

REHABILITATION:

A TOOL IN HABITAT FOR HUMANITY'S WORKBELT

by

MEREDITH WOLF TEMPLES

(Under the direction of Professor John Waters)

ABSTRACT

Habitat for Humanity International has established itself as the leading non-profit, residential builder. The organization's goal, to eliminate poverty housing, is achieved through both new construction and rehabilitation, although there is an inherent preference towards new construction. Rehabilitation is a proven affordable housing tool; its benefits warrant the realization of an expanded rehabilitation program by Habitat for Humanity International. Through the analysis of a survey of Habitat affiliates, this thesis identifies the level of rehabilitation activity employed by the organization. The primary barriers to rehabilitation, encountered by Habitat for Humanity affiliates, are identified. In conclusion, a set of recommendations to ameliorate these barriers is discussed.

INDEX WORDS: Affordable Housing, Habitat for Humanity International, Historic Preservation, Housing

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## **DEDICATION**

To my husband, Cris, and my daughter, Anna.

Thank you for the home we have created together.

## ACKNOWLEDGEMENTS

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## **PREFACE**

The extensive benefits of rehabilitation as an affordable housing tool warrant an expanded rehabilitation program within Habitat for Humanity International. Although recognized by Habitat for Humanity as an affordable housing tool, individual affiliates may not be incorporating rehabilitation into their project plans. It is expected that a set of barriers exist that make new construction appear as a more viable affordable housing solution.

This study explores the role that rehabilitation can perform within the scope and method of operation implemented by Habitat for Humanity International. In addition, the benefits of rehabilitation are discussed, and how those benefits may be realized by the organization upon expansion of its rehabilitation program. Further, this study examines the current level of rehabilitation activity within the nonprofit organization and determines the barriers that prevent further implementation of rehabilitation projects. A primary purpose of this study is to discover the measures that Habitat for Humanity International affiliates might implement to make rehabilitation a more feasible tool for the development of affordable housing.

Research for this study was conducted through both qualitative and quantitative approaches. The initial research phase involved a literature review that explored publications detailing the development and organization of Habitat for Humanity International, and the processes involved in new construction and rehabilitation. Based on the review of literature, a framework relating rehabilitation within the context of Habitat for Humanity International was developed. This framework, in combination with analysis of the reviewed literature, was used to deduce both the benefits of rehabilitation

and the leading barriers to Habitat’s implementation of rehabilitation as a building method. Subsequently, this information was applied to develop a questionnaire to survey the rehabilitation practices of Habitat for Humanity International affiliates. The resultant quantitative data was analyzed; the findings that emerged indicated the leading factors that contribute to an affiliate’s likelihood to engage in rehabilitation projects. This activity, combined with a further literature review, initiated the development of a set of recommendations for Habitat affiliates to more effectively incorporate rehabilitation into their affordable housing development plans.

Terminology, specific to Habitat for Humanity International, is used throughout this document. Also, historic preservation terms are frequently encountered within this text. A glossary where these terms are defined, as they are intended within this document, may be found in the supplemental appendices, listed as Appendix A-Glossary. The reader will be directed to the glossary by a footnote that follows each appropriately targeted term.



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## **CHAPTER I.**

### **INTRODUCTION**

The ideal of happiness has always taken material form in the house, whether cottage or castle. It stands for permanence and separation from the world.

- Simone de Beauvoir

Abraham Maslow, a founder of humanistic psychology, formulated the theory of man's Hierarchy of Needs. Under the theory, man is driven by certain needs and behavior results from trying to correct a deficiency in those needs. A diagram of this theory illustrates that the needs of human beings form a pyramid. The hierarchy of man's needs, according to Maslow, progress from physiological needs, security/safety needs, belongingness and love needs, esteem needs, and finally self-actualization. According to Maslow, we cannot attain more sophisticated needs until our more basic needs are met.

To begin one's march to the path of self-actualization one's most basic needs must be met, among these, food, water, and then shelter. Shelter is one of the most basic of human needs. A home not only meets this basic need, but facilitates the attainment of other needs. A home promotes an environment of stability and security, where we can escape from an often chaotic outside world. The home is an environment in which our family and our feelings of love are nurtured; it can further foster this sense of belonging through a family's connection to their surrounding community. Pride in home ownership can lend to our sense of self worth and accomplishment. However, there is no doubt that home ownership comes with stresses and headaches due to the associated financial and physical burdens. It is the price that must be paid to realize the benefits of

homeownership. Thus home ownership can play a significant role in the development of our physiological and psychological lives. Although home ownership can greatly shape our lives and happiness, it has become a dream that has slipped through the fingers of more and more individuals. The desire for a home is readily evident from the allocation of the largest portion of our income to securing and maintaining a home. “Over 14 million owner and renter households spent more than half their incomes on housing in 1999. Two million [...] lived in homes with serious structural deficiencies.”<sup>1</sup> A lack of inventory of affordable housing, a complicated home buying process, and other financial restrictions are creating greater obstacles to homeownership.

Recognizing the benefits of homeownership, and the difficulties for a large portion of the population in obtaining housing, the United States government has played a role in assisting citizens in finding affordable housing. Since the 1930’s, the federal government has involved itself in the provision of affordable housing. However, beginning with budget cut backs and conservative politics in the 1980’s, direct federal involvement has shifted to state and local governments, retracting many of the incentives and funding opportunities once available. Nonprofit organizations have emerged to fill the resulting deficiency.<sup>2</sup>

Habitat for Humanity, an internationally recognized faith-based nonprofit organization, has stepped into the forefront of the fight against poverty housing. In existence for more than twenty-five years, the organization has developed a building model that combines volunteer labor and private donations to create a highly successful

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<sup>1</sup> Joint Center for Housing Studies of Harvard University. The State of the Nation’s Housing: 2001 (Cambridge, MA: Harvard University, 2001) 3.

<sup>2</sup> Hecht, Bennett L. Developing Affordable Housing: A Practical Guide for Nonprofit Organizations (New York: John Wiley & Sons, Inc., 1999) 4.

affordable housing program. Much of this success stems from the ability to exact work at a community level by enabling them to recognize local needs and conditions. Since its conception, Habitat for Humanity has steadily grown, constructing more than 125,000 homes in the United States and worldwide. According to a survey of Habitat for Humanity affiliates and homeowners, sponsored by the Department of Housing and Urban Development, the organization, in terms of volume, is considered among the nation's top twenty builders, including major residential construction firms.

Just as Habitat for Humanity has become synonymous with affordable housing, it has also become synonymous with new construction. Although the Habitat for Humanity International website proclaims, "Through volunteer labor and donations of money and materials, Habitat builds and rehabilitates simple, decent houses with the help of the homeowner (partner) families," rehabilitation projects take place within a very limited scope. New construction is overwhelmingly the preferred choice among active Habitat affiliates.

The rehabilitation activity that does take place within Habitat for Humanity International mostly occurs in the northeastern United States, where undeveloped land is not readily available. Affiliates there must utilize existing structures in order to create affordable housing opportunities. In contrast, elsewhere, due to a relatively plentiful supply of reasonably priced acreage and greater availability of undeveloped land, new construction has been the prevailing choice among many Habitat affiliates, particularly those located in the Southeast.

The underlying goal is to increase affordable opportunities for homeownership. Habitat for Humanity International has developed a successful housing program, one that

is heavily reliant and focused on the specific practices of new construction projects. However, new construction may not always prove to be the most favorable practice. In consideration of the growing threat of urban sprawl, land sustainability, and environmental quality, it is imperative to fully understand the impact that the increasing application of new construction projects will impart on cities and communities touched by Habitat for Humanity.

In contrast to new construction, rehabilitation is a valuable smart growth tool that could prove to be beneficial to Habitat for Humanity International, the local communities in which it operates, and most importantly to Habitat partner families. Expanded use of rehabilitation would enhance the Habitat for Humanity agenda, as a whole. Therefore, the need is to recognize rehabilitation, not necessarily as a replacement to new construction within HFHI, but as yet another tool for providing affordable housing opportunities. It is estimated that “about 400,000 units of the housing in small properties [one- to four- unit] standing are abandoned or otherwise uninhabitable.”<sup>3</sup> Through the application of rehabilitation, these properties could supply a much needed source of affordable housing. Through an analysis of the benefits of rehabilitation within Habitat for Humanity, rehabilitation will prove to be an advantageous housing tool worthy of increased use by HFHI affiliates.

Available information suggests that there is a clear prevalence of new construction projects compared to rehabilitation projects demonstrating a clear preference for new construction. An appreciation of the current level of rehabilitation activities by HFHI and the factors contributing to the present ratio of Habitat’s new construction to

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<sup>3</sup> Belsky, Eric S. “Improving Neighborhoods: One Home at a Time.” Bright Ideas (Summer 2002) 5.

rehabilitation projects are fundamental to assessing the viability of an expanded rehabilitation program. A survey of Habitat for Humanity affiliates, who represent the organization's work at the local level where Habitat impacts the community, provides the best source of both statistical information as well as the considerations underlying the new construction or rehabilitation choice.

Before rehabilitation can play a greater role within HFHI, there is a need to identify those barriers that prevent further exploration and utilization of rehabilitation as a means to provide affordable housing. Through the exploration of Habitat for Humanity's organization and methodology, the barriers to rehabilitation can be deduced. Subsequently, based on these findings, a set of recommendations that addresses each of these obstacles can be developed. The intent is that these findings will illustrate the potential of rehabilitation within the goals and objectives of Habitat for Humanity International, and will assist in the development of an expanded rehabilitation program and in turn aid in the fight against poverty housing.

## **CHAPTER II.**

### **HABITAT FOR HUMANITY**

My precept to all who build is, that the owner should be an ornament to the house, and not the house to the owner.

- Cicero

Habitat for Humanity International has assumed an impressive role in the creation of homeownership opportunities for low-income families. The organization's work often elicits headlines and continuously draws increasing numbers of support and participation in its mission. HFHI today, although it still reflects the ideals of its creation more than twenty-seven years ago, has evolved to become a much more complex, extensive organization.

Understanding of the history and development of Habitat for Humanity International will serve to explain the organization's model of operation and resultant success. Examination of this method of operation will suggest whether the integration of rehabilitation within the scope of HFHI will aid in its purpose and ability to create affordable housing opportunities.

By first examining the purpose of HFHI, one can take into account the goals of the organization and its desired impact on poverty housing. Secondly, the development and history of the non-profit organization detail the factors that influenced the formation of this particular building program. Next, exploration of HFHI's various components identifies how each of its working parts join together to accomplish its goal. Finally, an outline of the specifications and the step-by-step process involved in the completion of a



home will illustrate the property and building requirements established by HFHI. This analysis will demonstrate the role rehabilitation may assume within the organization.

## **Purpose**

Habitat for Humanity International is a faith-based, non-profit organization, dedicated to the elimination of poverty housing and homelessness. This purpose is achieved through the creation of affordable housing dependent upon the provision of interest free loans, donated materials and supplies, volunteer labor, and new homeowner participation. The organization does not simply give charity; rather it offers recipients an investment opportunity in the form of real property. The mission of Habitat for Humanity takes place not only in the United States, but is also conducted in countries around the world.

## **History/Development**

The housing ministry that has become Habitat for Humanity was born from the mind of Clarence Jordan, a Southern Baptist Preacher and farmer. Jordan was one of the founders of a Christian community called Koinonia Farm. Located in Americus, Georgia, it was created as an interracial experiment in the 1940's.<sup>4</sup> Beginning in 1968, Millard Fuller and his family found themselves living within this community. Together in this same year, Jordan and Fuller created the model for a "Partnership Housing"<sup>5</sup> program that would operate from the creation of a "Fund for Humanity."<sup>6</sup> This program sought to purchase land and construct new homes in order to establish underprivileged

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<sup>4</sup> Gaillard, Frye. If I Were A Carpenter: Twenty Years of Habitat for Humanity (Winston-Salem: John F. Blair, 1996) 9.

<sup>5</sup> Fuller, Millard with Diane Scott. No More Shacks! The Daring Vision of Habitat for Humanity (Waco: World Books, 1986) 25.

<sup>6</sup> Fuller, 25.

families on self-sufficient farms. Each partner family would be able to purchase a home with an interest free loan achieved through donations and profits realized from the partnership enterprises.

By late 1972, twenty-seven homes had been completed, and another thirty-two houses were being planned by the partnership housing program.<sup>7</sup> Supported by this initial success, and aided by his wife Linda, Millard Fuller sought to apply the partnership housing program in a developing country. In 1973, the family left for Mbandaka, Zaire, an area characterized by derelict housing and miserable living conditions. After three years, despite many obstacles, the Fullers left a community, in which eighty families had begun to make payments for their new homes, providing support for the continuation of the Mbandaka Fund for Humanity.<sup>8</sup>

Millard and Linda Fuller returned to the United States and to Koinonia Farm, in 1976. In September of that same year, Habitat for Humanity International was created. Built upon the principles of the Partnership Housing program, the organization would apply the model program of interest free loans, volunteer labor, and donated funds that had achieved success in Georgia and Zaire. Habitat for Humanity International would seek to provide affordable housing for families in need, worldwide.

For the next eight years, Habitat for Humanity International slowly expanded its reach across the United States and to other countries. In the early 1980's former President Jimmy Carter joined the Habitat crusade bringing national attention to the program and resulted in exceptional growth across the country. The first Jimmy Carter work project took place in 1984 and involved the rehabilitation of a six-story building

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<sup>7</sup> Fuller 31.

<sup>8</sup> Fuller 32.

located in New York City, which was to become home to nineteen families. Since, Jimmy and Rosalyn Carter have annually led a week long HFHI building project that has not only resulted in the creation of affordable housing but has lent to an increasing awareness regarding the plight of poverty housing.

Today, Habitat for Humanity International has built more than 150,000 houses worldwide, including 50,000 houses in the United States. These efforts have resulted in housing for more than 750,000 people and have made an impact in over 3,000 communities. The work of HFHI is carried out by more than 2,100 active affiliates, and due to interest and the momentum behind its work, these numbers continue to grow.<sup>9</sup>

### **How it Works**

Employment of the Habitat for Humanity mission is realized on a community level through locally based affiliates. Habitats for Humanity affiliates are “independent nonprofit organizations that operate within a specific service area and within the framework of the Habitat Affiliate Covenant.”<sup>10</sup> Support services, training, and other resources are made available to the affiliate by Habitat for Humanity International, in return for the assumption of all responsibilities required of Habitat home building in its local area. A volunteer board of directors oversees each affiliate and its work is carried out by a committee system. The formation of this system typically includes a Family Selection Committee, Family Support Committee, Site Selection Committee, Building

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<sup>9</sup> “Habitat for Humanity Fact Sheet.” Habitat for Humanity International. 11 July 2002  
<<http://www.habitat.org/how/affiliates.html>>

<sup>10</sup> *Habitat for Humanity Affiliates*. Habitat for Humanity International. 11 July 2002  
<<http://www.habitat.org/how/affiliates.html>>

Committee, Public Relations Committee, and Church Relations and Development Committee.<sup>11</sup>

Habitat homes are not given away. They are sold at cost to the partner family. Homes are completed thanks to donated materials and volunteer labor, resulting in a more affordable property. A HFHI home constructed in the United States will incur an average cost of 46,600 dollars. Purchase of the home by the family is made through a no-interest loan made available by the Habitat affiliate.<sup>12</sup>

### **A Habitat Home is Built**

Each Habitat home begins with a partner family identified by their need, their willingness to participate in the program, and their ability repay the interest free loan. The family is then assigned to a Habitat house sponsor or co-sponsor. Sponsors may include businesses, churches, individuals, or other volunteer organizations. Sponsorship not only involves the donation of materials and funds, but is also typically the primary provider and coordinator of volunteer labor.

The partner family is then able to choose a house plan based upon their specific needs and the availability of a building site. The Site Selection Committee carries out the identification of potential building sites or properties. This committee will evaluate an area of the community in which a project is needed and identify properties available for acquisition, construction, and renovation. Properties available at a reasonable cost are then recommended to the Board of Directors for final approval.

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<sup>11</sup> “CCHFH Committees.” Cleveland County Habitat for Humanity. 2 Aug. 2002  
<<http://www.mccoymtree.com/habitat/committee/>>

<sup>12</sup> “Habitat Fact Sheet”

The physical construction or rehabilitation of a Habitat home occurs under the supervision of the Building Committee. Responsibilities of this committee include the development and implementation of the construction plan. Specifically, committee members oversee house plan selection, material procurement and storage, coordination of volunteer labor, and supervision of the construction project.

Each Habitat affiliate normally employs a construction manager and site supervisor to aid with the coordination of each project. Construction is carried out primarily through volunteer labor but also utilizes the skills of paid construction professionals and craftsmen for more specialized aspects of the project. In addition, the partner family is required to invest hundreds of hours of sweat equity, one's own labor as a form of payment, toward the completion of their own home and other Habitat homes.<sup>13</sup>

### **Specifications of a Habitat Home**

The goal of Habitat for Humanity International is to provide housing that is “simple, decent and affordable.” These values are reflected in the house design criteria set forth in the Habitat for Humanity Affiliate Covenant. These criteria result in modest homes that meet the basic needs of the partner family.

The building program of Habitat for Humanity International is primarily oriented to the construction of single family, detached houses. A Habitat house may range from 900 to 1,150 square feet, depending upon the size of the family, and typically includes only one bathroom. Each residence will usually have a covered primary entrance. Accessibility is another contributing factor of the design. Hallways are constructed three-

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<sup>13</sup> “CCHFH Committees.” Cleveland County Habitat for Humanity.

foot, four inches wide and doorways are to measure three-foot wide. The Partner Family is given an opportunity to influence the design of the home, when possible.<sup>14</sup>

Homes are built to reflect the climate and character of the community in which they are built. For example, in Taos, New Mexico, homes may be built using adobe, a common building material in this region. This practice allows the home to be built using materials that are readily available and are known to perform well within the particular environment. In North America, a Habitat home is built using commonly available and utilized materials. The frame is typically constructed of wood, the exterior walls are sheathed with vinyl siding, and the roof is covered with asphalt shingles. Interior walls are finished with drywall or Gypsum board.<sup>15</sup>

Habitat for Humanity International has emerged as one of the leading non-profit organizations that have assumed a role in the fight against poverty housing. HFHI materialized from the designs of a single man and has developed into a complex organization of affiliates, volunteers, supporters and homeowners. The organization has created a unique building program that has proven itself successful. Habitat has attracted extensive attention and worldwide support and participation; its name and cause is now readily recognizable. HFHI has the ability to influence the lives of many families; its volunteers and participants, those who inhabit the communities in which they build, and its homeowners

The need for affordable housing remains problematic; every means of support is a valuable tool in this fight. Rehabilitation can serve as yet another tool in Habitat's work belt. Through the application of rehabilitation, HFHI can become a greater force in

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<sup>14</sup> "What are Habitat Houses Like?" Habitat for Humanity International. 11 July 2002  
<<http://www.habitat.org/how/affiliates.html>>

<sup>15</sup> "What are Habitat Houses Like?"

providing homeownership opportunities to low-income families. However, the organization's approach favors new construction projects. An examination of the tangible and intangible benefits of rehabilitation projects will warrant the development of an expanded rehabilitation program by Habitat for Humanity International.

### CHAPTER III.

### REHABILITATION

A man builds a house in England with the expectation of living in it and leaving it to his children; we shed our houses in America as easily as a snail does his shell.

- Harriet Beecher

Major components of a building, such as the roof or mechanical systems, deteriorate over time and require replacement or repair. In addition, a home's technologies and style may require modernization to meet contemporary demands and standards of living.<sup>16</sup> As America's housing stock continues to age, the role of remodeling, and similarly rehabilitation, will gain greater importance. It is estimated that "nearly half of owner-occupied homes are over 35 years old."<sup>17</sup> The practice of smart growth demands that these older properties be renovated to extend their usefulness. Rehabilitation is a proven benefactor to the quality of life within our communities.

The work of Habitat for Humanity International takes place on a community level, through local Habitat affiliates, from sponsorship to the recruitment of volunteer labor. Thus, the organization's work represents an investment in one's own neighborhoods and to one's own quality of life. Participants in Habitat's mission will not only be aiding individual families, but their work will benefit themselves and their communities. Habitat for Humanity International should further explore rehabilitation because of its beneficial impact within the organization, upon the communities in which

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<sup>16</sup> Joint Center for Housing Studies of Harvard University. Improving America's Housing: Remodeling Futures Program (Cambridge, MA: Harvard University, 1999) 13.

<sup>17</sup> Improving America's Housing. 6.



they build and each partner family. Not only will rehabilitation aid Habitat in achieving its goal, it will allow the organization's work to beneficially transcend its fundamental task of providing homeownership opportunities.

According to the Secretary of the Interior's Standards, rehabilitation dictates a particular building treatment and approach. Understanding of this treatment will demonstrate how it can best meet the needs of HFHI while allowing for a greater degree of adaptability to meet contemporary needs and maintain the historic integrity of a structure. The benefits of rehabilitation will prove to be a valuable component of HFHI and in turn warrant further expansion within the organization's building program.

### **Rehabilitation Defined**

Within the field of historic preservation, there are four primary treatments that are professionally recognized: preservation, rehabilitation, restoration, and reconstruction. Although the terms preservation, restoration and rehabilitation are often used interchangeably, each term designates a different treatment method and delineates the different work approaches applied to an historic property,<sup>18</sup> each successively more aggressive.

Rehabilitation is defined by the Secretary of the Interior as "the process of returning a property to a state of utility, through repair or alteration, which makes possible an efficient contemporary use while preserving those portions and features of the property which are significant to its historic, architectural and cultural values."<sup>19</sup>

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<sup>18</sup> See Appendix A-Glossary

<sup>19</sup> Morton, W. Brown. The Secretary of the Interior's Standards for Rehabilitation and Illustrated Guidelines for Rehabilitation of Historic Buildings (Washington, D.C.: U.S. Dept. of the Interior, National Park Service, Cultural Resources, Preservation Assistance Division, 1992) V.

Rehabilitation recognizes the need to update a building's structure and mechanical, electrical and plumbing systems to meet contemporary needs and building codes.

For the purpose of this report, rehabilitation will apply to properties that are 20 years of age or older. Research conducted by the National Association of Home Builders suggests that it is within the time period between 20 and 30 years of age, that a building will require improvements because the life span of major components will reach an end at this time and require replacement or repair.<sup>20</sup> In addition, this report will identify, when necessary, the particular considerations required of a rehabilitation project that will impact an historic building or property.

Specifically, an historic building is one that is listed on the National Register of Historic Places,<sup>21</sup> or is eligible for listing. A building or property must meet an established set of criteria to be listed on the National Register and may include those:

- That are associated with events that have made a significant contribution to the broad patterns of our history; or
- That are associated with the lives of person significant in our past; or
- That embody the distinctive characteristics of a type, period, or method of construction, or that represent the work of a master, or that possess high artistic values, or that represent a significant and distinguishable entity whose components may lack individual distinction; or
- That have yielded or may be likely to yield, information important in prehistory or history.<sup>22</sup>

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<sup>20</sup> Improving America's Housing 13.

<sup>21</sup> See Appendix A- Glossary

<sup>22</sup> National Register of Historic Places: 36 CFR 60.

A building eligible for listing on the National Register must be at least 50 years of age, although an earlier building of “exceptional importance” may be entitled. A building may be listed individually or may be included within a designated historic district.<sup>23</sup>

### **Secretary of the Interior’s Standards for Rehabilitations**

Developed by the Secretary of the Interior, the Standards for Rehabilitation serves as a set of guidelines for ensuring the retention of historically significant materials and features while allowing for necessary repairs or alterations<sup>24</sup>. These guidelines may be used to judge the appropriateness of a particular treatment or approach. By following these guidelines, one may ensure the retention of the historic integrity of the structure. It is not a reasonable expectation for a HFHI affiliate to strictly follow the Secretary of the Interior’s Standards for Rehabilitation. The Standards for Rehabilitation are a tool that can aid an affiliate in making judgments regarding the treatment of an historic resource. It is a guideline that may be voluntarily applied to a rehabilitation project. In addition, adherence to the Standards for Rehabilitation will serve the partner family as it is often the qualifier for receiving Federal and many state historic preservation tax incentives.<sup>25</sup>

### **Rehabilitation Applicability to Habitat for Humanity**

There is a significant correlation between HFHI and rehabilitation, as each performs a strong role in the cause for increased affordable housing. Rehabilitation as a building treatment allows for properties, once abandoned or derelict, to be returned to supply the nation’s housing stock. Through the efforts of HFHI and the application of

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<sup>23</sup> See Appendix A- Glossary

<sup>24</sup> See Appendix B- The Secretary of the Interior’s Standards for Rehabilitation.

<sup>25</sup> For more information on preservation tax incentives, please see the succeeding section “Benefits of Rehabilitation.”

rehabilitation, fewer families will have to continue to reside in substandard housing conditions.

Rehabilitation as a preservation treatment option best serves the purpose and intent of HFHI as it affords the greatest degree of flexibility and adaptability to meet the needs of the partner family and the design criteria established by the organization. This treatment recognizes that the structure is in a state of needed repair. It allows for changes to meet the intended use of the building, while retaining its historic integrity. To meet contemporary needs, rehabilitation allows for alterations that address current building codes, material availability, construction methods and skills, and to meet the demands of modern homeowners.

### **Benefits of Rehabilitation within Habitat for Humanity**

The primary purpose of Habitat for Humanity is to create affordable homeownership opportunities. In January of 2000, the organization initiated a campaign entitled “Building More than Homes: Rebuilding our Communities.” This title invokes images of community revitalization and renewal. In reality, this is a fundraising campaign that will aid HFHI in an effort to construct more than 100,000 new houses worldwide. However, Habitat is actually in a position to perpetuate this theme by impacting communities themselves as a part of their fundamental goal of creating homes.

Through rehabilitation, a greater number of homeownership opportunities may present themselves by adding existing structures to the stock of affordable homes available. In addition, this work will in turn bear an impact on the communities in which it takes place. Consequently, it becomes not merely a mission of individual property ownership, but takes on the form of community investment. For that reason, Habitat

affiliates are in a position to benefit their community through revitalization efforts and newly realized investments. Finally, community condition has a bearing on the partner family who finds themselves living within a particular neighborhood environment. A property that has been rehabilitated can offer the partner families greater benefits from the investment in their property.

### ***Benefit to Habitat for Humanity***

The first requirement in creating a homeownership opportunity is land on which to do it. Without oversimplifying the process, land is the sole requirement that must be possessed before one can proceed with the establishment of a building or home. Historically land has been regarded as one of the most valuable possessions; one not readily given away, available or easily obtained. This becomes particularly true when trying to build within existing city limits. Undeveloped land is often limited in availability, and land that has not already been built upon is often much too valuable to existing property owners and potential developers. By pursuing homeownership through the rehabilitation of existing homes, a greater number of opportunities in turn become available. This pursuit can serve to expand the existing supply of affordable housing. In many cases, affiliates are able to acquire the necessary funding and volunteer labor, but undeveloped land is not readily available. Expanding the scope of their site acquisition policy to include eligible properties for rehabilitation will increase the number of opportunities to create housing to meet the needs of their partner families.

Another obstacle faced by HFHI is the stigma associated with the concept of affordable housing. Often affordable housing advocates are faced with community resistance due to an association with increasing crime rates and decreasing property

values. In contrast, “Preservation is popular with the public, and the sensitive reuse of older buildings [...]”<sup>26</sup> can draw support from the community. The preservation or rehabilitation of a rundown, abandoned or derelict building can return it as a contributing element of the community. The rehabilitation process is visible, tangible evidence of the positive impact that HFHI can impart on a community.

In the world of non-profits, money can be scarce and every dollar must be stretched to achieve its greatest potential. Within HFHI, each home is dependent on monetary contributions primarily for the purchase of land and building materials. The rehabilitation of an existing structure, with much of the material in place, is more dependent on volunteer labor, often a more readily available resource for HFHI. In addition, it is estimated that rehabilitation costs per square foot are often significantly less than the costs of new construction.<sup>27</sup> “Case studies presented at the National Trust for Historic Preservation conference on the ‘Economic Benefits of Preserving Old Buildings’ demonstrated that the cost of rehabilitating old structures generally runs 25-33 percent less than comparable new construction. In those cases where the costs are equivalent, the preservation project provided greater amenities--time saved in construction, more space in either height or volume, or the right location [...] In addition, rehabilitation oftentimes bypasses lengthy development review processes, local neighborhood opposition, and zoning delays.”<sup>28</sup> Therefore, an expense comparison between rehabilitation and new construction demands consideration of both the tangible and intangible costs.

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<sup>26</sup> Hecht 5

<sup>27</sup> Hecht 9

<sup>28</sup> Bever, Thomas D. *Economic Benefits of Historic Preservation*. Readings in Historic Preservation: Why? What? How? edited by Norman Williams, Jr., Edmund H. Kellogg, and Frank B. Gilbert. (New Brunswick, N.J.: Center for Urban Policy Research, 1983) 38.

Homes constructed through the HFHI program are highly dependent on volunteer labor. Many volunteer to work on a Habitat project because it is a rewarding experience, one that helps others realize the dream of homeownership. Rehabilitation creates a unique opportunity in which to encourage greater participation by affording volunteers an opportunity to learn techniques and skills that they can in turn apply to their own properties. New construction requires varying skills and knowledge in comparison to the refinishing or the renewal of material in a rehabilitation project. It provides volunteers with hands on preservation experience, experience that can only be obtained on the job rather than from the latest home improvement book. Volunteers may be attracted to this program as they can in turn apply these learned skills to their own home. Similarly, through sweat equity work on their home and other similarly rehabilitated properties, members of each partner family can learn the skills and techniques required to maintain and repair their own home.

### ***Benefit to the Community***

The work of HFHI takes place within existing communities; communities impacted in some form by the work of the non-profit organization. Because of this impact, they are in a position to expand their influence beyond the individual partner family and positively extend it to the surrounding community. Rehabilitation is a proven catalytic activity, often one project will spur another and so on, creating an exponential benefit to the community.

Rehabilitation can greatly serve the community through its resultant economic investment. Through rehabilitation, a use will be found for vacant and derelict buildings. Not only can this benefit HFHI by expanding the supply of affordable housing, but it can

also improve the existing crime rate and property values within the community. Further, rehabilitated properties become contributing assets as these buildings are reinstated to the tax roles. If performed in areas serviced by existing infrastructure, Habitat and taxpayers alike will save money that would otherwise be a required investment in previously undeveloped land.

Rehabilitation of existing structures can serve a great environmental benefit to the community as well. A form of recycling, rehabilitation maintains and utilizes existing materials rather than discarding them. “The average new single-family home sends about 5% of its purchased materials, or about seven tons per house, to the dump in the form of wood, shingle, and gypsum wallboard scraps.”<sup>29</sup> By refurbishing and reconditioning the materials of an existing house, this material is saved and does not contribute to an area’s often overburdened landfill. Further, rehabilitation serves to conserve energy and materials that would otherwise be required to construct an entirely new structure.

Land use issues and the threat of sprawl have become an important topic that impacts more and more communities. Land typically becomes a greater economically viable option the further it is distanced from a city center. In response, land development has spread further and further from the city center, or core. The resultant sprawl has created issues ranging from problematic transportation matters, increasing infrastructure costs, and the loss of natural and farmlands. Although land on the edge may be a more economical option to HFHI and other builders alike, we cannot responsibly continue to simply abandon or discard deteriorated structures. If we continue on this path, we risk

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<sup>29</sup> Faulkner, Jay. “Historic Preservation The Ultimate Recycling.” North Carolina Preservation. Summer 1995.  
21 Sept. 2002 < <http://www.presnc.org/learnmore/ournewsletter.html> > 2.



leaving a collection of frail communities in our wake and eventually exhausting a limited supply of land and resources.

The cultural heritage of a community is no better physically represented than through its architectural features. The built environment contributes to a community's unique character and sense of place. It can tell an area of its history and serve as a predictor of its future. Preservation and rehabilitation alike ensure the retention of the identity of a community and its residents. By recycling abandoned or derelict buildings as housing, these structures are returned as contributing elements. They no longer risk becoming holes in the fabric of a community's history. Through the initiation of rehabilitation projects, HFHI can play a vital role in preserving a community's valuable cultural resources.

### ***Benefit to Partner Families***

The primary focus of HFHI is to provide each partner family with a decent, affordable place to live. But, a home is much more than its walls; its influence expands beyond the simple physical need for shelter. It can attribute to one's esteem and sense of self worth. Also, when providing a family with a home, one must look beyond those walls, and examine the immediate environment and understand its impact upon those who dwell inside of it. The community in which a home is built can serve to provide a family with a much needed support network. The home can greatly impact the quality of life realized by its inhabitants, therefore careful consideration must be given to determine the benefits a particular home and environment can offer.

The distinctive features and character of an historic or older home often serve to increase their desirability. Such homes often come from a period of greater design effort

rather than today's mentality of mass production and quick turnkey operations. In addition, due to the quality and design of these homes, they may be less obvious as affordable housing, removing the associated stigma. Providing a partner family with a home of distinction and quality can instill a greater sense of pride in their newfound homeownership. The resultant value and regard for their property can in turn increase the likelihood of continual maintenance and upkeep of the property.

Historic homes are not only valued for their distinctive character and beauty but are appreciated because they are built of solid construction and quality craftsmanship. In contrast, present day construction quality and craftsmanship suffers at the hands of a quick turnaround, time-is-money mentality. It is a race to finish construction, meet a completion deadline, and receive a quick return on the financing and investment in a building. Buildings have become a short-term investment. According to Preservation North Carolina "Federal tax laws suggest that buildings have lost their economic value after 31.5 years"<sup>30</sup> reflecting the resultant decreasing value of newly constructed buildings. Further, today's buildings are constructed of inferior materials. Due to unavailability, wood is no longer harvested from old growth forests. These older trees consisted of growth rings spaced closer together leading to a more durable and dense building material. Lumber used today comes from young, fast-growing forests, producing a weaker product. Laminates, veneers, vinyl, masonite and similar materials that cannot be refinished or repaired, but require replacement, are more often the norm.<sup>31</sup> Use of these materials can impact the continuous maintenance costs of the property. HFHI Partner Families are responsible for the purchase of their home; it is not a donation

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<sup>30</sup> Faulkner 4.

<sup>31</sup> Faulkner 4.

or handout. The value of their home is impacted by the quality of construction and the superiority of the materials used to build their home. Rehabilitation of a superiorly constructed home can help to save on future and recurrent maintenance costs, especially true in the long-term life of the building. Quality construction and building materials will greatly contribute to the quality of the property.

For the partner family, the purchase price of the home is not the only financial burden they assume upon possession of their property. Maintenance costs, insurance, and taxes are added to the list of payments they must now make. A rehabilitated property may offer the new homeowner some relief. In order to encourage the restoration and rehabilitation of historic properties, government tax incentives have been initiated in order to compensate and promote such activity. Although federal historic preservation incentives only apply to income producing properties, many states have enacted programs that benefit owner-occupied rehabilitation projects. Because the partner family is purchasing the home, they are in a position to benefit from these tax incentives should they be involved in a rehabilitation project.

The terms of the monetary incentives vary by state.<sup>32</sup> Most state incentives offer either local property tax abatement or tax credits. At present thirty-seven states have enacted one or the other form of tax incentives. Exceptions include Iowa, Maine, North Carolina, Maryland, Missouri, and Virginia in which both forms are available. State offered abatements provide a period in which increased valuations are frozen during a specified term, particularly valuable in areas in which local property taxes are high and are a much greater burden than state income taxes. In areas where the opposite is true, tax credits become more valuable.

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<sup>32</sup> See Appendix C -State Tax Incentives.

Those seeking the aid of HFHI, do so because they require financial assistance in the realization of homeownership. These families must meet certain income restrictions to qualify for this assistance. As previously stated, much of today's new construction occurs on the edges of a community, due to land availability. Placing a low-income family on the periphery of a community may serve to compound their problematic financial situation. We are all familiar with the cliché regarding the three most important factors in real estate acquisition: location, location, location. Truly, location can play a significant role in continuing the beneficial momentum that homeownership can offer. A family cannot simply rely on their home to meet all of their needs. By providing a partner family with a rehabilitated property, built within the borders of an established community, they are able to take advantage of an existing social infrastructure and other area amenities. This includes access to public transportation, schools, daycare, and employment centers.

Rehabilitation has proven to have a beneficial role in the vitality and strength of our communities and the families that inhabit these properties. Through the expansion of Habitat for Humanity International's rehabilitation program, the organization will be able to take advantage of rehabilitation's inherent benefits. Habitat for Humanity International is in a position to utilize rehabilitation projects to further promote its objective of eliminating poverty housing. Rehabilitation, as a building treatment, will enable HFHI to beneficially serve the communities in which it practices its mission. Most importantly, rehabilitation can amplify the benefit received by Habitat partner families. If the benefits of rehabilitation are ignored, neglected and derelict properties are destined to become

slums. In contrast, rehabilitated homes within vital communities will become the vibrant town centers of tomorrow.

## CHAPTER IV.

### HABITAT FOR HUMANITY AFFILIATE SURVEY

A house can have integrity, just like a person.  
- Ayn Rand

Habitat for Humanity states that it is able to achieve its objective of providing affordable housing through both new home construction and rehabilitation. However, the picture of Habitat for Humanity at work typically conveys images of new construction projects. Individual affiliates may not be incorporating rehabilitation into their project plans, as there may be prejudices toward new construction inherent in Habitat's program. Although it is the organization's new construction "blitz builds"<sup>33</sup> that often make the headlines, we cannot assume that rehabilitation work is limited or does not take place within the association.

The physical development of housing by HFHI is initiated through its many affiliates. Therefore, we must first identify the ideology of Habitat affiliates regarding rehabilitation and understand the extent of its rehabilitation work at the local level. It is then that necessary measures required to expand the organization's rehabilitation program can be understood and implemented.

#### **Purpose**

The primary purpose of this study was to examine the degree of rehabilitation activity within the nonprofit organization, Habitat for Humanity International. Secondly, the intent of the study was to identify the factors that contribute to an affiliate's likelihood of rehabilitation involvement. Next, I sought to determine the primary barriers

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<sup>33</sup> See Appendix A-Glossary

to the implementation of rehabilitation projects, as perceived by Habitat affiliates.

Finally, the aim of the study was to discover the measures that may be used by Habitat for Humanity to make rehabilitation a more feasible and advantageous tool for the provision of affordable housing.

## **Scope**

This research is based upon a survey of Habitat for Humanity affiliates located in the southern United States, including: Alabama, Georgia, Florida, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, and Virginia. As more than 1,500 Habitat affiliates are active across the United States; the geographic criterion was a means to limit the size of the sample. Further, the sample was limited to affiliates that work within cities that have achieved Certified Local Government (CLG)<sup>34</sup> status. This sample is intended to be representative of the affiliates located in areas in which the community and government have exhibited an interest in historic preservation and contain historic resources that may be used for rehabilitation.

## **Survey Methodology**

According to a list published in 2002 by the National Park Service, there are 396 CLGs present in the southern United States. Each of these cities was in turn matched with the Habitat affiliate that is active within its area. The corresponding affiliates were identified through a zip code search of identified cities, available through the HFHI website. Because many affiliates are responsible for a countywide area (thus several cities) and a limited number of affiliates did not readily publicize their contact

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<sup>34</sup>See Appendix A-Glossary

information the final target group was reduced to 157 distinct affiliates. This is approximately 10% of all U.S. Habitat affiliates.

Participation in the survey was voluntary. All survey answers are to remain anonymous, as all survey results have been disassociated with any identifying information.

I constructed the survey instrument <sup>35</sup> so that participants could either mark a provided response to each question, or fill in a single number. This design was initiated in order to avoid any complex or open-ended responses with the idea that more respondents would be willing to answer simple questions, thus encouraging a greater response. The questionnaire consisted of nine questions in which respondents could reply in agreement or disagreement. Three questions required respondents to enter a numerical response. Finally, a single question required the subject to indicate each statement with which they agreed. The subject was also given an opportunity to provide additional information that they did not feel was represented in the survey.

The survey instrument, in conjunction with a cover letter describing the intent of the survey, was mailed to members of the sample. The survey was directed to the building committee leader, or other applicable member, within each Habitat affiliate. Participants were asked to respond within a two-week period.

There are two possible sources of error that may have resulted from the conduction of this survey. Respondents may have experienced a degree of bias towards information presented in the cover letter, included to explain the purpose of the research. For example, one respondent simply wrote a brief opinion regarding the subject matter, rather than providing a response to the survey questions. In addition, questions included

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<sup>35</sup> See Appendix D -Habitat Cover Letter and Survey



on the survey were not open-ended. Respondents were required to indicate a reply within the constraints of the provided answers, although their opinion may not have been represented.

After the data was collected it was then calculated to provide the figures used to determine the percentages and averages cited. I then analyzed the data to make the following comparisons and comments.

## **Analysis of Survey Results**

### *Characteristics of Sample*

97 of the 157 target affiliates responded to the survey, for a response rate of 62%. For the purpose of this study, the results of the survey will be studied to present an overall character of the total Habitat affiliate sample. Further, the results will be divided to provide a comparison among affiliates currently<sup>36</sup> engaged in rehabilitation versus those who are not.

Table 4-1  
Current Rehabilitation Activity

	Number	%
Total Sample	97	100%
Currently Engaged in Rehabilitation	13	13%
Not Currently Engaged in Rehabilitation	84	87%
Have Never Implemented Rehabilitation Project	44	45%
Have Implemented Rehabilitation in the Past, but Are Not Currently Engaged in Rehabilitation	40	41%

The survey results indicate that there are a limited number of rehabilitation projects. Affiliates currently involved in rehabilitation projects constitute only 13%

<sup>36</sup> Currently - As of October 2002, at the time the survey was conducted

percent of the sample. Slightly less than half of the respondents have never implemented a rehabilitation project. Of the remaining affiliates that have performed rehabilitation in the past, again nearly half were not presently involved in rehabilitation.

Table 4-2  
Project Types

How many homes has your chapter completed since its establishment?		
	Total	Average
Total Sample	6217	64
Currently Engaged in Rehabilitation	1051	81
Not Currently Engaged in Rehabilitation	5166	61
How many of these homes were rehabilitation projects?		
	Total	%
Total Sample	374	7%
Currently Engaged in Rehabilitation	162	18%
Not Currently Engaged in Rehabilitation	212	5%

In total, rehabilitation projects represented only 7% of all completed Habitat projects. Although the percentage of rehabilitation projects within a single affiliate was typically 10% or less, a few respondents skewed the result. For example, a sole Habitat affiliate had only completed rehabilitation projects. In fact, the affiliate reported that it had rehabilitated over 70 properties. Affiliates currently involved in rehabilitation exhibited a greater number of past rehabilitation projects, at 18% of their total in contrast to only 5% of those not currently engaged in rehabilitation. This suggests that affiliates that have engaged in rehabilitation in the past are more likely to continue to do so. These affiliates have likely developed a program and the necessary resources required to engage in both new construction and rehabilitation

Table 4-3  
Work Environment

What type of environment does most of your work take place?				
	Urban	%	Rural	%
Total Sample	56	58%	41	42%
Currently Engaged in Rehabilitation	6	46%	7	54%
Not Currently Engaged in Rehabilitation	50	60%	34	40%

A total of 56% of all respondents performed the majority of their projects within an urban environment. Of those currently involved in rehabilitation, only 46% worked within an urban area. Rehabilitation may be more prevalent within rural environments due to the excessive costs and property values encountered in urban environments.

Table 4-4  
Dedication to New Construction

Is your chapter dedicated to only building new houses?				
	Yes	%	No	%
Total Sample	62	64%	35	36%
Currently Engaged In Rehabilitation	2	15%	11	85%
Not Currently Engaged In Rehabilitation	60	71%	24	29%

Affiliates that claim to have committed themselves to constructing only new homes represent 64% of the sample. As anticipated, affiliates not engaged in rehabilitation exhibited a much higher rate of dedication to new construction, at 71%. Surprisingly, of the sample currently involved in rehabilitation, several also expressed their dedication to new construction projects. Habitat affiliates have developed a formula

for new construction that can be repeatedly applied. Because of their familiarity with this approach, rehabilitation is overlooked or ignored altogether.

Table 4-5  
Site Selection Committee Activity

Does the Site Selection Committee actively pursue properties for rehabilitation?				
	Yes	%	No	%
Total Sample	15	15%	82	85%
Currently Engaged In Rehabilitation	7	54%	6	46%
Not Currently Engaged In Rehabilitation	8	10%	76	90%

In total, only 15% of the affiliates have members of their Site Selection Committee who actively pursue rehabilitation opportunities. Affiliates actively involved in rehabilitation expectedly indicated a greater level of interest in rehabilitation opportunities as 54% had committee members who actively pursued rehabilitation. In contrast, affiliates not currently engaged in rehabilitation rarely pursued properties for rehabilitation.

Table 4-6  
Involvement with Historic Preservation

Has your chapter ever done work within a designated historic district?				
	Yes	%	No	%
Total Sample	27	28%	70	72%
Currently Engaged In Rehabilitation	6	46%	7	54%
Not Currently Engaged In Rehabilitation	21	25%	63	75%

Has your chapter ever worked with or received assistance from an Historic Preservation Organization?				
	Yes	%	No	%
Total Sample	7	7%	90	93%
Currently Engaged In Rehabilitation	2	15	11	85%

Not Currently Engaged In Rehabilitation	5	6%	79	94%
Has your chapter ever taken advantage of either Federal or State Historic Preservation Tax Incentives?				
	Yes	%	No	%
Total Sample	0	0%	97	100%
Currently Engaged In Rehabilitation	0	0%	84	100%
Not Currently Engaged In Rehabilitation	0	0%	13	100%

The survey specifically targeted affiliates that worked within areas that contained historic resources. Of the total sample, only 28% had performed work in an historic district.<sup>37</sup> Of those, 22% were new construction projects, and only 6% were rehabilitation projects. A small percentage of the sample, only 7%, had worked with an historic preservation organization. However, the survey does not indicate the role the organization played, whether they offered assistance or assumed an administrative function.

Table 4-7  
Volunteer Training

Does your chapter offer any form of technical construction training for volunteers?

	Yes	%	No	%
Total Sample	45	46%	52	65%
Currently Engaged In Rehabilitation	4	31%	9	69%
Not Currently Engaged In Rehabilitation	41	49%	43	51%

If yes, how often do you offer volunteer training?

	Total	% of yes respondents
Annually	4	9%
Biannually	4	9%
Quarterly	5	11%
Monthly	1	2%

<sup>37</sup> See Appendix A- Glossary

Weekly	6	13%		
On Site-Daily	12	27%		
As Needed	12	27%		
If no, would you consider the introduction of a volunteer/homeowner training program?				
		Yes %	No %	
Total Sample	46	47%	51	53%

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### *Data Associations*

Another purpose of the affiliate survey was to identify the leading factors that indicate an affiliate’s probability of involvement in rehabilitation.<sup>38</sup> A multi-variant analysis, using ordinary least squares (OLS) linear regression, was conducted because these factors may be correlated. Because the dependent variable, i.e. whether an affiliate is currently engaged in rehabilitation, is limited to the values of 0 or 1 for a yes or no response, the OLS assumptions are violated. A logistic regression was performed to correct for this. However, because logistic regressions are non-linear, it is much more difficult to interpret the coefficients. In response, the logistic regression is reported and discussed. The signs and significance levels of the coefficients are generally similar between the two techniques<sup>39</sup> suggesting that the results are strong. Table 4-8 presents the correlations for the demographic variables.

Table 4-8  
Parameter Estimates

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Parameter	Standard
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<sup>38</sup> See Appendix E- Chart 1, Variables Associated with Affiliate Involvement in Rehabilitation

<sup>39</sup> Marginal effects calculated from the logistic regression using median values of each variable as a baseline also suggest a similar relation as the OLS regression.

Variable	DF	Estimate	Error	t Value	Pr > t
Intercept	1	0.17842	0.14653	1.22	0.2267
Age	1	0.00637	0.00819	0.78	0.4385
Urban	1	-0.05418	0.06826	-0.79	0.4295
HomesCompleted	1	0.00010832	0.00028319	0.38	0.7030
*%Rehab	1	0.40326	0.22145	1.82	0.0721
*DedicateNew	1	-0.12775	0.07723	-1.65	0.1017
*SiteSelection	1	0.26121	0.10314	2.53	0.0131
HistoricDist	1	0.04626	0.07668	0.60	0.5479
*Techn.Training	1	-0.11352	0.06694	-1.70	0.0935
DependencyLabor	1	-0.05950	0.08436	-0.71	0.4825
DependencyMatFund	1	-0.00471	0.07627	-0.06	0.9509

The active pursuit of rehabilitative properties by an affiliate's site selection committee provided the strongest indication of future rehabilitation activity. The work of the site selection committee is the first step in securing a property for a Habitat project. If the committee has limited its scope to identifying only vacant property for new construction, there is very little opportunity to locate an existing structure for rehabilitation. Affiliates that responded negatively to this question, but have performed rehabilitation in the past, suggests that they have only done so because a rehabilitation project was presented to them. Obviously, this approach will greatly limit an affiliate's ability to secure properties for rehabilitation.

The percentage of total rehabilitation projects completed by an affiliate signals an increased likelihood that the affiliate will continue their involvement in rehabilitation. Therefore, the greater an affiliate's past involvement, the greater the probability of their future involvement in rehabilitation. An affiliate that has completed a number of rehabilitation projects has had an opportunity to accumulate experience that will serve them in future projects. They have been able to overcome the initial hurdles of rehabilitation, determine which approaches work best, and have realized a formula that

can be applied to rehabilitation projects. In contrast, affiliates that have completed a smaller percentage of rehab projects or have no rehabilitative experience may be deterred by the possible challenges of rehabilitation.

Whether an affiliate makes technical training available to its volunteers is a negative indicator; however, it is only marginally significant. Therefore, an affiliate that offers training is less likely to engage in rehabilitation projects. From this information, it can be inferred that HFHI affiliates are not likely to train on preservation issues relating to the skills and techniques required of rehabilitation. More likely, training focuses on basic construction techniques; that is to show volunteers general labor practices. This would indicate an approach more oriented to new construction. If an affiliate does have a technical training program in place, they are less likely to find someone to provide the specialized training required of rehabilitation.

Many affiliates have decided to forgo rehabilitation opportunities altogether and have dedicated themselves to new construction. Again, this variable bears little significance in the study. Expectedly, there is a negative association between this factor and an affiliate's probability of future involvement in rehabilitation. Many affiliates have found a strategy that they believe meets their goals, one that only incorporates new construction. Just as this report points out, there are many perceived complications associated with rehabilitation. These barriers can deter an affiliate from pursuing opportunities outside of a practice, "new construction", that they are familiar with and competent in achieving.

Analysis of the data indicated that the environment in which an affiliate works does not influence rehabilitation activity. In fact, an urban environment was a negative



indicator, although not significantly different from zero. This is surprising as it was surmised that a more urban environment, in combination with land restrictions, would present greater opportunities for rehabilitation projects. This would suggest that the affiliates who indicated work within a more urban environment did so in areas that are not so densely built-up that there is not room to grow. However, the analysis suggests that random sampling differences alone could have produced the observed data; therefore slight variations in the sample would produce different results.

The age of the affiliate did not indicate an increased probability of involvement in rehabilitation. The data illustrated that age is not a significant factor. The original hypothesis of this report was that the older an affiliate is, the greater their level of involvement in rehabilitation. It is suspected that there is a trend among newly organized affiliates to dedicate themselves to new construction, disregarding rehabilitation altogether. Rather, the data does not significantly support a relationship between the age of the affiliate and the future level of rehabilitation activity.

The data analysis suggests that the probability of future involvement in rehabilitation is highly dependent on the philosophy of the individual Habitat affiliate. The leading indicators -activity of the site selection committee and the percentage of completed rehabilitation projects- exemplify an affiliate's internal interest in rehabilitation. Therefore, the perceived value of rehabilitation is a matter of ideology generated by the members of the HFHI affiliate. For that reason the dividing wall between affiliates that engage in rehabilitation and those who do not is the conscious choice made by an affiliate to incorporate rehabilitation into their mission plan. It is

only then that an affiliate will be able to initiate the measures necessary to overcome the perceived barriers to rehabilitation.

Analysis of the level of rehabilitation activity among Habitat affiliates indicated that rehabilitation has assumed a limited role in the organization's mission. There is a particular bias within HFHI that favors new construction over rehabilitation. More than any other factor, the inherent bias has impacted an affiliate's willingness to engage in rehabilitation as a part of their building program. Members of the Habitat affiliates must first recognize the benefits of rehabilitation and consciously develop a plan to overcome the inherent barriers to rehabilitation before it can be included as a viable part of the organization's goals.

## CHAPTER V.

### BARRIERS TO REHABILITATION

I want a house that has got over all its troubles. I don't want to spend the rest of my life bringing up a young and inexperienced house.

- Jerome K. Jerome

The benefits of rehabilitation, as an affordable housing tool, are numerous. Advantages accrue to Habitat for Humanity International itself, as well as enhancing the communities in which they build. Most importantly, rehabilitation projects can provide valuable support to partner families even as they provide homeownership opportunities. However, the many obstacles that rehabilitation present can inhibit an affiliate's willingness and desire to pursue rehabilitative type projects.

The perceived barriers<sup>40</sup> and difficulties associated with rehabilitation have often made it a secondary choice among Habitat affiliates as a means to provide houses to its partner families. Although constructing a home is not an easy process, in truth rehabilitation is no less complicated. Rather, affiliates have established a formula for new construction, a formula that has proven to be very successful toward Habitat's goal. This formula has created a boundary in which many affiliates operate, a boundary which many are not comfortable venturing outside of.

In contrast to new construction, rehabilitation presents a set of unknown variables, each of which can change with the start of every new project. These variables can serve as major barriers to the implementation of rehabilitation as a means to create affordable housing opportunities. By analyzing each barrier, a set of recommendations can be

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<sup>40</sup> See Appendix E- Chart 2, Barriers to Rehabilitation, As Perceived by HFHI Affiliates

developed to diminish the problems and complications associated with rehabilitation work.

The barriers to rehabilitation, presented in this report, were deduced from an evaluation of the measures involved in new construction compared to rehabilitation. A new construction project can be planned from the very beginning, with near limitless possibilities as to the direction and design of the project. In contrast, rehabilitation must occur within the confines of an existing structure. Rehabilitation can present unique challenges due to the demand for specialized skills and the possible presence of hazardous materials. Also, current public policy, building trends and consumer activity suggest a greater preference for new homes as compared to a rehabilitated older property.

### **Evaluation/Assessment of Rehabilitation Work**

The uncertainties associated with rehabilitation ranked as the leading inhibitor, at 54%, among affiliates who responded to the survey. At first glance, any rehabilitation project can appear quite daunting due to an unclear approach and scope of work. Exactly how to assess a building's condition and the work required to shape it to a partner family's needs can be a complicated process. Additionally, the application of building codes and other building regulations, or the presence of hazardous materials can create a significant hurdle in the rehabilitation process.

In contrast to rehabilitation, the plans for a new construction project can be provided to an affiliate, with every single step enumerated and clearly defined, removing many of the unknowns that may be associated with a rehabilitation project. A project can be initially designed with building codes and local ordinances in mind. With the plans in order, the project can easily be estimated and the project planned from start to finish. In

order to place rehabilitation on an equal footing with new construction, a similar approach, one that provides an affiliate with a comprehensive rehabilitation work plan, must be developed.

### ***Property Assessment***

Providing affiliates with the resources to allay the uncertainties associated with rehabilitation is key to making it a more compatible strategy. There are several unknowns that an affiliate may encounter when first evaluating a property and planning a rehabilitation project. First, the property must be reviewed in order to assess its condition and the extent of work required. Secondly, once the project scope is identified, a cost estimate must be developed. Lastly, one of the more challenging aspects of a rehabilitation project is being able to decipher the varying codes and their applicability to the specifics of a rehabilitation project.

Once members of the Site Selection Committee identify a potential property, the Building Committee must agree and accept the recommendation before the property is acquired. Before the recommendation can be made, the property is examined to determine its present condition in order to determine the extent of work required and its feasibility. This work must ensure that the building is returned to a state of utility, that it will meet the needs of the partner family, and that it meets the primary specifications of a Habitat home. To achieve this end, one must be able to fully understand the work required in order to prepare a comprehensive work plan.

Habitats for Humanity International affiliates operate through a committee system. An approach available to the affiliates would be to establish a rehabilitation sub-committee under the direction of the construction committee. Incorporating a

rehabilitation subcommittee would allow for the integration of a group that would specialize in the particular demands of a rehabilitation project. Specialization would allow the subcommittee to develop an area of expertise that could be built upon past experience and developed for the promotion of future rehabilitation projects.

A formulated approach to the evaluation of a property will arm Habitat affiliates with the knowledge to make informed decisions. A detailed step-by-step procedure should be developed that provides affiliates with a clear, consistent approach for evaluation of the property. This should include a comprehensive list of the elements that may be encountered and should be evaluated when determining the existing condition of the structure as well as the ensuing scope of work. A formula for evaluation can be applied in the structure of a survey form. A form should be manufactured so as to serve as a set of directions providing the surveyor with a detailed outline of what specific elements should be investigated.<sup>41</sup>

Another step available to minimize this barrier to rehabilitation would be to enlist the skills of professionals experienced in rehabilitation work. A thorough inspection can provide information regarding the condition of the property and the degree of required repair, replacement, or rehabilitation. Most importantly, an inspector can provide an analysis of the structure and systems of the property that are not evident without extensive investigation. A practiced home inspector can identify serious conditions or identify those that are simply cosmetic in nature. For example, cracking plaster walls need to be analyzed before it becomes clear the best approach for repairing them. Also, one must determine the potential source of a problem creating a situation that requires

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<sup>41</sup> This form would have to be specifically tailored to the individual needs and conditions found within the varying localities of Habitat affiliates.

constant maintenance or repair. This is where knowledge and experience is key to the successful rehabilitation of a property. A qualified inspector may seem an excessive expense, particularly in light of the budget restraints that already exist within the parameters of a non-profit project. However, an accurate and thorough inspection will translate into a valuable investment in the property and may serve to reduce or eliminate unexpected costs.

### ***Cost Estimation***

Once a property's condition is evaluated and a qualified inspector performs an assessment, the resultant information can be used to develop a cost estimate. The inspection will provide details as to the scope of work required of the project, as well. Once again, a formulated approach will best serve an affiliate in creating an accurate cost analysis. The information from the evaluation and inspection can be transferred to a worksheet that will allow for easy tabulations. A number of construction estimating software packages are currently available (several specifically for renovation and rehabilitation work) which might be highly valuable as a tool in the rehabilitation process. The estimating software will provide necessary formulas for calculating costs and will take into consideration materials, equipment, and labor requirements. In addition, this material can be utilized to predict productivity levels of the labor, or volunteers, in order to create a work schedule. Lastly, the information can be easily updated to reflect a particular region's price scale and cost fluctuations.

Often, construction projects run over budget and extend well past estimated time schedules. According to a HFHI internal document, there are three primary sources for deviations from an original project estimate: "unexpected costs, inaccurate estimates and

changes to the original plan.’<sup>42</sup> Historical data is a valuable resource to suppress any derivations from the initial budget. By analyzing experience and information from past projects, Habitat affiliates can anticipate and plan for any surprises. Also, allowances within a project budget can allocate funds for areas in which past projects have indicated a pattern of cost overages. Finally, within HFHI, “Changes to the original plan often result from a set of standards that looked good on paper but fell short in use. Acceptability standards should be reviewed and refined following the completion of any home where the original plan was not followed.’<sup>43</sup>

### ***Building Codes***

There are three primary model building codes that have been adopted in the United States: The National Building Code, in the Northeast and Midwest; the Uniform Building Code, in the western U.S; and the Standard Building Codes, in the South. Initially, these codes contained no specialized requirements relating to any form of construction work within an existing building. In response, the U.S. Department of Housing and Urban Development (HUD) developed a set of *Rehabilitation Guidelines*, of a voluntary nature, for building rehabilitation to serve state and local governments. “The three major building code organizations now include specific provisions for rehabilitative construction in their model codes. In fact, two model code organizations are currently publishing portions of the *Guidelines* as appendix material.’<sup>44</sup> However, a study conducted by HUD, titled “A National Survey of Rehabilitation Enforcement Practices” found that the enforcement of rehabilitation regulations is “non-

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<sup>42</sup> Cathell, Drew. Rehab Workshop Handout. Internal Document. Habitat for Humanity. 4

<sup>43</sup> Cathell 4.

<sup>44</sup> U.S. Department of Housing and Urban Development. A National Survey of Rehabilitation Enforcement Practices. (The Department of Housing and Urban Development: Washington, D.C., 1998) iii.



uniform...unpredictable...and arbitrary.’<sup>45</sup> Specific building codes and their enforcement can vary from regulatory agency to regulatory agency, making it difficult to incorporate code requirements into the planning phase of a rehabilitation project.

Due to their complexity and variances, building codes can serve as a large source of confusion when planning or determining the scope of work required of a rehabilitation project. There are several building codes in effect and these can vary by locality, as a municipality may adopt these codes in part or add their own provisions. Often, these codes are subject to the interpretation and enforcement of local regulatory agencies. These practices have shaped an unpredictable application of building codes in regard to the specific requirements of rehabilitation. This has resulted in the incursion of additional project expenses, an exceptional concern within the field of affordable housing.

Despite the difficulty associated with ensuring that rehabilitation occurs within the parameters of government building regulations, there are several measures in which a HFHI affiliate may better manage this experience. In fact, an affiliate is in a valuable position to influence the building code procedures applied by their local regulatory agency, as the Habitat affiliates themselves are organized and involved within specific geographic boundaries. There are a several innovative tools that are being adopted by an increasing number of code administration offices, tools available to mitigate the uncertainty and inconsistency associated with the application of building codes. These tools include the pre-application/pre-development review of a project, creation of special

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<sup>45</sup>Hattis, David B. Smart Codes in Your Community: A Guide to Building Rehabilitation Codes (Department of Housing and Urban Development, Prepared by Building Technology Inc. Washington D.C., 2001) 7.

revitalization districts, training programs and informative materials,<sup>46</sup> and discounts available to non-profit organizations.

- Pre-application/pre-development reviews of potential rehabilitation projects-  
“These preliminary meetings allow the code enforcement officials and the development team the opportunities to discuss code requirements and regulation early in the project and to assess the impact of new code requirements and any specific codes that a community has adopted on the proposed project.”<sup>47</sup>
- Special revitalization districts- to encourage revitalization within targeted areas of a community, the planning department may allow for some flexibility regarding code application within specified districts. For example, in the City of Oakdale, California, within a special revitalization district, “there are older buildings not on the federal register but with historical significance. Flexibility with building codes [has been] allowed with some variation on codes but not the codes that deal with life safety issues, including seismic upgrades.”<sup>48</sup>
- Training programs and informative materials- in many communities, enforcement agencies have offered training seminars to professionals involved in the construction field, in an effort to clarify building code regulations. Another resource available is the many published materials, in the form of brochures, magazines, and videos, regarding the permit and building process.<sup>49</sup>

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<sup>46</sup> U.S. Department of Housing and Urban Development. A National Survey of Rehabilitation Enforcement Practices. (The. Department of Housing and Urban Development: Washington, D.C., 1998) IX-XX.

<sup>47</sup> National Survey 9.

<sup>48</sup> National Survey 53.

<sup>49</sup> National Survey 56.

- Discounts available to non-profit agencies- in an effort to encourage rehabilitation, and to support the efforts of a non-profit group, the regulatory agency may choose to wave the permit and inspection fees incurred by qualifying organizations.

If these tools are not offered by the local regulatory agency, an affiliate may initiate a dialogue between themselves and code enforcement officials to develop a relationship that would foster the implementation of these tools.

### ***Historic Preservation Zoning Ordinance and Commission Review***

Development that occurs within a designated historic district may be subject to an historic preservation overlay zoning ordinance. Similar to base zoning ordinances (used to regulate land uses) this legal tool is used to protect and maintain the integrity of historic resources. The historic preservation ordinance serves to establish a design review procedure for work that will impact individually designated historic properties or historic districts. Within the district, before a permit is issued, the board of architectural review must approve any work that entails:

- Changes or alterations to the exterior of a building or structure;
- The design of infill construction or an addition made to an existing historic building or structure;
- Moving a building or structure;
- Demolition of a building or structure;

The intent of the board of architectural review is to ensure that any work that takes place within the historic district will not threaten the historic integrity of a single component or the district as a whole.

Similar to the requirements that result from building code regulations, the proposed rehabilitation plan, for a project within a preservation zoning ordinance, that is developed by a Habitat affiliate is subject to the review of a regulatory authority. Again, by involving the agency in the preconception phase of the plan, the project will incur fewer obstacles during the architectural review process. Staff members of the board of architectural review are an available resource for this process. Because the goal to maintain an historic property is mutual, an affiliate may also incorporate the advice and experience obtainable from local or state historic preservation organizations.

### **Liability of Hazardous Materials/Maintenance Issues**

There is a measure of assumed risk when pursuing a rehabilitation project. Apprehension can arise from the potential discovery of underlying problems and impending liability. The threat of hazardous materials and difficult maintenance issues can greatly contribute to this anxiety. In truth, these factors are an important consideration as they may negatively impact the investment made by the partner family, and of even greater concern, could pose a health risk to the inhabitants. Further, hazardous materials can result in great expense resulting from the strict regulations governing their removal. Indicated by 51% of the sample, Habitat affiliates recognized the potential for hazardous materials and maintenance issues as a serious impediment to rehabilitation.

### ***Hazardous Materials***

The mere consideration of hazardous materials should not strike fear or even induce panic. In fact, the presence of these materials, alone, does not dictate extensive removal efforts. The treatment for hazardous materials is manageable. There are

proactive steps that can be undertaken by the Habitat affiliate to alleviate this risk. Also, many innovative technologies have become available to alleviate the expense associated with the abatement of hazardous materials.

Proactive measures, initiated during the acquisition phase, will best serve the HFHI affiliates, by allowing them to assuage the level of risk prior to ownership. Before entering into a contract, the seller must provide full disclosure regarding the condition of the property. The Seller's Disclosure Statement will specify a period of time in which the buyer may have the property inspected as a condition of final enactment of the purchase contract. This is another phase of the project where a qualified inspector will prove a worthwhile investment. An experienced inspector will first be able to identify the presence of materials that may pose a risk. Secondly, the condition of these materials and the degree of abatement measures can be determined from this evaluation. Finally, this information can be used to calculate if the rehabilitation of the building will remain feasible in consideration of the condition of any hazardous materials. It is imperative that the condition of environmental hazards is ascertained before construction begins so that an affiliate will not encounter excessive costs that will impair the completion of the project. Also, the rehabilitation work itself can be planned so that interference with hazardous materials can be limited.<sup>50</sup>

In order to counteract the concern regarding potential hazardous materials, affiliates can best arm themselves with information on how to deal with these materials should they be encountered. In the field of rehabilitation, the leading environmental hazards include radon, asbestos and lead paint. By identifying these areas of potential

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<sup>50</sup> Taylor, Martha. "Ask the Right Questions, Get it in Writing." Bright Ideas (Summer 2002) 14.

impact, a guide or manual can be developed to provide affiliates with the tools to direct their actions in the abatement of hazardous materials.

Radon, a colorless, odorless gas can enter a home through surrounding soil. Homes located on a basement are often more at risk. Exposure to this gas can pose a health risk, as it is carcinogenic and can cause significant damage to the lungs. Testing for radon is actually inexpensive and can be done very quickly using a self-purchased testing kit. There are a variety of methods available to treat a home that is subject to radon; the treatment method is typically dependent on the foundation type. Treatment may involve the simple sealing of cracks and openings in the foundation, improving and increasing ventilation, and the use of piping and fans to direct the gas away from the home. Expenses related to treatment are not excessive, as it is estimated that the costs for installation of these treatments by a contractor can run \$800 to \$2,500, with an average cost of \$1,200.<sup>51</sup> The Consumer Federation of America, a non-profit organization, has established the Radon Fix-it Program as a means to encourage the testing and treatment of radon in the home. Operated in cooperation with the EPA, this program provides free information and assistance for the mitigation of excessive levels of radon.<sup>52</sup>

The health risks associated with asbestos have received great notoriety. Although valued for its durability, inhalation of asbestos fibers can result in cancer of the lungs or stomach. The presence of asbestos in the home does not necessarily pose an immediate or direct threat to the well being of its occupants, nor does it require extensive removal efforts. If the asbestos containing material is in good condition, it is actually best to leave the material intact and undisturbed, as removal of the material may prove a greater risk.

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<sup>51</sup> U.S. Environmental Protection Agency. Consumer's Guide to Radon Reduction. (Cincinnati: NSCEP, 2003)

<sup>52</sup> Consumer's Guide to Radon Reduction

Damaged materials may be treated with a sealant or covered with an alternate material to prevent the release of asbestos fibers.<sup>53</sup> A survey of code enforcement officials revealed that removal of asbestos was only required 32% of the time, while abatement was more common at 51.3%.<sup>54</sup>

Homes constructed prior to the late 1970's are suspect for the presence of lead paint. Exposure to lead paint, in the form of dust or paint chips, can lead to impairments of the body or even brain damage; children are at particular risk. Similar to asbestos, paint in good condition should not be removed. Treatment options for lead paint include:

- Encapsulation- application of an impervious coating as a barrier to the lead paint;
- Enclosure- applying a layer of alternate material over surfaces containing lead paint;
- Paint removal- requires stripping of lead paint followed by repainting;
- Component replacement- removal and substitution of original building materials.<sup>55</sup>

Hazard abatement requires treatment of surfaces that have deteriorated and present a hazard. Full removal of the material is not necessary. In the case of deteriorating paint, rather than full removal, a more economical mitigation option is in-place management of the hazard. Using an encapsulant or enclosure will allow the retention of architecturally contributing elements, rather than removing building materials in an effort to remove the lead paint. Encapsulation allows the material to be treated in place through the simple application of a non-toxic polymer using standard painting tools, a roller or paintbrush.<sup>56</sup>

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<sup>53</sup> "Asbestos in Your Home." U.S. Environmental Protection Agency. 20 Sept. 2002

<<http://www.epa.gov/asbestos/ashome.html>>

<sup>54</sup>National Survey 37-38.

<sup>55</sup>Livingston, Dennis et al. Lead and Historic Buildings: Training Manual (Springfield: Illinois Historic Preservation Agency, 2000) 8-2 - 8-3.

<sup>56</sup> Livingston 8-2.

The presence of hazardous materials does not dictate absolute removal. There is undue anxiety associated with the subject, so that the possibility immediately draws images of costly and extensive removal. Rather, the required treatment is dependent on the condition of the materials. In actuality, removal may prove more hazardous than simpler mitigation measures that leave the material in place. It is important to train homeowners in the maintenance of these materials to prevent deterioration and the resultant increased hazards. Familiarizing themselves with the requirements and options available to handle hazardous materials, affiliates will be better prepared to evaluate the feasibility of a rehabilitation project.

### ***Maintenance Issues***

With homeownership comes an assumed responsibility for the continued maintenance and repair of the property. Homeowners must either possess the skills to make repairs themselves, or possess the resources to hire a professional to make the repairs for them. In either case, members of the partner family must be informed and trained in this aspect of homeownership.

Members of the HFHI partner families are required to perform sweat equity as a qualifier for receipt of a Habitat home. This process not only serves as a form of financial investment, it also serves as a teaching tool. According to a Habitat homeowner survey, conducted by HUD, "Like training in repairs and maintenance, homeowners' sweat equity investments...had invariably made them more comfortable with and proficient at, the maintenance responsibilities that accompany home ownership."<sup>57</sup>

Further, specialized training workshops will better prepare the families to meet the

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<sup>57</sup> Applied Real Estate Analysis, Inc. Making Homeownership A Reality: Survey of Habitat for Humanity International (HFHI), Inc. Homeowners and Affiliates. (Washington, D.C.: U.S. Department of Housing and Urban Development, 1997) 59.



maintenance needs of their home. Already, the majority of HFHI affiliates incorporate maintenance training in the preparation and orientation that each partner family must undergo prior to inhabiting their new home. These same skills will serve a partner family whether they have constructed a new home or completed a rehabilitation project.

A benefit of occupying a rehabilitated home is the improved quality of construction that often characterizes an older property. Materials of a rehabilitated property are more likely to be of a nature which can be reconditioned and repaired, rather than replaced. This means reduced replacement costs in the form of materials, and repairs that will be better suited to the skills of the partner families themselves.

In the case of more costly repairs, the homeowners must be prepared for the eventuality of these expenses. A home is an ongoing investment, whether newly constructed or an older property. The replacement of building components, such as a heating/air-conditioning unit or the roof, should ultimately be expected during the long-term habitation of a home. An option would include the establishment of an escrow account, as a stipulation of the mortgage, which would allow funds to be set aside for future maintenance.<sup>58</sup> Habitat affiliates typically maintain an ongoing relationship with the homeowner. This relationship can be used to administer an escrow account and assist in the planning for significant maintenance issues.

### **Volunteer Skill/Training**

To create affordable homeownership opportunities, Habitat for Humanity relies heavily on volunteer participation in order to greatly reduce the cost of their work. The level of skill and experience of those volunteers can impact their degree of effectiveness

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<sup>58</sup> Cathell 5.

on a project. The Habitat affiliate survey indicated that 40% of all affiliates viewed volunteer skill and training as a significant barrier to the implementation of rehabilitation. However, this aspect can be influenced through the utilization of training programs and effective project planning.

### ***Volunteer Training***

Of the affiliates surveyed, 46% indicated that they did offer a form of technical training to its volunteers. The frequency ranged from daily (for each project), monthly, quarterly, biannually, and (most often) as needed. Interest in establishing technical training for volunteers was high; as 75% of the affiliates, not offering training, indicated that they would consider doing so. The benefit of establishing a formal affiliate led technical training program for Habitat volunteers is twofold. First, a training program can serve to attract a greater level of volunteer participation. Training will offer volunteers the opportunity to learn skills and techniques that can then be applied to their own property. Secondly, members of the partner families can utilize these skills in order to ensure the continuous maintenance of their own homes.

To initiate a training program, an affiliate must first identify the skills needed. Affiliates should call upon past experience to determine where skills are deficient and what skills training would be of the greatest benefit. Analysis of a rehabilitation project will identify the tasks that best lend themselves to volunteer labor. Workshops can be conducted to address these tasks, individually or grouped by relevance. A workshop format, rather than on site training, will increase efficiency as it will serve to inform a larger number of volunteers rather than those involved with a specific project. The

frequency will be dependent upon an individual affiliate's need and the number of projects they are involved in.

Just as HFHI houses are sponsored by groups, so too, can Habitat workshops. Commercial companies that are vested within a particular aspect of rehabilitation may offer demonstrations and informative lectures. For example, a company that markets paint removal products could demonstrate the means by which to remove old paint, deal with lead paint and prepare surfaces for paint application. In return, they are able to market and demonstrate the effectiveness of their products to a large audience. This practice is common in other professional fields as companies often provide continuing education opportunities while explaining the benefits of their products. State Historic Preservation Offices or local preservation organizations are also a valuable resource for technical training.

### ***Project Planning Using Volunteer Labor***

Another obstacle associated with volunteer labor is how to most effectively use this labor force within the scope of a rehabilitation project. Larger scale and/or lower skill tasks may lend themselves more to the qualifications of a volunteer force. Those that require a large degree of skill and knowledge, such as the installation or repair of mechanical systems, are best left to professionally skilled tradesmen. This is a similar approach used by affiliates engaged in new construction projects. By analyzing the work plan and creating a labor strategy, volunteer labor can play a significant role in a Habitat rehabilitation project.

There are varying stages of a project in which volunteer participation is best suited, according to a Habitat for Humanity International rehabilitation worksheet:

“There are three distinct stages in every rehab task. Removal, preparation and replacement. The skills, tools and size of workforce varies with each of these.

?Removal - low skill - high safety concerns

? removing shingles, plaster, siding

? good family and large group involvement

? part of every group moves debris out of the house

?Preparation - high skill - small numbers

? straightening walls for [sheet]rock

? preparing subfloor for floor covering

? minimal family involvement

?Replacement - varying skills more like new

? most like new if prep was done right

? varying family involvement<sup>59</sup>

Although the particular aspects of a rehabilitation project will vary with each job, the sequence of work can be systematic. Therefore, once an affiliate is able to match volunteer skills with each potential component of the job, this formula can repeatedly be applied.

### **Desirability of Rehabilitated Property versus New Construction**

There is a perception that newly constructed homes are more highly valued by Habitat partner families, as rehabilitated properties are viewed as “used” homes. The affiliate survey revealed that 45% of the sample considered new construction a more preferable housing option compared to rehabilitation. This increased value of “new” can be attributed as a byproduct of our culture, one that easily discards its past. In response, it is imperative to recognize the importance and resultant benefits of preserving our built environment.

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<sup>59</sup> Cathell 6.

Is rehabilitation even an option made available to partner families? Are they made aware of the benefits of owning a rehabilitated property, or given a choice in the matter? Members of the partner families need to be educated regarding the housing choices that are available. They must be presented with the benefits of new construction and rehabilitation so that they will be able to make an informed decision regarding the property type that will best meet their needs. A partner family, perhaps in need of a support network, may best be served by a property located within an existing community rather than a home located at an edge, away from a social infrastructure. By giving the partner families a choice, affiliates can make certain that the family's needs will be met by their new home. Most importantly, Habitat affiliates can ensure the continued contribution that the home will make in the lives of the families they assist.

There is an assumption that newer homes offer greater amenities; that these homes offer larger living spaces, innovative technologies and more bathrooms. In contrast, older homes are perceived to offer smaller square footage, outdated technologies and may only have one bathroom. According to a study conducted by the Joint Center for Housing Studies, "Houses built in 1995 are almost 200 square feet larger on average than those constructed in the 1960's and 1970's, and more than 300 square feet larger than those built in the 1940's and 1950's even with additions."<sup>60</sup> In light of this notion, a newly constructed home would perhaps better meet the demands of today's family and be more desirable. However, an analysis of the specifications of a newly constructed HFHI home reveals that it is equivalent to older houses. The typical size of a Habitat home, constructed in North America, is 1000 square feet, and includes only one bathroom. The

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<sup>60</sup> Joint Center for Housing Studies of Harvard University. Improving America's Housing: Remodeling Futures Program (Cambridge, MA: Harvard University, 1999) 7.

intent is to provide decent housing, at an affordable cost, resulting in modest homes. An older home can match these attributes and provide distinctive features that lend to the character of the property.

“Because of problems [...] some affiliates take well over a year to build or rehabilitate a single home; on occasion, the process has taken as long as two-and-a-half years. Homebuyers can become frustrated by this experience and a few have reacted negatively to both Habitat and the homeownership experience.”<sup>61</sup> Within the building industry, contractors do not always wait for a client to begin construction of a home. These speculation houses are constructed in anticipation of a future homebuyer. To eliminate the frustration felt by Habitat homebuyers that must await a time-consuming rehabilitation process, this same method may apply. Rehabilitation of an identified property could commence before a partner family is matched to the home. This would also benefit the family, as they can visually inspect the property before contracting to purchase the property, an option not available when constructing a new building.

### **Availability of Property for Rehabilitation**

Affiliates must be able to identify and acquire suitable properties before rehabilitation can become a developmental force in supporting HFHI’s mission of providing decent, affordable housing. Within the Habitat affiliate survey, property availability was recognized by 37% of the sample as a rehabilitation prohibitor. Demand within existing communities may limit opportunities to secure available properties, or may further increase property values. In addition, members of the site selection committee must be directed to actively pursue properties for rehabilitation. The affiliate

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<sup>61</sup> Applied Real Estate Analysis, Inc. III-21.

survey revealed that only 15% of the affiliates had members of the site selection committee who were concerned with locating rehabilitative properties. These affiliates may be blinded by the search for available land or may not be practiced at locating available existing structures. There are several strategies that could be employed by Habitat affiliates to improve their ability to acquire properties for rehabilitation, including partnering with preservation organizations, establishing a donation program, and exploring the availability of foreclosed properties.

Local historic preservation organizations are an invaluable source for identifying and locating many available buildings suitable for rehabilitation. Ensuring the retention of historic structures is typically the fundamental purpose of a preservation group. Therefore, a relationship of this nature, between a Habitat affiliate and an historic preservation association would prove mutually beneficial. Many preservation organizations maintain a revolving fund program that ensures the protection of historic resources by connecting buyers with properties available for rehabilitation. Further, a local preservation group may maintain a database of additional rehabilitative properties available for purchase.

Habitat for Humanity International has established a planned giving program in which donors can make contributions to the organization and in turn qualify for an income tax charitable deduction. Many forms of donations are accepted including the gift of real estate. A change of thinking within individual affiliates is necessary to encourage the contribution and receipt of existing property. Affiliates need to further publicize their acceptance of property for rehabilitation as a measure to encourage greater public participation in the donation process.

Another source of available properties are those subject to property tax and mortgage foreclosure. Should a property owner become delinquent in the payment of their property taxes, a municipality has the ability to file a tax foreclosure, enabling the property to be sold as a means to collect the owed taxes. A lender can enact this same procedure, should the owner fail to make a mortgage payment.

Although these properties may be available at reduced cost, the process can take several months or longer. This time extension can result from the mandated statutory redemption period in which the original owner retains an interest and may redeem the property. On the other hand, “property tax and mortgage foreclosures [may be] expedited through such means as reducing redemption periods.”<sup>62</sup> In fact, the national trend has been to diminish or do away with this requirement altogether, and many municipalities have done so.<sup>63</sup>

An additional obstacle may result if the purchaser, a Habitat affiliate, is made responsible for the owed taxes. This can result in a more expensive acquisition option. However, “the tax liability can be wiped out [ . . . ] if the city forecloses on back taxes and then conveys the property to the rehab entity at no or nominal cost.”<sup>64</sup> This absolution may be negotiated as part of the sale, as acquisition by Habitat for Humanity International will return the property to the tax rolls.

In contrast to the systematic application of a new construction project, a rehabilitation project can be more unpredictable. This experience generates a set of

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<sup>62</sup> Listokin, David and Barbara Listokin. Barriers to the Rehabilitation of Affordable Housing: Volume I of II, Findings and Analysis (Washington, D.C.: The Department of Housing and Urban Development, 2001) 57.

<sup>63</sup> Mahue, Michelle. “The Economic Role of Statutory Redemption.” Office of Real Estate Research Letter. Spring 1991. 28 Sept. 2001 < <http://www.business.uiuc.edu/orer/V5-2-1.pdf>>.

<sup>64</sup> Listokin 51.



barriers that deter greater use of the building development method. However, rehabilitation exhibits a number of tangible and intangible benefits that warrant further employment by Habitat for Humanity International and its affiliates. In recognition of these barriers, there are proactive measures that can be generated to anticipate and mitigate their impact on the rehabilitation process. The development of an outlined rehabilitation program by HFHI is a key step in the approach to increase the utilization of rehabilitation projects by the organization's affiliates. Implementation of a comprehensive rehabilitation system will arm affiliates with the necessary tools to incorporate rehabilitation within their mission. Although rehabilitation is a challenging task, so too is the battle to eliminate substandard housing.

## CHAPTER VI.

### RECOMMENDATIONS AND CONCLUSION

#### Recommendations

Rehabilitation, as an affordable housing tool, has the potential to greatly benefit the work of Habitat for Humanity International. The nonprofit organization must first initiate efforts to expand its rehabilitation program before these benefits can be fully realized. First, this undertaking warrants further investigation into the impact rehabilitation will impart on Habitat's building program and its partner families. Secondly, HFHI should develop resources that aid Habitat affiliates in developing a rehabilitation program. Finally, Habitat affiliates themselves must initiate an effort to increase the application of rehabilitation within their building program.

Additional study is necessary to fully understand the need and effect of an expanded rehabilitation program. A comparison of the results achieved by new construction projects compared to rehabilitated projects will demonstrate how each building method will impact Habitat's partner families. Further understanding of this influence can be attained through study of the following items:

#### 1. Investigate and Identify Homeowner Satisfaction Levels.

A survey of Habitat homeowners would provide information relating to the satisfaction level attained from their Habitat home. Satisfaction levels from both new construction and rehabilitated properties can be evaluated. This information will provide an understanding of how each construction type can contribute to the fulfillment achieved by the partner families. In addition, the survey can be used to analyze the impact of a

homeowner's surrounding community environment. The purpose of this study will be to illustrate what building type and environment can best benefit the family's quality of life.

## 2. Investigate Leading Maintenance Issues Encountered by Homeowners.

A study is needed that will identify what are the leading maintenance issues encountered by Habitat homeowners. This information will help to further develop a homeowner maintenance training program. HFHI has a maintenance program in place, but the program needs to be evaluated so that it prepares homeowners for the skills required to maintain both newer properties and rehabilitated properties. The homeowners in turn will be prepared to anticipate, prevent or make necessary repairs to ensure the condition and value of their home.

## 3. Evaluation of Volunteer Skills and Interests

HFHI's building program is highly dependent on volunteer labor. According to the study conducted in this report, Habitat affiliates perceive the skills of this labor force as one of the leading barriers to rehabilitation. It is uncertain as to the specific construction skills that Habitat volunteers possess. Also, it is speculated that many volunteers would not be interested in rehabilitation projects. This study believes contrary to this estimation, rehabilitation would be a valuable resource for attracting greater volunteer participation in the building program. A survey of Habitat volunteers could be used to evaluate volunteer response and interest in rehabilitation. This survey could be further used to identify the specific skills of Habitat volunteers and what particular training is required.

The extensive contribution and success realized by Habitat for Humanity International can be attributed to the unique housing program created by the nonprofit

organization. However, the framework of this program is inherently biased towards new construction. Although rehabilitation is implemented by Habitat affiliates, its occurrence is limited. In order for HFHI to further realize the benefits of rehabilitation, the parent organization must provide affiliates with the necessary resources to successfully expand their rehabilitation program. In fact, affiliates that do perform rehabilitation are a valuable source for creating these educational resources. Their experience and technical expertise can be used by HFHI to develop training materials or to establish partnerships among its affiliates to aid in the strengthening of its rehabilitation program. There are several measures that may be implemented by HFHI to best serve the affiliates in this endeavor:

#### 1. Education Regarding the Benefits of Rehabilitation.

The survey conducted as a part of this report reveals that the leading indicator of an affiliate's likelihood to engage in future rehabilitation projects is their past involvement with rehabilitation. It was concluded that the performance of rehabilitation is attributable to the internal ideology of the affiliate members. To encourage a greater interest in rehabilitation, HFHI must increase among its members an awareness, appreciation and understanding of the value of rehabilitation. This aim may be achieved through published materials that outline the ways that rehabilitation can contribute to Habitat's mission to provide affordable housing.

#### 2. Development of a Rehabilitation Project Manual

The process required of a new construction project can be enumerated as a list of predictable steps. Due to this predictability, new construction projects can be planned in advance, step by step. In contrast, the steps required of rehabilitation can greatly vary

from project to project. Development of a rehabilitation project manual can aid to counteract this variability. A rehabilitation manual can provide a project management tool that outlines the expected aspects of a rehabilitation project. This should include information pertaining to the typical sequence of a rehabilitation project, the items that could potentially be encountered during the project and how these items should be treated.

### 3. Development and Implementation of a Rehabilitation Training Program

Rehabilitation projects can present unique challenges that can best be anticipated and managed through training. By developing a training program, HFHI would equip affiliates with the skills and tools necessary to meet these challenges. Specific areas that require training include project management, property acquisition and volunteer labor. HFHI has these training aids in place, but these tools are primarily tailored to the requirements of new construction projects. These tools can be expanded to address the specific requirements of rehabilitation projects.

Another contributing factor of HFHI's success is its delegation of work to individual affiliates. Affiliates apply Habitat's program within specific geographic areas. Therefore, the affiliates are in a position to make an impact within their local communities. This position can be made use of so that affiliates can further realize the benefits of rehabilitation. In order to accomplish this aim, HFHI affiliates must further incorporate rehabilitation projects within the focus of their program. This may be achieved by:

#### 1. Creating/Cultivating a Relationship With a Local Historic Preservation Organization.

With regards to a rehabilitation project, HFHI and historic preservation organizations often share the same objectives. The intent is to transform a derelict or abandoned property and return it as a contributing structure. Habitat affiliates may be able to draw on the skills and knowledge of an historic preservation organization by establishing a partnership.<sup>65</sup> This relationship can be used to aid in securing properties, evaluating the condition of properties, and provide project-planning assistance.

## 2. Site Selection Committee- Actively Pursue Properties for Rehabilitation

Unless Habitat affiliates are given properties directly, members of the site selection committee must actively pursue rehabilitative properties for acquisition. This practice stems from an affiliate's choice to achieve their aim solely through new construction or to involve rehabilitation within their practice. To identify eligible properties, the site selection committee must include rehabilitative properties in their search for affordable housing opportunities. The same means by which available land is identified, can be used to identify properties for rehabilitation.

## 3. Develop a Building Subcommittee for Rehabilitation

Habitat affiliates may choose to establish a rehabilitation subcommittee that is overseen by the building committee. This would allow for the formation of a team that is experienced and can specialize in the requirements of a rehabilitation project. This specialization would allow members of the rehabilitation subcommittee to fully develop their skills and focus on the varying challenges presented by rehabilitation. Further, this would allow for the development of a continuous relationship among Habitat participants and volunteers that are interested in rehabilitation projects.

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<sup>65</sup> Rubman, Kerri. Habitat for Humanity as a Preservation Partner: Four Model Projects. (Washington, D.C.: National Trust for Historic Preservation, 1999)

#### 4. Implement Rehabilitation Training Program

Building upon the training resources developed by HFHI, individual affiliates are responsible for actually implementing the training program within their community. Just as Habitat's building program is performed by local affiliates, training programs must be executed at the local level. Affiliates will be able to recognize the specific training needs of their workers and volunteers. In addition, this will allow an affiliate to call upon the resources and skills available within their community.

#### **Conclusion**

Since its conception over twenty-five years ago, Habitat for Humanity International has gained momentum in the fight against substandard housing. Because of the efforts of the non-profit organization, homeownership has become a reality for many who had considered it beyond their reach. Habitat for Humanity International is considered the nation's leading non-profit builder. It is the distinct building program established by HFHI that has positioned the group to have a considerable impact in the effort to provide increased affordable housing opportunities.

Although HFHI states that its objective is achieved through both new construction and rehabilitation, its reputation has become synonymous with newly constructed homes. The parameters of new construction enable homes to be constructed quickly and efficiently. Projects can be carefully planned, and affiliates can repeatedly use an established formula by constructing similar plans over and over again. Nonetheless, HFHI must consider the long-term impact of its work, both the tangible and intangible. How will the organization's work impact the communities in which they build? The negative consequences of new construction include loss of natural areas, overburdening

an existing infrastructure and environmental injury. In contrast, Habitat affiliates may utilize rehabilitation as a smart growth option that will benefit the communities in which they operate.

As Habitat affiliates encounter greater difficulties in acquiring land, due to scarcity and increasing property values, alternative means must be explored to enable the continuation of their work. In our nation, countless buildings and homes stand abandoned and derelict, impressing a negative impact on our communities. Through rehabilitation these properties can be restored, creating additional affordable housing and positively transforming these buildings into contributing elements once again. Exploration of rehabilitation will reveal the extensive beneficial effect available to HFHI, our communities, and most importantly the Habitat partner families themselves. Habitat affiliates will benefit from rehabilitation by identifying additional project opportunities, added volunteer participation, and amplified community support. Communities themselves will profit from Habitat's efforts as rehabilitation is a proven catalytic revitalization tool. Finally, a rehabilitated property can contribute to the well being of the partner family by improving their sense of self worth, providing them with a home of distinctive character and quality, and ensuring that a community support network is in place.

Analysis reveals that no outside factors contribute to an affiliate's degree of rehabilitation involvement more so than the members of the affiliate themselves. Those that have a greater level of past involvement in rehabilitation are most likely to continue their involvement. Others that have performed limited rehabilitation in the past have allowed themselves to become discouraged by the process. Many have decided to



eliminate rehabilitation altogether and have dedicated themselves to achieving their goals through new construction. This information suggests that affiliates that have persevered through their initial rehabilitation projects have learned from their experiences and are able to build upon the knowledge and skills acquired from this work.

Despite the benefits of rehabilitation, many affiliates avoid it in favor of the more formulated and predictable nature of new construction. Similarly, by instigating a proactive approach, Habitat affiliates may better prepare themselves to meet the challenges generated by rehabilitation projects. Identification of the specific barriers to rehabilitation will allow an affiliate to develop measures to mitigate their impact and prepare for the associated complexity. Specifically, HFHI needs to develop a detailed guide for its affiliates, to enable them with the resources necessary to efficiently assume rehabilitation as an effective affordable housing tool.

Twenty-five years from now, will Habitat for Humanity homes need to be rehabilitated? What will they do then? Will they just discard these homes; let them become the future derelict and condemned properties of our cities and suburbs? If not, they will have to prepare for this eventuality by learning the art of rehabilitation. Given the opportunity, rehabilitation will prove itself an important and useful component of Habitat for Humanity International's building program.

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## APPENDIX A

### GLOSSARY

**Affiliate-** A distinct non-profit organization that fulfills Habitat for Humanity International's mission within its local region.

**Blitz Build-** a construction project that entails the completion of a Habitat house, or houses, within a short period of time.

**Certified Local Government-** a local government that has been certified by the State Historic Preservation Officer, establishing a relationship to administer the purpose of the National Historic Preservation Act. Certification will qualify a local government to receive technical training and funding. A local government becomes certified once it meets the specified eligibility requirements, demonstrating their commitment to historic preservation.<sup>66</sup>

**Historic District-** “a geographically definable area, urban or rural, possessing a significant concentration, linkage, or continuity of sites, buildings, structures, or objects united by past events or aesthetically by plan or physical development. A district may also comprise individual elements separated geographically but linked by association or history.”<sup>67</sup>

**Historic Property-** a building that is listed, or eligible for inclusion on the National Register of Historic Places. For inclusion the property must meet a set of established criteria.

**National Register of Historic Places-** established by the National Historic Preservation Act of 1966, the register is a national list of historically significant resources, including

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<sup>66</sup> National Historic Preservation Act of 1966: 16 USC 470.

<sup>67</sup> National Register of Historic Places: 36 CFR 60.

buildings, sites, structures, objects and districts. Significance is evaluated based on its contribution to American history, architecture, archeology, engineering, and culture.<sup>68</sup>

**Partner Family-** a Habitat for Humanity homeowner. Through personal involvement and labor, or sweat equity, a family forms a partnership with Habitat for Humanity to build themselves a home.

**Rehabilitation-** as defined by the Secretary of the Interior, “the process of returning a property to a state of utility, through repair or alteration, which makes possible an efficient contemporary use while preserving those portions and features of the property which are significant to its historic, architectural and cultural values.”

**Tax Abatement-** provide a period in which increased valuations are frozen during a specified term, reducing the amount of property taxes owed.

**Tax Credit-** a dollar for dollar reduction of the amount of property taxes owed.

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<sup>68</sup> National Register of Historic Places

## APPENDIX B

### THE SECRETARY OF THE INTERIOR'S STANDARDS FOR REHABILITATION

1. A property shall be used for its historic purpose or be placed in a new use that requires minimal change to the defining characteristics of the building and its site and environment.
2. The historic character of a property shall be retained and preserved. The removal of historic materials or alteration of features and spaces that characterize a property shall be avoided.
3. Each property shall be recognized as a physical record of its time, place, and use. Changes that create a false sense of historical development, such as adding conjectural features or architectural elements from other buildings, shall not be undertaken.
4. Most properties change over time; those changes that have acquired historic significance in their own right shall be retained and preserved.
5. Distinctive features, finishes and construction techniques or examples of craftsmanship that characterize a property shall be preserved.
6. Deteriorated historic features shall be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature shall match the old in design, color, texture, and other visual qualities and, where possible, materials. Replacement of missing features shall be substantiated by documentary, physical, or pictorial evidence.
7. Chemical or physical treatments, such as sandblasting, that cause damage to historic materials shall not be used. The surface cleaning of structures, if appropriate, shall be undertaken using the gentlest means possible.
8. Significant archeological resources affected by a project shall be protected and preserved. If such resources must be disturbed, mitigation measures shall be undertaken.
9. New additions, exterior alterations, or related new construction shall not destroy historic materials that characterize the property. The new work shall be differentiated from the old and shall be compatible with the massing, size, scale, and architectural features to protect the historic integrity of the property and its environment.
10. New additions and adjacent or related new construction shall be undertaken in such a manner that if removed in the future, the essential form and integrity of the historic property and its environment would be impaired.

Source: Morton, W. Brown. The Secretary of the Interior's Standards for Rehabilitation and Illustrated Guidelines for Rehabilitation Historic Buildings. Washington, D.C.: U.S. Dept. of the Interior, National Park Service, Cultural Resources, Preservation Assistance Division, 1992.

## APPENDIX C

### STATE TAX INCENTIVES FOR HISTORIC PRESERVATION

State	Tax Incentive	Usage & Budget	Comments & For More Information
Alabama	PROPERTY TAX ABATEMENT Commercial Properties assessed at 10% of appraised values (vs. 20% for non-historic properties). No time limit on the abatement.		Alabama Historical Commission: 334-2422-3184
Florida	PROPERTY TAX ABATEMENT Local option. Constitutional amendment authorizing local abatement approved in 1992. Owner-occupied residential and commercial. Localities may exempt up to full value of improvements. Value of improvement must equal 50% of property's assessed value. Exemptions do not apply to school taxes. Term: up to 10 years, but locality determines. Nationally or locally designed property may qualify. Secretary's standards apply to both exterior and interior renovations.	As of September 1999, 92 of Florida's CLG's had adopted tax.	Florida also has Community Contribution Tax Incentives, whereby corporations may receive credit equal to 50% of donation to approved community development or historic preservation projects. Businesses eligible to received credits of up to \$200,000 per year.  Florida Division of Historical Resources: 850-487-2333
Georgia	PROPERTY TAX ABATEMENT Statewide. 8-year freeze; 2-year phaseout, with property taxes returning to normal in 10 <sup>th</sup> year. Owner-occupied residences and commercial. Minimum investment: rehab must increase property's market value by 50% if owner occupied residential; by 75% if mixed use; by 100% if commercial.	151 projects approved in 1995. Cumulative total approved between 1991 and 1994: 662 projects involving \$54 million in private expenditures. Program used primarily by homeowners.	Georgia also permits local governments with preservation ordinances to exercise "local option" and provide property tax freezes on income-producing landmark historic structures. As of June 1995, only two jurisdictions had adopted this program: Atlanta and Cobb County. Georgia Historic Preservation Division: 404-656-2840
Kentucky			5-year freeze on property tax increases attributable to improvements made to residential properties at least 25 years old in designated "neighborhood improvement zones." Kentucky Heritage Council: 502-564-7005
Louisiana	PROPERTY TAX ABATEMENT Local option. 5-year freeze; renewable for 5 more years. Owner-occupied residential (including condominiums and duplexes) and commercial. Minimum investment 25% of assessed value for residential cover 2 years; no minimum for commercial.		Louisiana Department of Culture, Recreation & Tourism: 225-342-8200



State	Tax Incentive	Usage & Budget	Comments & For More Information
Mississippi	PROERPTY TAX ABATEMENT Local option. Abatement up to 7 years. Commercial and residential. (New buildings in central business districts also qualify.)	13 communities participate in the abatement program.	Mississippi Division of Historic Preservation: 601-359-6940
North Carolina	PROPERTY TAX ABATEMENT Local option. STATE INCOME TAX CREDIT 30% credit for historic residential and 20% for commercial properties. Minimum investment for 30% credit: \$25,000. 20% commercial credit can be piggybacked on federal rehab credit of 20% providing total of 40%.	From January 1988 through July 1999, 387 applications, representing 229 individual projects. Estimated rehabilitation costs for projects average approximately \$73,000	North Carolina Historic Preservation Office: 919-733-4763
South Carolina	PROPERTY TAX ABATEMENT Local option. 2-year freeze; for next 8 years, property taxed at 40% of post-rehab assessment, whichever is greater. Nationally or locally designated properties qualify. Minimum investment: 50% of building's appraised value over 2 years.		South Carolina Department of Archives and History: 803-896-6100
Tennessee			Tax assessors must consider reduction in property values attributable to easement restrictions. Property tax exemptions for historic properties declared unconstitutional in 1985. Tennessee Historical Commission: 615-532-1550
Virginia	PROPERTY TAX ABATEMENT No special benefit for historic properties, but substantial improvements on buildings at least 25 years old may be exempted from property tax assessments for up to 10 years. STATE INCOME TAX CREDIT 25%. Enacted in 1996, began at 10%, then increased by 5% a year until rate reached 25% in year 2000. Reconstruction and improvements should amount to at least 25% of the assessed value for owner-occupied buildings and at least 50% for non-owner occupied buildings. Carry forward: 10 years. State register properties qualify. Secretary's standards apply.	20% of projects are for owner-occupied units. 248 projects with completed rehab expenditures of \$74,496,503.	Tax assessors must consider reduced property values attributable to easements on historic properties.  Virginia Department of Historic Resources: 804-367-2323

Source: "State Tax Incentives for Historic Preservation: A State-by-State Summary." National Trust for Historic Preservation. 20 Aug. 2002  
<<http://www.nationaltrust.org/help/taxincentives.pdf>>

## APPENDIX D

### HABITAT COVER LETTER AND SURVEY

October 1, 2001

Dear Sir or Madam:

Your assistance is requested in gathering information regarding rehabilitation within the Habitat for Humanity organization. This information will be used for a thesis project titled Habitat for Humanity: Historic Preservation as an Affordable Housing Tool. The project is designed to evaluate the perceived obstacles to rehabilitation and what measures may be taken to make rehabilitation a viable tool to meet affordable housing needs. Research is being conducted by Meredith Temples, under the guidance of Professor John Waters, Historic Preservation, University of Georgia; telephone 706.542.4720.

Rehabilitation is defined, by the Secretary of the Interior's Standards, as "the act or process of making possible a compatible use for a property through repair, alterations, and additions while preserving those portions or features which convey its historical, cultural, or architectural values."

Your participation in this survey is voluntary; all survey answers will remain anonymous. Survey results will be reported in a summary form and will be disassociated with any identifying information upon completion of the study.

Please have this survey completed by the building committee leader of your Habitat for Humanity chapter, or other applicable member. Please return the completed survey in the enclosed self-addressed, stamped envelope, by October 15, 2002, to:

Meredith Temples  
16 Ludwell Street  
Charleston, SC 29407

In advance, thank you for responding. Your input and insights are valuable to this research. If you have any questions do not hesitate to ask now or at a later date. You may contact Meredith Temples at 843.556.4424 or [cmtemple@bellsouth.net](mailto:cmtemple@bellsouth.net).

Sincerely,

Meredith Temples

Enclosure (1)

## Habitat for Humanity Survey

1.) In what year was your Habitat for Humanity Chapter established?

\_\_\_\_\_

2.) What type of environment does most of your work take place?

Rural\_\_\_\_\_ Urban\_\_\_\_\_

3.) How many homes has your chapter completed since its establishment?

\_\_\_\_\_

4.) How many of these homes were rehabilitation projects?

\_\_\_\_\_

5.) Is your chapter currently engaged in any rehabilitation projects?

No\_\_\_\_\_ Yes\_\_\_\_\_

If yes: How many? \_\_\_\_\_

6.) Is your chapter dedicated to only building new houses?

No\_\_\_\_\_ Yes\_\_\_\_\_

7.) Does the Site Selection Committee actively pursue properties for rehabilitation?

No\_\_\_\_\_ Yes\_\_\_\_\_

8.) Has your chapter ever done work within a designated historic district?

No\_\_\_\_\_ Yes\_\_\_\_\_

If yes: New Construction\_\_\_\_\_ Rehabilitation\_\_\_\_\_

9.) Has your chapter ever worked with or received assistance from an Historic Preservation Organization?

No\_\_\_\_\_ Yes\_\_\_\_\_

10.) Does your chapter offer any form of technical construction training for volunteers?

No\_\_\_\_\_ Yes\_\_\_\_\_

If yes, how often do you offer volunteer training? \_\_\_\_\_

If no, would you consider the introduction of a volunteer/homeowner training program? \_\_\_\_\_

11.) Has your chapter ever taken advantage of either Federal or State Historic Preservation tax incentives?

No\_\_\_\_\_ Yes\_\_\_\_\_

12.) For the completion of a Habitat for Humanity house, are you more dependent on volunteer labor or on the donation of materials and funds?

Volunteer Labor\_\_\_\_\_ Materials and Funds\_\_\_\_\_

13.) What does your chapter view as the obstacles for rehabilitation?  
(Please check all that apply)

- Difficulty of estimating/evaluation of required restoration work
  - Volunteer skill/training
  - Availability of property within housing stock
  - Liability associated with older structure/maintenance issues (i.e. asbestos/lead paint)
  - Perceived desirability of new home as compared to rehabilitated home
  - Other \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

Thank you for your participation in this survey. Your time and answers are greatly appreciated. Please return the completed survey in the enclosed, self-addressed, stamped envelope, by October 14, 2002.

## APPENDIX E

### HABITAT AFFILIATE SURVEY ANALYSIS

Chart 1  
Variables Associated with Affiliate Involvement in Rehabilitation  
(Results of 2002 Affiliate Survey)

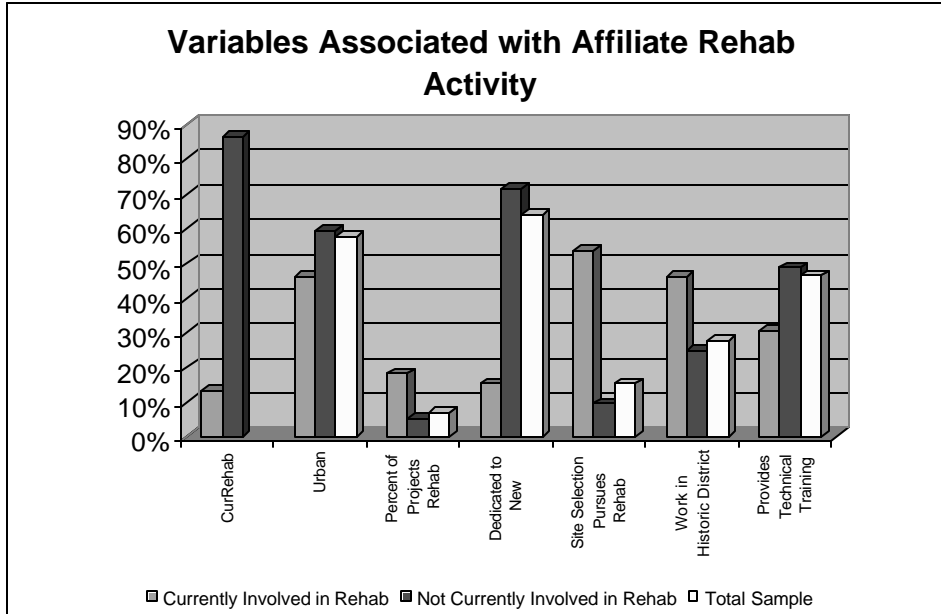


Chart 2  
Barriers to Rehabilitation, As Perceived by HFHI Affiliates  
(Results of 2002 Affiliate Survey)

