

HANDS IMPROVES DOWNTOWN NEIGHBORHOOD

Inner-city revitalization took a step forward with our recent completion of five new homes in downtown Erie.

The five properties include a ranch and four two-story homes on the 1300 block of German Street. Each home has approximately 1,200 square feet of living space, which includes three bedrooms. The two-stories have an additional half bath. Outside, each home maintains the architectural character of this longtime Erie neighborhood.

The five homes comprise the second phase of our Mid-Town construction project, which has created a total of 20 new homes in the neighborhood in the past few years.

Mid-Town reflects current urban planning trends to improve and stabilize neighborhoods in decline by decreasing the number of rental properties and increasing home ownership.

To help our Mid-Town home buyers succeed as home owners, HANDS provides pre and post-purchase counseling and career assessment. Residents also are invited to join the “SNOOPS” Neighborhood Association.

Financing for the five new homes was provided by public and private sources including the City of Erie HOME Investment Partnership Program, Erie County Act 137 Affordable Housing Trust, Federal Home Loan Bank of Pittsburgh, PNC Bank, and the Re-development Authority of the City of Erie.

CITIES IN REGION ENGAGE OUR EXPERTISE

In addition to Erie County, HANDS has developed affordable housing in Clarion, Crawford, Mercer, and Venango Counties. Our newest outreach is to build the Warren Anthems Apartments for Warren County.

This \$1.1 million project will be the first independent living community in Warren for persons with disabilities. Up to this point, people in the community with disabilities

have had to live in substandard housing, housing that is too expensive or not appropriate for their needs. This has been a growing concern in the County, especially since the Warren State Hospital changed its emphasis from long-term residential care to psychiatric treatment that promotes recovery and return to community living.

“Mid-Town reflects current urban planning trends to improve and stabilize neighborhoods in decline by decreasing rental properties and increasing home ownership.”

Bob Raible, Executive Director of the Warren County Economic Opportunities Council, contacted HANDS after hearing of HANDS’ successful affordable housing partnership with the Mercer County Community Action Agency (MCCAA) in the city of Farrell, PA.

In Warren, the Anthems apartments are being built for persons with chronic mental illness. The complex will feature 6 single-bedroom and 2 two-bedroom residences. Each residence will have one bath and an appliance-furnished kitchen as well.

Interestingly, the site on which the Anthems is being built has a 144-foot slope. As a result, HANDS’ design team was able to create a two-story building with two ground level entries on both sides making the building very disability friendly.

Along with the EOC, the Warren County commissioners and planning department helped secure \$450,000 in project funding from the PA Department of Economic and Community Development. The project also received \$600,000 from the HUD Section 811 Program and \$50,000 from Warren’s Act 137 Housing Trust Fund.

After the Warren Anthems opens, HANDS will continue to handle the maintenance and administrative responsibilities for the complex in partnership with the EOC.



Shay Meinzer, Director of Planning



In some ways, HANDS had its own “Survivor” challenge last year. Deep cuts in federal funding threatened the organization and made it clear we couldn’t go on providing affordable housing if we didn’t function more like a for-profit company. In other words, we couldn’t keep paying out money at a rate faster than it was coming in.

In the past, we developed housing and social service programs trying to meet everybody’s needs. HANDS is a very good housing developer and property manager, but providing the specialized mental health counseling residents in some programs required, took us beyond the scope of our business.

Today, we offer helpful advice and referrals to residents, but no longer own properties where intense case management is needed.

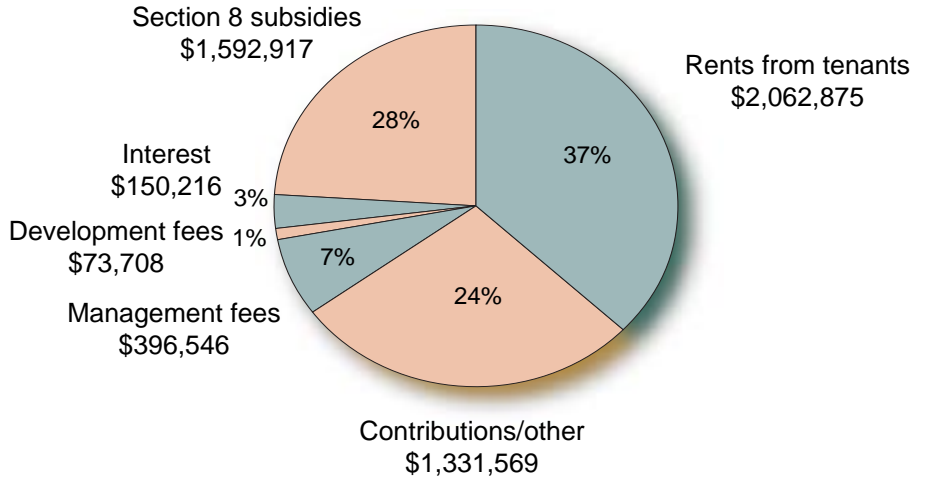
Previously, we spent a lot of time working out a range of alternatives to every challenge that came up, hoping to appease all involved.

Recently, we tightened up our decision-making process—starting with our decision to sell our scattered site properties. These older homes and apartments throughout Erie were very expensive to maintain and their federal funding was seriously cut. In selling them, we greatly improved HANDS’ ability to stay in business and continue to provide decent, affordable housing in Northwest Pennsylvania. (Holding on to these properties also would have jeopardized our chances for future federal funding.)

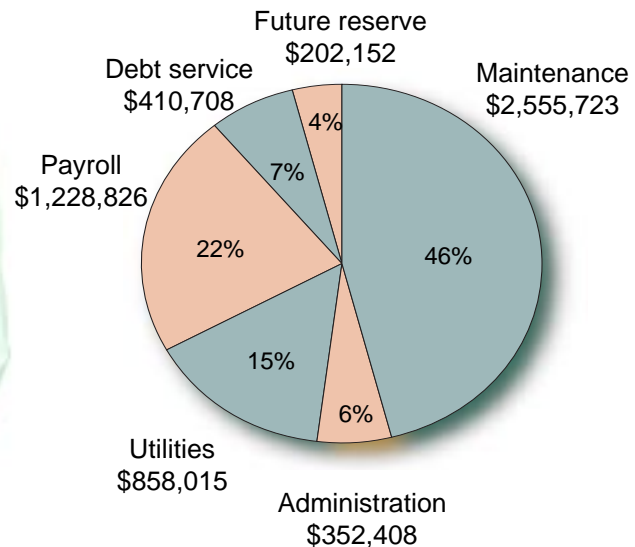
Throughout this transition year, HANDS tried hard not to disrupt the lives of residents. In the end, some were forced to make a move, but most ended up in a better situation than before.

Likewise for HANDS, it has been a hard time to go through, but as an organization we have ended our fiscal year in a better place.

Revenue: \$5,607,831



Expense: \$5,607,831



“It has been a hard time to go through, but as an organization we have ended our fiscal year in a better place.”



Jim DeDad, Immediate Past President

Special thanks to Mark Fainstein Photography for its contribution to this newsletter.

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s part of HANDS' team, our board of directors is undergoing its own process of change. We are building our capacity to create a more engaged and better educated board who will be proactive in the larger issues affecting the organization.

Often in the nonprofit arena, boards are rubber stamps for the agency and being on the board is just a feather in one's cap. Our board plans to be more involved; not in day-to-day activities, but in the long-range planning and financial solvency of the agency,

especially as funding streams recede.

We also have begun to identify important skills we feel must be represented on the board, including human resources, risk management, external communications and fundraising, if we are to continue to succeed. We are prioritizing these skills and will focus on recruiting new board members to build up our capacity.

HANDS has always done an outstanding job in going after and putting together funding packages for much needed affordable housing in Northwest Pennsylvania. But gov-

ernment funding cuts—not only for affordable housing, but social services of every kind—have made local community fundraising a necessity.

Financial development will be one of our top priorities in the coming years. Competition, though not always well-received in the nonprofit sector, is traditionally a good thing in the for-profit world. It results in streamlined organizations providing the best services.

board of directors



Our sincere appreciation goes out to Agnes Priscaro who recently retired from HANDS' board of directors after 30 years of dedicated service. Agnes, a registered nurse, shared her expertise on health and nutrition many times to help create beneficial programs for residents' well-being.



Executive Committee and Directors

- | | |
|--|-------------------------|
| J. W. Alberstadt, Esq.
<i>President</i> | James S. DeDad |
| John W. Huegel
<i>Vice President</i> | Mary H. Fromknecht, SSJ |
| Susan T. Strange
<i>Treasurer</i> | David A. Jeannerat |
| Candace D. Battles
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| | Arthur R. Martinucci |
| | Heather L. Smaltz |
| | Kathleen E. Lutz |
| | Thomas C. Keegan |

“We are building our capacity to create a more engaged and better educated board who will be proactive in the larger issues affecting the organization.”



Jay Alberstadt, President

Written by Chuck Scalise and Liz Hersh, Executive Director of the Housing Alliance of Pennsylvania



Our home is the place we gather with our friends and family. Unfortunately, many hard-working Pennsylvanians in Northwest Pennsylvania do not have this simple pleasure because they cannot afford a safe, decent home.

Throughout Pennsylvania, people earning an average income of \$20,000 struggle to find a home. Like us, they work to support their families. They contribute to the local economy and their communities. They are security guards who on average earn \$18,000 a year in Pennsylvania. They are the average Pennsylvania secretary who makes \$23,000 annually. And they are the preschool teachers, home health aides, paramedics, and hairdressers in our state who average \$19,000 a year. They are our friends, neighbors and colleagues.

In fact, 26 percent of households in Pennsylvania—one in four—spend more than 30 percent of their income on housing. The recent report by the National Low Income Housing Coalition showed a full-time employee in Erie must earn \$10.42 an hour, more than twice the minimum wage to afford a two-bedroom apartment at the fair market rate.

With a \$5.15 minimum wage that's an 81 hour work week to afford that same apartment. That kind of burden leaves little money for other family essentials and has consequences for the broader community.

For too many people these are not just statistics. They are reality. Access to affordable homes has a ripple effect on every aspect of a family's life, and can impact a community's economic and social well-being.

For many, it is the determining factor to whether they can afford health insurance, save for a child's education, or build a nest-egg for retirement.

For the community, it can mean a healthy, local tax base and a vibrant community with an involved citizenry. Or not.

The state's commitment to community redevelopment is laudable. Governor Rendell has increased investments in affordable homes. Affordable homes that benefit the residents and the communities have been rehabilitated and developed across the state. But we need more.

Now, is the time to expand that effort. Pennsylvania has lost more than 3,000 affordable homes in the past 10 years.

opinion

The Pennsylvania legislature must consider the crisis of affordable homes. The good news is that solutions exist. Successes in Pennsylvania and across the country illustrate how effective public/private solutions that ease the crisis for residents and benefit communities have, in fact, worked.

We support these proven solutions:

YES Support more multifamily starts and investment in rental assistance to build a bridge to stable housing and support the private rental market, such as the highly successful Penn HOMES Program.

YES Help homeowners in distress through initiatives such as Pennsylvania's nationally recognized Homeownership Emergency Mortgage Assistance Program (HEMAP), and ensure protection against predatory lending and help with repairs.

YES Increase opportunity for people to live near their jobs such as employer assisted housing.

YES Sustain federal investment in homes for Pennsylvania residents, now threatened by the federal revenue short-falls.

Support for these common sense solutions is broad. Developers agree these policies would enable them to build more affordable homes.

Business leaders understand that when their employees have access to affordable homes closer to their jobs, turnover rates decrease and people have more income to fuel back into the local economy.

The demand for more affordable homes is there. The will is there. Now, we need a commitment from the legislature to work with leaders from the community, housing groups, business and churches, as well as with citizens, to consider a plan that can increase the number of affordable homes for Pennsylvanians.

“Many hard-working Pennsylvanians can't afford a safe, decent home.

We need our legislators and community leaders to work together to strengthen and empower low-income families and neighborhoods through home ownership.”

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RETIREMENT

HANDS' Director of Operations Phil Temple will retire from his post in September. For the past eight years Phil has supervised the Property Management Division and a staff of twenty with as many as 821 housing units. Property Management is responsible for all facets of project operations including leasing, governmental compliance and maintenance. Phil has also been an active participant in the agency's budget, planning and development processes.



A graduate of Gannon University, Phil previously worked in banking for 20 years as well as in real estate development and property management. When he joined HANDS in 1997, he brought a for-profit perspective into a nonprofit environment, introducing many efficiencies while encouraging fellow staff members to take "pride of ownership" in everything they do.

When he retires, Phil plans to visit his son in

Texas, play golf as often as possible, and is considering consulting work after he completes a number of projects at home.

Thank you Phil for your service and friendship. We wish you all the best for the future.

NEW LOOK

We are excited to introduce our updated logo in this annual report. Our new artwork combines a brick-red "h" with our familiar HANDS acronym to create a friendly, more contemporary look. The door in the "h" is open—welcoming people with disabilities, low-income families and senior citizens who come to us for decent, affordable housing.



Housing and Neighborhood Development Service makes stronger and more vibrant neighborhoods in partnership with the communities it serves through the development and management of quality affordable housing.

Equilla and Ben Shannon (below) were among the first homeowners at HANDS Mid-Town Homes Phase II development in Erie, which was completed in December 2004. "It makes us happy to pay the mortgage rather than pay rent on something we would never own," they said. Mrs. Shannon said her husband has really taken to home ownership and is already saving up to build a garage. For herself, Mrs. Shannon said, "I'm a gardener. I just bought a bunch of bulbs on sale at K-Mart to plant in the yard."

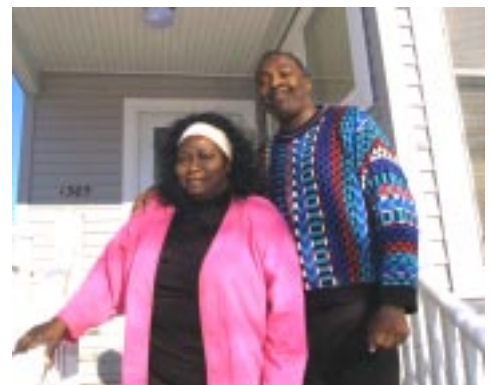


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@hands

Housing And Neighborhood Development Service

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The recent Multifamily Assisted Housing Reform and Affordability Act reduced the subsidies available to low-income families and special needs individuals for decent, affordable housing.

The Act, also called “Mark to Market,” ultimately affected over 200 local people living in 92 affordable apartments and homes developed by HANDS.

Through careful management and stretching our resources, we fortunately were able to give families time to plan, save and organize before having to move.

In December of 2003, we decided it was no longer feasible for us to manage and maintain these properties, most of which were older rehabilitated homes and flats. Though renovated, older homes always need more tender loving care and money to keep up than newly built houses.

In the end, we were able to help quite a few families move into newer apartments and residences owned by HANDS. Some individuals chose to move out of town to be closer to family or find opportunities in faster growing regions of the country.

From our start 40 years ago, fixing up older homes for low-income families has been what HANDS is all about. Having to sell many long-standing properties and lose 25% of our operating funds, forced a real change in our thinking. It’s been a challenge but a lot of good things have ensued including a heightened sense of purpose for our board and staff

who mightily rose to the occasion.

Working together, we conducted an organizational analysis and put a strategic plan in place covering our business activity. We enhanced our planning and development department by adding new staff and providing higher level training on topics such as using low-income tax credits to assist with financing—a very sophisticated funding mechanism. We also broadened our opera-

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tional funding to include non-grant and non-traditional sources so we can be more self-sustaining.

Today, without question, we are better prepared to identify community needs, assess project feasibility, and link community partners to the most promising resources in terms of land, buildings and financing.

Though the total number of our housing units dipped from 821 to 654 in 2004, this transition year allowed us to focus on new construction and rehabilitation developments that will increase our total number of affordable housing units to 850+.

I believe everyone at HANDS did a great job managing resources in the face of adversity and look ahead to another 40 years of making stronger and more vibrant neighborhoods in partnership with the communities we serve.

Annual Report



Chuck Scalise, Executive Director