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JUST A START CORPORATION

P.O. Box 410310 • 432 Columbia Street #12 • Cambridge, MA 02141-0003
Telephone: 617-494-0444 • Fax: 617-494-8348



MEMORANDUM

TO: Those Interested in and Supportive of Programs
To Stabilize Housing and Neighborhoods and Improve
Housing Situations of Families and Individuals Not
Reached by Normal Market Programs and Services

FROM: Just A Start Corporation
Gordon Gottsche
Joseph Youngworth
Just A Start XXXIII-XXXIV

DATE: August 27, 2001

RE: Impacts, Cost Savings and Needs in Two of Just A Start's
Homeless Prevention and Housing Stabilization Programs

2001 SEP -14 A 11:33
OFFICE OF THE CITY CLERK
CAMBRIDGE, MASSACHUSETTS

Just A Start administers four programs that contribute to stability for families and individuals by retaining or otherwise securing rental and owner occupied housing that is affordable. By stabilizing occupied housing for low to moderate income families and individuals, we are contributing to neighborhood stability and very significantly to substantial cost savings for property owners, tenants and local, State and Federal government funded programs.

The following summarizes the impacts made by Just A Start from July 1, 2000 - June 30, 2001 in our Mediation For Results and Home Improvement/Stabilization Programs.

- 1) Mediation For Results XV. This program provides information, resource finding, stabilization and mediation services for apartment owners and tenants occupying affordable rental units. The program is funded primarily by the Commonwealth of Massachusetts through the work of the Cambridge delegation at the State House and with ongoing support from the City of Cambridge and private sources. The program operates out of Just A Start offices in Cambridge and out of TriCap office in Malden, the latter serving the Metro North Area and Boston.

In Program XV, 364 landlords and tenants were provided service. There were 49 cases involving landlord coaching and 177 involving tenant coaching. Mediation was provided in 138 cases.

In Homelessness Prevention, 205 tenants were enabled to retain affordable apartments, almost all in the same occupancy. Cost savings are substantial. Evictions would have cost landlords serviced by the program between \$369,000 - \$600,000 in legal fees. The cost of court proceedings prevented is very substantial. The tenants would have to bear the same level of eviction costs unless a legal services agency is available. Emergency hotels/motels range from \$90 to \$110 for 1-2 rooms per night. The benefit to neighborhoods in retaining current occupancy by tenant families and individuals is incalculable.

2. Home Improvement/Stabilization Program XXIV. This program provides financial workouts, below market loan funds, the leveraging of other below market resources, code rehabilitation workouts and restructuring of home financing, where needed, for owner occupied, 1-4 unit existing housing.

The overriding goal of this program for over twenty-five years has been to maintain existing ownership and tenancies, balancing property improvement and affordability needs, retaining affordability and current occupancies.

U.S. Department of Housing and Urban Development (HUD) policy changes in Year 2000 have resulted in the withdrawal of applications in work-up by a significant number of homeowners. The HUD requirements include total deleading of all housing units (averaging \$12,000 - \$17,000 per unit, with relocation and temporary housing costs for all property residents to be born by the homeowner).

Since July 1, 2000 through June 30, 2001, Just A Start has worked on completing and work-up of new cases totaling 50 housing units, with an additional 6 units through July 25, 2001. However, homeowners of 61 housing units have withdrawn their applications on rehabilitation/stabilization cases we prepared due to the excessive HUD requirements. There have been 10 more housing units withdrawn through July 25, 2001 (71 units, total).

The characteristics of the population served by this program include Caucasian, African American and Hispanic families of low to moderate income; 30-35% are households with children; 40-45% are elder families and individuals.

The alternative approaches being taken by the homeowners who cannot afford the extensive and costly HUD requirements include: 20% who let conditions and financing continue to deteriorate; 30% who pursue bank loans at 9-10% for a partial solution of current needs; 18% who resort to predatory lenders at rates of 12-18%; 32% who try to get a limited scope of rehabilitation done without technical, consumer-oriented assistance.

In the most recently completed program year, Just A Start has counseled 100 homeowners, managed \$611,000 in our below market loan fund, and leveraged \$168,000 in other funds.

Program Needs for Home Improvement/Stabilization

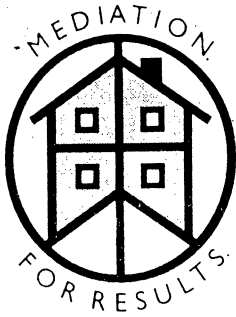
There is a need for a below market (3%) non-HUD loan fund of \$200,000 per year, ongoing. Management by Just A Start will be done without costs assigned to the fund. This will enable Just A Start to utilize non-HUD funds as primary loans, with additional leveraging for more than half of the owners and tenants needing affordable assistance, and the HUD revolving loan funds for those able to afford the extensive and costly HUD requirements without economic gentrification.

It is noted that Just A Start complies with all deleading requirements where there are children under 6 years of age living in the housing, or where there are otherwise loose and peeling surfaces or other potentially harmful conditions.

There has been no noticeable movement to modify and make reasonable the HUD policy. If nothing is done, a substantial part of the population in the City, particularly families with children, elder residents and younger families of child rearing ages, will continue to be in a position of impending economic gentrification. This significant part of the Cambridge population are working and retired people of low to moderate income, racially diverse and hoping for and needing the kinds of technical assistance and below market resources that this effective program provides. This program incorporates competent and cost effective workouts and problem solving of housing and economic conditions for owner occupancy and tenants enabling them to continue to live in the City.

Enclosures

1. Mediation For Results by Just A Start
Full Year Report, July 1, 2000 - June 30, 2001
Just A Start Program year XXXIII
2. Production Performance and Program Needs for the Home
Improvement/Stabilization Program by Just A Start
Just A Start Program Years XXXIII - XXXIV



Mediation. For Results.

Affordable Solutions to Housing Conflict

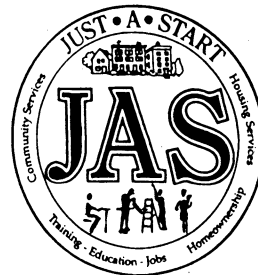
FY 2001 YEAR END REPORT JUST A START CORP MEDIATION FOR RESULTS

FY 2001: JULY 1ST, 2000 – JUNE 30TH, 2001

	<u>CAMB</u>	<u>SOM/METRO NORTH</u>	<u>BOSTON</u>	<u>TOTAL</u>
TOTAL CASES:	149	198	17	364
MEDIATIONS				
Tenant stayed:	42	55	12	109
Tenant moved:	7	16	2	25
Unknown:	2	2	0	4
LANDLORD COACHING				
Tenant stayed:	7	13	0	20
Tenant moved:	5	4	0	9
Unknown:	16	4	0	20
TENANT COACHING				
Tenant stayed:	31	61	2	94
Tenant moved:	25	15	0	40
Unknown:	14	28	1	43
INTERVENTION SUCCESSFUL:	1	1	0	2
HOMELESSNESS PREVENTIONS:	87	110	8	205
STABILIZATIONS:	68	110	5	183

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FY2001 Year End Report

Just A Start Corporation Rehabilitation/Financial Workouts/Stabilization Services

FY2001 Through July 25, 2001

Owner Occupants and Tenants Counseled:

130

Workload

Housing Units

Proceeding With The Services	54
Others Reviewing Scope/Costs/ Financial Implications	6
Others Deciding Not To Proceed	71

Average Cost Per Housing Unit

Rehabilitation	\$32,000 - \$38,000
Full Scope Lead Abatement	\$12,000 - \$15,000
Relocation And Temporary Housing Costs	\$ 2,000 - \$ 3,900

Choices By Owners Deciding Not To Proceed

Leave Conditions As Is:	20%
Use Predatory Leaders:	18%
Bank Loan (9-10% Rate):	30%
Do Limited Rehab:	32%

Occupied Housing Units Stabilized:

50

Program Needs: Revolving Loan Fund, 3%
Annual Allocation: \$200,000

3295

Communication #20

A communication was received from Gordon Gottsche, Just A Start Corporation, regarding impacts, cost savings and needs in two of Just A Start's Homeless Prevention and Housing Stabilization Program.

In City Council September 10, 2001

Referred to
Housing
Committee

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9-12-01
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