

**Chautauqua Home
Rehabilitation &
Improvement
Corporation
(CHRIC)**

**Operating Plan
July 2005-December 2006**

[edited for DHCR strategic plan critique exercise]

**CHRIC
2 Academy St.
Mayville, NY 14757
(716) 753-4650 (Phone)
(716) 753-4508 (Fax)**

www.CHRIC.org

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Executive Summary

The following operating plan lays out the activities that Chautauqua Home Rehabilitation and Improvement Corporation (CHRIC) will undertake in the coming 18 months. The programs and lines of business described in this plan are offered throughout Chautauqua County in an effort to achieve our mission.

Highlights of organization-wide initiatives:

- In 2004, the IRS approved non-profit 501(c)(3) designation of CHRIC's CDFI spin-off corporation called JobStart Chautauqua. The mission of JSC is to provide capital to residents of Chautauqua County through affordably priced credit. In the second half of 2005, JSC will be undertaking a market analysis of Chautauqua County to allow us to understand the market dynamics around business, consumer and mortgage credit for underserved populations. We will then be undertaking a business planning process for JSC. At this point we believe that CHRIC's lending business is best served by moving to JSC.
- CHRIC has experienced a difficult year financially in 2005, with administrative funds from Chautauqua County and NYS DHCR having been cut substantially as well as fewer GOSC and DHCR grants having been funded. As we move into 2006, CHRIC would like to enhance our ability to attract private donors and foundations to support our core lines of business.
- During the first six months of this plan, CHRIC anticipates applying for and receiving Full Cycle Lendingtm certification from NeighborWorks®.
- We will have at least three board vacancies to fill in the coming year. We are targeting Jamestown residents who can fill the role of representing low- to moderate-income residents as per our CHDO requirements.

Production Objectives:

Home Repair & Improvement	FY2005	FY2006
Owner-occupied rehabed units	62	75
Renter-occupied rehabbed units	63	39
Home Adaptation	80	85
Homeownership & Consumer Education	FY2005	FY2006
Financial Literacy Graduates	250	250
Pre-Purchase Education Graduates	50	60
New Home Buyers	25	40
Acquisition-rehab-resale	FY2005	FY2006
Completed and sold homes	4	2
Lending	FY2005	FY2006
Rehab Loans	21	25
Vehicle Loans (plus 110 repair grants & 340 gas cards)	65	75
Down payment Closing Cost Loans	0	35
Mortgages	0	3
Community Development	FY2005	FY2006
GOSC Applications on behalf of various municipalities	9	6-9
Main Street Grant requests	2	1-2

Part I: Mission and Background

Chautauqua Home Rehabilitation and Improvement Corporation (CHRIC) has been helping low-income residents of Chautauqua County repair and maintain their homes since 1978 through grants for necessary home repairs, assistance with home adaptations for the elderly and disabled, and grants to help landlords make their rental properties lead-safe.

More recently, we have branched out to provide other types of assistance including programs to help people purchase their first home, loan programs designed to help with work-related expenses, and programs that help people move from welfare to work by obtaining reliable cars.

CHRIC is a private, not-for-profit agency overseen by a Board of Directors made up of community members, including low and moderate-income representatives.

Outcomes & Resident Involvement

CHRIC involves Chautauqua County residents in setting our program priorities in two ways: through the board of directors and through our Community Development line of business with direct outreach to targeted communities. Our board is composed of 100% residents of the county and we qualify as a Community Housing Development Organization (CHDO). Through the board's direct connection with the community, CHRIC receives resident input into our plans. Through our Community Development line of business, we do direct outreach and organizing in specific county communities. In these efforts we conduct community-wide meetings to set goals and outcomes for each target community.

During 2004, CHRIC did pre-business planning work, first by completing a county-wide market analysis and then, based on the market analysis, the CHRIC Board of Directors developed outcomes that they want the work of CHRIC to support, either through direct programs, advocacy, training, or "doing no harm". The details for this outcome work are attached in the appendix of this operating plan.

The housing related outcomes identified through the process that directly link to CHRIC programs are:

- Reduction in substandard housing units.
- Increased housing values.
- Decrease in vacancy rates.
- Increased homebuyer demand.
- Reduction in gap of home ownership rates between Whites and minority groups.
- Reduction in predatory lending.

Lines of Business

CHRICs programs are divided into five major business lines:

- Home Repair & Improvement
- Homeownership & Consumer Education

- Acquisition-Rehab-Resale
- Lending
- Community Development

CHRIC Programs-Outcome Matrix					
Reduction in substandard housing units	Increased housing values	Decrease in vacancy rates	Increased homebuyer demand	Reduction in gap of home ownership rates between Whites and minority groups	Reduction in predatory lending
Home Repair & Improvement					
X	X	X	X		X
Homeownership & Consumer Education					
X	X	X	X	X	X
Acquisition-Rehab-Resale					
X	X	X	X	X	X
Lending					
X	X	X	X	X	X
Community Development					
X	X	X	X		X

Outcomes Measurement

1. Reduction in substandard housing units.

A. Home Repair and Improvement. *Each CHRIC-rehabbed unit reduces the number of substandard units by one.* With an estimated 10,000 substandard units in the county, each 100 units rehabbed reduces the number by 1%. In targeted areas, the percentage of improvement will be higher. For example, in Villenova, if there are an estimated 100 substandard units, and our current GOSC grant rehabs 20, then the number of substandard units in the town of Villenova has been reduced by 20%.

B. Homeownership and Consumer Education. Each person completing CHRIC’s homeownership program has had a session on home maintenance. This increases the likelihood that homes where they reside will not become substandard. Financial management training is designed to increase availability of money for household needs such as home maintenance and repair. *Numbers of persons completing these classes* provide a program outcome measure.

C. Acquisition-Rehab-Resale. *Each unit completed* reduces the number of substandard units, creates a homeownership opportunity, and raises the value of surrounding homes.

D. Lending. Lending for rehab increases the number of units completed. Lending for transportation to jobs improves household employment stability and ability to maintain and repair the home. *Number of loans* reflects this.

E. Community Development. Community development involves a range of activities, specific to the needs of the community. In most cases, when CHRIC works with a community, in addition to economic activities such as strengthening tourist attractions, creating business opportunities, supporting factory job creation, commercial rehab, or sewage treatment plant improvements, there is a specific housing rehab and/or homeownership component, which can be *measured as noted in A-D above*. In addition, community development activities increase community pride and household income, which could also lead to privately-financed home improvement.

Several years ago, the Southern Tier West Regional Planning and Development Board sponsored a region-wide housing survey to estimate the overall level of substandardness. The results were available by community. It could be interesting to re-do that survey in specific areas to make a rough determination of whether substandardness has increased or decreased. The initial survey was not always consistently done, so there would be some accuracy issues. Also, negative economic factors out of local control may trump improvement efforts. Although Chautauqua is the only county west of the Hudson to see decreased unemployment recently, the jobs involved may not pay family-supporting wages, and may not therefore enable households to maintain and repair their homes.

2. Increased housing values

The Market Analysis shows that county-wide housing values have not kept up with inflation. This is not surprising in a county experiencing a persistent loss of population. The strongest factor increasing housing values at present is the increasing values of vacation homes around Chautauqua Lake, particularly in Chautauqua Institution. As those prices increase, there may be an increase in areas adjacent to the currently higher-prices areas. Housing values are really determined by the offer made by a willing buyer.

All of the CHRIC program elements above, A-E, certainly increase *the utility value (in the sense of usefulness) of houses in the county, that is their livability and value as a safe and healthy place to live*, whether or not prices increase. Of course, the dollar value of a house that is not substandard will be greater than one with failing plumbing, a leaking roof, or out-of-date electrical service.

Housing dollar value measures are available from census estimates, realtor reports, etc. The mix of higher-priced vacation homes and lower-priced homes of year-round residents, particularly the <80% AMI residents served by CHRIC, makes these measures remote as outcome measures for our work. We can, however, track the *values of houses purchased with homebuyer assistance* from CHRIC from one year to the next. Although the sample would be small and uneven as to location, it may be a better indicator of outcome than general numbers.

3. Decrease in vacancy rate

All program elements A through E support decrease in vacancy rates. Home repair and improvement reduces substandard housing units which helps reduce the likelihood that houses will fall into significant disrepair and become vacant. Homeownership and consumer education promotes successful homeownership – which includes increasing skills in financial management and physical maintenance of houses. Having households with these skill sets reduces the likelihood of

houses becoming vacant. Lending works hand-in-hand with all our lines of business to promote successful homeownership -- either to facilitate repair or affordable purchase. Acquisition-rehab-resale directly addresses the reduction of vacants by getting these structures back on the tax rolls. Community Development, like lending, works hand-in-hand with our other lines of business to bring specific resources into targeted communities to create and bolster sound housing.

It would be difficult to count homes not falling into disrepair or families averting financial mismanagement and therefore homes that didn't become vacant. We will measure ***the number of homes we directly impact through acquisition-rehab-resale*** that were vacant and become occupied as decreasing the vacancy rate. In communities we target through our community development line of business we will measure ***vacancy rates before and after our work*** in the community. Population loss can easily trump our work.

4. Increased homebuyer demand

In general, homebuyer demand is closely related to housing values: The more demand there is for housing units, the higher prices purchasers will be willing to pay. As noted above, higher demand around Chautauqua Lake has led to much higher prices there.

Again, all of program elements A through E support increased homebuyer demand. Home repair and acquisition-rehab-resale make properties more attractive to potential buyers. The combination of down payment assistance and rehab has been very effective in making houses that otherwise would languish on the market attractive to first-time homebuyers. Lendable capital makes possible purchases which otherwise might not occur. Community development efforts make neighborhoods more attractive to potential homebuyers.

Many homebuyers that CHRIC assists very likely would not have made a purchase without our assistance. Thus ***number of new homeowners*** is a measurable outcome, as is the ***number of households completing homeownership education programs***. Future homebuyers, who may or may not seek assistance from CHRIC at that time, are moved into the housing market by participating in homeownership education and counseling.

Historic HMDA data for our county should show an *improved correlation between mortgage applications and closed mortgages* as a measure of the effectiveness of CHRIC's work in homeownership.

5. Reduction in gap of home ownership rates between whites and minority groups

The mortgage market is difficult for some families in minority groups to access, especially recent arrivals to the US mainland. CHRIC's programs are actively promoted to minorities. This is evidenced in the results described in the Market Analysis. All of our programs are marketed with an eye to minority outreach. The same program elements that support increased homebuyer demand as noted in 3 above also support minority homeownership. ***Number of new minority homeowners*** and ***number of minority households completing homeownership education program*** are the measureable outcomes. Community development efforts are particularly important in the cities of Dunkirk and Jamestown where most minority households live. In Dunkirk, CHRIC secured NRSA designation (Neighborhood Revitalization Strategy Area) for extra support in the low-income, high minority census block groups. In Jamestown, we assisted the city in securing Renewal Community designation for low-income, high minority census tracts. Both designations are designed to increase employment and housing improvement, which makes homeownership more achievable for minorities. *Historic HMDA data should show overall increases in numbers of minority homebuyers.*

6. Reduction in predatory lending

How will we know if we have reduced predatory lending? A desirable, but indirect, outcome measure would be reduction in the number of foreclosures in the county since predatory lending certainly leads to foreclosures. A direct measure of outcome could simply be the *increase in lending by CHRIC* as our housing lending program gets underway. Assisting households with home repair, with education, with affordable houses, with affordable loans, with an improved community that discourages predators, would be the means. Historic HMDA data, again, provides a measure in showing *a decrease in number of predatory and broker-generated mortgages*.

Management and Staffing Structure

(Staff Bios deleted for brevity)

Staff Development Plan

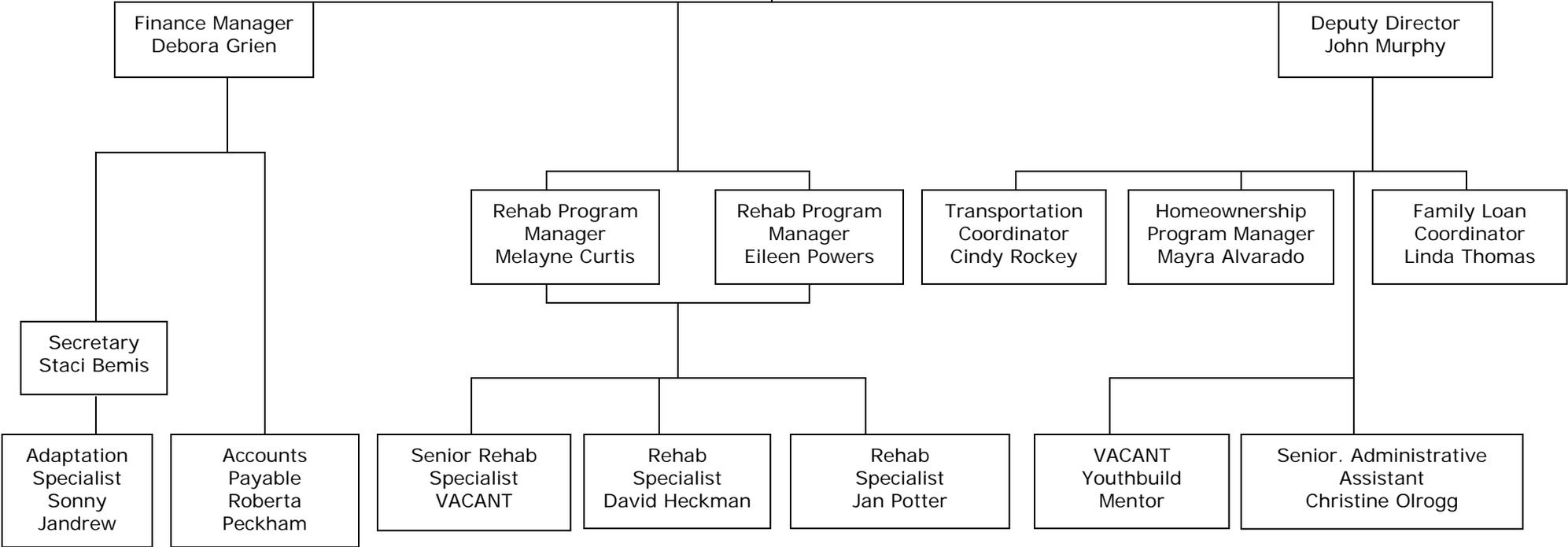
CHRIC has identified the following staff development needs for the coming year. We anticipate needing 10 training slots for NeighborWorks® Training Institutes.

- Our most senior Rehab Specialist has left to pursue other opportunities. As we learn the disposition of various rehab grants that are pending, we will likely hire to replace this rehab specialist. This will require that we train new staff.
- Based on suggestions in our program review (completed May 2005), Debbie Grien will be taking some financial management and reporting sessions to increase her capacity in developing financial projections and cash flow projections.
- Mayra Alvarado and John Murphy will be working toward completion of agency homeownership education and lending certifications.
- Linda Thomas and Staci Bemis will be taking on new responsibilities related to resource development and as such will need some training in grant writing and fundraising.
- CHRIC typically takes one Youthbuild student to a NeighborWorks® America training event to promote youth roles in community development.
- The board leadership of CHRIC is interested in training on board governance, community development lending and resource development.

On the following page is the CHRIC organizational chart, prepared in Nov. 2004. This August, 2005, in addition to losing Bob Ortolano as senior rehab specialist, John Seagrave, the Youthbuild mentor, has moved into the private sector. Both of those positions are now marked “VACANT.”

**CHRIC Organizational Chart
November 2004**

**Executive Director
Carolyn G. Seymour**



Part II: Market Context

In 2004, as a prelude to the Chautauqua Home Rehabilitation and Improvement Corporation (CHRIC) business planning process, a market analysis was conducted of Chautauqua County. The focus of the analysis was on market forces that impact the home ownership, home improvement, community development and welfare-to-work services offered by CHRIC. The intent of the analysis is to identify challenges and opportunities that CHRIC should address in its business planning process. The methodology used included the analysis of secondary data from a variety of sources to get an over-all picture of conditions in Chautauqua county and then focus in, specifically on markets that relate to CHRIC's work. A full copy of the analysis is available upon request. The analysis uncovered the following challenges and opportunities:

Challenges:

Population loss and the impact on housing and communities. Chautauqua County has been losing population and appears to be continuing to do so. The current population has an under-representation of younger households (25-35 years old) and over representation of older households (over 65 years of age). This will continue to place a burden on the community in terms of population losses and eroding disposable income. Areas of population density (Jamestown and Dunkirk) are losing population at faster rates than the county as a whole, although losing a smaller percentage of the 25-35 year olds.

Stagnating and depreciating home values. Depreciating home values are directly related to population losses. There appears to be more supply of lower-cost housing than demand for it within the county. The implications of such a situation are far reaching. Depreciating value of homes impacts individual families' ability to build wealth, it diminishes the tax base, it can cause people to withhold further investment into their homes (such as for improvement or upgrades) and it can impact a household's ability to borrow against their home. It can also be an invitation to predatory lenders.

Vacant and Substandard Housing Quality. Chautauqua county suffers from a high percentage of vacant and substandard homes. This is closely linked with the population losses and the stagnating and depreciating home values. Within the cities of Jamestown and Dunkirk, vacancies are near 10% and are particularly high in 2-4 unit structures.

Active subprime lenders and low lending rates. It is apparent that subprime lenders are active throughout the county, especially in the refinance market. Active subprime lending can be an indication of predatory lending activity, and CHRIC has experience in attempting to assist specific households that have been harmed by predatory lending. Subprime lending costs borrowers more money and can often strip limited equity from homes. It can be a direct competition to programs such as CHRIC's that teach credit repair and savings as a way to overcome derogatory credit or lack of cash for home purchase. Subprime lending can lead to increased foreclosure rates. At the same time purchase mortgage lending rates are low throughout the county, which indicates that conventional lenders may be interested in opportunities and assistance in reaching this market.

A shifting economic base with lower-wage jobs. Over the past 30 years, the economy of Chautauqua County has shifted from an agricultural and manufacturing base to a service

and trade based economy. This has had significant impact on jobs, wages and the ability of the county residents to maintain a comfortable lifestyle. Transportation costs, now sharply increasing due to fuel costs, comprise a significant issue for lower income households, especially in rural areas. Housing, transportation and jobs are vitally linked.

Opportunities:

Home Repair and Rehab Lending and Support Services. With the highest percentage of housing built before 1940 of any MSA in the country, Chautauqua County has extensive need for home repair and rehab. For many years CHRIC has offered various home repair and rehab programs through a variety of funding streams tied to different municipalities. Until very recently, CHRIC has been solely a grant source for rehab, not a lender.

- CHRIC recently launched a rehab loan program using Neighborhood Reinvestment funds in partnership with lenders. By adding lending to the mix, CHRIC is creating a more flexible array of financing products and support services for home repair and rehab which accommodates a variety of income levels, structure types (mixed use, multifamily, owner-occupied and renter-occupied) and geographies. CHRIC continues to be the primary source countywide for resources to address the issues of substandard housing.
- Direct rehab lending will add to that reputation but it is a difficult and high-risk endeavor; additional funding for lending and for loss reserves will be essential. Staff capacity, not need, will be the limiting factor in production level. Desire of homeowners to do rehab will need to be boosted through marketing and efforts to increase home values so owners feel that doing this work is a worthy investment.
- Over the next 18 months CHRIC will apply for participation in NW District initiatives to participate in energy-related lending to complement our owner-occupied housing rehabilitation program. NYSERDA certification for CHRIC will be a first step within the next six months.

Reaching a high production level in homeownership. In 2002 CHRIC assisted 20 new home buyers (22 in 2003), which represented a 6 percent market penetration rate for borrowers earning below 80 percent AMI in Chautauqua County. This is a very respectable penetration rate and CHRIC could expect to gain a 10% share by increasing new buyers to 35 a year. By increasing services to buyers earning between 80 and 120 percent AMI, CHRIC's market potential will be even greater.

- To increase mortgage production and provide a stream of funding for agency assistance to potential homeowners above just relying on grant sources, CHRIC will move to providing downpayment and closing cost assistance in the form of loans. Many CHRIC homeownership customers have the employment and credit histories to qualify for mortgages. Their challenge is to put together the required funds to move to closing. CHRIC will apply for NWA capital to be able to make down payment loans in two categories:
 - 1) Provide Downpayment/Closing cost loans up to \$2,000 where client funds are required for matching grants, and
 - 2) Provide Downpayment/Closing cost loans up to \$4,000 where grant funds or affordable mortgage lender products are not available to customers, particularly customers above 80% Area Median Income. CHRIC desires to promote

homeownership opportunities for families up to 120% of AMI through the use of these down payment/closing cost loans where appropriate, thereby expanding our customer base and becoming the 'go-to' homeownership agency in Chautauqua County.

A growing Hispanic/Latino population. The county has experienced a growth in Hispanic/Latino individuals. This can be an important demographic for CHRIC, especially in relation to home ownership services. The data show that this group lags behind in home ownership rates and service from prime lenders. CHRIC has proven an ability to reach this market. CHRIC has positioned itself as a “cultural broker” to assist this population in accessing home ownership, home repair and other types of services.

Serving under-served populations. In homeownership services CHRIC has a very healthy market penetration rate to homebuyers earning less than 50 percent AMI and to buyers of Hispanic/Latino origin. CHRIC should continue to capitalize on these market niches while also expanding their reach with homebuyers in the 50-100 percent AMI income range and buyers purchasing in Census Tracts that are underserved by primary lenders. There may be an opportunity to work with conventional lenders on product enhancements, co-sponsorships and marketing efforts to reach further into these minority and geographic markets.

Focusing for impact and clearly stating outcomes. Chautauqua County is a large geographic area. CHRIC provides targeted administrative and technical assistance to area municipalities, where invited, to secure and utilize grant programs. There is an opportunity for CHRIC to choose a targeted geographic area in which to demonstrate significant impact and then focus programs and resources to this area. Certain outcomes, such as enhanced community quality of life, increased home values, and increased confidence in the future of a community are best achieved by focusing on small geographic areas. CHRIC's community development technical assistance skills and background can be a natural to developing comprehensive targeted approaches to improving communities. Currently, CHRIC is working with the City of Jamestown and the Gebbie Foundation on economic development projects in that city.

Financial Education. CHRIC does extensive financial education as part of the homebuyer pre-purchase education, homeowners getting rehab loans, and its auto loan program. This is a very important skill to build throughout the county, especially given the shift in the economic base and the threat of predatory lenders. CHRIC has an opportunity to continually raise the awareness of the public about the importance of financial literacy. Consumer credit plays a critical role in creating and keeping a positive credit history and allowing a family to build savings. Partnerships with banks and credit unions and exploring matched savings programs (IDAs) are great tools that CHRIC can use to assist families. There may be more opportunities along these lines, for example in partnering with the United Way in the VITA Center program.

Strategies for increasing home values. Increasing home values needs to be approached directly in Chautauqua County. This means focusing on increasing values as opposed to focusing on the creation of affordable housing. Values will go up when the demand for housing increases and when people in the community have confidence in the future of the community. While it might be hard for CHRIC to address the demand issue directly (in the face of the population decrease in the county), it can address the issue in terms of

developing strategies to reduce housing units, eliminate vacant units and marketing homeownership in very specific areas to a variety of income levels. Tools such as incentives for purchasing in designated areas (interest subsidies, down payment and closing cost grants/loans, plus others) which are not income restricted, equity assurance products to help boost confidence in individual investment in homes and programs that focus on housing quality and external aesthetics can be helpful. Often, when possible, “leading” the market in terms of pricing homes and quality of rehab can assist in beginning to shift values upward.

Employer-based housing assistance. There are a number of substantial employers who appear to have some potential and/or expressed interest in creating an employer-assisted approach to home ownership. While the start that CHRIC had with Cliffstar has had limited success, this is still a worthy opportunity for CHRIC to continue to explore and enhance. This can also be a marketing vehicle to reach certain minority populations based on the predominate work forces of some employers.

Addressing vacancies and owner occupancy rates in 2 and 3 or 4 unit structures. Increasing owner-occupancy and decreasing the number of vacant residential structures are two ways to bring stability to a declining neighborhood or community. The data suggest that, while single-family homes are important, CHRIC needs to consider development of products, services and outreach methods that target structures with 2 to 4 units in them. This could include acquisition-rehab-resale of 2-4 units for owner-occupied structures with rental or de-conversion to fewer units where feasible. Loan and grant products that account for and allow multiple units (including a conservative calculation of rental income) will be important. Building landlord skills for new buyers that purchase doubles will be imperative. Marketing alternative uses of two family structures might help increase their appeal – such as use as in-home day care businesses or in-law living arrangements.

Acquisition-Rehab-Resale Programs. On one hand, acquisition-rehab-resale programs appear to be suitable for CHRIC to become involved with due to county conditions of affordable housing, high need of rehab, high vacancy rates and available funds for subsidizing purchase. As CHRIC has learned, the difficulty is in ensuring that homes can be sold at an appropriate price once the work is done so as to minimize the risks and carrying costs to the corporation. CHRIC could consider acquisition-rehab-resale in very specific and limited, i.e. one house at a time, circumstances with very specific conditions to minimize potential risks. These conditions might include the following:

- careful consideration of viability of donated or acquired properties and a well-structured and firm development budget with identified funding sources;
- only do acquisition-rehab-resale in areas where CHRIC has targeted an array of programs for concentrated impact and has a strategy to increase home values;
- create very specific and intentional marketing plans for potential purchasers;
- find funding streams that do not limit buyers to below 80 percent AMI;
- houses to be rehabbed need to have features and qualities that are desirable to the target market, such as off-street parking, garages, three bedrooms.

Part III: Program Plans

FY2005 & FY2006

Organization Wide Priorities and Initiatives

During FY2005 & FY2006, there are several organization-wide initiatives on which both board and staff members will be focused. These items include efforts to strengthen the organization as a whole and fine-tune the operational capacity of the organization.

- In light of CHRIC's difficult year financially in 2005, with administrative funds from Chautauqua County and NYS DHCR having been cut substantially as we move into 2006. Our financial projections for the next 18 months show that much of our financial sustainability relies on government-based funding of rehab and transportation programs. CHRIC would like to enhance our ability to attract private donors and foundations to support our core lines of business. Staff time will need to be freed up for this effort, including training opportunities at NTIs. This was also mentioned as an area of improvement in our Program Review.
- In 2004, NYS approved incorporation of CHRIC's CDFI spin-off corporation, called JobStart Chautauqua. The mission of JSC is to provide capital to residents of Chautauqua County through affordably priced credit. In the second half of 2005, we will be undertaking a market analysis of Chautauqua County to allow us to understand the market dynamics around business, consumer and mortgage credit for underserved populations. We will then be undertaking a business planning process for JSC. At this point we believe that CHRIC's lending business is best served by moving to JSC.
- CHRIC currently offers two types of Financial Literacy training – an abbreviated session that is targeted toward our vehicle lending customers and a session targeted toward our rehab & home improvement customers. If eligible, we will be applying to NeighborWorks® America's Financial Fitness National Initiative to develop this program into a comprehensive strategy that can serve multiple target markets within our array of education programs.
- NeighborWorks® Training Institutes are a valuable tool for CHRIC to increase capacity along several fronts. We anticipate using 10 training slots in the coming year. This will include training for Financial Fitness, increased lending capacity, targeted outreach to board volunteers, fundraising, and Financial Management.
- CHRIC is in need of upgrading the current telephone system. A new system is required to increase reliability but also increase efficiency through some streamlined features such as direct access to individual lines and better voice mail capacity. Another technological issue is that some agency computers are aging out and will need to be replaced. NWA funding will be of help in meeting this need.
- During the first six months of this plan, CHRIC anticipates applying for and receiving Full Cycle Lendingtm certification.

- We will have three board vacancies to fill in the coming year. We are targeting Jamestown residents who can fill the role of representing low- to moderate-income residents as per our CHDO requirements.
- During National NeighborWorks® Week 2006, we will be targeting efforts in communities where we are active with our community development line of business. We will be undertaking one or more projects that tie-in with a visible contribution that will remain in the community after NeighborWorks® Week is over. Examples could be working with a local library on increasing books or with a local YMCA on a playground or sandbox.

Home Repair & Improvement

CHRIC offers financial assistance and technical assistance to help low-income homeowners make home repairs. Any work that is necessary to maintain the home in a safe, decent, and livable condition *may* be eligible, including plumbing, heating, electrical, wells, septic systems, roofs, foundation work, windows, doors, siding, stairs, porches, chimneys, etc. CHRIC is dedicated to making lead-safe housing for Chautauqua's children. A variety of grant funds are pieced together to assist eligible homeowners.

CHRIC services include financing (grants & loans) for repairs, lead-safe inspections and rehab services support. Rehab services support includes inspecting homes for needed repairs, creating work write-ups and estimates, assisting owners in bidding and securing contractors and monitoring job for completion.

Staffing: 4.72 FTE plus contract

Rehab Program Manager – Melayne Curtis (100%, 1 FTE)

Rehab Program Manager – Eileen Powers (90%, .9 FTE, Lead)

Senior Rehab Specialist -- formerly Bob Ortolano (80%, .8 FTE) to be replaced

Rehab Specialist – Jan Potter (100%, 1 FTE, Lead)

Rehab Specialist – Dave Heckman (100%, 1 FTE, NYSERDA)

Transportation Coordinator -- Cindy Rockey (2%, 0.02 FTE, Lead)

Adaptation Specialist – Sonny Jandrew (contract with benefits)

Administrative Allocation -- 60% of total admin allocation

Programs/Products:

Rehab Grants, income restricted, owner-occupants, some geographical restrictions

Rehab Loans (mostly used to provide owner contribution to match grants)

Lead Remediation grants -- rental units

Areas of focus for FY2005 - FY2006:

- CHRIC has very long waiting lists for grants and no emergency funds, except if/when RESTORE is funded. CHRIC wants to experiment with ways to circumvent the long waiting list and onerous process associated with grants by offering loans for rehab to eligible interested homeowners. We also need ways to meet immediate repair needs before they become worse.
- Securing reliable, quality contractors to serve rehab grant program customers has always been a challenge. There are too few companies in Chautauqua County interested in this “lower-income” work that have the capacity to handle the requirements of our grant-funded programs. This is one area we need to address if we are to complete more jobs and begin to meet the need. Developing new rehab workers through Youthbuild is part of this strategy.
- Explore participation in NeighborWorks® America-NYSERDA partnership; we hope to become a recognized lender through NYSEDA. It will be important to handle this work in a way that enhances our rehab work rather than creating expenses that are not covered by the program. CHRIC will seek NR Technical Assistance over the next 18 months to develop this program.

Production Goals --

	Historical		Projected	
	FY2003	FY2004	FY2005	FY2006
Home Adaptation	100 \$97,012	58 \$77,625	80 \$100,000	85 \$107,000
Owner-occupied	72 \$1,213,174	62 \$577,052	62 \$620,000	75 \$850,000
Rental	76 \$683,193	64 \$463,556	63 \$677,747	39 \$475,800
Total Rehab Units	248 \$1,993,389	194 \$1,118,233	205 \$1,397,747	199 \$1,432,800

Outcomes –

- Reduction in substandard housing units.
- Increased housing values.
- Reduction in vacancies.
- Reduction in predatory lending.
- Increased homebuyer demand

Pending Grants (Applied pre-July 2005)

Agency	Source/Use	Target	Amount	Residential Units	Commercial Units
DHCR	HOME	Countywide	\$259,200	16	
GOSC	CDBG	Celoron	\$255,000	12	
	CDBG	Ellington	\$292,000	12	
	CDBG	Charlotte	\$292,000	12	
	CDBG	Busti	\$250,000	12	
	CDBG	Sherman	\$622,250	12	14
	Critical Needs	Countywide	\$201,250	25	
	Homeownership with Rehab	Countywide	\$161,000	20	
Main Street	NYMS thru DHCR	Sherman	\$163,200	12	8
Access Chautauqua	DHCR—Home Adaptations-WC Ramps	Countywide	\$199,674	25	
CCOFA	State OFA \$ for Ramps etc	Countywide	Allocation Est \$60,000	60	
HPG	USDA RD	RD areas	\$50,000	15	
HUD	Lead Hazard Control	Countywide	\$2,143,186	175	

Anticipated Grants (to be applied for after July 2005)

Agency	Source/Use	Target	Amount	Residential Units	Commercial Units
AHC	rehab	Countywide	\$300,000	35	
NeighborWorks America	Capital Grant	Countywide	\$80,000	20	
NYSERDA	Rehab for energy	Eligible areas	\$100,000	20	
FHLB AHP	Rehab	Countywide	\$250,000	30	

Internal Benchmarks – (targets for end FY2006)

- Reduce the time from project start to close out.
- Increase use of lending

(The four other business plans follow the same format, but have been deleted for brevity.)

Part IV: Finances and Resource Development

Financial Management

Staffing: 2.35 FTE

Finance Manager: Debora Grien (100%, 1 FTE)

Accounts Payable: Roberta Peckham (100%, 1 FTE)

Collections & Servicing: Linda Thomas (35% .35 FTE)

The finance manager oversees all aspects of the finance department. She submits monthly financial reports to Carolyn Seymour, Executive Director and the CHRIC Board of directors. She works directly with all members of CHRIC staff to ensure accurate figures. Accounts payable clerk oversees all aspects of accounts payable including payroll. Accounts payable reports directly to the finance manager. Accounts payable assistants the finance manager as needed. CHRIC's finance department uses a non profit accounting software called MIP. CHRIC contracts with a CPA firm to do an annual audit of the financial books. It is the policy of CHRIC to get competitive bids for these audits at least once every three years. The financial statements of the Agency are prepared on the accrual basis of accounting.

In the coming year, CHRIC will be developing a cash flow analysis tool and a purchase requisition system as suggested in our program review. Debora Grien will take NeighborWorks® Training Institute classes to help her complete these items.

The loans we have in house are on a loan servicing system called Down Home Loan Management. Telephone calls or letters are sent to clients after 30 days late. If they become 60 days delinquent a registered letter is sent advising repossession proceedings will begin in two weeks. This is followed by repossession or payments being caught up.

The loans being serviced by our lending partners automatically send the late notices to us and the client. Then the same procedures as far as calling, letter writing and repo advisement are initiated. If repossession of these vehicles is necessary, CHRIC has to pay off the bank note first and have them assign their lien to CHRIC. The repossessed vehicle is then CHRIC's property to dispose of as seen fit. Some of the vehicles can be recycled back into the program but most are sold at auction.

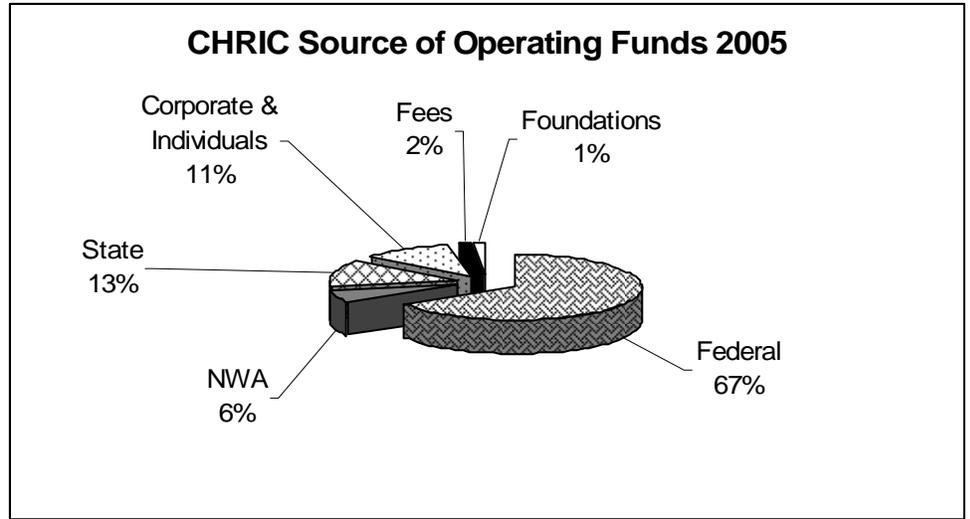
The performance of our loan portfolio varies widely depending on if the loans are part of our vehicle lending program or home repair lending program. The vehicle loans have experienced an 18% default and are currently 28% delinquent (anyone over 30 days but under 90 days). When considering these performance indicators it is important to remember that for the "high risk" vehicle loans, our funding source, the county department of social services, requires that we make a loan to any household who is

referred to the program. We do not underwrite for their ability to repay or based on credit history; it is based on need and eligibility.

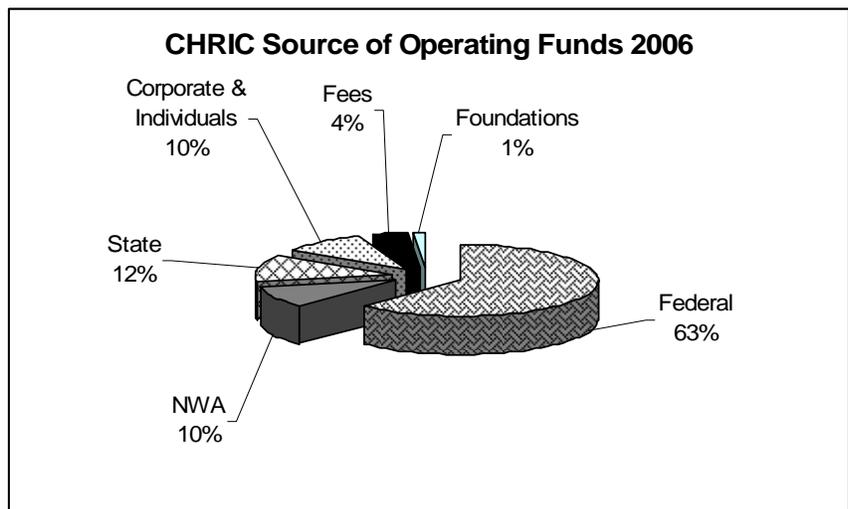
Our rehab lending portfolio has a 0% default and a 0% delinquency rate.

Revenue Generation

CHRIC generates operating revenue from a variety of sources: federal grants, state grants, corporations & individuals, private foundations and fees. During 2005 the majority of our operating revenue came from federal grants, followed by state grants. As we move forward we would like to increase the percentage of revenue that comes from fees, foundations and corporate and individual contributions. We know this will take time to accomplish. We propose making small shifts in our revenue stream during 2006.



During 2006 we project reducing the federal contribution from 67% to 63%. Our fee income is projected to increase from 2% to 4%. We are proposing that NeighborWorks® America increase their funding to CHRIC as well. Even though our Corporate and Individual contribution slips from 11% in 2005 to 10% in 2006, there is an important shift in the make-up of proposed donors in 2006. This category includes our bank contributors, corporate contributors, individuals and the Federal Home Loan Bank (FHLB), which is a private non-federal entity. In 2005, FHLB represented 66% of the revenue in this category in 2006, our expectation is that FHLB will represent 46% and the category will include \$11,000 in new contributions.



Part V: Risks, Assumptions, and Contingencies

All operating plans are based on projections and assumptions about the future. Ultimately, many aspects of the future are out of our control, which means that plans need to change and adapt as time goes on. Given inherent consistency of change, there are a few specific risks and assumptions that we recognize will greatly influence our ability to be successful with our planned activities. These are outlined below:

- As this plan is written, most grant applications for 2005 have been submitted and we are waiting for grant announcements. (The first one we have heard from was denied, on new technical grounds—in this round FHLB NY did not consider for funding a homeownership grant if a previous rehab grant was less than 60% spent. We will make these applications simultaneous in the future to avoid the problem of applying in one category while having a new unexpended grant in the other. We hope that approach will be successful.)

We generally expect to get at least one out of three competitive grants applied for, with a better result in cases where we are invited to apply. This year, in light of a more difficult financial situation than usual, we have applied for a great many grants. Our most optimistic 2006 budget shows over \$5,000,000 in grants applied for (or continuing). This total does not include the Lead Hazard Control grant application for \$2,000,000, which we do not believe will be awarded to smaller applicants like Chautauqua County this year. It also does not include a few new small grants applied for since mid-June or grants to be applied for in spring 2006.

Competitive grants make up all but about \$500,000 of the \$5 million. One in three applied to the competitive \$4,500,000 would be about \$1,500,000. Adding in the \$500,000 non-competitive yields a probable \$2 million for 2006 if all goes well. Although this is less than we received in 2003 and 2004, and less than we anticipate for 2005, it is in the same general ballpark.

- In 2005 we have been dealing with a series of funding losses, not only the DHCR cut from \$65,000 to \$32,500 for the fiscal year from July 2004 to June 2005, but also elimination of a \$29,000 technical assistance grant from the county (funding to support our grantwriting efforts on behalf of the county and its municipalities), and delays now extending to over a year in payment from the city of Dunkirk for CDBG work done and funds advanced to Dunkirk clients on behalf of the city in the 3rd quarter of 2004, amounting to approximately \$50,000. We're still standing and pretty proud of it.

However, CHRIC staff is painfully aware of financial issues. There have been no raises this year, and we have lost some staff and may lose more. We're committed to recovering from these blows and thriving.