



VIRGINIA CAPACITY

OCCB Newsletter

Greetings!

Welcome to the first issue of *Virginia Capacity*, the Office of Community Capacity Building (OCCB)'s new quarterly newsletter publication. *Virginia Capacity* offers informative and insightful information from the fields of affordable housing development, community development, and organizational development and sustainability. This first issue's focus is on affordable housing. We hope that you find this newsletter useful, and will share it with your friends and colleagues.



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What's inside...

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Affordable housing - is going modular a good model?

Given the myriad of challenges associated with the development of affordable housing, is going modular a good option? How has the affordable housing industry in Virginia utilized modular housing? To find out, the Office of Community Capacity Building (OCCB) interviewed three nonprofit affordable housing organizations in the Commonwealth who use modular housing to get their perspectives and learn more about their experiences.

Bay Aging provides services in the Northern Neck and Middle Peninsula. Josh Gemerek, the senior vice president of Property Management and Development, notes that working with modulares has helped them to keep their costs contained. This helps the organization to be able to offer homes for sale to clients within the income limits imposed by the Virginia Department of

Housing and Community Development (DHCD).

Bay Aging works with Nationwide homes, located in Martinsville, and says that the quality of their product is "as good, if not better," than stick-built homes. Design flexibility is another advantage that Bay Aging has utilized. For example, they use a computer software program that allows them to easily alter floor plans.

Overall, their clients and community have been very supportive of the use of modulares. However, Gemerek says that there have been some challenges with clients, mainly overcoming their initial impressions about what modulares are.

For example, the average client may assume that modulares are the same as mobile homes. As a result, Bay Aging



Virginia Department of Housing and Community Development

www.dhcd.virginia.gov

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Funding prospect searches available

Looking for funding?

The Office of Community Capacity Building (OCCB) is pleased to offer nonprofit organizations in the Commonwealth its services to conduct searches for funding prospects. OCCB searches can include information about foundations, foundation grants recently awarded, or both. Detailed information on grantmakers, grants, and grant recipients can be provided.

Search requests are accepted at any time and results may take up to three weeks to receive. To request a search, please complete and return the Funding Prospect Search form, which is located on the OCCB page of the DHCD Web site at: <http://www.dhcd.virginia.gov>

spends some time educating end users about the benefits and quality of modular housing. They let clients know that the locality categorizes stick-built housing and modular housing in the same zoning category, but that manufactured housing has a separate zoning classification. Bay Aging has even started referring to the product as “system built housing,” in order to get away from the term “modular.”

In addition to overcoming clients’ misgivings, Gemerek also notes that there are some other challenges associated with modular housing. For instance, delivery logistics can be challenging at first; specifically, trying to time the delivery just right so that everything on-site is ready. Contractors are still used to build the foundation so scheduling can be an issue. Plus, inclement weather can be challenging and unpredictable.

Scenario, Inc., whose service area also includes the Northern Neck and Middle Peninsula, works with Nationwide Homes as well and is a certified builder with them. The certification enables them to purchase homes at wholesale prices. Executive Director Donna Thompson notes that modular housing is attractive to Scenario because of the short timeframe that it takes to receive a home that is ready to be assembled: the houses are ready to be shipped four weeks after placing an order.

In contrast, working with a contractor can take between four to six months. The time savings translates into savings on their construction loan, since there is less time that interest is accruing. Scenario also touts the quality of Nationwide’s product and further notes that they have excellent customer

service. Scenario completed five modular homes last year and plans to have between 12 to 15 more installed in 2007.

Unlike Bay Aging, which has had to educate their clients and community about the benefits of modular homes, Scenario says that their community doesn’t realize that their modular homes are not stick-built, unless they happen to see the home being laid on the foundation by a crane. Rather, Scenario’s challenge has been to make sure that all the predevelopment activities are completed by the time the modular is delivered.

Mountain Shelter, Inc. is located in Wytheville and didn’t originally intend to use modular housing in their Deerfield subdivision but circumstances led them to employ this option. Specifically, notes Executive Director Andy Kegley, they had a very hard time finding contractors who could develop the homes in a timely and cost-effective manner.



A modular home is set up in Mountain Shelter's Deerfield subdivision



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Contractors were bidding at a rate of \$80+ per square foot for the 1,400 square foot, three bedroom, two bath homes that Mountain Shelter envisioned in Deerfield. The organization needed to sell the homes to families making 60 percent or less of the area median income and quickly realized that this wasn't going to be possible if the development costs were too high.

As a result, they turned to a local modular housing developer and were given a price of \$68 - \$70 per square foot for the same 1,400 square foot home. The specifications for the homes were more technical and the organization had to learn to deal with a more "corporate" type of system than they were used to. However, once they got over the initial learning curve, it's been smooth sailing and four modular homes were placed in Deerfield last year. Kegley expects that the remaining 14 homes in the subdivision will be modular as well.

One of Kegley's challenges has been competing with the manufactured home market. He cites that 70 percent of new building permits in his community are for manufactured homes. He anticipates that the way to woo his market away from mobile homes is to be able to offer modulares in the same price range, with better mortgage financing than is available from conventional lending institutions.

For example, sources like the Virginia Department of Housing and Community Development (DHCD) and the Virginia Housing Development Authority (VHDA) enable Mountain Shelter to offer better deals to their clients. Also, Kegley notes that the use of modulares can provoke the ire of others who assert that they detract

from supporting the local economy because the home is constructed in a faraway factory as opposed to paying local contractors to construct the home.

Concluding words of wisdom

If your organization is considering the use of modulares, Bay Aging suggests that you should plan how you will sell the concept to the public and the consumer. Since modulares may have an "image issue," outreach and education may be required to change how people view the product.

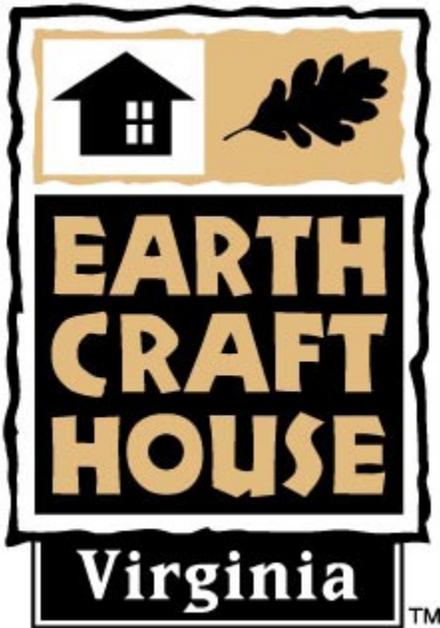
Also, be aware that you will still be dealing with subcontractors to do some of the prep work for the modular. Scenario recommends that organizations should "seriously consider modulares for the advancement of their organization." They advise going on a site visit to a manufacturing facility to see first hand how they are constructed and to see how the process works. Mountain Shelter's advice is to find a good modular housing dealer and to be aware that the relationship you establish will likely be different from that you may have had with your local contractor. Kegley notes that "it's important to find a company that you like with people you can trust and to establish a good working relationship."

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EarthCraft is making waves in Virginia

More and more affordable housing providers are learning that green building can be a financially feasible option, and that energy-efficient and environmentally responsible building techniques are not limited to high-end projects.

Green building is especially attractive to households with limited incomes, since it can alleviate budgetary concerns related to utilities. EarthCraft certification is one way to build green that is gaining in popularity.

EarthCraft certification is based on a point system that requires compliance in a number of categories. To get the certification, builders must achieve a minimum score of 200 by choosing from a menu of items, with points assigned to each. Roughly half the points are focused on energy efficiency, and menu items include things like energy efficient building techniques and equipment, indoor air quality, and water conservation. Buildings are visited throughout the construction process to ensure quality, and when completed are pressure tested to verify high performance.

The EarthCraft program originally began in Atlanta, Ga. as a partnership between the Southface Energy Institute and the Greater Atlanta Homebuilders Association. Recently, The Virginia Community Development Corporation partnered with Southface to create EarthCraft Virginia, which administers certification for multi-family projects.

K.C. McGurren, the operations director at EarthCraft Virginia, notes

that the organization is currently working with 13 multi-family affordable housing projects around the state and anticipates working with an additional 20 affordable housing projects in 2007.

The first multifamily project in the state to be certified under the EarthCraft Virginia program was Carter Woods II. The development is located in eastern Henrico County and is a 71-unit affordable housing apartment community for seniors age 62 and older with an average income of less than \$13,000 a year. Carter Woods II was constructed and is managed by the Better Housing Coalition, a housing advocacy nonprofit organization located in Richmond

Karl E. Bren, program director for EarthCraft Virginia and a board member of the Better Housing Coalition, notes that constructing to EarthCraft standards could add 3 percent to building costs, but not necessarily. The upgrade at Carter Woods II added 1.5 percent to construction costs.

Habitat for Humanity Virginia recently obtained funding to help defray the additional costs associated with constructing to EarthCraft standards. The organization was awarded an anonymous grant of more than \$100,000 to help 25 affiliates around the state to get EarthCraft certified.

Rich Gordon, the organization's VISTA volunteer who manages their "Better by Design" program, notes that all 52 Habitat affiliates in Virginia typically build a total of 100 homes a



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year, so this funding will allow roughly one-fourth of all new Habitat homes constructed in 2007 to be upgraded to EarthCraft standards.

Habitat Virginia mailed out grant applications to their affiliates in early January and already has awarded 10 grants for builds taking place in the spring. Affiliates are allotted \$3,000 per home for the additional cost to meet the EarthCraft criteria. Habitat Virginia also pays for the affiliate to receive EarthCraft certification training provided by the Virginia Sustainable Building Network, who oversees certification for single-family homes.

Habitat is not the only organization trying to encourage developers to build green. The Virginia Housing Development Authority's (VHDA) Low-Income Housing Tax Credit program allows applicants to receive 15 extra points for projects that will be EarthCraft certified. VHDA is one of the first housing finance agencies in the country to incorporate EarthCraft certification into its scoring criteria

With national recognition and respect as a technically sound, voluntary green building program, EarthCraft certification gives builders the opportunity to raise the bar in quality construction and build homes that reduce utility bills and protect the environment.

Sources:

"Building Green, Saving Green/Affordable Apartments for Seniors Meet High Environmental Standard", by Deborah Allen. *Richmond Times Dispatch*, December 17, 2006.

For More Information:

EarthCraft Virginia -
<http://www.ecvirginia.org>

Virginia Sustainable Building Network -
<http://www.vsbnet.org/>

EarthCraft House -
<http://www.earthcrafthouse.com>

Southface Energy Institute -
<http://www.southface.org>

Energy Star -
<http://www.energystar.gov/>

U.S. Green Building Council -
<http://www.usgbc.org/>

Get some green for building green

The **James River Green Building Council** (JRGC), a Chapter of the U.S. Green Building Council, will be awarding a \$10,000 grant to promote the inclusion of green features to schools and affordable housing projects in Central Virginia.

The grant may be awarded to one project or divided among multiple projects and is open to: 1) any high performance affordable housing project produced by a nonprofit organization; 2) any high performance public K-12 education project that is in a design phase or under construction at the time of application, or 3) any high performance nonprofit private K-12 education project that is in a design phase or under construction at the time of application.

Preference will be given to projects that are formally engaged in the LEED Green Building Rating System program. Applications must be postmarked no later than April 5, 2007. Awards will be made no later than April 30, 2007.

For more information, visit:
<http://www.jrgbc.org>

The **Oak Hill Fund**, located in Charlottesville, operates an Environmentally Sustainable Affordable Design (ESAD) program. The ESAD supports initiatives in nonprofits that focus on the incorporation of the principles of sustainability in the design and construction of affordable residential housing.

Bill Edgerton, the ESAD program officer, notes that to "level the playing field," the fund has a strict policy of only accepting solicitation through the Web site, which is a two step process. Step one is to register through the Web site and submit a "Letter of Inquiry" (LOI). Once received, if LOI is judged by the board to be a "fit" with one of the initiatives (described on the Web site), a full proposal may be invited.

To learn more about the ESAD program, visit:
<http://www.oakhillfund.org/>.

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Eight ways to get your board on board

Board members can be either your best asset, a warm body in a seat, or a frustrating nuisance that holds the organization back. The following are eight tips to build a strong Board of Directors who will move your organization forward:

1. **Build the membership that you need.** If you are engaging in affordable housing, make sure you have members with knowledge in this area. If public relations are important to you, get someone with those skills on your board. Keep in mind that the best board members will have both a passion for your mission and a passion for sharing their talents.
2. **Engage in strategic planning and thinking.** The role of the board is not merely to oversee what the executive director is doing, but rather to set the goals, standards, and ethics of the organization. How these things are managed and monitored is then a process negotiated between the board and its staff.
3. **Practice speaking as a group, rather than as individuals.** The board should have a shared vision and values. Dissent and conflict can be productive, but once the board has made decisions, they should not be undermined by “renegade” board members.
4. **Invest in training.** Whether it’s board orientation for new members or training that enhances existing members’ skills, make it a priority. At a minimum, people need to know the responsibilities associated with being a board member of your organization.
5. **Use groups (task forces or committees) to delegate the organization’s work.** One way to organize, focus and activate committees is for them to put into action a work plan with specific goals, objectives and deadlines for achievement. Often those goals are aligned with goals in an overall strategic plan.
6. **Create staggered terms** to provide an opportunity to regularly review each board member’s performance and renew only those who add value. The only thing more difficult than recruiting a new board member is getting rid of an old one who’s unproductive. Be sure to rotate in new members to add fresh perspective and energy.
7. **Ensure that every board member contributes money to your organization, no matter the amount.** This sends a strong signal to other potential funders.
8. **Conduct evaluations.** Take time to evaluate your board’s and executive director’s performance. Use this information to improve the organization for the future.

In conclusion, the best way to keep good board members is to give them something to do. Likewise, the best way to get rid of bad board members is to give them something to do!



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The charrette - a valuable tool for capacity building

During the Beaux Arts period of 19th century France, the disciplines of architecture and planning were passed along from *master* to *apprentice*. Large classes in Paris frequently had strict deadlines for which to submit their work. As deadlines for submittal drew closer, students would work fervently to complete their designs. To maximize design time, all work was collected in the final minutes using a “charrette” or “little cart,” and then immediately rushed to the masters for approval.

Over time, the charrette has taken on a much broader meaning. Today it is a widely used term that represents an energetic and organized design process. Charrettes can vary from one to several days. They usually involve planners, architects, developers, citizens, advocacy groups, and civic leaders.

During the charrette all disparate parties discuss issues, formulate goals,

and determine actions. By the end of a charrette a dynamic plan or design is presented to the public in hopes of inspiring actions toward development. Charrette designs often are the precursor to formal construction and site plans, but have also been used in developing regional and comprehensive plans, development codes, and master plans.

The social inclusiveness of the charrette process ensures the value and long-term success of the project, while simultaneously improving the project sponsors’ image and reputation with the community. Whether designing a small neighborhood or an entire downtown, the charrette process can inspire all stakeholders and increase projects’ feasibility and importance in the community.

For more information visit the National Charrette Institute at:

<http://www.charretteinstitute.org/>

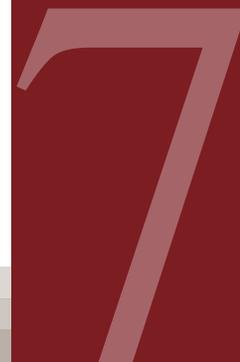
OCCB Spotlight - community gives input on housing designs

In the fall of 2006, the Office of Community Capacity Building (OCCB) assisted the Telamon Gretna Field Office to obtain community input about their first affordable housing development initiative in Pittsylvania County. Components of the charrette process were used to energize the community and get input on the design of the homes.

In attendance were a realtor, an architect, community residents, and potential homebuyers. The Gretna field office is one of the newest organizations to get certified by the Virginia Department of Housing and Community Development (DHCD) as a Community Housing Development Organization (CHDO). Telamon also participates in OCCB’s “Affordable Housing Development Real Estate” program.



Participants at Telamon's community input session



OCCB receives grant to provide capacity building services

The Office of Community Capacity Building (OCCB) has received a grant from the U.S. Department of Agriculture's Rural Community Development Initiative (RCDI).

This funding will allow OCCB to provide a comprehensive program of trainings, technical assistance, and financial assistance to eight recipients located in Southwest and Southside Virginia throughout a three year period beginning in the spring of 2007.

OCCB's program will increase the recipients' capacity to successfully undertake affordable housing and community economic development projects that will positively impact two of the most economically challenged regions in Virginia.

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37 states have established housing trust funds – will Virginia be next?

Will the General Assembly approve a measure to establish a housing trust fund in Virginia? The Virginia Housing Coalition (VHC) is working hard to ensure that they will. The VHC is a 501(C)(4) organization whose mission is to improve access to safe and affordable housing by promoting housing assistance from federal, state and local sources for low and moderate income Virginians.

Proposed bills in the House and Senate include several strategies for providing a dedicated revenue stream to a Housing Trust Fund. One of these would provide for 2 cents of the 25 cent per \$100 that the state collects through the real estate recordation tax to be transferred to the fund.

By allocating an existing stream of state revenue, no tax increases would be necessary. Legislation to create the trust

fund has been introduced in the 2006 and the 2007 sessions of the General Assembly with some progress in each year.

Many legislators now understand the need for a Housing Trust Fund and how it would help Virginians who are facing challenges in finding suitable housing. The VHC will be launching an education and outreach campaign in the coming year and is hoping that 2008 will be the year that Virginia adds its name to the long list of states that have adopted trust funds.

For more information visit:
<http://www.vahousingcoalition.org>





OCCB Spotlight - lending a helping hand after the hurricane

While residents of the Gulf Coast are still reeling from the aftermath of Hurricane Katrina, two clients of the Office of Community Capacity Building (OCCB) are helping communities rebuild their lives.

The St. Mary's Health Wagon, which operates in Southwest Virginia, traveled to New Orleans last year to provide health, dental, and vision care. The health wagon volunteered for seven days in a New Orleans clinic that was set up in the Audubon Zoo, the only location large enough to hold the nearly 500 medical volunteers from all over the county and the thousands of people seeking care.

The Staunton-Augusta-Waynesboro (SAW) Habitat for Humanity worked last year on a "House-in-a-Box" project to build the walls for a Habitat family in Jackson, Miss. The project is part of the Habitat International's Operation Home Delivery. SAW Habitat plans to send volunteers to the area when the home is ready to be put together for the family.

About OCCB

The Office of Community Capacity Building (OCCB) serves as a catalyst for improving Virginia's community development partners' effectiveness to achieve their mission. This is accomplished by providing capacity building services in five key areas:

- Organizational Development and Growth;
- Organizational Management;
- Resource Development;
- Program Development; and
- Community Relations and Accountability

OCCB offers a variety of programs and services, primarily to nonprofit organizations and local governments located in non-entitlement communities throughout Virginia.

For more information, please contact us at (804) 371-7075 or by e-mail at: occb_office@dhcd.virginia.gov. You can also visit us on the Web at: <http://www.dhcd.virginia.gov>.





Mark Your Calendar

HUD Community Planning and Development Trainings:
<http://www.cpdhometrainings.com/>

VCU Especially for Nonprofits Program:
<http://www.vcu.edu/ocp/programs/nonprofitorgs/>

Apr. 14-18: American Planning Association annual conference
Philadelphia, Pa.
www.planning.org/2007conference

July 18 – 20: “Pathways to Nonprofit Success”. Alliance for Nonprofit
Management. Atlanta, Ga.
<http://www.allianceonline.org/>

August 13 – 17: Neighborworks Training Institute. Washington, D.C.
<http://www.nw.org>

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