



The board members and staff of Salisbury CDC work through routine and atypical obstacles to provide quality affordable housing for Salisbury residents. Pictured are (l to r) Karen Alexander, Nora Faucette, Lou Adkins. Standing: Angela Hedrick, Steven Fisher, Chanaka Yatawara, Burton Brinson and the Rev. Nilous Avery

North Carolina CDC Saves and Builds Homes Simultaneously

by Jennie Blizzard

Over the past two years, the gods watching over North Carolina's economy haven't been so kind. The state has long been considered a manufacturing mecca, producing some of the nation's largest volumes of textiles and apparel. In 2003, when the doors of Pillowtex, one of the nation's largest manufacturers of home textiles and the employer to more than 7,650 North Carolina workers closed, local economies such as Salisbury's were devastated. "I kept reading about foreclosures in the area and I couldn't stand it," said Lou Adkins, community development coordinator for the Salisbury Community Development Corporation (Salisbury CDC). "I told our executive director

that if we didn't do something all the hard work we had done to get people into homes would be in vain."

One Remedy for Tough Pain

According to the North Carolina Justice Center, a non-profit that works on the behalf of low- to moderate-income people, 217,000 manufacturing jobs have left North Carolina over the past six years, primarily

because of increased competition from cheaper foreign imports.

Moreover, foreclosure filings tripled from 15,282 to 44,211 over five years and North Carolina state officials wanted to lessen the downward economic spiral by helping residents

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save their most valuable assets: their homes. In July 2004, the North Carolina General Assembly appropriated \$1.68 million to create the North Carolina Home Protection Pilot Program and Loan Fund (the pilot program) to help dislocated workers avoid foreclosure. The state



Lou Adkins



Chanaka Yatawara

CDC met and discussed how Salisbury CDC could play a role in the efforts made by United Way to assist families laid off by the Pillowtex closing. The CDC quickly agreed to provide mortgage counseling to any family that was struggling to make their mortgage payment.

selected eight counties for the program based on the area's rate of foreclosures, unemployment rate, the existence of local agencies to provide the services and geographic diversity. Salisbury CDC was chosen to participate in the program, which is designed and operated by the North

Soon after this conversation, a local church contacted United Way and offered monetary donations to assist with stopping foreclosures. The United Way gladly referred the pastor of this church to Lou Adkins at the Salisbury CDC. Out of reluctance to select the recipients,

Carolina Housing Finance Agency (NCHFA). "One of the reasons we chose Salisbury CDC was because of the phenomenal work they were already doing to help families prevent foreclosures prior to us establishing the loan fund," said Keir Morton, a program development officer for the Strategic Investment Group at NCHFA. (For more program specifics see "How the Home Protection Pilot Program and Loan Fund Works" on page 23.)



the church approached Adkins and she enthusiastically agreed to work with families. "I would meet with each family and set up a bare bones budget," she said. "Unfortunately, many people were living from paycheck to paycheck. But I had to be frank with them and tell them: if you want to keep your home, you have to pay for only the basics." Many of the displaced workers not only had to contend with losing incomes, but with acquiring new work skills. Most of the former employees had worked at Pillowtex since high school and the skills they had



Mike Pressley (with his son Nathan) avoided foreclosure of his Goldhill, North Carolina home through aggressive budget counseling provided by Salisbury CDC and a loan from the state's housing and finance agency.

Salisbury CDC's foreclosure prevention crusade began in 2003, when the executive directors of both the United Way of Rowan County and Salisbury



Pillowtex's Swink Plant was once an important piece to the textile company's manufacturing puzzle. With about 572,000 square feet of manufacturing and warehouse space, the building sits on a 36-acre tract.

acquired were specific to the textile industry and not easily transferable. In addition to the intense budget counseling, Adkins made calls to mortgage companies to negotiate payments and to reduce or eliminate late fees. Meanwhile, more funds emerged to support Salisbury CDC's foreclosure prevention efforts. The local United Way donated \$20,000; another foundation donated \$13,000; and when the pilot program began, Rowan County received another \$210,000. Recently, a foundation donated \$115,000 to continue the foreclosure prevention program as it saw how effective and needed this program was in Rowan County. Thus far, the program has helped over 105 Rowan County residents, like Mike Pressley, keep their homes.

Pressley, who worked as a loom technician at Pillowtex for 22 years, describes having to choose between making mortgage payments and buying his wife's diabetes medication. "When you start losing \$1,200 a month income, instead of pinching pennies, you learn how to cut them in half." Meanwhile, Pressley started studying information networking systems at a local community college and at the end of October started working at Dell computers in a neighboring county. Although losing a job and significant income was not an ideal situation, Pressley appreciates that he's learned how to not only set a budget, but how to maintain one. "If it weren't for this program, we would have lost our house for sure."

Local residents have volunteered to join Salisbury CDC's efforts to help families through their life-altering circumstances.

Local residents have volunteered to join Salisbury CDC's efforts to help families through their life-altering circumstances. Jack and

Jackie Burke, retired finance professionals, help families through the counseling process. The Burkes discuss with individuals income constraints and ways to eliminate unnecessary costs. "We help them develop a budget and monitor what they spend and tell them that they may have to settle for ground chuck instead of filet mignon until they get jobs again and increase their incomes," said Jack. Jackie added that once Pillowtex closed, many unscrupulous mortgage brokers took advantage of the displaced workers. "We found that many of the people have borrowed money not knowing how much interest they're paying," she said. "Most of them could have gotten loans from banks at much lower interest rates."

A Diversified Group

Although Salisbury CDC has been intensely involved in foreclosure prevention, the organization has not sacrificed the quality of their other community development activities such as housing development, housing rehabilitation, homebuyer education and down payment assistance. As a catalyst to improve the quality of life in selected neighborhoods within the greater Salisbury area, the organization develops attractive, quality, affordable housing; encourages partnerships among other organizations with common goals and



Karen K. Alexander

interest; and empowers individuals and families to become self-sufficient. Salisbury CDC's Jersey City revitalization project involved working in a predominately black neighborhood that consisted of approximately 60 homes. The CDC purchased several dilapidated and boarded up homes and demolished most as they were not economically feasible for rehabilitation. "The CDC demolished and rehabbed some of the structures and added 14 homes to the neighborhood," said Chanaka Yatawara, executive director of Salisbury CDC. In 2004, the organization received NCHFA's Housing North Carolina Award for the Jersey City neighborhood. The award recognizes affordable housing developments that serve as models for other communities. Salisbury CDC also recognized the need to bridge the digital divide and added computers and Internet access to the homes. "Several members of our board who represented local banks said if they provided the financing for the mortgages they would add the computers and Internet access at no additional charge," said Yatawara. The Robertson Foundation, a local philanthropic organization that donated the initial seed money to start the CDC, has paid for computers in each home that Salisbury CDC has built since the Jersey City development.



Salisbury Mayor Susan Wear Klutz



Salisbury City Manager David Treme

CDC's first employee, Yatawara recalls when the city decided in 1998 to create a nonprofit that would address the area's community development needs. "When I first came to Salisbury, the city had a plan to revitalize the Park Avenue neighborhood," said Yatawara, who previously worked in community development in Virginia Beach. "The city manager agreed that I needed to look at the plan and initially address the lack of homeownership in Park Avenue. The city provided the initial funding to the



Jeffrey Brown and his wife Nickysha heard about Salisbury CDC's homeownership program and moved into their new home on March 14, 2005, with their children Nathan (left) and Nicholas (right).

A Strong Sustainable Model

Building quality and affordable housing continues to be a struggle for nonprofits, but Salisbury CDC has experienced much success by strategically aligning its activities with the city's community development goals. The city has contracted out their community development services to the CDC including providing affordable housing for low- and moderate-income families. As Salisbury



Salisbury CDC continues to capitalize on its strong partnership with the local government...

CDC to purchase three vacant lots. The CDC built three homes designed by Karen Alexander [a local architect] and sold them to first-time homebuyers. This was the beginning of a great partnership."

"We decided it would be in the best interest of our city to partner with a CDC," said David W. Treme, city manager of Salisbury. "We thought we could provide our citizens with better services through a CDC than trying to do it on our own. They're doing community development better and cheaper than we could do it ourselves. This partnership has produced some outstanding results."

Although Salisbury CDC is independent from the city, the mayor and city manager serve on Salisbury CDC's board. "It really helps to have such a diverse board because our partnership eliminates steps," said Salisbury Mayor Susan Wear Kluttz. "When you have the city manager or mayor on your board, if there's a project you want to undertake, you find out whether it's feasible pretty quickly." Another advantage of such a diverse board is the wealth of expertise each individual brings. Board member Karen K. Alexander of KKA Architects has designed the majority of Salisbury CDC's new housing, pro bono. The CDC strongly values preserving the architectural integrity of a community and designs homes similar to existing structures. Alexander overcomes this challenging task by using a design that implements little waste of construction materials. "Most homes have 25 percent waste; we have none," she said. "It's also important that homeowners are able to keep up with operating costs of homeownership, so we use a



Wendy Zech purchased her home in the West End section of the town, through Salisbury CDC.

contractor that has been trained to use a high-energy efficiency model."

Future Plans

Salisbury CDC continues to capitalize on its strong partnership with the local government and through creative strategies to address sharp decreases in the manufacturing industry. The CDC, in partnership with the City of Salisbury, is currently working with the University of North Carolina at Chapel Hill on a feasibility study to determine if a small business incubator would be viable in Salisbury. Local officials in the affected areas are confident that job displacements have spurred interest in entrepreneurship. Salisbury CDC has proven that its mission not only encompasses addressing affordable housing but responding adequately to unforeseen circumstances than can undermine community development progress. **MW**

For more information about Salisbury CDC, visit www.salisburycdc.org or call 704-638-4474.



How the North Carolina Home Protection Pilot Program and Loan Fund Works

The staff of the North Carolina Housing Finance Agency implements a creative and aggressive program to help dislocated workers in the state save their homes from foreclosure. Pictured are (seated, l to r) Keir Morton, Bill Bunting and (standing, l to r) Bob Kucab, Bob Dunham and Bill Dowse.

When the machinery and assembly lines at factories and plants in North Carolina stopped, so did many mortgage payments. As a response to the foreclosure pandemonium in North Carolina, the state established the North Carolina Home Protection Pilot Program and Loan Fund (the loan fund) to assist North Carolina workers who lost jobs and were at risk of losing their homes as a result of changing economic conditions in North Carolina. Salisbury CDC, one of eight agencies selected as a Partner Housing Counseling Organization (PHCO), is under contract with the North Carolina Housing Finance Agency (NCHFA) to market the program locally and help prepare applications for the program.



The PHCO counsels homeowners with their financial matters and spending habits. If appropriate, the PHCO attempts a workout agreement with the mortgage loan servicer/mortgagee and can also provide information about other financial assistance or employment training opportunities in their community.

The pilot program involves a stay of foreclosure that lasts while the homeowner is under consideration for the program. North Carolina law specifies that no mortgagee (defined as the owner of a beneficial interest in a mortgage loan, the servicer for the owner of a beneficial interest in a mortgage loan or the trustee for a securitized trust that holds title) can:

Assistance is available in designated counties on a first-come, first-serve basis, and until funds are expended.

- Accelerate the maturity of any mortgage obligation.
- Commence or continue any legal action, including mortgage foreclosure, to recover the mortgage obligation.
- Take possession of any security of the mortgagor for the mortgage obligation.
- Procure or receive a deed in lieu of foreclosure.
- Enter judgment by confession pursuant to a note accompanying a mortgage.
- Proceed to enforce the mortgage obligation pursuant to applicable rules of civil procedure for a period of 120 days following the date of the mortgagor's properly filed application.

Eligible homeowners can be approved for assistance:

- In the form of a loan (not grant), amortized at 0 percent interest, and repaid over a 15-year period.
- The loans proceeds can be used to bring current mortgage principal (P), mortgage interest (I), property taxes (T) and property insurance (I), and dues for homeowners associations.
- While there is no minimum loan amount, the maximum loan amount is equal to the lesser of \$20,000 or 18 months of monthly mortgage payment (PITI).
- Funds can be used in conjunction with loss mitigation, foreclosure-prevention workouts and other insurer/investor measures to bring homeowners current.

Qualifying homeowners can receive zero-interest loans that are either short-term to bring a mortgage current, or long-term to keep a mortgage current for up to 18 months while the homeowner is between jobs. The principal is repaid after the term of assistance ends. Assistance is available

in designated counties on a first-come, first-serve basis, and until funds are expended.

To be eligible for a loan, a homeowner must meet all the following criteria. They must:

- have lost their job due to changing economic conditions;
- have a mortgage that is secured by real property;
- demonstrate an ability to resume their mortgage payment after the assistance ends;
- have had a stable employment and credit history prior to losing their job; and
- meet other eligibility requirements.

The program has recently been expanded to include 19 additional counties for the second year. The North Carolina Housing Finance Agency is a self-supporting state agency and has financed nearly \$9 billion of affordable housing, including low-cost mortgages for 65,000 first-time home buyers. For more information about the program, call Keir Morton at (919) 877-5634. **MW**

Source: The North Carolina Housing Finance Agency

