



# COAST II HABITAT NEWS



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## DANA/DWW NEARS COMPLETION; MCPHERSON ST. APPROVED

### INNAUGURAL BALL AND MEXICAN DINNER BRING JOY AND \$



Lead, David Crowningshield, volunteers Maya & Chuck & owner Ignacio M

A decade of fine work and communitiy collaboration is nearing a close as the Martinez family draws closer to their June move-in date. Ignacio has been part of the crew since we started the first Dana home in 2003 and as other families completed their hours, the new families selected in 2006 pitched into complete his and Angelina's.

The Build Committee will soon take a well-deserved break as the improvements go in on McPherson in the Fall, resuming their labors in 2011 on the first duplex at the new site. See p2 for an accounting of ten well spent years on this project and projections for the next decade.



Chef Silver (left), brother Juan Pablo & and crew offer their culinary gifts

Jim Hurst, owner of The Wharf and Silver Canul, longtime HFH Partner and Executive Chef of Silver's At The Wharf, collaborated to inaugurate a new presidency with a special Habitat event: a Gala Ball featuring The Mendo Swing Band and an evening of fine food, music, dancing and general merriment overlooking the harbor. Jim hopes to create a themed event each year going forward.

Silver became one of the first Habitat Partners in Dec. 1991 when he and Laura bought 1538 Oak Street. Wilbert Escobedo, who works for him, and his wife Maria are also Partners who bought their home at 1353 Oak in 2001.



Lead Chef Nacha Padilla (3rd from left) and "The Ladies" take a break

April Lopez Cen (far left) and 'The Ladies,' as they like to call themselves, served up 300 homecooked meals on October 2nd after 3 days of prepping at Portuguese Hall. It is one of several ways our Partners seek to build community and homes-in this case with a fork and spoon!

The fabulous all you can eat menu included Tamales, Enchiladas, Chile Rellenos, Taquitos, Chile Verde with beans, rice, drinks, salsas and desserts. Over three hundred people came to dinner. The husbands cleared the set and kitchen and their children provided the wait service and busing.

**DANA BY THE DECADE: DOLLARS AND SENSE WHERE WE'VE BEEN AND WHAT WE'VE DONE**

**ROUNDED SUMMARY OF COSTS 1999-2009:\***

370,000	land and financing
100,000	City fees and Entitlements
70,000	survey/engineering
20,000	tax and interest before exemptions
475,000	improvements
450,000	construction; \$45,000 per unit
75,000	operational overhead; average 6-7%
100,000	closing costs incl. in Note

1,660,000 10 home costs

**ROUNDED SUMMARY OF SOURCES 1999-2009:\***

475,000	CDBG grant
145,000	FHLB grant-forgiven 2nd mortgages
150,000	Anonymous Donation
160,000	Matching grants \$5000 plus
115,000	event income
450,000	mortgage roll + rents
265,000	individual donations < 1000

1,760,000

100,000 current cash remaining from Anonymous donation for McPherson St transition; \$75,000 used for land and Permits

**LONG TERM RECOVERY OVER 25 YEARS:**

1,500,000	notes on 10 homes
140,000	FHLB forgiven grant
20,000	softwood lumber grant

1,660,000 of 1,6560,000 +

+The genius of Millard Fuller's vision was to help working families help themselves and others through the cash stream their mortgages provide to fund those who follow: a nearly frictionless machine!

\*Many costs must be allocated across the entire project. These numbers summarize sources and uses and are not intended as a formal accounting. Each house is priced by its actual construction cost plus an projected share of survey, improvements and financing projected over the entire time of the buildout to maximize equalized pricing. We have a bi-annual Review by a CPA.

**THE MCPHERSON DECADE: WHERE WE ARE GOING AND WHAT REMAINS TO BE DONE**

**PROJECTED COSTS 2008-2018:**

1,100,000*	land and financing
170,000	City fees and Entitlements
15,000	survey/engineering
0	tax: land bank exemption filed
150,000	improvements: preliminary estimates
480,000	construction, \$60,000 per unit
120,000**	operational overhead; average +/- 10%
80,000	closing costs incl in Note

2,095,000 8 home costs

**PROJECTED SOURCES 2008-2018:**

175,000	Anonymous Donation for Mcpherson carried forward from 2008
200,000***	FHLB grant-likely, but not awarded yet
740,000	current mortgage roll of 17 homes + 8 new 2011-17 +2 Ukiah homes
80,000+	events
160,000++	large donors
265,000++	donations < 1000
53,000	cash from HFH Inland dissolution
155,000***	Cash freed by successful tax appeal and re-appraisal

1,828,000

(302,000)+++ no current source-see note

\* estimate for variable rate currently 7.25%

\*\* increased filings and impounds-more bookeeping

\*\*\*these amounts are probable but not certain

+ based on past performance excluding Bay Area 1 time event during the Tech boom

++ based on previous decade

+++ Alas, no CDBG grants are available for on-site improvements. Greater financing and land costs will likely mean a slower build rate so we can pay down the mortgage faster since its annual cost is higher than the income from a completed unit. A slower buildout will lower finance costs and still allow completing the project in 10-12 years. Remember-early on, Dana seemed equally impossible!



**TAKING ON THE TAXMAN: HFH ARGUES 16 HOMES IN-APPROPRIATELY ASSESSED**

Once we successfully persuaded the City of Fort Bragg that Habitat homes, sold under strict recorded Covenants limiting usage and resale, guaranteed continuing affordability, we were able to resolve all our old titling issues in 2005-6.

Upon such assurances, the City passed a General Plan Amendment and Rezone allowing us at last to sell 2 homes on Oak St.(built 1991) and 4 on Maple St.( built 1995-1998) on greatly reduced lots with multiple variances.

On the strength of language Habitat put forth for the Housing Element and Land Use and Development Code under review in 2005, The 10 homes on Dana at Oak and Dick Williams Way were also titled and sold with modified frontages, lot configurations, reduced roadway scale and other concessions to create affordability. The City passed a Resolution memorializing their understanding that we had created all these homes as below market homes. They were sold at an average of 40-60% of current Fair Market value( FMV.)

In CA, the sale price of a home is recorded on a HUD-1 document at closing and taxed since Prop 13 at 1% of that amount. ***Normally, the Hud-1 reflects the FMV, the amount a willing Seller will accept from a willing Buyer in an unconstrained sale, but Habitat presents a special case: no Habitat home is or can readily become part of such a free market.***

We choose our Buyers using our criteria (need, willingness to partner, connection to the community) specifically to exclude the

majority of willing buyers. Nor are we a willing seller seeking the best return on investment; our Partners and the Community” fund the home and help to build it ***precisely so we can sell it below FMV.***

Imagine our shock when we found, once titles cleared and tax assessments followed, that the Assessor ignored our Covenants, the City’s Incentives and Findings and the HUD-1 and taxed them as FMV sales. For 103 N. Dana the FMV is \$400,000 despite our sale price of \$160,000, yielding a monthly tax bill of \$334 versus \$134!

We are working with the City and County to appeal this injustice that seriously limits the rate at which we can recover your investment by requiring us to lower the mortgages to cover the tax impound and retain affordability for our Partners.



Paul Cookenboo, Drywall Master  
 “Everyone deserves a break if they can catch and earn it,” said Paul Cookenboo when I caught him without a drywall blade in hand. “It is gratifying to find a way to give back to the community,” he continued, “and help people with a chance to get into a house. Many have not had the advantages I had and I’ve enjoyed working with the families and getting to know them, meeting them in town and knowing I had a hand in their effort to build and buy a home in a way that

would not have been possible without Habitat; it’s a great program.”

“In the early builds my crew and I did all the work, but in Trina’s house and the others since, the families worked with me and learned the skills. The current crew is well prepared when the time comes to do their own homes on McPherson. I hope others in my trade will step up when those homes are ready and know the fun I’ve had giving back.”

**INLAND HFH CLOSES; COAST TAKES OVER**

Last year Ron Hensel, Coast Board member, was approached by an Inland counterpart to see if we would take over their operations. We were concerned that doing so after seven years of non-operation might open us to various liabilities so we approached HFH International who guided us through a lengthy legal dis-affiliation and take-over process that is finally drawing to a close.

In their decade of existence, Inland has completed one duplex on Peach Street in Ukiah which they sold to two families as a Tenants-In-Common holding in 2000. This is a very problematic ownership that we fought against doing on Maple and Oak, but we were able to redraw their TIC agreement to provide most of the protections of Fee Simple Title and to include many of our restrictive covenants on usage and maintenance.

The Hamilton and Cejas families will join our Partnership circle and pay their combined \$460 a month mortgage to us. The Inland assets, totalling over \$53,000 will come to us just in time to help with our development of McPherson Street’s improvements. The mortgage balances of \$43,000 will be complete in late 2025.



**FROM THE BOARDROOM  
CHUCK GREENBERG,  
PRESIDENT**

This year marks a decade of accomplishment on Dana St. and Dick Williams Way, a \$1,725,000 project, as we complete the last of 10 homes, and begin work on McPherson St. While physically smaller in scale, it is 25% more costly due to the sharp rise in land costs between 1999 and 2007. We will need your help more than ever in the coming years to complete it.

Recently Habitat became party to a NAFTA softwood lumber settlement with Canada which re-imburses all lumber purchased after August 15, 2005; in our case, \$20,000. This comes just in time to

pay off the SBMC lien for Dana/DWW when we sell the final home.

In 2008 HFHI asked us to Partner with the Cejas and Hamilton families and service their mortgages since the Ukiah Affiliate wanted to dissolve operations. After a lengthy diligence to insure titles were clean and there were no outstanding liabilities, we agreed. This action will give us another \$460 a month cash flow from the 2 mortgages along with the accumulated assets of the Inland Affiliate's operations, \$53,000 to fund our operations.

The primary purpose of the Mexican Dinner and Kite Festival is the chance for all our Partners to work and bond together after the builds are over. The profits are a plus, but the opportunity for our families to give back matters more. Please attend and accept their gift.

***PLEASE HOLD THESE DATES:  
MAY 9 FOR THE MEXICAN DINNER AT OUR LADY OF GOOD COUNCIL (NEW VENUE) AND  
JUNE 6 FOR THE KITE FEST.***

## **BOARD OF DIRECTORS 2009-2010**

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***WANT TO HELP? CALL 707-937-2418  
FOR CHUCK GREENBERG***

***CHECK OUR WEBSITE:  
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