

# **‘Ahead of the Curve’: Habitat for Humanity of Northern Virginia launches new program in Lorton.**

*By Justin Fanizzi  
The Connection Newspapers  
July 22, 2010*

The lagging economy has affected typical citizens from job loss to pay cuts to seeing local businesses close. Lost in the shuffle, however, is the effect that the downturn has on the organizations, like Habitat for Humanity, that help these people when things like this happen.

Habitat for Humanity is one of those groups seeing a decrease in donations and as a result, the organization is changing its business model in an effort to maintain the level of service it has provided for decades. That change came in the form of an agreement between Habitat and the Department of Housing and Urban Development’s National Community Stabilization Trust to help turn foreclosed and abandoned houses into affordable homes for low-income families earlier this month, and the results can already be seen in Lorton.

"This agreement is a way for the federal government to go into neighborhoods facing instability and provide non-profits with money to purchase homes [for low-income families]," said Jason Skipworth. "For us to be able to purchase land and build a home costs a lot of money, and this program allows us to continue to provide low-income housing for less of a cost."

THE FEDERALLY SPONSORED program, according to Habitat of Northern Virginia’s Development Director Meredith Magwire, was created earlier this month. The two-year partnership, she said, will give Habitat the opportunity to purchase foreclosed and abandoned properties from participating financial institutions before the properties are broadly marketed and listed for open sale. Habitat then renovates these homes and sells them as affordable housing to low- and moderate-income families.

"The land isn’t there for us, but the property could be, so we have to adapt our model to fit that," Magwire said.

Each Habitat jurisdiction, Magwire said, received \$1 million in federal stimulus funds to spend on foreclosed properties, but due to the area’s relatively high housing prices, Habitat could only purchase four homes. The first of these homes was purchased in Lorton at 7453 Larne Lane off of Pohick Road. The two-bedroom, three-bathroom house was found for Habitat by longtime supporters Ron & Susan Associates, a real estate company based in Lorton.

"Habitat came to us because of our history of raising funds," said Ron Kowalski, co-owner of Ron & Susan Associates.

"They broke the mold a little bit here. Instead of building a house, we were able to find them a bank-owned home that they can fix, which is much cheaper."

The home, Kowalski said, was purchased in April for \$171,000; a total he believes could not be reached without the program. The home, he said, was going to be listed by the owner, Bank of America, for at least \$180,000. However, because the federal agreement allows Habitat "first-look" on foreclosed properties, Kowalski was able to see the home before any other potential buyers and make the first offer, which the bank accepted. In essence, he said, through this program, Habitat is able to purchase homes at a lower price than other buyers, which allows the organization to be sustainable in the current economic climate.

"This home was a great candidate for this program because it wasn't completely trashed," Kowalski said. "The bank would have put it on the market at a much higher price and it would have gotten several offers before we could have gotten to it."

In addition to providing "first-look" to Habitat, the agreement also reimburses the group for all renovations to the homes they purchase. Skipworth said that the operating budget for the Lorton home is \$13,000, and that the money will be used to install a new HVAC unit, new flooring, carpeting, windows and doors, repair the plumbing and more. The number of improvements to each home varies, as it is based on the financial wherewithal of the family Habitat has chosen to live in it.

CONSTRUCTION began on the house in May, and will be completed after about 36 to 40 hours of work over the next two months. Then, Kowalski said, the home will be sold to the chosen family, which Skipworth said is already living in a Habitat home that is now too small, for around \$220,000. The \$50,000 or so in profit will then be put back into the stabilization program and used to purchase more foreclosed homes down the line.

Currently, Magwire said, Habitat of Northern Virginia's budget has been maxed out with the purchase of the four homes, two of which have yet to officially close. As a result, Habitat is waiting for the four homes to be sold and for a profit to be returned so that it can buy more.

"Our organization works because of partnerships like this with Ron and Susan and the federal government," Skipworth said. "[The program] has really helped us to be ahead of the curve."