

ACTION PLAN
FOR
PURCHASE/RESALE/REHAB/HOMEBUYERS PROGRAM

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OVERVIEW

St. Paul Baptist Church is a 54-year-old African American Church located in Oak Park, a county in Sacramento California. Oak Park is one of Sacramento's oldest communities and its first suburb. By the late 1960's Oak Park residents were calling for help to address the widespread deteriorating housing and commercial property, inadequate public infrastructure, empty lots and abandon buildings, refuse, graffiti, and abandoned vehicles.

Currently, St. Paul Baptist Church has a 501 (c) (3) tax exempt non profit corporation entitled, St. Paul and Oak Park Community Outreach Program. The Corporation was formed to provide charitable and educational services to the public. Such services include housing assistance, social services, and educational opportunities for adults, and educational support services for students in grades K- 12.

This proposal is designed to set forth the rationale for establishing a second non – profit corporation designed to provide direct services and programs related to affordable housing and other Economic Development Activities. The newly formed non – profit Corporation will be entitled, St. Paul and Oak Park Economic Development Corporation.

Specially related to housing, the new corporation will seek to improve living conditions by providing safe and affordable housing for families with low income or who need assistance with purchasing their first home. Additionally, this program will seek to eliminate some of the blight in the community and increase self-sufficiency.

BACKGROUND

Description of Community:

Oak Park (see **attachment A – OAK PARK REVEVELOPMENT AREA**) lies in a section of the city of Sacramento known as East Broadway and runs just along Highway 50 to the south. According to many demographers it is known as the most culturally and ethnically diverse section of the greater Sacramento area with African Americans, Hispanics, Whites, and Asian/Pacific Islanders making up a majority of the people. The population of Oak Park is 31,434. Of this number 38.8% (12,204) are White, 40.5% (12,273) are Hispanic and 22.0% (6,908) Are African American.

Children 0-9 constitute 20% of the population and 36% of the population is made up of individuals 18 –44 who work. With respect to income, the largest income cohort is 19.4% with \$5,000.00 to \$10,000.00 in annual income. The next largest group is 14.6% with \$10,000.00 to \$15,000.00 in annual income. California's median household income is \$28,000.00. With respect to employment, 8.7% are employed. With regards to profession, 20% are clerical and 17.6% are in service related industries. Only 14% are in professional occupations. With respect to housing 43.7% is owner occupied housing and 46.8% is renter occupied housing.

These demographics demonstrate that Hispanics and Whites exceed the population of African Americans. Interestingly, all these groups as well as Asian/Pacific Islanders use the outreach services of St. Paul. The participants of the After School Educational and Tutorial Services, Food Closet, Clothes Closet, Christmas Basket and Christmas Gift Distribution, Job Referral, New Joy and Emergency Assistance Program are consistent t with the demographics.

There are primarily five schools in Oak Park. There are three elementary schools, one middle school, and one high school. The elementary schools are Bret Harte, Father Keith B. Kenny and Oak Ridge. Kit Carson is the middle school and Sacramento High is the High school

St. Paul Baptist Church:

St. Paul Baptist Church is a 54-year-old African American Church located in Oak Park, California. Dr. Ephraim Williams has pastored the church for the last 31years. He has gained a reputation for his integrity and leadership within the community and city. He has gained the respect of other clergy, civic and political leaders. He serves on numerous Boards, and has been recognized by the city, and county as well as the California State legislature. The church is primarily a commuter church with only 2 –3 % of the membership living within 5 miles of the church. The church is a predominately African American. The church has more than 70 active ministries and has maintained a commitment to meeting the needs people.

VISION STATEMENT

To become a church according to the Great Commission, that disciples its members, and ensures that an opportunity is provided for every member to become active in ministry and mature spiritually.

MISSION STATEMENT

To bring people to Christ through evangelism, develop them through discipleship; encourage intercessory prayer and minister through outreach and missions.

SITUATIONAL ANALYSIS

St. Paul and Oak Park Community Outreach Program:

St. Paul Baptist Church has a strong history in the Oak Park Community offering community based services to address the needs with the church and community. The services are offered through the St. Paul and Oak Park Community Outreach Program, which is a 501 (c) (3) tax exempt non profit corporation. Such Services include:

- Food Closet,
- Thanksgiving Community Outreach Dinner,

- Clothes Giveaway (weekly, monthly and quarterly),
- Harvest Festival (alternative to Halloween),
- Christmas Baskets and Christmas Gift Distribution,
- Convalescent Home Visitation Program,
- California Youth Authority Outreach Program,
- After School Educational and Tutorial Services (includes reading, writing and math),
- Computer Lab,
- Job Referral Service,
- Manhood Development Program (Rites of Passage Program for Boys),
- Youth Investment Club,
- New Joy (substance abuse program),
- Emergency Assistance Program (includes emergency assistance with housing, utilities, information and referral),
- Economic and Employment Development Committee.

The Economic Employment Development Committee has developed and implemented employment and housing related ventures. The existing programs are as follows:

Training for success seminars: *Members of the church who have expertise in these areas and local consultants who provide their services on a volunteer basis teach these courses.*

- Track 1: Employment Development Track
 - How to interview
 - How to dress for success
 - How to prepare a resume
- Track 2: How To Start a Small Business
 - Preparing a business plan
 - Obtaining financing

A Minority Job Fair is held annually, in which local employers from both the private and public sectors are invited to attend. Job placement and recruitment agencies are also invited. The last activity sponsored by the committee is an annual Employment Resource Fair. This Fair provides

an opportunity for African American and other Minority Business owners to promote their business ventures.

Additionally, home buying workshops are offered through the Sacramento Home Loan Counseling Center. Licensed realtors conducted these courses at the church instead of the Sacramento Home Loan Counseling Center Office. This provides a friendlier environment for the participants. The realtors who are members of the church have also conducted workshops over the past three years. Finally, as it relates to Economic Development, financial management seminars are offered as well as debt-free living seminars. A series of courses entitled Christian Finances I, II, and III are offered.

The limitations are the existing non-profit corporation lead to a need to establish another non-profit corporation to address existing needs and the future need of affordable housing and continued homebuyer education

Description of Housing for the Sacramento Area:

Sacramento has a total population of 1,223,499 people, of this number 598,815 are males and 624,684 are females. The median ages 33.8. Of the 1,152,107 reporting 1 race; the table below reflects the ethnicity and population:

Ethnicity	Population
White	783,240
Black or African American	121,804
American Indian and Alaskan Native	13,359
Asian	134,899
Native Hawaiian and other Pacific Islander	7,264
Some other Race	91,541
Two or more Races	71,392
Total Population	1,223,499

HOMEOWNERSHIP AFFORDABILITY ESTIMATES			
Sales Price	Monthly Payment ¹		
	7.00%	7.50%	8.00%
\$90,000	\$670	\$699	\$728
\$100,000	\$745	\$776	\$810
\$110,000	\$819	\$855	\$890
\$120,000	\$893	\$932	\$971
\$130,000	\$967	\$1,010	\$1,052

¹ Monthly payment includes principal, interest, taxes and insurance and is based on a 95% mortgage amount.

INCOME LEVELS AND MAXIMUM HOUSING PAYMENTS IN SACRAMENTO AREA - 2000					
Household Size	Median Income	Low Income²	Maximum Payments¹	Very Low Income³	Maximum Payments¹
1	\$37,000	\$29,600	\$740	\$18,500	\$462
2	\$42,300	\$33,850	\$846	\$21,150	\$529
3	\$47,600	\$38,100	\$953	\$23,500	\$595
4	\$52,900	\$42,300	\$1,058	\$26,450	\$661
5	\$57,100	\$45,700	\$1,143	\$28,550	\$714
6	\$61,400	\$49,100	\$1,228	\$30,700	\$768
7	\$65,600	\$52,500	\$1,313	\$32,800	\$820
8	\$69,800	\$55,850	\$1,396	\$34,900	\$873

¹ Maximum monthly housing expense is 30 percent of the income limit divided by 12.

² "Low Income" is gross annual income below 80% of the area median income, adjusted for family size.

³ "Very low income" is gross annual income below 50% of the area median income, adjusted for family size.

MAXIMUM ALLOWABLE RENTS IN DEVELOPMENTS WITH LOW-INCOME HOUSING TAX CREDITS			
Size	Basis of Rent Calculation	Low Income Household	Very Low Income Household
Studio	1 person	\$740	\$462
1 Bedroom	1.5 persons	\$792	\$495
2 Bedrooms	3 persons	\$952	\$595
3 Bedrooms	4.5 persons	\$1,100	\$687
4 Bedrooms	6 persons	\$1,228	\$767
5 Bedrooms	7.5 persons	\$1,354	\$846

* Rents are reduced by an allowance for tenant-furnished utilities, which range from \$30 to \$105, depending on bedroom size. Rents on assisted units must be below comparable market rents.

Description of Housing in the City of Sacramento (Oak Park is included):

In reviewing of the 2000 census, the following housing profile is prepared from selected housing characteristics of the city of Sacramento:

- Owner occupied housing units are 77,514, with an average household size of 2.65 and rental occupied housing units are 77,067, with an average household size of 2.50,

- The total numbers of housing units are 163,957, with 154,581 being occupied housing units and 9,376 being vacant housing,
- The total number of owner occupied units 71,108. Those valued less than \$50,000.00 is 1,437 and those valued at \$50,000.00 to \$99,999.00 are 20,990. Those valued at \$100,000.00 to \$1,000,000.00 constitute 48,681 owner occupied units. (The median price is \$128,000.00),
- Of 53,574 homeowners with a mortgage, 254 had a mortgage less than \$300.00. 1,890 has a mortgage whose payments ranged from \$300.00 to \$499.00 while 4,711 home owners had a mortgage of \$500.00 to \$699.00. 46,719 homeowners had a mortgage with payments that ranged \$700.00 to \$2,000.00. (The median mortgage was \$1,133.00),
- 77,067 homes were renter occupied units. Of this number 2,552 paid less than \$200.00 for rent. 2,645 renters paid \$200.00 to \$299.00 for rent. The numbers increased as the amount paid for rent increased, 17,744 paid \$300.00 to \$499.00 and 30,073 paid in the range of \$500.00 to \$749.00,
- 94,061 heat their home with gas, while 56,796 used electricity,
- Monthly owner costs as a percentage of household income in 1999 reveals the following facts.
 - ❑ Those who used less than 15% of their income were 21,790.
 - ❑ 15% to 19.9% was 10,927
 - ❑ 20% to 24.9% was 10,049
 - ❑ 25% to 29.9% was 7,620
 - ❑ 30.0% to 34.9% was 5,077
 - ❑ 35.0% or more was 14,839

Summary of Housing in the City of Sacramento (includes Oak Park):

Owner and renter occupied units are about 50/50 with an average household size of 2.57. The total number of housing units is 163,957, with 154,581 being occupied and 9,376 being vacant. The median price for a home is \$128,000.00. The total number of homes in the range of \$100,000.00 or less is 22,436. The median mortgage is \$1,133.00. 6,855 homeowners have a mortgage less than \$700.00. Regarding renter occupied properties, 5,197 are paying \$300.00 or less. Those paying \$300.00 - \$499.00 triples to 17,744. The Area Median Income established by HUD is 30 – 33% of household income, 5,077 of the homeowners fall into this category.

NEEDS ASSESSMENT

The Need for Housing:

According to the Sacramento Housing Redevelopment Agency (SHRA), there is a need to eliminate blight, and improve affordable options for low and moderate-income people.

Additionally, members of St. Paul Baptist Church in particular and many community members in Oak Park are renters, and yet desire to own their own homes. Within the St. Paul Baptist Church, the pastor Dr. Ephraim Williams advocates and promotes home ownership. In Oak Park, there are a high number of rental properties. Most of the owners of these rental properties do not live in the area or city. Most have not taken an interest in the community nor maintained their properties. The number of vacant and boarded properties is a nuisance, eye sore and lowers the value of existing properties. Additionally, these vacant houses become the “residence of choice” for the homeless and drug-addicted individuals, and contribute to crime in the area.

Need for Home Buyer Education and Assistance:

Many individuals and families would purchase a home if they knew how to purchase a home or understood the value of home ownership. Many individuals and families are simply uninformed. The following reasons are listed below:

- Lack education regarding the home buying process,
- Poor credit history,
- Low self esteem and lack of motivation,
- Limited or no savings,
- Discrimination,
- No Assistance.

Existing Programs and Resources that Address Housing Needs:

HUD, Nehemiah Community Development Bank, local, state and national Foundations, National Council of Black Churches all have programs designed to provide funding for Purchase/Rehab/Resale/Home Buyer Programs. More specifically, SHRA has programs designed for this very population. The Broadway & Stockton Urban Development Plan includes funding for projects such as this. Additionally, the SHRA Boarded and Vacant Homes Program are designed to promote the acquisition and rehabilitation of single-family boarded and vacant properties. St. Paul Baptist Church is committed to providing seed money to establish this program. The Home Loan Counseling Center of Sacramento, Sacramento Association of Realtors, and Sacramento Realist Association have existing relations with St. Paul Baptist

Church. The Farmers and Merchants Bank, which is the bank for the church has a history of supporting revitalization.

TARGET POPULATION

Identification of Target Population:

This program will target members of the congregation and community who have low to moderate incomes. Families who are willing to attend home maintenance and care classes as well as home buyer classes fit the target population. Additionally, the potential program participant will meet the following criteria:

- Want to own a home,
- Must have children under the age of 18,
- Income between \$15,000 –\$57,000 a year (a family of 4),
- Must have clean credit, in the process of repairing credit or willing to participate in credit repair program,
- Must be employed,
- Must be willing to give sweat equity to their own home and the homes of others,
- Must have a bank account or willing to open a bank account,
- Must have a saving established or willing to establish a savings.

Existing Capacity to Meet Target Population Needs:

Currently St. Paul Baptist Church does not have the organizational capacity or infrastructure. The church does not have the support or program staff to manage this program. The church would need a series of information meeting to explain the need for an additional non-profit and the need for the church to provide affordable housing and home buyer assistance. With this in mind the following Action Plan is submitted

ACTION PLAN

Program Description:

The program will be entitled, The St. Paul and Oak Park Housing Assistance Program. The purpose of the program will be to improve family living conditions by providing safe, decent and affordable housing for low to moderate-income families with children. The target area is Oak Park. The program seeks to act as a catalyst to restore the neighborhood within the target area. The St. Paul and Oak Park Housing Assistance Program will provide support and encouragement to families as they move toward the goal of home ownership, thereby creating self – sufficiency and independence.

The goal(s) of this program are:

- Provide safe and affordable housing,
- Provide home management training,
- Strengthen the local community

The program works by allowing applicants to use their labor as part of the down payment, a practice known as sweat equity. Once a family becomes qualified for a home they are required to give 250 to 750 hours of work on the house, such as cleaning, painting and repairs.

When the house is certified by the City of Sacramento, the family moves in and begins making lease payments that go into the future homeowners escrow account. Within 18 to 24 months the family is able to obtain their own mortgage and assume ownership of the house.

In order to ensure that the applicant will have the time and the strength to undergo the hundreds of hours of work on their own house, the applicant will be required to go through a screening process. The pre- screening program will include an eight-week course.

Resident Pre-screening training program (eight week course)

- Introduction to home ownership,
- Understanding a credit report,
- HVAC: how and when to use it,
- Plumbing: what to put in the toilet, what not to put in the toilet,
- Garbage Disposal: how the garbage disposal works,
- Trash: hat to do with the trash in between trash pick up days,
- Floor and Carpet Care: how to care for carpet and floors,

- Walls: how close to put furniture, how to hang items on the walls.

These courses will help the potential applicant to determine if home ownership is a path that they should consider. Many families begin the home ownership process without realizing what is involved to qualify. Furthermore, upon qualification many families fail to recognize what is required to maintain a home and be a good neighbor.

The Housing Assistance Program staff will locate deteriorated or vacant houses and purchase them or accept them as a donation. Applicants must meet the following basic requirements.

- Want to own a home,
- Must have children under the age of 18,
- Income between \$15,000 – \$57,000 a year (for a family of 4),
- Must have clean credit, in the process of repairing credit or willing to participate in credit repair program,
- Must be employed,
- Must be willing to give sweat equity to their own home and the homes of others,
- Must have a bank account or willing to open a bank account,
- Must have a saving established or willing to establish a savings.

If all these conditions exist, the process can begin.

Written Application: Applicants must complete a routine form with rental, employment and educational background information. The application will include a full credit check with the family being educated about their credit status and determine if the family can maintain financial stability for 5 years.

Home/Ownership Classes: The applicant must complete 3 series of courses, 3 hours each. *Course 1 – The Home Buying Process.* Shopping for a home, down payment requirements, terminology, contracts, inspections and how to qualify for a loan. *Course 2 – Credit and Money Management.* How to read a credit report, credit scoring, rebuilding credit, and correcting mistakes. *Course 3 – Home Maintenance/Good neighbor.* From renter to homeowner, safety tips, preventative maintenance, budgeting for repair and replacement cost.

Donation of Sweat Equity: Families must donate 10 hours of sweat equity to rehabilitate another person's house. Participating in the monthly St. Paul workday can fulfill this requirement. The 10 hours will allow the family to demonstrate a series commitment and gives the applicant an indicator of the work they will be doing on their own home.

Home Visit: A team from the selection committee will visit the applicant in his or her existing home environment. They will discuss the sweat equity home ownership choice and any potential barriers. The team will look for consistency between the written application and the present lifestyle including the family's ability to maintain their present home.

Selection Committee Meeting: The team will meet with the full selection committee and discuss the potential applicant. The committee will discuss the applicant's readiness to begin the extensive work involved in home ownership. The committee will prepare 1 of 2 recommendations. The family will be recommended to continue to prepare for this kind of purchase or recommend to the Board that they be placed on a waiting list for a house.

Final Selection: Once a family has been approved for home ownership they are placed on a waiting list for a house that will meet their family size and budget needs. Once a house has been located, the family reviews what work needs to be done on the house, including their share of the work. If the family decides on the house, the family signs a sweat equity agreement.

Fulfilling the Agreement: The family must invest a minimum of 120 hours of sweat equity and potentially up to 750 hours. The family will work with program staff, volunteers, contractors and other neighborhood volunteers. If the home selected by the family requires less than 120 hours, the family must assist other families until they reach a total of 120 hours.

Moving In: Once the work is completed, the family moves in. \$300.00 a month in a lease payment is made and the family maintains the property under the supervision of a property management company and the St. Paul Oak Park Housing Assistance Program. Part of the lease payment is placed in an escrow account for the down payment.

Ownership: An IDA is established. A portion of the monthly payment will be set-aside for this purpose. The family obtains a mortgage and ownership of the house within 18 – 24 months.

Support: Education and support is ongoing. Individuals can continue to attend the home repair and maintenance classes for a refresher if space allows.

Immediate Goals: (30 – 90 days)

- Refine the Action Plan,
- Prepare a report to submit to the Pastor, Dr. Ephraim Williams,
- Prepare a concept paper,
- Meet with a member of the church who is Assistant Executive Director of the Sacramento, Housing Redevelopment Agency to discuss the feasibility of this project,
- Meet with the Deacon's Ministry and Trustee's Ministry,
- Meet with the Department Heads of the church.

Short – Term Goals: (90 – 180 days)

- Conduct a workshop with on Economic Development and Faith – Based Initiative for the Deacons Ministry, Trustee’s Ministry and Department Heads,
- Conduct a workshop on Economic Development and Faith - Based Initiative for the entire church,
- Present a concept paper to church at a church business meeting to obtain approval for program,
- Establish Board,
- Establish St. Paul and Oak Park Economic Development 501 (c) (3) non profit corporation.

Long –Term Goals: 180 – 360 days

- Identify potential staff,
- Identify financial resources,
- Establish advisory committee,
- Establish program development committee,
- Establish St. Paul and Oak Park Home Buyers Assistance Program infrastructure,
- Establish St. Paul and Oak Park Home Buyers Assistance Program committee
- Set up bank accounts,
- Purchase tools and equipment,
- Locate properties.

Advantages of Program:

This program provides the church with an opportunity to have a greater impact on the community and neighborhood. The church will contribute to relieving the blight in the community. This program becomes advantageous to low to moderate-income families. The families are given an opportunity to make an informed decision regarding the home buying process. They receive education from experts in the field. They will clearly know what is required, if they are ready, and what to do to become ready. They are given an opportunity to met neighbors and become a stakeholder in their potential neighborhood.

The families are also given

Challenges the Program may face:

While the church may have a progressive and forward thinking and moving pastor this proposal will require time to implement. The congregation is in a low-income area. Many of the residents don't work. Much of the housing is boarded up and vacant. Drug activity and its culture is near the church. In contrast, the congregation is a primarily middle class congregation that commutes to the church, passing by the aforementioned activity enroute to church. Most have responsible and medium to high paying jobs. A vast majority own rental and investment property themselves. Thus, the activities required to implement this program such as counseling and training will require closer and frequent contact with the community and hence, require a paradigm shift for many of the church members. As opposed to servicing the community, the community will be interacting with the church on a regular basis. Within time, as the church grasps the concept and sees the benefits it will by into and support the program. Members of the church will have the first opportunity to participate in the program.

Contingency Plan:

If the St. Paul and Oak Park Housing and Assistance Program are not able to begin program elements within 180 – 360 day period, the Advisory Committee will be charged to develop a contingency plan in which it will consider the following factors:

- The church and community receptiveness to the program,
- Reconsider the home purchasing aspect and concentrate on homebuyer education,
- Reconsider the sweat equity element of the program,
- Consider eliminating the blight by demolishing the homes,
- Build new structures instead of rehabbing existing structures,
- Pursue other subsidies for affordable housing projects.

Evaluate Results:

In writing the program plan an evaluation component will be written in the project. Appropriate outcomes and deliverables will be identified at each milestone; immediate, short term and long term.

Immediate Goals:

- Submit action plan to 3 peers (attendee's of SLI institute for review and feedback),
- Evaluate response and receptiveness of Deacon Ministry and Trustee Ministry,

- Evaluate response and receptiveness of Department Heads.

Short Term Goals:

- Prepare evaluation form for Economic Development workshop,
- Upon establishing Board, obtain feedback from them to ascertain their feedback regarding what the community pulse is,
- Critically look at the financial resources that are available for the program,
- Develop evaluation components for each program component that are tied to specific outcomes, deliverables and dates.

Long Term Goals:

- Consistently review final reports to determine if program is cost efficient,
- Review files of applicants to determine the profile of the average participant,
- Determine the number of hours being spent on sweat equity,
- Determine if the concept of sweat equity is reasonable,
- Determine how many members vs. non-members are utilizing the program, by purchasing homes and choosing to live in the Oak Park community,
- Determine how many members and community residents are solely utilizing the education component.

OAK PARK REDEVELOPMENT AREA

