

1. Project Purpose

To implement a sustainable three-year pilot project designed to reduce disparities in access to affordable homeownership opportunities for lower-income Latino families. NCLR will accomplish this by leveraging a broadband digital network that facilitates the delivery of integrated housing counseling program resources effective in helping Latinos attain homeownership.

The project is expected to: 1) produce measurable increases in homeownership rates of low- and moderate-income Latino families in at least twenty underserved communities; 2) develop a transferable one-stop model, focused around housing counseling, which can potentially transform service delivery from its present fragmented state to a highly-integrated, one-stop approach capable of revolutionizing community-based service delivery nationwide by creating more effective and efficient organizations; 3) inform the development and implementation of interactive networking strategies to address other key Latino community needs, including health, workforce development, and youth leadership.

The Problem—Latino Families Lack Access to Affordable Housing: Latino families lack access to affordable homeownership opportunities, a fundamental pillar of wealth creation, asset development, and neighborhood stability in any community. Too many Hispanic families live and work in segregated inner city or rural areas, characterized by a decline in local business, decaying infrastructures, and substandard housing. In addition, discrimination in housing and lending, nontraditional credit histories, and a lack of access to affordable mortgage financing inhibit Latino homeownership rates. According to the U.S. Department of Housing and Urban Development (HUD), while nearly 74% of White Americans own their homes, the Latino homeownership rate is only 46%.

NCLR, its affiliates, and program investors have pioneered the development of housing counseling programs designed to assist low-income Latino families to become successful homebuyers. Over the past four years, NCLR's network has assisted more than 5,000 low- and moderate-income Latino renters to purchase their homes. Over the last five years, the Hispanic homeownership rate has risen at twice the overall rate. Industry observers cite the growth of the counseling industry as a major factor fueling this trend.

In recent years, a plethora of technology-based tools have emerged with the potential to produce major improvements in homeownership rates, particularly among low-income families. These include many more sources of bilingual information on the homeownership process; growth in the number of Latino real estate agents; underwriting software that substantially reduces the time needed to assess whether an individual family qualifies for a mortgage; dozens of new mortgage products designed specifically for lower-income families; and the ability to apply for mortgage financing online.

However, few service providers have the necessary tools, manpower, and financial means to access all the available resources and integrate them into a one-stop service delivery model (proven to be the most effective method for attaining desirable outcomes in underserved communities). Moreover, those who lack access to such resources are isolated from each other, may be using incompatible technology platforms and software, and tend to be highly dependent

on single employees, whose departures tend to interrupt an organization's ability to deliver effective services. Finally, the absence of a network of community-based counselors using a uniform system severely inhibits NCLR's ability to deliver cost-effective training and support, deters peer-to-peer communication necessary to designing broad-scale strategies, and effectively prevents the widespread replication of successful models.

The Solution—An Interactive Network of One-Stop Service Providers: Over the years, millions of Latinos have come to rely on NCLR, and its network of community-based affiliates for accessing information, obtaining technical assistance, and meeting their training and vocational needs. NCLR and its affiliates provide the Latino community with access to vital community services such as information about government programs, health care education, youth development strategies, workforce readiness, and community and economic development programs. (Appendix 1). Unfortunately, providing information is not enough. NCLR has come to believe through its own Internet experience that **broadband digital technologies have extraordinary potential to integrate service delivery and connect America's Latinos to the available resources and institutions designed to help them attain homeownership.**

The NCLR One-Stop Affordable Housing Network (Network) will provide at least twenty NCLR affiliates (five in Year One and fifteen in Year Two) with new computers, software, telecommunication services, and the applications necessary for one-stop service delivery. NCLR experts in technology and community development will coordinate the delivery of technical assistance. NCLR will provide the infrastructure and technical assistance to pilot the sites and deliver content through a broadband Virtual Private Network (VPN) managed, updated, and maintained by experts at NCLR.

Key components of the project were developed to maximize the efficiencies emerging from the rapid transformation of the financial services industry, including desktop mortgage underwriting software, new mortgage products designed specifically for lower-income families, and online mortgage application systems. NCLR's existing partnerships with industry leaders such as Bank of America, State Farm Insurance, and Fannie Mae, as well as its new partnership with Freddie Mac and Real Estate en Espanol (Association of Latino/bilingual Realtors), have ensured the inclusion of these state-of-the-art features. (Appendices 2 and 3). However, the Network is conceived and designed with grassroots service provider and end users in mind. NCLR has conducted extensive outreach, consultation, and focus groups with its affiliates, who serve as an invaluable source of knowledge in meeting the various needs of Latino families, to best determine the resources and functions the proposed Network should provide.

At the heart of the Network is the use of uniform mortgage underwriting software, based on a single technology platform, and backed by extensive training and technical assistance. Housing counselors at pilot sites will be positioned to rapidly assess individual families' financial status, and to identify the mortgage product(s) and lender(s) most appropriate for that family. With a single mouseclick, counselors will be able to help lower-income Latino families compare different mortgage sizes and loan terms or review the latest home listings and pricing trends. Counselors can manipulate current and projected family budgets to help end users assess the impacts of expected future age increases – or unanticipated job layoffs – on housing affordability. Even those families who may not be able to qualify immediately will be helped immensely. The software will help end users identify specific actions – saving a little more for a

down payment, paying off a credit card, or establishing a longer credit history – which will enable the family to purchase the home they want. (Appendix 4).

Through links to leading industry websites, the Network will offer service providers the communication tools necessary for accessing important information about lending programs, housing markets, interest rates, mortgage financing trends, anti-discrimination laws, and other much-needed resources.

The project will foster improvements in information dissemination and peer interaction through email and listserv, a Bulletin Board System (BBS), online training sessions, online surveys and discussion forums, and database capabilities for tracking and reporting outcomes. By Year Three, NCLR will develop and conduct a “virtual conference” and publish a “How To” guide that highlights best practices, lessons learned, and strategies for success. Thus, not only will the project produce measurable improvements in Latino homeownership in the 20+ pilot sites, it will also enable other organizations to replicate its most effective elements. Moreover, the project will inform the development of parallel NCLR networking efforts in other fields.

Over time, with the experience gained through the project, NCLR intends to leverage seed funding from the Technology Opportunities Program (TOP) and partner with a wide range of existing and future corporate sponsors to realize its long-term goal – empowering over 250 NCLR affiliates nationwide with access to similar networks for serving the social and economic needs of America’s Latino communities.

2. Project Innovation

NCLR will deploy a state-of-the-art broadband VPN that is easy to use and supports a wide range of mortgage and underwriting products and resources. The Network fosters peer consultation, which helps expand the clearinghouse aspects of the Network. Pilot site providers will be able to offer their input on how to best meet the affordable housing needs of Latino families using the Network. These interactions will empower and involve providers to the fullest extent possible.

Innovative Partnerships: NCLR, in partnership with TOP and Freddie Mac Corporation, will equip twenty test sites. Our partnering strategy ensures sufficient resources are available for technology and avoids a common pitfall—developing products that providers cannot effectively access and implement. The NCLR/Freddie Mac project was developed with this project’s premise in mind—access to advanced digital technologies, at the service provider level, is essential for meeting the housing needs of Latino communities.

Peer Consultation, Interactivity, and Feedback: Access to real-time interactive content, with “downstream” (from NCLR and to service provider) and “upstream” potential (feedback from service provider) creates an innovative linkage between NCLR and service providers. This interactivity will foster peer-to-peer communication in real-time using text, voice, and data—a practice that is uncommon in the Latino community development world.

One-Stop Service: NCLR will, through the use of online forums, promote strategies for rethinking the delivery of services and facilitate planning activities to help providers adjust to

changes enabled by the technology. NCLR anticipates profound changes in service delivery such as:

- Shifting away from purely advocacy activities to a one-stop integrated community development model that offers low-interest loans, loan origination services, technical assistance, home buying education, access to NCLR partner programs, counseling, production of binders containing user profiles, and information about lenders and local housing markets.
- Indexing of products and services to facilitate packaging of end user products, such as financing alternatives, underwriting checklists, and information about lending and asset management programs.
- Application of innovative database management tools to monitor outcomes and facilitate follow-up consultations.

Capacity Building and Technical Assistance: NCLR will schedule regular affiliate site visits designed to identify opportunities for improvement in technology usage and/or delivery of program resources. NCLR recognizes that effective capacity building requires continuous work with the NCLR family of corporate partners to identify new funding sources and match them with affiliate needs. NCLR plans to provide technical assistance and online help to all pilot sites and survey them to assess how NCLR can further target its capacity building and technical assistance efforts.

Educating End Users: NCLR understands that long-term project viability requires that end users recognize the benefits of the Network. NCLR will continue to advocate the creation of a financially educated Latino consumer able to effectively purchase, invest, and save the more than \$1 trillion purchasing power that they represent. By sponsoring public workshops in underserved communities, NCLR will promote the project's potential for helping low-income families reach their goal of homeownership.

3. Diffusion and Dissemination Potential

Numerous studies have documented that Latinos lack access to adequate health care, education, and job training, and have low participation rates in federally funded programs. This project is replicable on multiple levels within NCLR in other program areas; by the more than 250 NCLR affiliates; by non-affiliate local service providers; and by other national nonprofit organizations.

NCLR is a respected national leader in other program areas aside from acquisition of affordable housing. These include youth leadership, health promotion, workforce development, and education. While each of these areas differs substantively, they share the common needs in appropriately integrating technology for optimal effectiveness. NCLR recognizes that truly replicable and adaptable models are those that conform to a provider's existing body of programs and services.

The technology applied in this project is critical to the diffusion strategy of the project. Through online surveys, training, conferences, and focus groups planned in this project, the value of these products will speak for themselves. Affiliates will realize greater efficiency of time and resources, effectiveness in their communications, consistency of information, and more.

NCLR has extensive experience in the development of guides and manuals and has found them to be effective tools in the promotion of successful models. As previously noted, NCLR will publish and disseminate a “How To” guide, highlighting best practices, lessons learned, and strategies for success.

The project’s potential for diffusion is assured through NCLR’s existing outreach venues, which have proven successful with our affiliate network, corporate and government partners, and the media. NCLR’s Office of Public Information can conduct press conferences, issue press releases, and post information about the project on NCLR’s website. NCLR will leverage its Annual Conference, the nation’s largest gathering of Latinos, to showcase the project as a model for Latino community development. Our regional affiliate caucuses also provide opportunities for interaction among providers and NCLR.

4. Project Feasibility

Technical Collaboration Partners: The NCLR/Freddie Mac partnership will provide a donation of 200 new computers for NCLR affiliates. The project directly benefits from this partnership as it allows NCLR to provide at least two new computers per test site. Additional matching funds are also allocated for the acquisition of homeownership counseling and mortgage loan origination software that Freddie Mac will develop in partnership with NCLR, Real Estate Espanol, and the National Association of Hispanic Real Estate Professionals.*

NCLR will leverage its private sector relationships to obtain additional resources to expand the project. NCLR’s Corporate Board of Advisors is a strong link to corporate America, whose members include AT&T, America Online/Time Warner, Southwestern Bell, and Verizon.

Technical Approach and Interoperability: Program resources will be available over a VPN. Access to the main portal resource website and databases will be via a Hewlett Packard E-server housed in the Washington, D.C. office. SQL-based data will also reside there. Communications and data transmission will be through the Internet via DSL connectivity for each pilot site. DSL connections will be through routers owned by the telecommunications service provider. Each pilot site will be equipped with a Quantum Snap Server with hub/switch connection to support at least two PCs per site. The PCs will be acquired with standard Microsoft Office Suite software and loaded with additional off-the shelf software required for communications functions and proprietary homeownership process tools and applications.

Proprietary homeownership process data will be a custom-designed database with functions accessible over the VPN by pilot homeownership counseling program staff. The portal resource website will allow service providers to download tools and applications via the Internet and provide data and feedback back to NCLR. Communication links (e-mail, listserv, and Bulletin Board Service) will be hosted by servers located in NCLR's office. The system will be built with open architecture design tools. ODBC and SQL compliant databases will be used, allowing importation of pre-existing and acquired data sets in the mortgage and real estate industry.

* The NCLR/Freddie Mac partnership is structured through a detailed Memorandum of Understanding that can be provided on request.

TCP/IP network protocol and Cisco or 3Com routers will transport data through the network. A prototype system diagram is provided in (Appendix 6).

Technical Alternatives: A variety of models and alternatives, such as wireless technologies, dial-up Internet services, and T-1 Internet access were explored. Based on cost consideration and operating functionality, a DSL-based VPN provides a cost-effective platform that provides the bandwidth needed to support the programs and applications of this project. As an added bonus, this model is consistent with NCLR's Five-Year Strategic Plan. (Appendix 7).

Scalability: The open architecture design and use of industry standard network protocols, commonly used hardware, and off-the-shelf software allow for practical, efficient replication. During the first two years, systems will be implemented strictly to serve program initiatives. The DSL connection allows for additional PCs to be added to sites in the future supporting expansion of the program or expansion to add connectivity for other program areas. In order to maximize diffusion, one significant element of the analysis and feedback loop will be to better understand how to assist pilot sites in effectively implementing network upgrades.

Privacy/Data Security: Access to the proprietary data on the Network will be password-protected and reside behind a firewall. NCLR will provide appropriate usage guidelines for NCLR staff and affiliates, instructing them on privacy and security standards. Virus-scan software is part of the standard operating package for NCLR and the pilot sites.

System Maintenance: NCLR's Department of Information Technology (DIT) has significant experience in implementing and operating large-scale, multisite technology projects. The budget includes a provision for a technology maintenance contract to support each pilot site with 24-hour technical support.

Applicant Qualifications: NCLR's Director of DIT, Computer Support Specialist, and Vice President of Finance and Administration bring a combined total of 38 years of experience in information technology system design, implementation, operation, and maintenance. NCLR will add (as a match) another IT Specialist to support the project. (Appendix 12).

Budget, Implementation Schedule, and Timeline: The technology budget provides funding for one NCLR Technology Specialist to implement the Network in twenty pilot sites and provide the necessary technical assistance to ensure proper system usage. The project will take three years to fully implement and disseminate. (Appendix 8). The total project budget is \$2,357,550 over the three years (\$850,000 in TOP funding, accompanied by \$1,507,550 million in matching funds).

5. Community Involvement

NCLR will employ a proven three-pronged approach, involving end users, pilot providers, and a broad base of corporate sector entities to foster community involvement throughout the life of the project and thereafter.

In Year One, NCLR and its partners will pilot the Network in five carefully selected sites representing a mix of inner city and rural communities with underserved Hispanic populations. Year One test sites are: 1) Housing America Corp., Yuma, Somerton, AZ; 2) Watts Century

Latino Organization, Los Angeles, CA; 3) the Resurrection Project, Chicago, IL; 4) Asociacion Puerto Riqueno en Marcha, Philadelphia, PA; and 5) Vecinos Unidos, Dallas, TX.

NCLR will also conduct online surveys at the end of Year One to determine the project's impact on affiliates and end users. At the end of Year Two, twenty pilot sites will be online serving over 120,000 Latinos nationwide. (See Appendices 9, 10 and 11).

Support for End User: NCLR's Office Community Development will coordinate the delivery of technical assistance to test sites in areas such as real estate development, finance, loan packaging, real estate development and site visit for NCLR's CDFI loan origination and underwriting process. These resources are interactive and accessible through the Internet, enabling project participants to be fully engaged and active.

Mentoring and Peer Counseling: NCLR will support activities aimed at engaging affiliates in peer-to-peer discussions designed to foster counseling and mentoring. NCLR will include a section on the Network where affiliates can pose questions or issues and obtain feedback from other affiliates and NCLR staff.

Capacity Building: The capacity gained through this project will aggregate a talent pool needed to sustain the project in years to come. NCLR, working with project affiliates, will develop virtual peer-consulting test models built to promote capacity building through information sharing. NCLR will also conduct consultations with end users, affiliates/service providers, and corporate partners during its regional meetings.

6. Outcomes

Reducing Disparities: The project creates a "bridge" in the digital divide as it promotes greater understanding of the tools, their use, and the need for investment in them. The innovative and effective application of these tools is at the core of the project. Replication of this project will be facilitated not only by access to these basic tools, but by showing how these tools can be used to service programs more effectively in underserved areas.

Short-Term Outcomes: NCLR anticipates several outcomes to be realized in the first two years of the project. End users can expect increased levels of attaining affordable homeownership; lower rates of default and foreclosure; access to best available interest rates and underwriting tools; greater economic self-sufficiency; increased awareness of the power of technology in serving the social and economic needs of low- and middle-income Latino families; and a greater appreciation of the power of digital technologies.

Pilot test providers can expect positive outcomes in time and cost savings associated with less travel and by shifting away from paper-based to electronic service delivery; higher service provider employee rates of retention and satisfaction; increased peer consultation; integration of services resulting in one-stop service delivery; faster access to the resources of NCLR; and diffusion of the techniques and possibilities of digital technologies through addressing practical problems.

Long-Term Outcomes: With the experience gained through the project, NCLR intends to leverage TOP seed funding to develop a wider range of corporate relationships and to realize its long-term goal: to rollout the project to all 250 NCLR affiliates nationwide, equipping them with the tools to provide one-stop service for America's Latino communities in areas such as civil rights, health education, youth leadership, and workforce and community development.

7. Evaluations and Documentation

To ensure public accountability and project replication, NCLR will evaluate the project, providing semi-annual updates and issuing annual reports. NCLR has budgeted for an independent evaluator(s) to conduct an assessment of the project. Roughly 9% of the project funding is dedicated for project evaluation, with an emphasis on establishing baselines and benchmarks.

Evaluation will be conducted on an ongoing basis by NCLR community development staff through the collection, analysis, and reporting of qualitative and quantitative data. Data collection will also be augmented by site visits and online surveys. Qualitative and quantitative reports on development, implementation, and usage will be prepared; findings will be provided to NTIA, NCLR's affiliates working in community and economic development, and to the public on demand.

The qualitative data will include: feedback from affiliate staff via email communication with NCLR staff; messages posted on the Network listserv and BBS; comments provided online and in-person by affiliates' clients; and an online survey of NCLR and pilot site staff to be conducted at the end of the first project year. The online survey will help us determine: the perceived effectiveness of the new system by NCLR staff, affiliate staff, and end users; the degree to which the system has expanded the universe of Latinos able to initiate and progress through the homeownership process; and the ability of the system to foster more useful and informative communication among affiliates and with NCLR.

The quantitative data to be collected will include: number of families served through the Network, independent of whether they achieved homeownership; number of mortgages underwritten through the Network; number of participants in online surveys, discussion forums, and other activities; the number of emails sent related to the Network among affiliates and to/from NCLR; and the number of messages posted to the Network's listserv and BBS.

The qualitative and quantitative data collected will be analyzed to determine whether the Network has had a positive impact on Latino homeownership by facilitating the homeownership process, offering more options and products to prospective Latino homebuyers, and ultimately increasing the number of Latinos who own their own homes. More importantly, the analysis will determine what role the Network has in improving the homeownership process and to what degree this role can be adapted for use with other similar programs, such as health education or workforce. Once this analysis has been completed, it will form part of the overall project evaluation and serve as a springboard for the "How To" guide which will be widely distributed to other networks of community-based service providers.