabled persons, which includes offering visitable (little sister to Universal Design) and accessible house plans and appropriate modifications for rehab projects. Frameworks will continue to promote the use of Visitable, Accessible and Universal Design among our SHOP affiliates by including these topics in our affiliate conference workshops, appropriate links on our website, via our SHOP applications, and email blasts passing information about upcoming workshops offered by others in their respective regions. One Universal Design priority Health/Safety/Security Performance has been addressed by many of our affiliates, much of which is required by permitting jurisdictions', such as moving away from carpeting or to green carpeting and other green building materials, which promote health in the home and the community. Other Universal Design features include wider doors, ramps, and location and type of light switches. See Factor 1.d. for a detailed description of the accessible design features used by Frameworks SHOP affiliates. Affiliates that have newer programs have also committed to offering accessible design features for disabled clients. In addition, Frameworks will require affiliates to incorporate energy-efficiency measures in the design and construction of self-help housing units, and to use only Energy Star labeled products and appliances. Affiliates will be required to submit a copy of an Energy Star Certification issued by an independent Home Energy Rater (HER) within 30 days of completion of the SHOP2008 funded units. Lastly, affiliates will be required to add a training section to their pre-homeownership counseling curriculum on the benefits of energy savings products.

(3) PROVIDING FULL AND EQUAL ACCESS TO GRASSROOTS, FAITH-BASED, AND OTHER COMMUNITY-BASED ORGANIZATIONS IN HUD PROGRAM IMPLEMENTATION.

All of Frameworks' affiliates are community based or faith-based organizations. Frameworks affiliates include Community Action Agencies (CAA), Public Housing Authorities (HA), Community Development Corporations (CDC), Community Housing Development Organizations (CHDO), Community Land Trusts (CLT), Faith-Based (FB), NeighborWorks® organizations (NW). All of these organization types have missions focused on community service, and all have community representation in their governing structures. The table below indicates the organization types represented among Frameworks' SHOP 2008 affiliates. Additionally, in order for affiliates to effectively increase awareness of the benefits of the program within their respective communities and to reach out to the least likely to apply, they partner with other Faith and Community Based organizations that include nonprofits offering HUD certified counseling, lenders offering first time homebuyer certification, churches offering volunteers, foundations and individuals offering funding for marketing, operations, counseling, and technical assistance, jurisdictions offering to donate or sell land below market, jurisdictions waiving or deferring impact fees, and Housing Authorities offering home ownership referrals from their public housing families interested in homeownership.

Frameworks affiliate conference workshops includes discussion on the merits and advantages of partnering. Each affiliate application request for SHOP 08 funds from Frameworks will require the affiliate to discuss the partnerships formed and the benefits of those partnerships.

Frameworks SHOP08 Affiliate Organization Types - Community Based

Organization Type	CAT	CCHS	CCLT	CVHA	D4HRDC	EMAAH	HACC	HBCLT	HFI	HHP	HS	KCCHA	LCCAP	LHA	MHID	NAHN	NWGF	OPAL	SEICAA	SJCHT	UCDC	WAFA	WCCAC	WNHS	YCDC	TOTAL	PERCENT
CAPI/CAA	X				X								X						X				X			5	8.93%
HA							X					X	X													3	5.16%
CDC	X		X																		X				X	4	7.14%
FB		X													X											2	3.67%
CHDO			X	X	X	X		X	X	X			X		X	X		X	X	X	X		X	X		18	28.57%
CLT			X					X												X						4	7.14%
NW																	X									1	1.79%
501(c)3	X	X		X	X	X		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	20	31.71%
Total	3	2	3	2	3	2	1	3	2	2	1	1	3	1	3	2	2	3	3	3	3	1	2	3	2	56	

(4) REMOVAL OF REGULATORY BARRIERS TO AFFORDABLE HOUSING.

Although all of Frameworks' affiliates are identified in this application, sites are generally not yet identified and jurisdictions have not yet been selected. Prior to making a firm funding commitment, Frameworks requires affiliates to submit the HUD-27300 regulatory barrier questionnaire that was completed by the authorized local official for their projects' jurisdiction. Frameworks does not use the applicant's score as a basis for denial, but rather to identify where TA may be needed to facilitate this and future projects. It is our goal to provide homeownership opportunities to underserved people and areas. There are remote rural areas without comprehensive planning, permitting processes, and building codes where we rely on USDA RD state architectural approvals as these affiliates are USDA RD grantees. Some jurisdictions require impact fees and those fees in many cases are not reduced, deferred or eliminated because there is no other local means to pay for critical services. In instances like the aforementioned Frameworks' provides advocacy TA to the affiliate to help jurisdictions understand the importance of providing affordable housing. We work to help eliminate or mitigate barriers that would prevent affordable affiliate homes, and consider a home permitted to build that has an affordable financing scheme to be an elimination of barriers.

Factor 3.f. Program Outreach (5 points)

Frameworks will require SHOP 2008 funded affiliates (which includes Frameworks' HomeStarts program) to submit an Affirmative Fair Housing Marketing (AFHM) Plan – Single Family Housing Form HUD-935.2B with their project specific applications prior to accessing funds. In addition to the AFHM Plan, affiliates will be required to submit their policy(ies) and procedure(s) for informing the public and potential homebuyers about federal fair housing laws and use of the Equal Housing Opportunity logo, as well as their procedures to inform and solicit applications from persons in the housing market area who are not likely to apply for the program without special outreach.

Frameworks also requires its affiliates to use a variety of media, which may include television, radio, newspapers, internet, bulletin boards, public meetings, speaking engagements, direct mailings, brochures, and flyers to reach those least likely to apply. As appropriate, this requires the use of bilingual materials, community informational meetings accessible to disabled residents, interpreters available for persons with limited English proficiency, outreach to difficult to serve populations and other affirmative marketing techniques. As a condition of SHOP loan receipt, Frameworks' SHOP loan agreement states in Section 7(b) that affiliates must comply with the following:

- The requirements of the Fair Housing Act (42 U.S.C. 3601-19) and implementing regulations at 24 CFR Part 100
- Executive Order 11063 (Equal Opportunity in Housing) and implementing regulations at 24 CFR Part 107
- The requirements of Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000(d) – Nondiscrimination in Federally Assisted Programs) and implementing regulations at 24 CFR Part 1
- The prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101-07) and implementing regulations at 24 CFR Part 146
- Prohibitions against discrimination against disabled individuals under Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR Part 8

As noted in Factor 3.e.(1), a large proportion of Frameworks affiliates estimate that they will serve minority clients in SHOP-funded projects. In addition, many have service areas in agricultural regions, and will provide homeownership opportunities to Latino farmworker clients.

Applicants for Frameworks' SHOP funds are also asked to describe marketing homebuyer selection processes so that we can assess whether they are likely to be successful, and are fair and legally compliant. Frameworks can provide new affiliates with a suggested affirmative marketing strategy, will assess current marketing deficiencies, and help improve outreach if an affiliate is having difficulty recruiting and qualifying homebuyer clients. Frameworks has a SHOP staff person who is bilingual in Spanish, experienced in real estate document translation, and is available to assist affiliates. Although Spanish is the most requested bilingual service, other groups are prevalent in parts of the Northwest, notably Russian immigrants and Asian immigrants from a variety of countries. For example, the Spokane area has a growing Russian population, and in order to serve this community, Frameworks has an employee bilingual in Russian. All affiliates take similar steps to serve limited English proficiency clients.

Affiliates also provide materials to other community based groups that serve minority populations, such as Native American/tribal community groups, community action agencies, service providers, fraternal and civic service organizations (i.e. Elks, Eagles, Rotary, Lions) and schools. Organizations do outreach to local churches, and enlist church volunteers in their programs. All Frameworks affiliates also use "low-tech" marketing approaches, such as postings and physical outreach at supermarkets and laundromats – locations where low-income families may often be reached. All affiliates offer interpreters for clients with limited English proficiency.

Frameworks also requires its affiliates to provide reasonable accommodations to persons regardless of their disability. This includes marketing that will reach disabled persons and seniors. The marketing approaches noted above, both electronic and in-person outreach, connect disabled persons and seniors to our affiliates' programs to the same degree they reach out to minority communities.

Factor 3.g. Performance and Monitoring (5 points)

OVERSIGHT PLAN

Frameworks will provide HUD with quarterly reports on affiliate progress as outlined in Factor 3.b and Factor 5. Frameworks reviews affiliate progress via phone and e-mail, and files documentation of major milestones achieved, such as HUD environmental approval letters, loan documents, certificates of occupancy and other similar items. Frameworks maintains affiliate milestone information in a database which is updated and backed up regularly. In addition to formal quarterly reporting, Frameworks contacts affiliates informally approximately once a month. Project progress and milestone achievements are noted in loan files and the database. Regular contact between Frameworks and its affiliates helps improve our program efficiency in anticipating loan requests, acquisition transactions, environmental reviews, and other components of the lending process and program administration.

Frameworks will also monitor use of revolved SHOP funds during the grant's period of performance. Frameworks periodically upgrades the SHOP database and affiliate reporting forms in a conscious effort to improve reporting efficiency and accuracy.

Frameworks will conduct at least one site visit with each SHOP 2008 affiliate during the course of the grant period as outlined in the table below. Our goal is to conduct the site visit in the first quarter following construction start. Frameworks staff will pull random files to examine affiliates' program administration financial records; confirm lot/SHOP fund association; examine any loan documents for acceptable terms; interview staff and selected clients; inspect the build site; photograph completed homes, or those under construction; and discuss the SHOP process for affiliate feedback on improved performance. The cost of site visits includes travel, staff time, and supplies. Site visit costs are shown as a separate line item in application budgets.

Estimated Site Visits Table per Affiliate

Site Visits	CAT	COB	COLT	CPMA	DFREC	EMPAH	HOOC	HEOLT	HI	HHP	HS	MOHA	LOCAP	LHA	MHO	MHN	MNGF	CPAL	SEDA	SUCHT	LDCC	WFA	MOAC	MNS	YDCC	TOTAL
1						1									1											
					1		1						1				1									
				1					1		1								1				1		1	
		1										1									1					
										1												1				
																	1									
																		1								
Total	1	12																								

Frameworks will require Certificate of Occupancy from affiliates at the end of construction verifying the homes have been completed and a copy of the HUD-1 Settlement Statement documenting the sale of the SHOP funded unit to the program participant. In addition, Frameworks will require SHOP 2008 affiliates (which includes Community Frameworks' HomeStarts program) to submit a copy of a Energy Star Certification issued by an independent Home Energy Rater (HER) within 30 days of completion of the SHOP2008 funded units.

SHIFTING FUNDS BETWEEN AFFILIATES

Frameworks' makes every effort, prior to disbursement of SHOP funds, to use projected milestones, underwriting process, capacity evaluations, and partner assessments to make a determination when an affiliate is not likely to complete its project within the parameters of the SHOP grant period. Most often it is at this point that Frameworks will elect to transfer an earmark of SHOP funds to another affiliate ready to proceed. Factors that may require such a transfer of earmarked funds include, but are not limited to, rejection of environmental review for the site by HUD, loss of site control, homebuyers dropping out of affiliate programs or failing to qualify for mortgage financing (often due to credit problems, unemployment, or unforeseen medical emergencies), construction delays (weather, delays in receiving environmental approval from HUD, or NIMBY and rezoning issues), or affiliate staff turnover.

Funds may be shifted to experienced affiliates or prospective affiliates (see Factor 3.b. "Selection of Participants not Specifically Identified in the Application"). If the project schedule will disburse the funds within the first two years of the grant period, the funds will be offered on a first come first serve basis. If absolutely necessary to disburse beyond the 7th quarter, our first priority will be to experienced programs with designs that allow shorter construction periods. If none of the experienced programs have a project for the funds that meets the desired timeline we will look to prospective affiliates that have expressed an interest in joining our next SHOP application to HUD. This will allow Frameworks to expend all grant funds and substantially fulfill its obligations in compliance with the grant terms by grant period end.

When SHOP funds have been disbursed to a project that ultimately cannot be completed within the parameters of the SHOP grant period, Frameworks will either work with the affiliate to complete the project within a reasonable period of time following the grant period, or require the return of SHOP funds so that they may be transferred to another affiliate that is ready to proceed, as the individual case may warrant.

Factor 3.h. Section 3 Procedures (2 points)

All SHOP applicants will be required to comply with Section 3 procedures. SHOP affiliates that intend to spend \$200,000 or more of SHOP funds (combined SHOP and other Section 3 housing and community development assistance) for infrastructure development must comply with Section 3 requirements. Community Frameworks will:

- a) Inform recipients of their Section 3 responsibilities, prior to award, and request certification that they are under no contractual or other impediment that would prevent them or their contractor(s) from complying with the Part 135 regulations,
- b) Provide Section 3 guidelines via websites, email, and or regular mail, prior to funding
- c) Require signed "understand and intent to comply" with Section 3 certifications, prior to funding
- d) Require acknowledgement by initialing the Section 3 language in the loan agreement, prior to funding
- e) Require parties to applicable infrastructure contracts to agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of a section 3 clause in their contract(s), the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations. A copy of these shall be provided to Community Frameworks.
- f) Require recipients to submit Section 3 Compliance Plan which identify procedures designed to notify Section 3 residents about training and employment opportunities generated by Section 3 covered assistance and Section 3 business concerns about contracting opportunities generated by Section 3 covered assistance, prior to award
- g) For recipients that do not engage in training, or hiring, but award contracts to contractors that will engage in training, hiring, and subcontracting, recipients must ensure that, to the greatest extent feasible, contractors will provide training, employment, and contracting opportunities to Section 3 residents and Section 3 business concerns.
- h) Recipients will be required to document actions taken to comply with the requirements of Section 3, the results of actions taken and impediments, if any. A copy of these documents shall be kept by the affiliate in the appropriate SHOP year funding file and available during any Community Frameworks monitoring or site visit.

RATING FACTOR 4: LEVERAGING RESOURCES

Factor 4. Firm Commitments of Resources (10 points)

Community Frameworks (Frameworks) and its SHOP 2008 affiliates pledge to raise all funds necessary to complete construction on the units for which SHOP 2008 funds are being requested. The total budget is [REDACTED]. After subtracting the SHOP 2008 request of [REDACTED] and the value of the non-USDA 523/502 homebuyer sweat equity and volunteer labor of [REDACTED] the amount remaining is [REDACTED].

Frameworks and its affiliates have firm commitments in hand for [REDACTED]. This represents 1.2% of [REDACTED] and provides a [REDACTED] match for the requested SHOP 2008 funding of [REDACTED] for Frameworks' SHOP program. In addition, Frameworks and its affiliates have pledged to raise and/or commit additional leverage of [REDACTED] which is [REDACTED] of [REDACTED]. Together, firm commitments and affiliate commitments to raise funds total \$ [REDACTED] or [REDACTED] of [REDACTED].

See Factor 3.c. Budgets for a breakdown of the estimated uses of firm commitments between administration, acquisition, infrastructure and construction. Fundraising affirmation and commitment letters are included in the Appendices.

Commitment letters have been transmitted electronically.

RATING FACTOR 5: ACHIEVING RESULTS AND PROGRAM EVALUATION

Factor 5. Program Evaluation Plan and Logic Model (10 points)

Community Frameworks utilizes a multi-faceted evaluation process to track progress toward its goals. It has developed a sophisticated custom database which is used to record data collected. The system is built upon detailed monitoring of production elements (outputs) to manage progress toward completion of units. The collection of data to monitor milestones is augmented with various methodologies designed to assess affiliate capacity growth and satisfaction and to understand homebuyer and community outcomes. The latter are accomplished primarily through underwriting, TA and training, site visits and affiliate contacts.

The production/output and the outcome results reported to HUD in the quarterly reports and logic models form the backbone of the information tracking system. We augment the items reported to HUD with additional milestones that we monitor internally. The Program Evaluation Plan chart at the end of this section shows all of the monitoring elements (benchmark in 1st column, unit of measure and tool in 2nd column) that are used by Frameworks internally. The elements are organized by those related strictly to SHOP Program administration, those associated with the application and project predevelopment phase, and those used to monitor production of the unit after SHOP funds have been disbursed. The 3rd column shows outputs that are reported to HUD in the quarterly reports and logic model. The 4th column show outcomes as reported in the logic model and ties them to the appropriate policy priority.

Community Frameworks has added four interim benchmarks for performance beyond those required by HUD: Affiliate Meetings Held, Site Visits Conducted, Affiliate Applications Submitted, and Units Under Roof. The latter is particularly important as an indicator that the project is no longer as vulnerable to weather delays and will likely complete without complication.

Even more important that knowing what has happened is understanding and managing progress toward next production goals. To that end, our affiliates are required to develop projections for interim and key milestones, to update their projections regularly, and then report when they are achieved. The primary vehicle for this is a spreadsheet generated from the database which lists pipeline and production information from prior reports and asks the affiliate to update information.

When we see projection timelines to access SHOP funds begin to slip, we make personal email or phone contact with the affiliate to determine if they need technical assistance and if they are likely to meet deadlines required by our grant. We often refer affiliates to others for help, or provide it ourselves if we have the means to do so. We maintain a waiting list of alternate projects so that if an affiliate is unable to meet timelines we can transfer their earmark to another. Because they know our goal is for affiliates to succeed, they are willing to be candid about their problems and to seek our help.

Once SHOP funds have been disbursed, we watch projection reports and maintain contact as needed. We provide advice assist affiliates complete their units on time. If it we see an affiliate will not perform, we take steps to recover the funds and then we try to transfer the funds to another affiliate that can produce in a timely manner. If that is not possible, we would consult with HUD on the appropriate action.

When possible we schedule site visits during construction to assess progress and troubleshoot problems. While on site we review completed project records, debrief problems and successes, and discuss upcoming projects. We provide advice during the visits, a follow-up report, and additional technical assistance if required to correct

deficiencies. Annual affiliate meetings are built around what we see in the field and affiliates say they need, with a heavy emphasis on compliance with regulations.

Our production activities all lead directly to the outcomes noted. Community Frameworks believes there are other benefits beyond the specific outcome goals listed in our logic model, although it is neither cost effective nor necessary to measure every result to prove the point. The opportunity to own a decent, comfortable, affordable home is first and foremost. With that families are stabilized with predictable housing costs; in the course of their sweat equity they have become part of a neighborhood community; they are contributing to the local tax base supporting critical community services; and are on track to build wealth.

Community Frameworks SHOP Program Program Evaluation Plan	CF Internal Monitoring of Affiliate Performance		HUD Quarterly Reports & Logic Model Outputs		Logic Model Outcomes		
	Unit of Measure	Tool	Unit of Measure	Tool	Unit of Measure	Tool	Policy Priority
APPLICATION & PREDEVELOPMENT PHASE							
<i>Projection</i>							
Submit Application	Date	Spreadsheet Report	N/A	N/A	N/A	N/A	N/A
Environmental RNOF	Date	Spreadsheet Report	N/A	N/A	N/A	N/A	N/A
Close SHOP Loan/Disburse	Date	Spreadsheet Report	N/A	N/A	N/A	N/A	N/A
<i>Actual</i>							
Submit Application	Date	File Log	N/A	N/A	N/A	N/A	N/A
Environmental RNOF	Date	RNOF in File	# Reviews Complete	Spreadsheet Report	N/A	N/A	N/A
Close SHOP Loan/Disburse	Date	Loan Docs	Dollars	Draw Records	# Affiliate Loans	Loan Docs	D - Comm. Org Access to HUD \$
LOT/UNIT PRODUCTION PHASE							
<i>Projection</i>							
Lots/Existing Units Acquired	Number/Date	Spreadsheet Report	N/A	N/A	N/A	N/A	N/A
Infrastructure							
Started	Number/Date	Spreadsheet Report	N/A	N/A	N/A	N/A	N/A
Completed	Number/Date	Spreadsheet Report	N/A	N/A	N/A	N/A	N/A
Construction							
Started	Number/Date	Spreadsheet Report	N/A	N/A	N/A	N/A	N/A
Under Roof	Number/Date	Spreadsheet Report	N/A	N/A	N/A	N/A	N/A
Completed	Number/Date	Spreadsheet Report	N/A	N/A	N/A	N/A	N/A
Units Occupied by Homebuyer	Number/Date	Spreadsheet Report	N/A	N/A	N/A	N/A	N/A
<i>Actual</i>							
Lots/Existing Units Acquired	Number/Date	Spreadsheet Report	Units	Spreadsheet Report	N/A	N/A	N/A
Infrastructure							
Started	Number/Date	Spreadsheet Report	Units	Spreadsheet Report	N/A	N/A	N/A
Completed	Number/Date	Spreadsheet Report	Units	Spreadsheet Report	N/A	N/A	N/A
Construction							
Started	Number/Date	Spreadsheet Report	Units	Spreadsheet Report	N/A	N/A	N/A
Under Roof	Number/Date	Spreadsheet Report	N/A	N/A	N/A	N/A	N/A
Completed	Number/Date	Spreadsheet Report	Units	Spreadsheet Report	N/A	N/A	N/A
Units Occupied by Homebuyer	Number/Date	Spreadsheet Report	Units	Spreadsheet Report	Dollars, Job Units, Buildings Units, Units	Spreadsheet Report w/ Site Visit Spot Verification	A - Housing Opportunities, C - Accessible/Visitable, G - Remove Reg Barriers H - Energy Star
Sweat Equity/Volunteer Hours	Hours	Spreadsheet Report	Hours	Spreadsheet Report	N/A	N/A	N/A
SHOP Funds Expended - Acquisition	Dollars	Draw Records	Dollars	Draw Records	N/A	N/A	N/A
SHOP Funds Expended - Infrastructure	Dollars	Draw Records	Dollars	Draw Records	N/A	N/A	N/A
PROGRAM ADMINISTRATION							
<i>Projected</i>							
SHOP Funds Expended for Admin	Dollars	Management Plan	N/A	N/A	N/A	N/A	N/A
Affiliate Meeting(s)	Schedule, Agenda	Management Plan	Persons	Attendance Logs	N/A	N/A	N/A
Site Visits Conducted	Schedule, Agenda	Management Plan	Organizations	Site Visit Report	N/A	N/A	N/A
<i>Actual</i>							
SHOP Funds Expended for Admin	Dollars	Draw Records	Dollars	Draw Records	N/A	N/A	N/A
Affiliate Meeting(s)	Date, # Attended	Attendance Log	N/A	N/A	Units, Loans Closed	Spreadsheet Reports, Loan Docs	G - Remove Reg Barriers, D - Comm. Orgs. Access to HUD \$
Site Visits Conducted	Date	Site Visit Report	N/A	N/A	Units, Loans Closed	Spreadsheet Reports, Loan Docs	G - Remove Reg Barriers, D - Comm. Orgs. Access to HUD \$