



March 25, 2015

Five County Association of Governments
Finance Committee

RE: Self Help 523 Technical Assistance Grant

It seems there has been some misunderstanding and misinformation concerning the Self Help 523 Technical Assistance Grant (523 Grant) that Five County Association of Governments (FCAOG) is administering.

As I understand it, some of the information the Steering Committee was operating under and what the Grant actually requires is not the same. For clarification here are some facts concerning the program.

The Self Help owner/builder program requires participants to complete 65% of home building and 35% is done by subcontractors. Groups of 4 to 10 families participate in building all of the homes in the group and no one can move in until all homes are complete. The participants must be below 80% of the County's median income to qualify for a Rural Development 502 construction to permanent loan. Families that qualify for a Rural Development 502 mortgage loan have an affordable mortgage and can earn equity in their property with their hard work. This is a growing program in the state and there have been over 1,000 homes built in Utah over the last 10 years, many in the FCAOG area. Over 50,000 Self Help homes have been built across the nation.

The 523 Grant is awarded to a non-profit Agency, such as FCAOG, to administer the Self Help program. For the owner/builders to be able to complete the building, the 523 Grant enables the Agency to complete the following tasks:

- Market the program and recruit participants
- Put together groups for building
- Preliminary processing of applications to determine eligibility for the program
- Locating lots for building in local communities
- Obtaining contracts with sub-contractors
- Technical assistance or teaching participants what to do to complete 65% of building
- Track and report progress of completion of the Grant to Committee, RD and RCAC
- Draw and track participant's construction funds and pay material and other costs related to building
- Attend meetings and training to support and improve program

These tasks require several staff members, full or part time, whose salaries and program expenses are paid by the 523 Grant, including but not limited to: construction supervisor(s), program manager, executive director, accountant, loan processor(s).

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AGENDA ITEM # IV. (Continued)

The Five County Staff, especially Doni Pack and Jerry Allred, have done an excellent job getting the program under way and meeting the requirements of the 523 Grant. The five (5) homes started by Color County were finished timely. Through some trial a new group of 4 homes are under way in Toquerville and they anticipate another group of 4 in Toquerville. This would complete the current 523 Grant of 13 units.

At this point your staff for this program is 1 FTE, 1 PT employee and 1 contract employee. If a new subsequent 523 Grant application was made to continue the Self Help Program, Rural Development would require changes and additions to the grant budget, including staffing and eligible expenses.

If the Steering Committee does not support continuing the Self Help program, after completion of the 4 homes now under construction the 523 Grant can be terminated.

The next 523 Grant application would need to be submitted when the last 4 homes have started construction, around July 2015. The maximum Grant Five County can apply for is \$549,560 this would be 18-20 EU's or homes. The end of the current 2-year grant period is 12/1/15. We realize that the Self Help Program can only continue with Five County if the Steering Committee is in full and complete support and is willing to meet the 523 Grant conditions.

Rural Development and Rural Community Assistance Corp would like to see FCAOG continue with the Self Help Program and would continue to work with the Committee and the Agency to ensure success. Your staff has done great things with this program in a very short time.

Rural Development and Rural Community Assistance Corp staff would like to meet with the Committee to present information and answer any questions you may have. Please feel free to contact any of the staff listed below.

Thank you for your consideration,



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