**Habitat for Humanity of Catawba Valley**

**Board of Directors’ Meeting**

**August 22, 2022**

**Devotion –** Tina Morgan

**Adoption of Agenda –** Rodney Garren

**Consent Agenda:**

Items are considered routine by the Board of Directors and will be enacted by one motion. There will be no separate discussion of these items unless requested by a member. The item will be removed from the Consent Agenda, then added to Action or Informational Items.

1. Minutes from July Board Meeting
2. Staff Reports

3) July Financial Reports

**Action Items:**

1. New Board Member and Officers – Mitzi
2. Homeowner Selection Policy Updates – Andrew

**Informational Items:**

1. Strategic Planning Stakeholder Overview – Meg/Jenna

**Upcoming Events:**

* September 8: 5:30 – 7pm; Home is the Key Table Captain Social; Boca
* September 17: 10am; Ridgeview Celebration/Kick-off of First Baptist House
* September 27, October 7, October 13: Tour with the Executive Director
* November 10: 8am; *Home is the Key* virtual event

**Next Board Meetings/Events:**

* August 29 & 30: Strategic Planning Retreat
* September 26 October 24, November 28 or December 5

**Habitat for Humanity of Catawba Valley**

**Board of Directors’ Meeting**

**July 25, 2022**

**Members Present:**  Jim Benton, Bill Burnham, Scott Echelberger, Rodney Garren, Lori Greveling, Frances Hilton, Pat Jones, Gerry Knox, Margaret Pope, Charlotte Williams

**Members Not Present:** Tara Bland**,** Doug Dickson**,** Ander Horne, Graham Hunsucker, William Pleasant

**Staff Present:** Mitzi Gellman, Andrew Isola, Jeff Mingus, Tina Morgan, Lynn Nelson, Derek Ross, Jenna Ross, Meg Spivey, Hannah Yost

**Guest:** Lisa Brown, CPA, Whisnant & Company, LLP

**Welcome**

There being a quorum, the July meeting of the Habitat for Humanity of Catawba Valley Board of Directors was called to order by Board President, Rodney Garren, at 12:00 noon. Due to COVID19, a hybrid of in-person and zoom Board meeting was held.

**Devotion**

Tina Morgan, Director of Homeowner Services, led the devotion sharing Psalm 100:3 and words from St. Teresa of Ávila followed by prayer.

**Adoption of Agenda**

Upon a motion by Charlotte Williams and a second by Pat Jones, the Board unanimously adopted the July Agenda.

**Consent Agenda**

The Board adopted the Consent Agenda of the May and June Board Meeting Minutes, Staff Reports, and May and June Financial Reports by a motion from Pat Jones and a second by Charlotte Williams without dissent.

**Action Items**

* Mitzi Gellman, Executive Director, and Lisa Brown, CPA, Whisnant & Company, LLP, presented the FY2022-23 HFHCV Budget. Mitzi stated $600,000 has been allocated for cash flow to begin building 10-15 houses, resulting in 10 closing by fiscal year end. She also noted the increased budgeted amounts for Donations and ReStore income. Mitzi opened the floor to the Board for questions and discussion. Once discussion and questions were complete, Rodney Garren, Board President, presented the Finance Committee’s Recommendation of the FY2022-23 HFHCV Budget. With all in favor, the FY2022-23 Budget was approved.
* Margaret Pope, Board and Selection Committee Member, presented the Selection Committee’s Recommendations as follows:
  + Action Item 1 – Denial of two applicants based on their failure to complete the application or to meet the ability to pay guidelines presented in the Homeowner Selection Policy. With all in favor, the Board approved the Recommendation for Denial.
  + Action Item 2 – Denial of two applicants based on ability to pay as outlined in the HFHCV Selection criteria. With all in favor, the Board approved the Recommendation for Denial based on ability to pay.
  + Action Item 3 – Approval of four applicants as they meet the selection criteria for ability to pay, need, and willingness to partner. The Board unanimously approved the Recommendation of Approval for four applicants into the Homeownership Program.

**Informational Items**

* HITK: Meg Spivey, Development Director, updated the Board on the upcoming Home is the Key Event (virtual event on November 10, 2022) stating we are in the process of developing a hybrid event, gathering Table Captains and Sponsors. Meg requested Board to confirm their role as a Table Captain by July 31.
* Habitat Brand, Mission & Vision: Jenna Ross, Assistant Director, stated we are preparing guideposts for the evolving expanse of the Habitat Brand, Mission and Vision. At the next Board Meeting, August 22, a blueprint for the future, SWOTA details, and Stakeholder feedback will be presented.
* Stakeholder Survey: Jenna Ross, Assistant Director, gave an update stating we are in the final stages of collecting surveys and focus group information.
* What’s Next – Orientation to Retreat: Meg Spivey, Development Director, stated we are continuing to compile raw data and grouping similar topics together. All data will be collected by the end of July.
* Homeowner Selection Policy: Tina Morgan, Director of Homeowner Services reviewed the upcoming changes to the Homeowner Selection Policy.

**Adjourn**

Rodney Garren, Board President, announced the next Board Meeting will be held on Monday, August 22, and the Strategic Planning Retreat will be held on Monday, August 29 and Tuesday, August 30, from 8:30am – 4:30pm. There being no further business, Rodney Garren adjourned the meeting at 1:18pm.

1. **July Financial Reports (Separate Attachment)**
2. **Staff Reports:**

**Executive Director Report**

**July 2022**

**Informational Items:**

* Bailey House Update: it’s official, as of Thursday 8/11 Habitat became the owner of the property at 102 3rd Ave NE. Atriax is leasing the building for $5,500/month. Construction on their new office has been delayed and not expected to complete until December. Financing: Peoples bank loan $536,000.00 10-year Balloon, Interest Rate: 5.40% Fixed Monthly payment: $3,657.00
* Sale of current administrative building on 4th ST SW should occur by the end of September. Selling price is $375,000. The Cranfords have agreed to lease the administrative space, in addition to the warehouse area, through January.
* Over several months I have had conversations with developers/builders and possible partnerships with HfH-CV. Recent conversations have been with Chris Younger, JNR builders <http://jrndevt.com/hickory-2/> (constructing 6 new “income qualified” homes in Ridgeview on 8th Ave CT SW) and Bill Allison with Allison Ramsey Architects. <https://allisonramseyarchitect.com>

Several Habitat affiliates are working with 3rd party builders to ramp up house construction. In addition to the Hickory homes that JRN is building they are also under contract with Habitat Charlotte Metro for a small subdivision and in discussion with Habitat Gastonia to construct townhomes.

I’m awaiting quotes from JRN for 3 bedroom, 2 bath homes for a cost analysis with Habitat constructed homes. More on this as I receive information.

* Habitat Mortgage Solutions (HMS) has created several different affiliate loan products designed to increase production. **High Impact Loans** are a recent product and are designed to provide qualified active affiliates with access to short-term unsecured financing to maintain and increase their housing production. Funds can be quickly deployed with minimal underwriting assuming certain affiliate-level requirements aremet. We meet the criteria established by the loan and have submitted a preliminary application for a $1mm loan. Collateral will be the 11 remaining homes in Ridgeview. Terms will be 10 yrs. with interest rates between 4-5%. I will keep the Board posted on our application status and bring the loan for Board approval if funding is approved.

**Habitat “New Construction” Report**

**Derek Ross June 2022**

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Community Outreach

Jenna Ross – July Board Report

# Capacity Building

* Strategic Planning *in collaboration with team members*:
  + training & planning meetings with consultants
  + launched Stakeholder Feedback Survey
  + formulated preliminary focus group meeting questions
  + facilitate Housing Partners focus group
* Digital Marketing Manager
  + Worked with HR consultant to post position on indeed
  + Created process for interviewing and evaluating candidates

# Messaging & Media

* Summer Educational Mailer
  + Created strategy and crafted content for summer mailer to education for mission in preparation of Strategic Planning

# Outreach

* NAACP Equity & Inclusion Task Force – Housing Committee Liaison
  + 7/25 – led Housing Committee Meetings
  + 7/28 – secretary for Steering Committee Meeting
* LiveWell Catawba
  + 7/27 – full day Strategic Planning Board Retreat
* exploratory partnership meeting with GHCCM and FUMC Hickory
* partnership meeting with First Baptist Hickory

# Development

* HITK
  + Event and strategy planning in preparation for this year’s first hybrid event
  + Table Captain recruitment
  + Video Production Lead:
    - Led orientation meetings to introduce partner families to video production team (Revival Creative) and explain goal of project
    - Coordinated themes, schedules, and participants for filming with Revival Creative

# Volunteers

* Volunteer Hours 6/1 – 6/30:
  + 53 volunteers // Group: 7/30/22 - Corning, 4 volunteers
  + 537.5 hours served

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**Development Report**

**Lynn Nelson July 2022**

**Grant Updates**

* Grants Submitted:
  + Walmart Community Grants
  + TSH Charitable Foundation
    - * Grants Awarded
        + The Underdown Family Foundation - $8,000 New Construction
        + Beaver Family Foundation - $16,900 Habitat Repairs!
        + E. Rhodes & Leona B. Carpenter Foundation - $40,000 New Construction
        + The Titmus Foundation, Inc. - $5,000 Habitat Repairs!
        + Apple Inc. - $10,000 New Construction
      * Grants In Process/Prep:
  + Corning Foundation
  + The Leon Levine Foundation
  + Publix Super Market Charities
  + Cleveland Cliffs
  + Catawba Valley Community Foundation
* Monthly planning meeting with Amy Clinton, grant writer

**Communication/Donors**

* HITK Pledge payment reminders
* Lapsed donor phone calls
* Thank you, calls/cards, on incoming donations as needed

**HITK Event**

* Continue confirming Table Captains and Sponsors
* Prep TC orientation materials
* Video in process
* Speakers confirmed

**General**

* One-on-One Development Meeting with Meg Spivey
* Monthly tracking of development planner and mail appeals
* Monthly Financial Reports

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**Homeowner Services: Selection and Homeowners-in-Progress**

**Report for Board of Directors July 2022**

The Homeownership Program is pleased to welcome our new homebuyers in progress. These are the new households the board accepted into the Homeownership Program during the July board meeting. These homebuyers are John Braswell, Kisha Brewer and her three grandchildren, Sharon Gadson and her son, and Zachary and Jodie Gillaspie and their three children. We are very excited to have these homebuyers join Habitat. We will be meeting with them over the next few weeks to give them an orientation to Habitat and get them started in the Homeownership Program. Welcome to all four of these households!

The orientation process for new Homebuyers is a very intensive time. If you have purchased a home, remember the learning curve you had during and after the purchase of your first home. Remember all of the things you learned during the mortgage application and underwriting process. Remember everything you learned during the process of closing on your house and moving into your new house. Remember the many things you learned after you moved into your first house. There is a lot to learn about the homebuying process! Our new Habitat homebuyers have just undergone a similar process to the mortgage application process. They are about to learn about the mortgage closing and homeownership process. In addition, they are also going to have to learn everything about the Homeownership program process. There will be a massive amount of information they will have to learn and absorb in the next few weeks. Please keep them in your thoughts as you go about your month.

The Homeownership Program is adding a new strategy to its marketing and recruiting plan. The program will continue to market to the widest possible audience. It will continue to inform community partners of upcoming application rounds. It will continue to advertise using radio, newspaper, and public signs. However, the program is now attempting to recruit directly from the employee pool at local companies. The Homeownership Program is beginning to schedule meetings with HR personnel at local companies to talk with them about the benefits of Habitat homeownership. The hope is that recruiting directly from a local employee pool will result in a more qualified applicant pool for the homeownership program.

**Homeowner Services: Habitat Repairs!**

**Report for Board of Directors July 2022**

Over the past month, Habitat Repairs! has completed two contracts and closed two projects. Currently, there are twenty-eight open projects, and the construction team is pushing forward to get a number of these projects closed.

Staff are excited to share that the NewOrg database system is up and running. The database has been customized to meet our needs. We are ready to try out the new system during our next application round to make tracking the projects and creating reports easier. We will now be able to receive applications online as well as in the traditional paper format.

Mitzi and Hannah attended a meeting with United Way, Newton-Conover High School, and Adult Protective Services to discuss the possibility of a collaboration. The high school is looking for ramp/porch projects within a 10-mile radius of the school that could be completed by their construction class. They are hoping to utilize APS and Habitat for referrals and also become a Habitat Partner to get assistance with the funding for the projects. This collaboration is in the planning phase, and we are excited to see where this may go.

**Homeowner Services: Homeowner Support**

**Report for Board of Directors July 2022**

**Delinquency Report**

**Reporting Period as of 8/1/2022 Total Mortgages: 88**

|  |  |  |  |
| --- | --- | --- | --- |
| Delinquent | # Mortgages Delinquent | Arrearage | % Delinquent |
| 1-2 months | 4 | $ 1,841 | 4.5% |
| 2-3 months | 1 | $ 1,135 | 1.1% |
| Over 3 months | 5 | $ 5,577 | 5.7% |
| Total this month | 10 | $ 9,553 | 11.3% |
| Total 7/1/22, 88 mtgs | 10 | $ 8,418 | 11.3% |
| Total same mo. prior yr: 8/1/21, 94 mtgs | 12 | $ 8,200 | 12.8% |
| Total 1/1/20, 98 mtgs pre-pandemic | 22 | $ 21,492 | 22.4% |
| Jun. 2013, last mo. prior to AMS, 119 mtgs | 12 |  | 10.1% |

**Homeowner Services News**

Delinquencies are very stable and less than half of what they were pre-pandemic. Our delinquencies have come down to about what they were before Habitat Catawba Valley began outsourcing our mortgage servicing with Affiliate Mortgage Services, which is far better than our average since then.

We have may soon have 11 homeowners who we know have applied to NCHAF for COVID related mortgage assistance funded by the American Rescue Plan. Of those 11, four have received funds, two have been accepted pending final review, three are waiting to hear if they will be accepted, and two are in the process of submitting applications. The two homeowners who have been accepted pending final review have our two most past due accounts, so delinquencies should be better yet in the near future.

The newly drafted Anti-Money Laundering Policy, AML Risk Assessment, and related policies have been reviewed by a local attorney, Young Smith, who has said that he sees no problems with them in that they were drafted by HFHI attorneys based on federal law. Because federal law overarcs state law, with state law subordinate to federal law, he believes that it’s unlikely that there would be a need for changes to these policies based on NC law. However, Young added that this isn’t a solid legal opinion because he doesn’t have expertise in this area. He has suggested some avenues for further review of the policies. His guess is that it could be expensive and probably not worth the cost. We are following up with other large NC affiliates to see how they handled this, and with First Bank to see if they might help us with it affordably.

We’ve had a series of break-ins and thefts in our Kenworth neighborhood. The residents have pulled together in keeping their eyes open and in working with the police who have been responsive and reassuring with their presence. An arrest has been made, so we’re hoping things will be quiet again.

Christina Tolley, a homeowner in our Green Park neighborhood, has decided to sell her house back to us on August 29th. She is in the process of trying to find and purchase her next home but finding it more difficult than expected and having second thoughts.

We’ve heard from a homeowner in Blue Sky Acres that he has been targeted by a realty company in Florida with an offer of $690 within 48 hours just to sign an agreement that they can be his realtor if he decides to sell. We are guessing he may not be the only one. We have learned that our right of first refusal makes him ineligible for their offer, and we have done some education with him about it.

Mee Thao, who had the house fire, has asked that we relay to all Habitat staff and board members how very grateful she is for the help that she and her family received from Habitat in building and buying that house. She said that it was very important to her and to her family to have been able to live there together for all those years.

Nena Freeman was recently sick with COVID and seems to be recovering well. Deidre Mayfield has serious recurring health issues that have her in and out of the hospital frequently. Sai Thao has also been recently hospitalized and is now recovering at home. Many thanks for your prayers for these folks and for all of our homeowners, home buyers, and their families.

Tara Bland has agreed to be the new Chairperson of the Homeowner Selection Committee. We are looking forward to the opportunity to work together in this new way. Welcome to the committee, Tara, and thanks very much for your willingness to serve!

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**Action Items:**

1. New Board Member and Officers

1. **Homeowner Selection Policy Updates – Andrew Isola**

**Action Item 1)**

New Board Members and Officers – Mitzi

Proposed New Board Member Bios.

**Jim Meade**

Jim Meade is a Kentucky native and was lucky enough to be stationed in North Carolina 32+ years ago. After the U.S. Army, Jim joined the Federal Bureau of Investigation as a special agent and after several assignments, the family moved to Hickory in 2006. Jim retired from the FBI in 2018 and currently serves as Director of Corporate Safety & Security at the Catawba Valley Medical Center. Jim and Lisa are active members of First Baptist Hickory and are passionate about serving the local community. Jim and his wife, Lisa, are the proud parents of two adult sons who both currently serve in the U.S. Army.

**Rob Howard**

### Rob Howard is a Granite Falls native and President of Howard Building Science

Through Howard Building Science Rob is providing Missing Middle Housing in the High Country and Foothills of Western North Carolina and specializes in Sustainable Development, Green Building, and Net-Zero Energy Home Construction.

### Rob also serves as a lecturer at Appalachian State University in Building Science and Building Services. He is a former staff member of this affiliate serving as Director of Construction. He and his wife Katie are parents to two teens, Anna Katherine and Thomas.

**Tiffany Gray-Napier**

Tiffany Gray-Napier is a native of Hickory and realtor with Hickory Real Estate Group. She recently has earned the “Graduate Realtor Institute (GRI) Designation” from the National Association of Realtors*®*. She joins other top producers in the residential real estate industry who hold the designation across the nation. Tiffany is a graduate of Lenoir Rhyne University. Her grandmother was a proud Habitat homeowner and Tiffany remembers spending many days in the home. She serves as a member of Housing Committee with the NCAACP Equity and Inclusion Taskforce. She and her husband, Tyler, are proud dog parents.

1. **Homeowner Selection Policy Updates – Andrew Isola**

***This information was presented during last month’s Board as in “Informational Item”. The Homeowner Selection Committee is requesting approval of the policy as presented. Copy of the policy is included as a separate tab in the Board informational packet.***

**As background (included in last month’s Board packet):**

**Introduction to Homeowner Selection/Mortgage Origination Policy -**

This policy is a modified template from HFHI for US Habitat affiliates. Habitat affiliates must operate within the existing guidelines set forth by federal and state mortgage lending regulations. Therefore, much of this template cannot be changed (see attached appendices). Highlighted sections are areas that can be changed to reflect the situations and needs of Habitat Catawba Valley. Most of the changes that we have made to the template are in keeping with HCV’s current selection policy and procedures.

As recommended by HFHI this policy was reviewed by a local attorney (Tom Hannah) who is familiar with our state’s laws. Tom Hannah has reviewed and replied, “I see no problems with the policies and procedures.”

This policy includes several changes from our current Homeowner Selection Policy that we hope will allow us to accept a greater percentage of applicants. These changes include:

· A new structure for conditional acceptances that could give more people an opportunity to repair credit issues or debt load while in the program.

· A variety of changes to “acceptable debt”, which may allow the acceptance of more applicants without significant increase in the risk of mortgage default and, by extension, risk to Habitat Catawba Valley’s bottom line.

· Changes to Habitat Catawba Valley’s previous residence requirements; and

· Changes to the minimum income guidelines. The policy sets these guidelines at the same percentage of AMI for all household sizes. (The current minimum income required was based on the board specified maximum amount of subsidy; the change respects that maximum amount but structures the income requirement differently in order to avoid the appearance of discrimination by household size.)

The Homeowner Selection Committee and Homeowner Services staff have considered this policy template carefully and at length to shape it to meet our affiliate’s needs. Our intent is to “broaden the funnel”- to make it as wide as possible while staying within federal and state mortgage lending laws and funding partners’ requirements. This move will increase the number of eligible applicants who we can provide the opportunity to buy a Habitat home.

Federal and state mortgage lending law and our funding partners require that Habitat Catawba Valley (as lender and/or partner) prove that each accepted applicant has a likelihood of paying off a proposed mortgage loan. Lending law makes this standard concrete with mandated income and debt load formulas and with requirements for verification of our accepted applicants’ income, credit history, and debt load.

This is one of the great pain points for Habitat affiliates: within the income range that we serve\*, only a small percentage of individuals can keep their credit history acceptable and their debt load low enough to meet the mandated proof of readiness to take on a mortgage loan. Another limiting factor in trying to reach more applicants is that Habitat Catawba Valley’s maximum acceptable income is determined by our funding partners’ requirements. Our minimum acceptable income is determined by the board approved highest subsidy amount which will allow the affiliate to remain sustainable.

The selection policy changes reflected in this draft will allow acceptance of a greater percentage of applicants. However, the underlying dilemma hasn’t changed: most individuals in our income range do not have the required credit history and minimal debt load that allows them to take on a mortgage loan. This systemic problem means that, even with these changes, we will very likely still have to deny many more applicants than we can accept.

This is the heartache that underlies each selection round. We all hurt over each denial. Habitat talks about decent shelter for all but serves only a small handful. We have tried to change the equation as far as possible to accept more applicants, but it is ever clearer that homeownership cannot provide the answer to decent shelter for all. If we really want to meet the housing needs of most of our applicants, we’ll need new programs that meet them where they are and help them move forward into progressively better housing opportunities.

\*Habitat Catawba Valley’s maximum acceptable income for most household sizes is below the Self Sufficiency Standard for Catawba County.

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**Informational Items:**

1. Strategic Planning Stakeholder Overview Meg/Jenna

* Habitat’s Priorities for future growth
* SOWTA Review
* Review of Stakeholder Feedback

**Upcoming Events:**

* Sept 8: 5:30 – 7pm; *Home is the Key* Table Captain Social; Boca
* Sept 17: 10am; Ridgeview Celebration/Kick-off of FirstBaptist House
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