A Place you want to Call Home

Affordable Homeownership: West Virginia’s Invisible Problem

CLAUDE WORTHINGTON BENEDUM FOUNDATION
ANNUAL REPORT 2003

1400 Benedum-Trees Building
223 Fourth Avenue
Pittsburgh, PA 15222

Telephone 412-288-0360
Toll-free from West Virginia 800-223-5948
Facsimile 412-288-1360
www.fdncenter.org/grantmaker/benedum
Introduction

is more than a minimal requisite of decent living. It is a critical component of family stability and of full engagement in education and employment. The Benedum Foundation has long believed that such housing is also a vital building block of successful community and economic development. Many West Virginians share this belief, but adequate housing for lower-income families has not been a consistent priority in the State.

West Virginia has one of the highest rates of homeownership in the country, but this fact may mask serious problems as to the adequacy of the affordable housing that exists in the State. Ownership certainly is not the only solution to the issue of affordable housing. Rental opportunities, temporary shelter, and special requirements residences are all needed in West Virginia. The following report, however, focuses on ownership for two reasons: first, because of the enormous benefits that affordable homeownership can bring to families and communities in West Virginia; and, second, because we hope to unmask problems, examine what is being done to address them, and consider what more can be done—at great potential benefit to the State.

The report contains a great deal of information. We think the detail is important, but even the more casual reader can find in the following pages a comprehensive view of complicated issues faced by those seeking affordable homeownership, those who provide related services, and those funders who are searching for successful ways to contribute to the growth and development of West Virginia communities.

As you will see, there are success stories. And there are dedicated, hard-working individuals and organizations making good things happen in West Virginia. We believe, however, that there is not sufficient attention given to this issue. Nor are there adequate funding sources for low-income families in need of affordable homeownership opportunities.

Six years ago, a task force composed of many organizations addressing housing needs in West Virginia made two recommendations: the creation of a permanent affordable housing funding structure, and the establishment of a dedicated funding stream to support affordable housing. To address the first recommendation, in 2001 the State established the West Virginia Affordable Housing Trust Fund, with an initial contribution of $500,000 from the Benedum Foundation. The second recommendation, for ongoing funding dedicated to affordable housing, has yet to be addressed. For the Trust Fund to be sustained as a source of financing, and for it to continue its work of supporting the organizations that deliver direct services to those seeking to own an adequate home, it is essential that a funding stream be created.

It is our hope that by telling this story, and by identifying some of the successes and stumbling blocks regarding affordable homeownership in West Virginia, we can focus attention on the issue, emphasize the need to build and maintain the Affordable Housing Trust Fund, and ultimately help ensure that both the State and its citizens benefit from an increase in affordable homeownership opportunities.
What does “decent and affordable” mean? At a minimum...

- Decent means warm in the winter; dry in the rain; with complete and workable plumbing and electrical systems; with adequate bathrooms and kitchens; with enough space for the number of people who live in the home; and reasonably well maintained.

- Affordable means total housing cost no more than 30% (some organizations recommend less) of total monthly income.

The 72-year-old man lived in an ancient ten-by-ten camper he bought and placed on a tiny piece of leased land in McDowell County. The camper’s interior was suffocatingly hot in the summer and bitingly cold in winter. It had no plumbing, and the man had to haul drinking water and pay a dollar for each use of a neighbor’s shower. Nevertheless, under U.S. Census Bureau policy, he was counted among West Virginia’s homeowners.

The Problem

Affordable Homeownership—West Virginia’s Invisible Problem

The 72-year-old man lived in an ancient ten-by-ten camper he bought and placed on a tiny piece of leased land in McDowell County. The camper’s interior was suffocatingly hot in the summer and bitingly cold in winter. It had no plumbing, and the man had to haul drinking water and pay a dollar for each use of a neighbor’s shower. Nevertheless, under U.S. Census Bureau policy, he was counted among West Virginia’s homeowners.

It’s a paradox: West Virginia boasts one of the country’s highest rates of homeownership, but thousands of people—some of them counted as homeowners—simply do not have adequate, affordable housing.

The “disconnect” at the heart of the paradox has several sources.

One is the definition of “home.” Lynn Talley, a West Virginia affordable housing advocate who has led a number of organizations, says, “There’s a common notion that if you own a home, your housing problems are solved. That’s just not so. ‘Home’ has to mean more than walls and a roof; it has to mean decent, safe, affordable housing where people can live with at least some level of comfort and dignity. Until we do more to make those ideas a reality, a high rate of homeownership doesn’t mean much.”

It’s a sad fact that, at this point, too much of West Virginia’s housing stock is not “decent, safe, and affordable.”

According to the 2000 U.S. Census, nearly 20% of West Virginia’s homes were built before 1940; the U.S. average is 15%. The age of a home is not an issue; older homes can be elegant and comfortable if they’re well maintained. But many of the State’s older houses contain lead-based paint and/or asbestos, and have energy-inefficient heating systems. And too often lower-income owners simply can’t afford the upkeep their older homes require, so the homes deteriorate not only in comfort but in appearance and safety.

Unhealthy—Even Dangerous

Moreover, much of the State’s housing stock is substandard—lacking complete plumbing, built on inadequate foundations, harboring molds and mildews, uninhabitable, sometimes with exposed wiring. Some of these homes are simply deficient, while others are actually unhealthy, even dangerous.

Why so much substandard housing? One reason is that a large proportion of the State’s rural housing was built decades ago by coal companies for their workers, and not intended to last for generations. Another reason: many areas don’t have building codes—and those with codes often don’t have the resources to enforce them.

Mobile homes are a major component of West Virginia housing. The 2000 Census reports that 16.9% of West Virginians live in mobile homes; nationally the figure is only 7.6%. While mobile homes can be a good housing solution, the State’s mobile homes have a median value of only $22,800, and many lack potable water, adequate septic systems, and other basics. Additionally, says Maria Loza, Executive Director of the Washington, DC-based Housing Assistance Council (HAC), “Mobile homes depreciate, as opposed to conventional ‘stick-built’ homes that in most cases appreciate, building equity for their owners. And about half of mobile homes sit on leased land, so any appreciation in land value is lost to the mobile homeowner.”

A third aspect of the problem includes the closely related issues of affordability and availability.

The median home value in West Virginia is $72,800—ranking 47th in the U.S. That might sound like good news for homeowners—but, like the homeownership rate, the figure can be deceptive. Cecil Underwood, Executive Director of the Randolph County Housing Authority, says, “In many areas, if you find a home valued at $65,000, it’s going to need work. And if you find a home valued at less than that, it’s going to need a lot of work. There are exceptions, but not many.”

More than 25% of the State’s houses are valued at less than $50,000; they may be affordable, but often they don’t meet the standards of decency and safety. Alternatively, some parts of the State are experiencing booms that put housing costs out of reach of most potential homeowners. The median home price in Jefferson County is $196,000 (up 75% since 1999), while in Morgantown the average 2002 home sale price was $126,000. It takes a substantial income—or significant help with factors like interest rates and down payments—to afford such homes.

The upshot: West Virginia does indeed have a remarkably high rate of homeownership—but many of the homes are substandard, and problems of availability and affordability too often keep people of modest means from living in safe and decent housing.

Why Invisible?

It’s a significant problem—but it seems like an invisible one: ownership of decent, safe, affordable homes is rarely mentioned as a priority for West Virginia. Why? Among the likely reasons:

- Even though the State has no official housing agency (and therefore no official housing policy), various nonprofit organizations are addressing the problem, so it’s easy to think the issue is being resolved. But, while those organizations (some of them profiled in this report) do fine work, they don’t come close to having enough resources to be optimally effective.

- The economics of the situation deter involvement by for-profit organizations. There’s not much money to be made in building and selling modest homes—especially to lower-income, higher-risk buyers. Such transactions usually incur “soft costs”—such as expensive prequalification processes and intensive home buyer counseling—that can’t be recovered through a conventional mortgage.

- The issue isn’t as dramatic as, for instance, joblessness.

Perhaps the most important reason for the invisibility is that many people are simply not making the connection between affordable homeownership and something that is definitely a priority for West Virginia: economic development.

Perhaps the most important reason for the invisibility is that many people are simply not making the connection between affordable homeownership and something that is definitely a priority for West Virginia: economic development.

Perhaps the most important reason for the invisibility is that many people are simply not making the connection between affordable homeownership and something that is definitely a priority for West Virginia: economic development.

If housing development is an industry that creates jobs through construction, sales, and financing—and has a multiplier effect even after the sale: the house has to be furnished, maintained, and so forth. Every home that is built and then kept up brings money through the community.”

A West Virginian who is close to both issues agrees. Joe Hatfield, Executive Director of the West Virginia Housing Development Fund, the public (but non-governmental) nonprofit that focuses on housing and economic development, says, “West Virginia really needs to have a policy where housing and economic development are both priorities. They’re so interrelated you shouldn’t even think of separating them.”

Why Invisible?

It’s a significant problem—but it seems like an invisible one: ownership of decent, safe, affordable homes is rarely mentioned as a priority for West Virginia. Why? Among the likely reasons:

- Even though the State has no official housing agency (and therefore no official housing policy), various nonprofit organizations are addressing the problem, so it’s easy to think the issue is being resolved. But, while those organizations (some of them profiled in this report) do fine work, they don’t come close to having enough resources to be optimally effective.

- The economics of the situation deter involvement by for-profit organizations. There’s not much money to be made in building and
In 2003, USDA RD, the Rural Development (RD) Mission of the United States Department of Agriculture (USDA), pumped more than $16,000,000 into affordable single-family housing projects. Of West Virginia’s nearly two dozen offices across West Virginia, USDA RD has nearly two organizations to help West Virginia become a better place to live and work.

Who’s Who

Across the State, public and private organizations are working to help low-income West Virginians become owners of decent, safe, affordable homes. Some of the organizations rehab existing homes or build modest new ones. Others focus on finances, helping make affordable mortgage monies available. Almost all offer homeownership-related counseling to low-income clients, helping them clean up problematic credit, learn to budget their resources, and understand the basic responsibilities of homeownership. Virtually everyone involved is working from a strong sense of mission — to serve individual clients and to help West Virginia become an even better place to live and work.

Some of the organizations with significant affordable homeownership programs are highlighted here.

The United States Department of Agriculture (USDA), Rural Development (RD) provides two-year technical assistance grants and site loans to nonprofit and local government organizations that operate “sweet equity” homebuilding programs for groups of low-income homeowners. Families and individuals enrolled in a group work on each other’s homes, moving in when all the homes are completed. Once accepted into the program, enrollees generally apply for mortgages through the Direct Loan Program. At this point, Telamon Corporation (please see page 20) is the only West Virginia recipient of USDA RD Home Repair Program funding; another organization is working through the application process.

The United States Department of Housing and Urban Development (HUD), with its West Virginia field office in Charleston, offers a number of housing-related programs, including the Federal Housing Administration (FHA), public housing (primarily rental properties administered by Housing Authorities), and fair housing investigations. But perhaps the HOME program is of greatest import to low-income families.

HOME (which is not an acronym) is the largest Federal block grant to state and local governments aimed exclusively at increasing affordable housing opportunities for low-income households. Unfortunately for West Virginia, the HOME allocation formula is based solely on population, with no consideration of economic factors.

In 2003, HOME provided about $13,400,000 to West Virginia, some through major metro areas but most through the West Virginia Housing Development Fund. HOME monies are flexible, and participating jurisdictions can decide how best to respond to local needs for affordable housing.

The Rural Housing and Economic Development (RRED) Program provides competitive grants to nonprofits for capacity-building and for innovative housing and economic development activities. In 2003, two grants totaling $550,000 were awarded in West Virginia.

In the Homeownership Voucher Program, public housing residents receive vouchers for use in a form of rent-to-own program. George Rodriguez, HUD’s West Virginia Field Office Director, says the program isn’t widely used in the State — of approximately $2,000,000 that’s available, only about $100,000 has been tapped. He explains, “It seems that many public housing residents are not interested in ownership, and it’s also true that residents’ credit ratings are often problematic, even for mortgages where demands aren’t so rigorous.”

He believes that a major barrier to the development of affordable housing in rural West Virginia is that much of the buildable land is situated in areas that are not accessible due to infrastructure, utilities, and mining companies. He hopes to use HUD as a “bully pulpit” to change that: “I want to bring people to the table to talk about being good neighbors, and about the possibility of making some of that land available for building,” he says. That’s one potential route toward more good housing stock, and ideally, much of that new stock would be affordable for lower-income buyers.”

The Housing Assistance Council (HAC) is a Washington, DC-based nonprofit corporation that helps local organizations provide affordable housing in rural areas. HAC provides support through several programs, primarily with funding from the Department of Housing and Urban Development.

HAC provides technical assistance to local nonprofits and local and state governments. “We provide training, information, and assistance in developing strategies, and we help organizations make useful connections with other groups who have similar goals,” says HAC Executive Director M. orange Loza.

A revolving loan fund provides seed money for development projects. HAC is repaid when permanent financing is obtained. Funds are available for land acquisition or infrastructure development. If the organization receiving the loan completes housing on the land within three years, 80% of the loan is forgiven. HAC also makes construction loans and working capital loans to local organizations, but in

Low-income families are generally considered to be those whose income is 80% or less of the area’s median; very low-income families are at 50% or below; and extremely low-income families are at 30% or below.
limited amounts. "Most of our loans are for predevelopment, which is especially necessary in rural areas," says Moises Loza. In the last two years, HAC loans have totaled $311,212.

- **HAC conducts and publishes research into rural housing issues to educate stakeholders at every level — including policymakers.** It also does commissioned research: a HAC study of the effects of Benedum Foundation grantmaking in the affordable housing arena showed that, with every $1 of funding from Benedum, grantees were able to leverage $6 in additional funding.

The [Federal Home Loan Bank](#) is one of 12 private, cooperatively owned banks across the country that provide wholesale financial services to member banks, savings institutions, credit unions, and insurance companies. The Federal Home Loan Bank of Pittsburgh has member institutions in Delaware, Pennsylvania, and West Virginia. Like its peers, FHLB Pittsburgh has a number of programs that help with affordable housing; all are administered through local affiliates.

- **The Affordable Housing Program**, funded each year by 10% of the banks’ net income, provides competitive grants and below-market-rate loans to qualified affordable housing project developers and sponsors. In 2003, Pittsburgh’s FHLB funded eight West Virginia projects with a total of $1,130,000. The Program was mandated by Congress in 1989.
- **The Home Buyer Equity Fund** provides grants to help low-income homebuyers with down payments and closing costs. Last year, more than $45,000 was provided to West Virginians.
- **Flood Relief Grants** totaling more than $600,000 helped West Virginians purchase new homes or repair damaged ones. (provided they weren’t in the flood plain).
- **Capacity-Building Grants** help nonprofits involved with affordable housing grow their expertise.

**Statewide**

West Virginia is one of only a few states that do not have a dedicated, Funded program for low-income housing. But the State does have the [West Virginia Housing Development Fund (WVHDF)]#, a non-governmental public nonprofit corporation with broad powers to finance programs, primarily — although not only — housing. Remarkably for an economically distressed state, the Housing Development Fund is the first such financing agency in the country to earn an AAA rating from Standard & Poor’s, and the only agency to hold the same rating from Moody’s Investors Service. Created by the State Legislature in 1968, the independent WVHDF is led by an 11-member Board, seven appointed by the Governor and four serving by virtue of the public positions they hold. The most significant force in West Virginia housing, the WVHDF offers two major programs for low-income homebuyers.

- **It is the major conduit for statewide HUD HOME mortgages**, in 2003 administering about $10,000,000 of the $33,400,000 West Virginia received. (A major metro areas directly administers the other $3,400,000.) The Board has directed that HOME mortgages administered by the WVHDF be used for an affordable mortgage program; other states choose to focus on repairs and rentals. In 2003, the WVHDF increased available funds by adding to the HOME mortgage $2,000,000 (loan to be $3,000,000) in annual mortgage repayments. Working primarily through nonprofit organizations that function as mortgage originators, the WVHDF offers excellent terms on HOME mortgages. For people at or below 80% of their area’s median incomes, and with region-specific caps on mortgage amounts, mortgages are available at low interest (sometimes 0%), with payments calibrated to buyers’ ability to pay. After 20 years, remaining mortgage amounts are forgiven. In 2003, 10 families received HOME mortgages.

- **The most significant force in West Virginia housing**, the WVHDF offers two major programs for low-income homebuyers.

**The Allocation of HOME Funds can depend on circumstances:** twice in recent years, HOME dollars have been diverted to areas of the State hit hard by floods. That was good news for flood victims — but bad news for nonprofits and their low-income homebuyer clients elsewhere in the State, with some mortgage applications stalled for months. The WVHDF recently reversed course on a policy to which many nonprofits had objected: now it’s permissible to leverage HOME mortgage dollars — basically to combine HOME dollars with other resources to construct a mortgage, so that all the dollars go further. Joe Hatfield, WVHDF Executive Director since 1980, explains, "We’ve made some changes to allow leveraging because people wanted it — and because we’re now at the point where we can feel confident that, when the loan is closed and we get the [mortgage] package from the originator, all the relevant banking regulations will be met in both letter and spirit.”

- **The WVHDF’s mortgage revenue bond program and secondary market program provide significant support for homeownership for people at nearly all income levels, with mortgages available up to $340,000 — the Fannie Mae limit for the State. In 2003, 4,367 homeowners received mortgages through these programs. That figure includes 600 people who were at the upper limits of income eligibility for the HOME program — but HOME funds are scarce enough that the WVHDF chose, at some risk to itself, to serve these applicants through more traditional programs in order to conserve HOME dollars. "These 600 folks were close enough to the 80% limit that we felt comfortable assuming a bit of risk and putting them in this program to make more room in HOME for the poorest of the poor,” Joe Hatfield says. The 600 homebuyers received terms similar to those in the HOME program.

The Housing Development Fund, which currently holds about 27,000 mortgages, offers several other programs designed to help make homeownership more affordable.

- **Through another pot of HUD HOME monies totaling approximately $9,000,000 annually, it helps fund housing development activities by qualified nonprofit organizations — HUD-certified Community Housing Development Organizations (CHDOs).** The CHDOs can use the flexible funds in whatever ways are appropriate to increase affordable housing in their local communities.

- **The Low-income Assisted Mortgage Program (LAMP)** is an asset recovery program in which the WVHDF buys and services mortgages held by nonprofit organizations, returning all assets (minus a service fee) to the nonprofits long before the mortgages are paid off.

- **The Employer Assisted Loan Program** allows hundreds of West Virginia businesses to offer their employees mortgage opportunities not available elsewhere — for example, 102% financing (to include closing costs), and no down payment, although buyers must pay $500 out of pocket. Joe Hatfield expects this program, new in 2003, to see “significant use and growth.”

- **The Housing Emergency Loan Program (HELP)**, funded through the WVHDF’s general revenues, provides $1,000 - $10,000 loans to low-income homeowners for emergency housing repairs. HELP loans total approximately $700,000 annually.

The WVHDF has always worked to some extent in economic development, but has recently ratcheted up those efforts. It has lent $2,500,000 to a company planning to build a wind farm in West Virginia, guaranteed a $10,500,000 loan to Wheeling-Pittsburgh Steel, and lent $12,000,000 to a major retailer preparing a site in Ohio County. Recently, the Board voted the WVHDF the ability to issue up to $30,000,000 in bonds so it can lend more extensively to economic development projects.
Admiration—and Some Criticism

Admiration for the Housing Development Fund’s stability and scope is widespread—but the WVHDF gets its share of criticism, too.

Nonprofits say that the mortgage origination fees paid to them by the WVHDF simply aren’t high enough to cover costs. The average fee is $1,750, but some nonprofits say $2,500 would be more realistic, given that many low-income applicants have credit situations that take time to investigate and remediate, and usually need extensive counseling in homeownership and financial responsibility—all of which requires considerable time and effort from the nonprofits. Joe Hatfield responds that, while the WVHDF is permitted to pay origination fees out of HOME funds, instead it chooses to pay them out of its own general revenues, each year essentially freeing up enough HOME funds for ten mortgages.

He believes that achieving economy of scale in mortgage origination could resolve the issue—but in fact a WVHDF policy makes that difficult, perhaps impossible. At one point, nonprofits had submitted $3,000,000 in mortgage requests in a period of just a few days—and, with only $12,000,000 available in an entire year, that simply wasn’t workable. To even out the flow of applications, the WVHDF created a “controlled submission” policy limiting nonprofits to three or four applications per quarter—effectively precluding any economy of scale. Those restrictions simply aren’t easing, but the reimbursement issue remains unresolved.

Some nonprofits go even further, and call—to date unsuccessfully—for the WVHDF to provide operating dollars to help cover some of the costs inherent in dealing with low-income homeownership. HUD regulations permit monies to be used for operating support for CHDOs, but the WVHDF has chosen to distribute the monies in other ways. Perhaps the most persistent criticism is leveled at the WVHDF’s fiscal conservatism. Many studies show that children do better in school if they live in decent, safe homes.

Nonprofits that were closing their doors. While many of the homes built with the financing are sold to very low-income families using subsidized mortgages from the HOME program or USDA RD. The construction loans are a “win-win” situation: nonprofits receive working capital, and the 6% interest and ¾ of principal due at the end of the loan are paid monthly. Construction loans aren’t the only WVHDF funds helping nonprofits. The WVHDF is one of the funders of the Federal Home Loan Bank, HUD, and WVHDF bond funds. FAHE mortgage money includes the Federal Home Loan Bank, HUD, and WVHDF bond funds. FAHE mortgages are officially at 6%, but, for most borrowers, payment on a FAHE loan is whatever amount results in the borrower paying 20% of income for principal, interest, taxes, and insurance; therefore, actual interest paid can be as low as 1%. FAHE served 79 families in 2003.

Development loans help foster multiple types of housing and community development projects. In FY 04, FAHE lent nearly $5,000,000 in its service area, $181,000 of it in West Virginia. But, says FAHE’s Director of Lending Tom Manning-Beavin, “We’re continually looking for borrowers and projects that will allow FAHE to expand its lending in West Virginia, and we have the financial and staffing capacity to handle these requests swiftly and prudently.”

FAHE also offers membership programs in areas like quality construction and other “how-tos” of nonprofit housing development. FAHE’s homebuyer counseling program is excellent—FAHE in fact views counseling as one of five basic housing costs, along with land, labor, materials, and financing.

FAHE’s new West Virginia Field Office Director, M ary S. Steens, for years worked at the Housing Development Fund helping nonprofits use the HOME mortgage program. There, and now at FAHE, she is known for mentoring work with young nonprofits. Shannon Heney, Executive Director of the DreamIt Home Community Development Corporation, founded it in 2001, says, “There’s so much to learn that it’s difficult to know where to begin. Mary’s guidance has been invaluable.”

To date, DreamIt has built nine houses and rehabbed more than a dozen (helping the new homeowners find affordable mortgage money) and has taken over projects begun by two nonprofits that were closing their doors. While continuing its work on single-family homeownership, DreamIt is also working with FAHE to explore the possibility of developing rental housing.

The Benedum Foundation has supported both FAHE and CommunityWorks in a variety of ways.
On the Local Level

West Virginia has 38 Housing Authorities — quasi-governmental organizations created by local governments under enabling State legislation. Housing Authorities contract with HUD to manage housing-related programs, primarily rentals and public housing. Each Housing Authority covers a specific geographic area — a city, a county, or a region — and each is responsible for obtaining its own funding.

In West Virginia, a few Housing Authorities go far beyond their traditional scope, and tackle the difficult issues of homeownership for low-income families. Their innovative approaches are producing positive results. Among the leaders:

• The Randolph County Housing Authority builds 8 to 10 homes per year, and is at about 100 homes total. Executive Director Josie Cuda explains, “We’re able to do that because years ago we received a $4,000,000 HUD grant to build 50 homes for which we’re lender of last resort. As the houses are sold, we use the money to build more homes. We can go on almost indefinitely. It’s incredibly helpful to have a ‘critical mass’ of funding — but many organizations can’t do that because there’s just not enough to go around.”

The Authority set up the independent Homeownership Program funding to buy and rehab 22 old houses and then package affordable mortgages to help low-income families buy the houses. “Every one of those families had income below 50% of median — and they’re all still in their homes,” says Executive Director Bill Dobson. “If the program hadn’t been discontinued, we’d have 150 families in rehabbed homes by now.”

The Authority created the nonprofit Housing Development Corporation (HDC) to develop rental housing (more than 250 units so far), and to launch another rehab-for-ownership housing program. HDC has its own construction crews, which are hired out locally, mostly to other nonprofits, producing income that’s plowed back into operations.

Additionally, the Authority operates the Step-Up program to train public housing and Section 8 rental voucher residents in construction trades, with on-the-job training in Authority and HDC projects.

• The Morgantown and Fairmont Housing Authorities offer a number of products and services to low-income homebuyers. Classroom-based homebuyer education programs are increasingly used by the community, including clients referred by other nonprofits. The Authorities are mortgage originators, and can offer mortgage revenue bonds; they’re just finalizing a relationship with a sub-prime lender that will allow them to offer mortgages to people who don’t normally meet the requirements for homebuyer programs.

From mortgage proceeds, the Authorities strategically buy and rehab urban houses. “We work closely with our cities and try to have an impact,” says Executive Director John Martys. “Right now, we’re targeting transitional neighborhoods in Morgantown — places that used to be family areas but morphed into student housing. Now we’re buying and rehabbing homes there, and moving families back in to try to stabilize the area — meeting two goals with one activity.”

In the mid-1990s, the Huntington Housing Authority obtained HUD HOPE III Homeownership Program funding to buy and rehab 22 old houses and then package affordable mortgages to help low-income families buy the houses. Every one of those families had income below 50% of median — and they’re all still in their homes,” says Executive Director Bill Dobson. “If the program hadn’t been discontinued, we’d have 150 families in rehabbed homes by now.”

The Authority created the nonprofit Housing Development Corporation (HDC) to develop rental housing (more than 250 units so far), and to launch another rehab-for-ownership housing program. HDC has its own construction crews, which are hired out locally, mostly to other nonprofits, producing income that’s plowed back into operations.

Additionally, the Authority operates the Step-Up program to train public housing and Section 8 rental voucher residents in construction trades, with on-the-job training in Authority and HDC projects.

• The Housing Authority of Mingo County has been the #1 originator of HOME mortgages since the Housing Development Fund began tracking that statistic. In 2003, the average loan was $75,644, and the average income of the homebuyers was $9,653. The Authority works in other ways to help clients with affordable housing, including significant use of the VHDF HELP home repair program; a program of buying, rehabbing, and selling homes to low-income families, with revenues helping support operating costs; and doing home reconstructions through the Small Cities Block Grant (SCBG) program.

The Authorities created the Augusta Development Authority, a freestanding organization qualified as a CHDO and also (through the Treasury Department) as a Certified Development Entity (CDE). Augusta can obtain development tax credits not available to the Housing Authorities.

“We have to do all we can to keep these urban communities vital,” says John Martys. “They’re the heart of West Virginia, and it just doesn’t make sense to sprawl away from the core of services and other resources. Strong communities — and that includes good housing stock — are what will help attract businesses here.”

The Authority set up the independent Homeownership Program funding to buy and rehab 22 old houses and then package affordable mortgages to help low-income families buy the houses. Every one of those families had income below 50% of median — and they’re all still in their homes,” says Executive Director Bill Dobson. “If the program hadn’t been discontinued, we’d have 150 families in rehabbed homes by now.”

The Authority created the nonprofit Housing Development Corporation (HDC) to develop rental housing (more than 250 units so far), and to launch another rehab-for-ownership housing program. HDC has its own construction crews, which are hired out locally, mostly to other nonprofits, producing income that’s plowed back into operations.

Additionally, the Authority operates the Step-Up program to train public housing and Section 8 rental voucher residents in construction trades, with on-the-job training in Authority and HDC projects.

• The Housing Authority of Mingo County has been the #1 originator of HOME mortgages since the Housing Development Fund began tracking that statistic. In 2003, the average loan was $75,644, and the average income of the homebuyers was $9,653. The Authority works in other ways to help clients with affordable housing, including significant use of the VHDF HELP home repair program; a program of buying, rehabbing, and selling homes to low-income families, with revenues helping support operating costs; and doing home reconstructions through the Small Cities Block Grant (SCBG) program.

Even Donald Trump would admire...

Across West Virginia, in cities and towns, suburbs and rural areas, dozens of individual nonprofit organizations quietly build and rehab housing, and help low-income homebuyers obtain affordable mortgages.

The organizations — a few of which are profiled in this report’s case histories — differ in size, style, and capabilities. The one thing virtually all have in common is a constant scramble to find resources. Even the most successful say it’s an enormous challenge to cover operating costs, because the margins involved in working with lower-cost homes are so small, and “soft costs” like qualifying and counseling low-income homebuyers are so high.

Many of the nonprofits have developed housing-related financial skills that even Donald Trump would admire. From limited and scattered resources they patch together complex mortgages, often from three or four sources. Each source requires a complete set of paperwork — and, with low-income families who often have complicated credit histories, the paperwork can easily be an inches-thick file. FAHE’s Sharon Bias says, “M out people have no idea what these nonprofits go through to do the paperwork for a single mortgage.”

Some of the organizations have benefited from resources designed to grow nonprofits’ capabilities and expertise.

One example: the Nonprofit Capacity Building Grants Committee, an entity that grew from the work of the West Virginia Housing Task Force created in 1998 and chaired by then-Commissioner of Banking Sharon Bias. Any nonprofit organization working to develop housing is eligible for the grants, which can be used for virtually anything that helps grow the organization’s capabilities — for instance, business and strategic planning, needs assessments, marketing, legal work, and attendance at training programs.

Funds the Committee disburses come from sources including HUD, the Federal Home Loan Bank of Pittsburgh’s Affordable Housing Program, and the Benedum Foundation. Since it began making grants in mid-2001, the Committee has disbursed nearly $550,000. Committee members are all volunteers, and the Housing Development Fund provides administrative support at no charge, so every available dollar can go directly to nonprofits.

Committee Chair Betty Barrett, who was a member of the Underwood Task Force and who is President of the Cabell-Huntington Coalition for the Homeless, says the Committee is “bureaucracy-free,” explaining, “We want the nonprofits to tell us what they need most — and we try to provide the necessary money.”
The work of the organizations involved in affordable housing is extensive, often innovative, and admirable—but, still, too many West Virginians are locked out of housing that is decent, safe, and affordable. Says HUD’s George Rodriguez, “It’s not time for congratulations—yet.”

The Housing Development Fund’s Joe Hatfield puts it another way: “We have in West Virginia one heck of a good network of nonprofits, banks, and other mortgage originators—but the pie is just not big enough, and we’re all struggling to meet the needs of low-income home buyers.”

How can the effort be optimized to produce more results more quickly? While there are many organizations working on the issue, they have not spoken with one voice—and voices speaking separately are less likely to be heard than those speaking in unison. The West Virginia Affordable Housing Partnership, launched late in 2002 with representatives from CommunityWorks, the Community Action Partnership, the West Virginia Association of Housing Agencies, and a few banks, is bringing some key players together for education and advocacy work.

The West Virginia Housing Task Force brought a great range of housing-related organizations to the table, but the Task Force no longer exists—its last report was produced in late 2000. However, the Task Force did produce two major recommendations with the potential to make long-term changes in affordable housing: a permanent funding structure and a dedicated funding stream.

The Funding Structure is In Place...

In order to be eligible for various kinds of matching monies, West Virginia needs what most other states have: a permanent entity focused solely on housing and able to receive and match resources. The Task Force recommended the creation of a West Virginia Affordable Housing Trust Fund, and in 2001 the State Legislature made the concept a reality. The Trust Fund’s Board of Directors is empowered to administer loans and grants, and can receive monies from both public and private sources. Administrative support for the Trust Fund is provided by the Housing Development Fund. The Benedum Foundation provided initial resources for the Affordable Housing Trust Fund: a $500,000 grant, and $50,000 for early operating expenses.

Sandra J. Hamlin, Executive Director of the Religious Coalition for Community Renewal in Charleston, chairs the Trust Fund’s Board. She says, “Nonprofits across West Virginia are eligible to apply for Trust Fund grants and loans. Our focus is not on mortgages; it’s on the earlier stages of development—for example, property acquisition and development, building houses, even down payment monies for clients. These are costs it’s hard for nonprofits to recover.”

Ultimately, she says, the Trust Fund will ideally be able to provide some operating support for nonprofits, and be a permanent resource for affordable housing in the State.

That’s an open issue: the initial $500,000 has been totally committed, but the Underwood Task Force’s second recommendation has not yet been realized: a dedicated State funding stream—the kind available in most other states—to keep the Trust Fund going and growing.

...But Where is the Funding Stream?

There is, however, some hope: many people are advocating for legislation that would mandate a $20 real estate transfer fee, with the potential to generate approximately $1,000,000 annually. Although proposed new fees invariably meet some resistance, Sandra Hamlin says, “Once people understand the State’s need for affordable housing, and once they consider the reality that $20 is almost invisible when it’s part of buying a home, they tend to support the concept.”

The issue may be time-sensitive: legislation to establish a National Housing Trust Fund appears to be gathering bipartisan support; if it passes, only those states that have contributed to their own trust funds will be eligible for National Housing Trust Fund dollars.

Joe Hatfield believes that the $20 real estate transfer fee makes good sense: “Investing in housing with fees from real estate transactions is a fair solution, and I support it,” he says. “I hope other people will, too.”

Permanent, dedicated funding for the Affordable Housing Trust Fund is not a panacea—but it is a way to make a continuing stream of resources available to affordable housing efforts. That’s especially important when at least some federal funds (particularly HUD HOME dollars) may be reduced. Further, without additional resources, affordable housing efforts will face even tougher challenges as the State’s housing stock continues to age. “We can do better,” says Nonprofit Capacity Building Grants Committee Chair Betty Barnett. “We can do more to make sure that West Virginians can afford decent, safe housing that meets their needs. That has huge, positive implications for the State—including in the image and success of our economic development efforts as we try to convince businesses to locate here.”

Remember the man living in the old camper without running water? Fate smiled on him: he connected with a McDowell County-based nonprofit organization—SHED (SAFE Housing and Economic Development). SHED—which sees far more need than it can meet—was able to help: the staff found the man a small, well-built house, and constructed a mortgage using monies from USDA RD and its own revolving loan fund. The man pays $140 per month, affordable from his Social Security income. Today, at 73, he is a homeowner who—along last—has privacy, running water, enough heat to keep him warm in the winter...and a place he wants to call home.

Resources

CommunityWorks
PO Box 890
Elkins, WV 26241
304 965 2241
www.communityworkswv.org

Federal Home Loan Bank of Pittsburgh
601 Grant Street
Pittsburgh, PA 15219-4455
412 288 3400 or 1 800 288 3400
www.fhlbp.com

Federation of Appalachian Housing Enterprises (FAHE)
PO Box 6370
Charleston, WV 25362
304 344 9025
www.fahe.org

Fairmount Housing Authority
103 12th Street
Fairmont, WV 26544
304 363 0860
www.fmhousing.com

Habitat for Humanity of Kanawha and Putnam Counties
203 Seventh Street
S. Charleston, WV 25303
304 746 0141
www.habitat.org

Housing Assistance Council (HAC)
1035 Vermont Avenue, NW, Suite 604
Washington, DC 20005
202 842 8600
www.ruralhome.org

Housing Authority of Mingo County
75 E. 2nd Avenue, Room 334
Williamson, WV 25661
304 235 0388

Huntington Housing Authority
300 Seventh Avenue West
Huntington, WV 25701
304 526 4400
www.huntingtonhousing.com

Morgantown Housing Authority
278 S. Spruce Street
Morgantown, WV 26505
304 292 1660
www.fmhousing.com

New River Habitat for Humanity
PO Box 17
Beckley, WV 25802
304 254 9888
www.habitat.org

Nonprofit Capacity Building Grants Committee
c/o Tara Woods
WV Housing Development Fund
814 Virginia Street, East
Charleston, WV 25301
304 345 6475
www.wvhdf.com/nonprofit/index.cfm

USDA Rural Development
75 High Street, Room 320
Morgantown, WV 26505
304 284 4860
www.rurdev.usda.gov/hs

US HUD
465 Capitol Street, Suite 708
Charleston, WV 25301-1795
304 347 7000
www.hud.gov

USDA: Rural Development
75 High Street, Room 320
Morgantown, WV 26505
304 284 4860
www.rurdev.usda.gov/hs

West Virginia Affordable Housing Trust Fund
c/o West Virginia Housing Development Fund
814 Virginia Street, East
Charleston, WV 25301
304 345 6475

West Virginia Housing Development Fund
814 Virginia Street, East
Charleston, WV 25301
304 345 6475
www.wvhdf.com
Ronald Blevins lived contentedly by himself in the small McDowell County community of Langraff, on the banks of Elkhorn Creek. Then, in July 2001, the rains came and the creek rampaged, devastating his home. Everything in his basement, including his water heater, was destroyed; from that time on, he had to heat bathwater in his microwave. Still, he fixed the place up as well as he could, remaining there, he says, “just because it was home.”

In May 2002, disaster struck again. Ronald was operating a pump in his basement, trying to stay ahead of the rising water, when “a river just came down the steps on me. I was lucky I got out,” he recalls. He and his neighbors couldn’t go far — the roads were washed out — but they gathered on higher ground and watched as flood waters ravaged their community. Ronald’s garage was washed away, and everything in his house was ruined. “I Didn’t Know What to Do…” “I knew I couldn’t handle it again,” he remembers. “I was retired and living on Social Security. I didn’t know what to do.” A FEMA worker introduced him to a McDowell County nonprofit organization called SAFE — Stop Abusive Family Environments. SAFE was founded in 1981 to provide assistance and shelter for women who’d experienced domestic violence—but gradually the mission broadened to meet wider needs, including affordable, decent, safe housing.

In 2002, SAFE spun off a sister nonprofit — SAFE Housing and Economic Development (SHED). Says SAFE Executive Director Sharon Walden, “We have our work cut out for us. Even before the floods, 50% of the housing in this area was substandard, and 75% was more than 50 years old. Now, since the floods, even more of the housing is substandard.”

One of SHED’s first projects was greatly-needed rental housing; there was virtually none in the area. SHED developed a 40-unit complex called Starland Heights on the site of an old drive-in theater. The $4,500,000 project was funded primarily through grants or forgivable loans, including $2,500,000 from the Housing Development Fund. Now, revenues from the rental units help fund other housing projects.

Developing housing in McDowell County is a challenge. Says Sharon Walden, “We decided from the start that all our housing—for ownership or rental, new or rehab—would meet code, have proper water and sewage, have quality workmanship, and be cost-effective. We had to work to get training for our local contractors, and we had to deal with issues like builders’ risk insurance, liability, and performance bonds. Nobody around here was used to those things.”

They say lightning doesn’t strike twice, but don’t tell that to Ronald Blevins. Along with many of his West Virginia neighbors, he experienced two “100-year floods” in less than one year.
Ronald Blevins is one of many people glad that SAFE and SHED took on the challenge after the second flood; he became one of the first residents at Starland Heights, which has been fully occupied since it opened.

“I was grateful to be there,” he says, “but I missed owning my own house. I just never thought that could happen for me again.”

**A New Life Up the Mountain**

It did — through SHED. SHED Housing Development Specialist Cathy Rose recalls that, as one of its projects, “SHED had bought a vandalized HUD foreclosure property in the town of Crumpler, a nice little community 20 minutes up the mountain from Langraff. We tore it down, put in a septic system and water lines, and then built a new house in cooperation with Mennonite Disaster Services.” SHED provided materials, MDS volunteers provided labor — and soon a tidy, 1200-square-foot house was standing on the corner lot.

“The people from SHED showed me the house and I liked it a lot,” Ronald recalls. “It's a nice, solid house.” SHED constructed an affordable mortgage — he pays just $70.43 per month — and he soon moved into the house. One of the first things he did was put up a flagpole, and every day the American flag flies proudly from the porch.

Meanwhile, SAFE/SHED has become the area’s largest builder, and has just received a mortgage broker’s license.

To date, SAFE/SHED has arranged $1,300,000 in housing loans for first-time, low-income homebuyers in McDowell County. The organization, which works hard to convince people to move out of flood-prone areas, is proud that not one of the properties it has built or rehabbed was damaged in either major flood.

SAFE continues to grow. A nonprofit just being formed — Travel Beautiful Appalachia — will develop services for tourists enjoying the Hatfield-McCoy Trail, which has already opened in neighboring counties and will soon extend into SAFE’s service area.

Sharon Walden says that Benedum Foundation operating support over the years has been vital to the organization’s growth.

“I can raise money from a lot of places for bricks and mortar — but it’s hard to find somebody who understands the need for staff to oversee new projects and programs,” she says. “That’s what really helped us do what we’re doing. And let’s face it: no for-profit developer is going to do this; it just wouldn’t work financially. It’s up to us.”

**Never Any Interest Charges**

Habitat for Humanity, an ecumenical Christian housing ministry with affiliates around the world, puts families earning only 25% to 50% of the area’s median income into homes without using any governmental or commercial loan products because those products involve interest charges, which Habitat believes contravene Biblical principles.

Habitat, which builds its houses with financial sponsorship, contributions, and volunteer labor, has 27 affiliates in West Virginia, 1 of which is Habitat for Humanity of Kanawha and Putnam Counties. “Geographically, only about 10% of our service area is urban, but that 10% is critically important to the area’s quality of life,” says Habitat Executive Director Shawn M. Mims. “There’s a richness of life in cities — cultural events, businesses, libraries, universities, and more. It’s also more cost-effective to develop housing in cities because infra-structure is already in place.”

**Major Rehabs**

Another type of urban project is major rehabs of existing homes.

One of those now belongs to Jamar and Symia Morris. A few years ago, the couple, both employed in the health care industry, were living with their two young children in subsidized housing. “It was a bad environ-ment in terms of crime. There was no safe place for the children to play,” recalls Symia.

They applied to Habitat for a home, qualified, and began putting in the required 400 hours of sweat equity.
Meanwhile, in Charleston’s East End, Habitat had received a donation of a once-beautiful older home in need of significant rehabilitation. Habitat had done much of the work—including new plumbing, electrical, and heating systems, insulation, and windows—but then the house sat vacant because it was sited on a corner with a bad reputation.

Habitat, however, knew there were positive plans for the area. Says Shawn, “This corner is a future major site in East End development plans; one day there’ll be a traffic circle with a fountain here. And this will be one of the main thoroughfares on an urban walking trail now in the planning stages.” Additionally, the Clay Center for the Arts & Sciences is nearby, as will be the new Charleston Alley Cats stadium.

Symia Morris knew the neighborhood from her childhood and was comfortable there, so when Habitat offered the home, the Morrises immediately accepted. The remaining work on the house progressed quickly, and soon the Morrises were in their new home, which would be worth at least $70,000 on the open market, but which they were able to buy for only $36,000—basically the cost of the materials and the professional labor used to install critical systems. Habitat holds the 20-year mortgage, plus a “silent second” 20-year mortgage for $34,000—the difference between the $36,000 and $70,000. “That second mortgage, which is forgiven as the first mortgage is paid, protects families from predatory lenders,” explains Shawn Means. “It effectively ties up the equity our families have in their houses the day they move in.”

The Morrises pay $238 per month (including escrows) for their home, where they’ve lived for more than a year. “We see in the papers that the good things Habitat said would happen in this neighborhood are coming true,” says Symia. “I can’t believe this will be totally ours in 19 years.”

Today the Kanawha/Putnam Habitat has two major projects underway just outside Charleston: Jubilee Heights, to which the Benedum Foundation has contributed support, will be home to 40 families, and the North Hills development, to include rental properties, will shelter 40 to 50 families. Habitat is working to raise about $3,000,000 for the projects.

Sheetrock and Social Entrepreneurship

The Kanawha/Putnam Habitat, along with some others in West Virginia and across the country, is using “social entrepreneurship” as one route to raising funds—and one such project is the “ReStore” concept.

Restores are building materials resale centers to which businesses and individuals donate new and used materials, which Restores sell at bargain prices.

The New River Habitat for Humanity in Beckley, a mid-size operation that typically builds two houses per year, has been operating its ReStore since mid-2003. “We had people wanting to donate materials for the houses we were building, and if we couldn’t use them, the donors would throw them away. It was a real waste,” says Executive Director Terrill Smith. “We’d heard about Restores elsewhere, and knew they could be a good source of sustainable income.”

The Beckley ReStore started modestly, with an all-volunteer staff, limited hours, and no way to pick up donations. After six months, Habitat received a Benedum Foundation grant to support necessities like a cash register and a credit card machine, a used 15-foot truck, signage, and a professional manager.

At that point, says Terrill, the store took off. Today it’s open six days a week, and sales are climbing every month. “Buyers are a mix of contractors, do-it-yourselfers, and just plain bargain-hunters,” Terrill smiles, “and we have donations ranging from a single piece of sheetrock to a load of mulch and potted plants from Wal*Mart or Lowe’s, as well as cash donations from customers at the register. ‘It’s a situation where everybody benefits,’ she says. ‘And it’s good for our sponsors to see that we’re not relying only on them—we’re generating resources ourselves.’

In 19 years, the Morris family’s new home in Charleston—bought from Habitat for Humanity—will be completely paid for.
The median home price in Jefferson County is $196,000. In Berkeley County, it’s $159,900 — and climbing. For West Virginia, that’s high — but for people used to housing prices in nearby Washington, DC, or Baltimore, it’s a steal. That’s why so many people who work at good jobs in DC or Maryland choose to live in West Virginia.

But for Eastern Panhandle residents who work locally in sectors like manufacturing or tourism, the current housing market is bad news. Manufacturing jobs in the area generally pay $8 to $11 per hour, and tourism and other service-related industries often top out at $7 per hour. It’s hard — often impossible — to buy a local home at those wages.

Telamon Corporation’s West Virginia operation is working within those realities to help low-income people own safe, decent, affordable housing. Telamon is a nonprofit agency that also works in areas such as substance abuse prevention, youth programs, social services, and jobs training.

Families Build 60% of Their Homes
Telamon provides affordable housing opportunities through a number of programs, but most often uses USDA Rural Development’s Mutual Self-Help Housing Program, in which groups of families build approximately 60% of their own homes. Professionals do the jobs where safety and finish are issues — for example, grading, laying foundations, electrical work, plumbing, heating, drywall, and carpet installation.

Gina and Peter Reiff, Sr., and their three children today live comfortably in a house they obtained through Telamon.

A few years ago, Peter Reiff was a security officer and Gina was an in-home child care provider. They worked hard but, on a family income of about $19,000, just made it. Their rental unit in Martinsburg cost them more than $600 each month. “With three children to feed and clothe, that was a stretch,” Gina recalls. “We certainly couldn’t save anything, and we thought we wouldn’t be able to own for a long time — if ever.”

Together, the Reiffs and Telamon changed that — and soon the Reiffs were on target to own a home in a mid-price suburban Martinsburg development called Opequon Meadows, where Telamon had optioned 10 lots scattered among the development’s 300.

Telamon linked the Reiffs up with seven other qualifying families. Then, over about six months, the families and whatever volunteers they could recruit worked on their houses, moving as a team among the sites, getting each under roof before moving on to the next. Family members and friends tended to children offsite as each family put in approximately 30 hours a week, flexed to accommodate jobs and family needs.

For the Reiffs, a Telamon program in which people help build their own houses was the key to affordable homeownership in Martinsburg.
The prospective homeowners were coached and directed by a Telamon construction supervisor, and soon were doing things they’d never imagined. Gina Reiff laughs as she recalls, “Another woman and I were the insulation team — we did that on all the homes. And I loved working up on the roofs.”

Most of the time, progress was smooth. "There were some differences in the degree of commitment,” Gina recalls, “but, mostly, things went very well. One of the women had her baby prematurely, so everybody pitched in extra to make sure her house was ready for her. It reminded me of an Amish barn raising.”

During the process, Telamon taught the families the basics of homeownership, including finances and maintenance. “We use the Neighborhood Reinvestment Corporation homeownership education model since we're a CommunityWorks member,” says Karen Hoff, Telamon’s State Director for West Virginia. "Before we began doing extensive counseling, our mortgage default rate was higher. It drops when people truly understand the responsibilities and privileges of homeownership.”

The Reiffs soon moved into their attractive four-bedroom, 1160-square-foot ranch. At the time they entered the Telamon program, their income qualified them for a subsidy on their mortgage's interest rate, with the monthly payment just $324. Today their income has increased — Peter does training for a private security firm, and Gina works for the County School Board — so their interest rate has risen accordingly; current monthly mortgage payments are $512.

“The benefits of a ‘sweat equity’ program last,” says Gina. “Pete has learned to do things he couldn’t have done before — for instance, he’s built a partition between the kitchen and main living area, and repaired a hole the kids made in the drywall. He did a great job. It’s different when you know your house from the inside out. You’re not afraid to get right in there and work.”

Telamon builds approximately 15 homes per year through the self-help program, another two or three with funds from the HUD HOME program, and, with the help of a church work camp and the Housing Development Fund’s HELP program, rehabs another 15 to 20.

“It sounds good, but it’s the proverbial drop in the bucket compared to the need,” says Karen Hoff. “And with lot prices rising as fast as they are — the minimum cost for a lot around here is about $42,000 — it’s hard to build affordable homes. We’re careful about money, but the average Telamon-built home, with lot, is about $100,000 - $110,000. We’re looking hard at building modular homes to see if that will help slow the rise in costs.”

The Benedum Foundation provides some operating support to Telamon. Sometimes it makes more sense to rehabilitate an existing house than to build a new one.

### Financing

<table>
<thead>
<tr>
<th>$ 78,070</th>
<th>USDA Rural Development Direct Loan Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 78,070</td>
<td>Total</td>
</tr>
</tbody>
</table>

### That's why the Southern Appalachian Labor School (SALS), a Fayette County non-profit working in areas including education, health, economic development, and housing, focuses on rehabs as well as on new construction.

SALS does three main types of rehab. The first and most modest involves general work — for example, painting, or repairing a sagging porch or broken windows. SALS does up to 150 of these projects each year, investing $500 - $700 in materials and perhaps $1,500 - $2,000 worth of labor, much of it contributed by volunteer work groups who come to the area from around the country for a week or a month. The volunteers’ organizations require matching funds to support workers, and the Benedum Foundation often provides part of the SALS match.

The second type is a focused, in-depth project — perhaps replacing or upgrading a roof, an entire bathroom, or a home’s electrical system. Each year, SALS does about a dozen projects on this scale, with an average value of $5,000.

### ...a Disaster Waiting to Happen

The third is a major, whole-house rehabilitation. “In essence, we gut a home and rebuild it from the inside out,” says John David, SALS Director and Chair of the Department of Social Sciences at WVU Institute of Technology. “Many of these old houses look all right from the outside, but they’re not: they’re built on shaky foundations — sometimes just a rock here and there — and they usually have bare wiring in the attic. It’s a disaster waiting to happen.” M materials for these rehabs cost $10,000 to $25,000, and SALS does four or five each year. USDA Rural Development and the Federal Home Loan Bank’s Affordable Housing Program (through United Bank) support most of the projects, available to families whose incomes are below 50% of the area’s median income.

The Dorman home in Coke Oven Hollow — part of the tiny community of Page, where $20,000 is considered good pay — has just received a major SALS rehab. Ed and Tina Dorman served in AmeriCorps; now he’s a truck loader for PepsiCo, working the overnight shift an hour from home. The Dornams, who have four children, bought their home six years ago from Ed’s aunt and uncle in a private transaction.

Ed and Tina knew that the house, heated by a woodburning stove, was cold in the winter — but there were things they didn’t know. Recalls Ed, “My aunt and uncle saved everything, and they had so many things in the house that we didn’t see it was in bad shape until we moved in and started tearing into it. The roof was leaking and the house was sagging because they had taken out a load-bearing wall. And the foundation — well, there basically was no foundation.
“We wanted to fix it better for the kids, especially in winter,” he says, “and we did what we could, but we just couldn’t afford major work.”

Nor did they want to move: Ed Dorman was born and raised just a few houses away, and he and Tina believe that Coke Oven Hollow is “the ultimate place to raise kids—everybody’s kin or at least knows each other, and if a stranger comes up the road, everybody’s out on the porch to see who it is.”

Dollars that Can’t Be Recaptured

The Dormans applied to SALS for a home rehab. Their qualification process was smooth, but that’s not always the case. “It can get complicated,” says John David. “We have to obtain income and insurance verifications. We make certain that the property isn’t protected for historic preservation. And sometimes when we investigate the deed, we find that co-heirs might have an interest in the property, or that there are liens the current owners don’t know about.”

In some cases, SALS can use resources from its own small revolving loan fund to pay off liens or clean up deeds—and make the project happen. The entire qualifications process is supported by operating dollars that can’t be recaptured through conventional funding streams; that, John says, is why support from organizations like the Benedum Foundation is so important.

After two years on the waiting list, the Dormans saw their rehab begin. The process wasn’t quick—it took about eight months, during which the Dormans lived with relatives and worked on their house alongside the rehab team. “We do these major rehabs primarily with workers from jobs programs aimed at people who aren’t yet competitive in the marketplace; some don’t have their GEDs, and most don’t have skills,” explains SALS Housing Counselor Jackie Asbury. “We try to remedy that, so the focus is more on the learning process than on speed.”

Today the Dorman home is solid and tight. The entire interior configuration was changed to be more family-friendly. The house is well insulated, and has a new natural gas heating system, a new foundation, a new roof, and new windows and siding. Ed Dorman smiles when he remembers the first time 5-year-old Dalton saw the rehabbed house: “He got all excited and said ‘We live in a mansion!’” If the family stays in the home for at least five years, the rehab will cost them nothing.

Ed adds, “I just wish this could be available to everybody who needs it.” John David agrees—but notes that there are 150 applicants on the SALS waiting list for major rehabs.

“This is real community development,” he says. “Sure, it’s good for individual families. Hard-working people who haven’t had much back from life can feel better about their homes and about themselves.

“But when you fix up homes within an area, it generates other good things. In Page and Kincaid these days, for instance, people living along the highway are keeping the roadside clean, and they’re mowing areas that have never been mowed. There’s energy, a sense of pride of community. What’s that worth?”

The Dormans worked through the Southern Appalachian Labor School (SALS) for a complete rehabilitation of their home in Page.

**FINANCING**

<table>
<thead>
<tr>
<th>Amount</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10,580</td>
<td>USDA Rural Development Housing Preservation Grant</td>
</tr>
<tr>
<td>$10,000</td>
<td>Federal Home Loan Bank of Pittsburgh Affordable Housing Program</td>
</tr>
<tr>
<td>$4,420</td>
<td>HUD Rural Housing and Economic Development grant</td>
</tr>
<tr>
<td>$25,000</td>
<td>Total for materials</td>
</tr>
</tbody>
</table>

Labor was provided through various programs (HUD YouthBuild, DOL Workforce Investment Act, Youth Enrichment Services, Global Volunteers, faith-based organizations, and college volunteer workcamp groups).
We seek projects that contribute to advancement in our fields of interest, working in partnership with others to achieve shared goals. Our business is to help people help themselves. This is not intended to suggest that the Foundation’s role is passive. To the contrary, we go out into the field and listen closely. We build strong and supportive relationships with grantees. We provide technical assistance. We broker ideas, partnerships, and institutions. We create partnerships. We undertake analyses of issues and problems and promote public awareness of them. We help to build broad consensus for change. We seek to empower people to develop their own capacity and the capacity of their institutions to succeed. We leverage not only funds but interest, involvement, and commitment.”

Excerpted from The Company of Extraordinary People: A Special Report upon the Occasion of the 50th Anniversary of the Claude Worthington Benedum Foundation, 1994

The Foundation largely takes on the agenda of the people we serve. Our business is to help people help themselves. This is not intended to suggest that the Foundation’s role is passive. To the contrary, we go out into the field and listen closely. We build strong and supportive relationships with grantees. We provide technical assistance. We broker ideas and institutions. We create partnerships. We undertake analyses of issues and problems and promote public awareness of them. We help to build broad consensus for change. We seek to empower people to develop their own capacity and the capacity of their institutions to succeed. We leverage not only funds but interest, involvement, and commitment.”

Guiding Principles

The following principles guide the Foundation’s grants programs in those regions:

- We honor Michael and Sarah Benedum’s belief in “helping people help themselves,” and we seek opportunities to cultivate the creativity of people and communities.
- We nurture leadership within the communities we serve, and we participate in leadership when it adds value.
- We encourage planning, projects, and programs that cross geographical and political boundaries so that access to services and economic growth is maximized.
- We expect collaboration among the public, private, and nonprofit sectors in order to leverage the resources that each can bring to common concerns.
- We strive to advance innovative practices that demonstrate measurable and sustainable benefit.
- We seek projects that contribute to advancement in public policy.

The Foundation’s Role

In seeking to achieve our mission and acknowledging lessons learned in over 50 years of grantmaking, the Foundation has identified its role as follows:

“The Foundation largely takes on the agenda of the people we serve. Our business is to help people help themselves. This is not intended to suggest that the Foundation’s role is passive. To the contrary, we go out into the field and listen closely. We build strong and supportive relationships with grantees. We provide technical assistance. We broker ideas and institutions. We create partnerships. We undertake analyses of issues and problems and promote public awareness of them. We help to build broad consensus for change. We seek to empower people to develop their own capacity and the capacity of their institutions to succeed. We leverage not only funds but interest, involvement, and commitment.”

Excerpted from The Company of Extraordinary People: A Special Report upon the Occasion of the 50th Anniversary of the Claude Worthington Benedum Foundation, 1994

Philanthropic Programs

In keeping with the wishes of its donors, the Claude Worthington Benedum Foundation is a regional philanthropy focusing on West Virginia and Southwestern Pennsylvania. The Foundation generally spends about two-thirds of its grant dollars in West Virginia and one-third in Southwestern Pennsylvania.

West Virginia Grants Program

Geographic Focus

The geographic area for this program encompasses the state of West Virginia, and we strive to improve the social and economic conditions of all West Virginians. In pursuit of that goal, the Foundation seeks to help build the capacity of West Virginians to meet their needs as they see them. For that reason, the Foundation typically supports only West Virginia-based organizations.

West Virginia is a predominantly rural state. Throughout its history, the Foundation has maintained a special focus on the needs of rural West Virginians, particularly the rural poor and other vulnerable populations. We have found that the problems of rural people and their communities often require unique approaches and strategies.

Programmatic Focus

Because of limited philanthropic resources in West Virginia, this agenda is designed to respond to a range of social needs. The following program categories represent the scope of issues and initiatives included in the West Virginia Grants Program.

Education

Education is the most important vehicle for enabling people of all ages to reach their full potential. Therefore, the Foundation takes a broad approach to education that currently focuses on the following efforts:

- Improved Student Learning—raising student achievement through: curriculum innovation; improved school administration; educational enrichment outside of school; partnerships with businesses, nonprofits, parents, and community leaders; family literacy and early childhood development; and arts education, particularly through partnerships with community-based arts organizations.
- Teacher Quality—improving teacher preparation and professional development of practicing teachers.
- Workforce Development—supporting customized job training and career education efforts that are responsive to employer demand and linked to economic development.
- Higher Education—improving the capacity of public and private institutions of higher education to better prepare West Virginia’s workforce.

Health

The Foundation is committed to working with others in making comprehensive, high-quality, and affordable health care available to all West Virginians. Current efforts focus on primary care and prevention for children, rural health care access, and end-of-life care through:

- Rural Health Policy—supporting collaborative research, issue analysis, and public education to improve health care.
- Rural Health Care Delivery—fostering new and more efficient systems of care to improve access.
- Health Professions Education—encouraging health careers in rural areas and advancing the skills of health care professionals to better serve rural communities.
- Community-based Initiatives—encouraging organizations to undertake health promotion programs.

Human Services

The Foundation favors human services programs that integrate health, education, and social services. Current efforts focus on child well-being—helping to give the most vulnerable children in West Virginia the best chance for success through:

- Support for Intermediaries—helping statewide groups provide technical assistance to nonprofit agencies, stimulate collaboration, and promote voluntarism.
- Research—investigating and analyzing social issues and informing public policy development.
- Social Service Innovation—helping local community groups find new ways of addressing the problems of high-risk populations.

Community Development

The Foundation supports efforts that cultivate leadership and strengthen communities to create an environment in which economic development is likely to occur through:

- Community Capacity Building—increasing the ability of communities, and the nonprofit organizations that serve them, to engage in community and economic development.
- Leadership Development—increasing the capacity of individuals and groups to improve their communities.
- Affordable Housing—providing adequate shelter as a necessary prerequisite for decent living, family stability, and full engagement in education and employment.

Economic Development

The Foundation’s primary interest is the preservation and growth of businesses and jobs, with value placed on those initiatives that balance economic benefit with environmental responsibility. Current efforts focus on:

- Business Development—supporting economic development research and planning; projects of substantial statewide, regional, or community impact; access to capital for business growth; and entrepreneurial activities that build on the strengths of West Virginia’s human, natural, technical, financial, and other resources.
Southwestern Pennsylvania Grants Program

Geographic Focus

The Foundation's Southwestern Pennsylvania Grants Program focuses on Allegheny, Fayette, Greene, and Washington Counties. This area is a natural corridor between Pittsburgh and West Virginia, and the outlying counties of Fayette, Greene, and Washington contain rural communities that may benefit from the Benedum Foundation's experiences in serving West Virginia. The Foundation also encourages projects that cross state lines so that resources and ideas originating either in West Virginia or Pennsylvania may benefit both.

Programmatic Focus

The West Virginia grants program is broadly focused, in part because philanthropic resources are sparse in West Virginia. We face a different challenge in Southwestern Pennsylvania. Because of the large number of locally based foundations, we have adopted a more targeted focus that supports regional agendas and seeks to apply the knowledge gained from work in West Virginia to address the needs of underserved rural communities in Southwestern Pennsylvania.

Education

The Foundation strives to improve the educational outcomes for students in grades K–12 to give young people the broadest possible range of options upon graduation; and to support career education that is linked to workforce demand and economic growth. Preference is given to the rural communities of Southwestern Pennsylvania and initiatives that focus on:

- Improved Student Learning — raising student achievement through curriculum innovation; improved school administration; educational enrichment outside of school; and partnerships with businesses, nonprofits, parents, and community leaders.
- Teacher Quality — improving teacher preparation and professional development of practicing teachers.
- Workforce Development — supporting customized job training and career education efforts that are responsive to employer demand and linked to economic development.

Economic Development

The Foundation encourages economic vitality through the growth of jobs and businesses and through initiatives that contribute to an environment attractive to business growth. Current efforts are directed at:

- Regional Initiatives — supporting multi-county initiatives that contribute to the economic vitality of Southwestern Pennsylvania, and metropolitan Pittsburgh initiatives that have clear regional impact.
- Rural Business Development — encouraging the start-up or expansion of businesses in the counties of Fayette, Greene, and Washington.

Pittsburgh Cultural District

The Foundation supports certain arts organizations within the Cultural District to strengthen the District as a major asset to the region.

Promotion of Philanthropy

The Foundation believes that one of the best ways to advance Michael and Sarah Benedum’s philosophy of “helping people help themselves” is to assist communities in raising their own charitable resources. The Promotion of Philanthropy Initiative in both West Virginia and Southwestern Pennsylvania seeks to increase the capacity of local communities to address their social needs through higher levels of charitable giving and greater local decision-making. The Foundation strives to grow the assets of community foundations and United Ways — two critical networks capable of harnessing local leadership and wealth for charitable purposes. The Foundation also strives to improve the quality of philanthropy by supporting foundation affinity group and resource centers.

How to Apply for a Grant

Before applying for a grant, applicants should carefully review the Foundation’s Mission and Guiding Principles, and its Philanthropic Programs (pages 26 through 28.) Seeking a grant from the Benedum Foundation is a highly competitive process. Each year, the Foundation receives applications for many more worthwhile projects than it can possibly support. Despite their individual merit, the majority must be declined.

Restrictions

The Foundation generally does not make grants in support of:

- Organizations located outside West Virginia or Southwestern Pennsylvania
- Individuals
- Organizations not exempt from taxation under Internal Revenue Code Section 501(c)(3):
  - Student aid, fellowships, or travel
  - Ongoing operating expenses
  - National organizations
  - Biomedical research
  - Religious organizations for religious purposes
  - Individual elementary and secondary schools
  - Annual appeals or membership drives
  - Conferences, films, books, and audio-visual productions
  - Organizations not exempt from taxation under Internal Revenue Code Section 501(c)(3)

Proposal

Grant applicants should make initial contact with the Benedum Foundation by sending a brief Proposal. The Proposal should be no longer than five pages and should include:

- short description of organization
- organization address (including telephone, fax, and e-mail)
- name of contact person
- one-sentence summary of the project
- clear, concise description of the project and expected outcomes for which funding is sought
- total project costs, other funding sources, and the specific amount that will be requested from Benedum
- plan for continuance or self-sufficiency of program at the conclusion of proposed grant
- anticipated time frame (start time and project duration)
- copy of evidence of organization’s tax-exempt status with the IRS

Proposals may be sent to the Foundation year-round. Proposals sent via fax or e-mail will not be accepted.

Send one copy of your proposal to:

William P. Getty, President
Claude Worthington Benedum Foundation
1400 Benedum-Trees Building
223 Fourth Avenue
Pittsburgh, PA 15222

You may expect to receive a response to your Proposal within 60 days, at which time you will be notified:

- if your project is not one the Foundation can consider, or
- if you should submit additional information requested by a program officer.
The list that follows includes all grants authorized in 2003. Readers, especially grant seekers, should be aware that the emphasis of the Foundation’s grants program evolves over time and that grants as reported may not be indicative of the Foundation’s future program emphasis.

[A] Alliages Conference on Community Development
Pittsburgh, PA
Continued support of Workforce Connections’ operating costs and the Innovations Fund (over 18 months) $250,000
Support of the Agenda Development Fund $85,000
The Alliance for Children, Inc.
Charleston, WV
Care Access & Resource Enhancement Projects to improve the foster care system $250,000

[B] Barbour County Community Development Corporation
Philippi, WV
Matching grant for start-up of a criminal justice training program in six counties through the M.OUNTAINS Employment Collaborative $22,700

[C] Beno College
Beno, KY
To support Brudfyk Institute’s leadership development program in West Virginia and participation in Community Collaborative and other West Virginia activities $40,000

[D] Carnegie Institute
Pittsburgh, PA
Professional development program for teachers and principals in the use of student assessment data $200,000
Support of the 2003 Three Rivers Arts Festival $15,000
Carnegie Mellon University
Pittsburgh, PA
Center for Appalachian Network Access (CANA) to demonstrate the efficacy of wireless broadband telecommunications in rural localities to promote competitive communities $125,000

E] Community Connections, Inc.—Mercer County Child Advocacy Center
Pittsburgh, PA
Partnership with West Virginia-based EdVenture to train K-12 teachers from 12 southwestern Pennsylvania schools in technology integration into instructional strategies $126,000
The Foundation Center for Rural Health Development, Inc.
Covington, KY
Matching grant for the West Virginia Rural Health Access Program that includes a loan fund, rural health networking, recruitment and retention, leadership development, and technical assistance $325,000
Central Appalachian Arts and Crafts Cooperative, Inc.
Huntington, WV
Skill and business development for artists and craftspeople to promote sustainable economic growth within Central West Virginia (over 3 years) $313,500
University of Charleston
Charleston, WV
Continued start-up of “Dreamvant,” a statewide high school business plan competition $20,000
ChildLaw Services, Inc.
Princeton, WV
Development of an intermediary to provide local technical and training assistance for Child Advocacy Centers $59,000
Children’s Home Society of West Virginia
Charleston, WV
Development of a Child Advocacy Center serving Berkeley, Jefferson, and Morgan Counties $45,000
Christian Help, Inc.
Kerrville, TX
Development of programs for multi-purpose community center serving Mingo and adjacent counties $50,000
Community Collaborative, Inc.
Morgantown, WV
2003-04 Sustainable West Virginia Communities Program and convening of community leadership development forum $74,000

Community Connections, Inc.—West Virginia Community Development Corporation
Charleston, WV
Program development of a Child Advocacy Center $40,000
Community Foundation of Greene County, Pennsylvania
Waynesburg, PA
Major gift and planned giving assistance to increase endowment $50,000
CommunityWorks in West Virginia, Inc.
Elkins, WV
Continued operating and program support in 2003 $35,000
Completion of pilot program to deal with systemic poor housing and endemic poverty in regions of West Virginia devastated by floods and to develop a trained and skilled construction workforce $22,000
Cooperative Action Programs of Southern McDowell County, Inc.
Panth, WV
Program support for multi-purpose community center $35,000
Discover the REAL West Virginia Foundation, Inc.
Charleston, WV
Statewide network to educate investors, lenders, and service providers for the growth of entrepreneurship and venture capital in West Virginia $75,000
Dollar Energy Fund, Inc.
Putnam, WV
Pilot training program for unemployed adults $125,000
DreamHome Community Development Corporation
Charleston, WV
Operating expenses for transitional expenses upon taking over the operations of Clay County Housing and operating expenses for the Clay County office $25,000
E] Elbezier Medical Outreach, Inc.
Huntington, WV
Development of statewide model for diabetes and hypertension management $35,000

The Education Alliance—Business and Community for Public Schools, Inc.
Charleston, WV
To support the PEN Teaching Quality and Partnerships in Education initiatives and research and policy advocacy activities $188,000
The Education Policy and Leadership Center
Huntington, WV
Research, leadership, and advocacy activities to improve student learning in grades K-12 $25,000
The EdVenture Group, Inc.
Morgantown, WV
Professional development and new curriculum for technology content and skills K-12 $150,000
Family Resource Network of Nicholas County, Inc.
Summersville, WV
Development of a Child Advocacy Center serving Clay County $25,000
Fayette County Community Action Agency, Inc.
Uniontown, WV
Expansion of the capacity of a private vocational school to enroll and place unemployed adults in high-demand jobs $70,000
Federation of Appalachian Housing Enterprises, Inc.
Bona, KY
Continued support of West Virginia low-income housing initiatives in 2003; establishment and staffing of a FHA satellite office in West Virginia $150,000
The Foundation Center
Roane Yark
Public education services in 2003 $6,000
DreamHome Community Development Corporation
Charleston, WV
To support the Appalachian Arts Initiative Foundation major gifts and planned giving efforts to grow an arts-in-education community fund serving West Virginia $53,000

The Greater Appalachian Arts Initiative
Charleston, WV
To support the Appalachian Arts Initiative Foundation major gifts and planned giving efforts to grow an arts-in-education community fund serving West Virginia $53,000

The Greater Kanawha Valley Foundation
Charleston, WV
Start-up staffing of the Lincoln County affiliate of the Greater Kanawha Valley Foundation $61,000
Greater Kanawha Valley Foundation
Pittsburgh, PA
To support the performing arts events in conjunction with the opening of the David L. Lawrence Convention Center $50,000
Greater Pittsburgh Literacy Council
Pittsburgh, PA
Implementation of a new GED training program for 23 literacy agencies throughout southwestern Pennsylvania $90,000
Greene County Industrial Development Authority
Waynesburg, PA
Development of five Community Technology Education Centers for workforce training $260,000
Hospice Care Corporation
Arkansaw, PA
Hospice Care Corporation
Arkansaw, PA
To support collaboration among three hospices to improve grief services in northcentral West Virginia $14,600

Intermediate Unit 1
Coal Center, PA
Pilot project of Intermediate Unit 1 and Keys2Work to assess job-related competencies and apply career development instruction and guidance to 10th graders from Washington, Greene, and Fayette County schools (over two years) $258,000

Jobs for West Virginia’s Graduates, Inc.
South Charleston, WV
Pilot project of JWG and Keys2Work to assess job-related competencies and provide and apply career instruction and guidance to 10th graders in 22 schools (over two years) $188,000
Laughlin Community Center, Inc.
Wheeling, WV
After-school and summer camp program offering educational, arts, and community service activities at five sites in East Wheeling and Wheeling $42,400
Lightbidge Community Development Corporation
Meyers, WV
Organizational development focused on capital building, executive search, and board and staff training $10,000
Community Development Financial Institution to expand capitalization to expand business financing opportunities in West Virginia $190,000

Huntington, WV
Expansion of the capacity of school-based health centers to address problems of unhealthy weight in school children $166,858

The Min Valley Initiative
Honesdale, PA
Expansion of a workforce development program to Washington, Wayne, and Susquehanna counties $65,000

Discovery
Morgan Arts Council Inc.
Morton, PA
$25,000

Mountainair Boys and Girls Club, Inc.
Cleveland, OH
Support for the Mountainair Boys and Girls Club
$15,000

Mountaineer Boys and Girls Club, Inc.
 Morgantown, WV
Support for the WV Mountaineer Boys and Girls Club
Washington, DC
$20,000

National Council of Jewish Women
Charleston, WV
Continued support of the Coalition for West Virginia Children
$25,000

National Capital Investment Fund, Inc.
Shepherdstown, WV
Community Development Financial Institution capitalization to expand business
$200,000

Neighborhood Funders Group Inc.
Washington, DC
Support for the 2004 NFg conference and Rural Funders Fall Forum, both held in
Pittsburgh
$15,000

New River Habitat for Humanity
Beckley, WV
To support initiative of a store to sell new and used construction and home improvement
$96,000

North Central West Virginia Community Action Association, Inc.
Fairmont, WV
To purchase home repair materials for the group work camp project in M onogalia County
$10,000

Parksburg Community Foundation
Parksburg, WV
Staffing for the Ritchie, Doddridge, Pleasants, and Jackson County affiliate foundations
$88,000

Pittsburgh Ballet Theatre, Inc.
Pittsburgh, PA
Season support for the 2003 - 04 year
$75,000

Pittsburgh Gateway Corporation
Pittsburgh, PA
To support commercialization of research efforts at regional universities and connection of efforts with commercial projects in
Pittsburgh
$110,000

Pittsburgh Opera, Inc.
Pittsburgh, PA
Support for the 2004 National Performing Arts Convention held in Pittsburgh
$50,000

Season support for the 2003 - 04 year
$75,000

Pittsburgh Regional Alliance
Pittsburgh, PA
To support the Port Initiative to encourage the development of international businesses in
Pittsburgh
$100,000

Pittsburgh Symphony Society
Pittsburgh, PA
Transition stabilization support
$200,000

Season support for the 2003 - 04 year
$100,000

The Pittsburgh Trust for Cultural Resources
Pittsburgh, PA
Implementation of information technology system to enhance customer relationships and joint marketing of various arts organizations
$50,000

Season support for the 2003 - 04 year for the Pittsburgh Dance Council, Inc.
$30,000

University of Pittsburgh
Pittsburgh, PA
Development of high school version of Human Capital Policy Initiative, a regional public education campaign focusing on workforce development
$78,250

Continued support of the nonprofit management assistance center using students from the University of Pittsburgh and West Virginia University
$53,000

Preservation Alliance of West Virginia, Inc.
Charleston, WV
Expansion of heritage tourism efforts throughout the State, in cooperation with the West Virginia Development Office
$125,000

Private Industry Council of Westmoreland/Fayette, Inc.
Greensburg, PA
Addition of a business development position to contract with area employers for customized job training and placement of workforce training clients
$110,000

The Progress Fund
Hollidaysburg, PA
Community Development Financial Institution capitalization to expand business
$200,000

Season support for the 2003 - 04 year
$100,000

Raleigh County Housing Authority
Elkins, WV
YouthBuild Entrepreneurship project to provide entrepreneurship education and on-the-job training for at-risk youth and to host a conference on youth entrepreneurship
$38,000

Rural Options for Services and Education Inc.
Greenwood, WV
Program support to become nationally accredited for the Maternal Infant Health Outreach Worker (M IH OW) project
$30,000

Southeastern Appalachian Rural Alliance, Inc.
Lewisburg, WV
To purchase, renovate, and convert a house into a home repair and maintenance learning laboratory/shop (over three years)
$65,000

Southern Appalachian Labor School Foundation, Incorporated
Kernersville, WV
Continued administrative support for low-income affordable housing initiatives
$50,000

United Way of Allegany County
Pittsburgh, PA
Challenge grant to increase major gifts of Women’s Leadership and Young Leaders programs
$149,125

United Way of Central Washington County
Washington, PA
Creation of a planned giving program for the United Ways of Greene, Fayette, Washington, and Westmoreland Counties
$50,000

United Way of Central West Virginia
d.a.s. LifeBridge
Charleston, WV
Maching grant for family literacy outreach programs
$75,000

Steel Valley Authority
Duquesne, PA
Forum on capital investment strategies for pension funds in West Virginia
$6,700

Student Conservation Association, Inc.
Charleston, WV
Expansion of the Three Rivers Region office by adding a West Virginia Program Coordinator to recruit West Virginia high school and college students for environmental projects
$100,000

TRWB Inc.
Pittsburgh, PA
Liaison to local businesses to the Regional Internship Center to promote employment of new college graduates
$90,000

Tamarack Foundation Inc.
Beckley, WV
Development of a comprehensive education and training program for West Virginia artisan entrepreneurs
$100,000

Team for West Virginia Children, Inc.
Huntington, WV
Promotion and coordination of statewide efforts to reduce child abuse and neglect
$69,000

Development of statewide training and resources for physicians and medical students to better help parents deal with issues that are common triggers for child abuse
$30,000

United Way of Allegany County
Pittsburgh, PA
Challenge grant to increase major gifts of Women’s Leadership and Young Leaders programs
$149,125

United Way of Central Washington County
Washington, PA
Creation of a planned giving program for the United Ways of Greene, Fayette, Washington, and Westmoreland Counties
$50,000

United Way of Central West Virginia
d.a.s. LifeBridge
Charleston, WV
Maching grant for family literacy outreach programs
$75,000
Financial Summary

The Foundation’s fiscal year corresponds to the calendar year. At the end of the fiscal year, the market value of the Foundation’s investments, including cash, was $333,631,173. Grants authorized during the year totaled $11,452,558. The Foundation makes multi-year commitments, with payments scheduled over as many as five years. At year-end 2003, outstanding grant commitments totaled $3,154,391, and unfunded program-related investments were $750,000.

The following indicates invested assets, and authorizations and payments of grants and program-related investments over the last five years.

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>$340,434,255</td>
<td>$10,295,010</td>
</tr>
<tr>
<td>2000</td>
<td>$340,326,800</td>
<td>$19,135,860</td>
</tr>
<tr>
<td>2001</td>
<td>$321,072,595</td>
<td>$12,786,272</td>
</tr>
<tr>
<td>2002</td>
<td>$285,658,768</td>
<td>$12,224,847</td>
</tr>
<tr>
<td>2003</td>
<td>$333,631,173</td>
<td>$11,452,558</td>
</tr>
</tbody>
</table>

*Includes contingent grants.

The Foundation maintains a diverse portfolio. The following table summarizes the cost and fair value of the Foundation’s investments as of December 31, 2003.

In its audited financial statements and for the federal tax return, the Foundation reports investments at fair value.
Summarized financial information
Assets, Liabilities, and Unrestricted Net Assets
December 31, 2003 and 2002

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>$328,392,535</td>
<td>$282,788,600</td>
</tr>
<tr>
<td>Cash and equivalents</td>
<td>5,238,638</td>
<td>2,870,168</td>
</tr>
<tr>
<td>Other assets</td>
<td>533,206</td>
<td>154,215</td>
</tr>
<tr>
<td>Accrued investment income</td>
<td>776,732</td>
<td>413,415</td>
</tr>
<tr>
<td>Receivable from private limited partnerships</td>
<td>908,719</td>
<td>2,645,500</td>
</tr>
<tr>
<td>Property and equipment, net of depreciation</td>
<td>654,462</td>
<td>669,243</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$336,504,292</td>
<td>$289,541,141</td>
</tr>
<tr>
<td><strong>Liabilities and Unrestricted Net Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Grants payable</strong></td>
<td>$3,074,391</td>
<td>$3,458,914</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>224,569</td>
<td>37,634</td>
</tr>
<tr>
<td>Unrestricted net assets</td>
<td>333,205,332</td>
<td>286,044,593</td>
</tr>
<tr>
<td><strong>Total liabilities and unrestricted net assets</strong></td>
<td>$336,504,292</td>
<td>$289,541,141</td>
</tr>
<tr>
<td><strong>Change in Unrestricted Net Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Income (Loss)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td>$3,057,888</td>
<td>$3,442,179</td>
</tr>
<tr>
<td>Interest</td>
<td>2,598,805</td>
<td>3,139,728</td>
</tr>
<tr>
<td><strong>Total income (loss)</strong></td>
<td>$6,256,693</td>
<td>$(9,119,874)</td>
</tr>
<tr>
<td><strong>Grants and Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants (net of refunds)</td>
<td>$11,423,109</td>
<td>$8,492,176</td>
</tr>
<tr>
<td>Investment management and custodial fees</td>
<td>1,814,490</td>
<td>1,866,289</td>
</tr>
<tr>
<td>Grant administration</td>
<td>1,280,226</td>
<td>1,186,097</td>
</tr>
<tr>
<td>Other administration</td>
<td>498,867</td>
<td>577,247</td>
</tr>
<tr>
<td>Federal excise tax</td>
<td>210,569</td>
<td>44,552</td>
</tr>
<tr>
<td><strong>Total grants and expenses</strong></td>
<td>$15,227,261</td>
<td>$12,166,361</td>
</tr>
<tr>
<td><strong>Increase (Decrease) in Unrestricted Net Assets</strong></td>
<td>$47,160,739</td>
<td>$(31,278,235)</td>
</tr>
</tbody>
</table>

This information is summarized from the books and records of the Foundation. Copies of audited financial statements are available upon request.

Excerpts from the Fifth Codicil to the Last Will & Testament of Michael L. Benedum

The disposition of a not inconsiderable estate is never an easy assignment.

It has been a thorny & laborious problem for me because, recognizing my frailty & inadequacy, I have not been able to lose sight of the awesome responsibility involved.

If I could have looked upon my material goods as personal property, belonging to me alone, my task would have been immeasurably lighter. But I have never regarded my possessions in that light. Providence gives no fee simple title to such possessions. As I have seen it, all of the elements of the earth belong to the Creator of all things, and He has, as a part of the Divine Purpose, distributed them unevenly among His children, holding each relatively accountable for their wise use and disposition.

I have always felt that I have been only a trustee for such material wealth as Providence has placed in my hands. This trusteeship has weighed heavily upon me. In carrying out this final responsibility of my stewardship, I have sought to utilize such wisdom and understanding of equity as the Creator has given me. No one with any regard for his responsibility to his God and his fellow man should do less. No one can do more.

As I have seen it, life is but a proving ground where Providence tests the character and mettle of those He places upon the earth. The whole course of mortal existence is a series of problems, sorrows & difficulties. If that existence be rightly conducted, it becomes a progress towards the fulfillment of human destiny. We must pass through darkness to reach the light.

Throughout my adult life, day by day & year by year, I have been instilled with the conviction that wealth cannot be measured in terms of money, stocks, bonds, broad acres or by ownership of mine and mill. These cannot bear testimony to the staple of real excellence of man or woman. Those who use a material yardstick to appraise their wealth and foolishly imagine themselves to be rich are objects of pity. In their ignorance and misanthropic isolation, they suffer from shrinkage of the soul.

All of us aspire to a higher and better life beyond this, but I feel that the individual who seeks to climb the ladder alone will never find the way to Paradise. Only those who sustain the faltering ones on the rungs above and extend a helping hand to the less fortunate on the rungs below, can approach the end with the strength of sublime faith and confidence.

At the end of life each of us must face the great teacher that we call death. Stern, cold & irresistible, it walks the earth in dread mystery and lays its hands upon all. The wealth of empires cannot stay its approach. As I near the end with the strength of sublime faith and confidence.

During his lifetime in the oil and gas business, Michael Benedum amassed a fortune, ranking him in his day among the 100 wealthiest Americans. Michael Benedum operated his worldwide business from corporate headquarters in Pittsburgh, Pennsylvania. Mr. and Mrs. Benedum established residence in Pittsburgh in 1907 and lived here for over 50 years. They named the Foundation in memory of their only child, Claude Worthington Benedum, who died in 1918 at age 20.

Worthington Benedum, of their only child, Claude Worthington Benedum, who died in 1918 at age 20.

In creating the Foundation, Michael Benedum operated his worldwide business from corporate headquarters in Pittsburgh, Pennsylvania. Mr. and Mrs. Benedum established residence in Pittsburgh in 1907 and lived here for over 50 years. They named the Foundation in memory of their only child, Claude Worthington Benedum, who died in 1918 at age 20.

In creating the Foundation, Michael Benedum operated his worldwide business from corporate headquarters in Pittsburgh, Pennsylvania. Mr. and Mrs. Benedum established residence in Pittsburgh in 1907 and lived here for over 50 years. They named the Foundation in memory of their only child, Claude Worthington Benedum, who died in 1918 at age 20.

Mr. and Mrs. Benedum expressed the wish that grantmaking be focused in West Virginia and Pittsburgh, their native and adopted homes.
happiness and satisfaction if I felt that I had not tried to bring some of these joys to those less fortunate than I have been.

We know not where seed may sprout. In the poorest and most unregarded child who seems to be abandoned to ignorance and evil, there may slumber virtue, intellect and genius. It is our duty to sow and to nurture, leaving it to others to harvest the fruits of our efforts.

While I am conscious that my love for the land that gave me birth has been an influence in guiding the disposition of my estate, there are other practical reasons why I have favored my native state of West Virginia. It is not that I am unmindful or unpresumptive of my adopted home of Pennsylvania, but rather that I have sought to appraise and balance the needs of each and the available potential for supplying those needs.

I cannot close my eyes to the realistic consideration that Pittsburgh and Pennsylvania abound in riches, having a citizenship in which men of great wealth are more common than rare. West Virginia is in a less fortunate position. There can be no question but that its needs are much greater than those of my adopted home. Consequently, in making specific provisions for West Virginia institutions, I have done so in good conscience, with a sense of equity & with recognition of a responsibility to distribute my estate in a way that will bring the greatest good to the greatest number. This decision was not made lightly or impetuously.

Conscious that in this Codicil to my Last Will & Testament, I am figuratively speaking from the grave, and that the great book of my account with the Creator has been closed beyond change or amendment, I submit my soul to His tender mercy, and my memory to the generosity & compassion of my fellow man.

Signed by Michael L. Benedum
on the 15th day of June 1957

Trustees, Officers and Staff

Trustees
Paul G. Benedum, Jr., Chairman
Pittsburgh, Pennsylvania

Esther L. Barazzone
Pittsburgh, Pennsylvania

Ralph J. Bean, Jr.
Bridgeport, West Virginia

G. Nicholas Beckwith III
Pittsburgh, Pennsylvania

Governor Gaston Caperton
Shepherdstown, West Virginia

William P. Getty
Pittsburgh, Pennsylvania

G. Randolph Worls
Wheeling, West Virginia

Trustees Emeriti
Paul R. Jenkins
Pittsburgh, Pennsylvania

Governor Hulet C. Smith
Beckley, West Virginia

L. Newton Thomas
Charleston, West Virginia

Honoray Trustee
The Honorable Judge
Robert E. Maxwell
Elkins, West Virginia

Beverly Bailey Walter, ext. 223
Vice President for Programs

Maurice O. Yock, ext. 239
Secretary to Beverly Walter and James Denova

Contact
Telephone: 412 288 0360
From West Virginia: 800 223 5948

Staff
Marcie G. Berry, ext. 234
Treasurer

Catherine M. Budash, ext. 233
Accounting Assistant

James V. Denova, ext. 229
Senior Program Officer

William P. Getty, ext. 228
President

Sandy Harvey, ext. 241
Secretary to William Getty and Mary Hunt-Lieving

Mary Hunt-Lieving, ext. 222
Program Officer

Dwight M. Keating, ext. 235
Vice President and Chief Investment Officer

Margaret M. Martin, ext. 224
Grants Administrator

Rose A. McKee, ext. 227
Secretary and Director of Administration

Beverly Bailey Walter, ext. 223
Vice President for Programs

Maurice O. Yock, ext. 239
Secretary to Beverly Walter and James Denova

Editor
Rose McKee

Design
Landesberg Design

Writing
Cosgrove Communications

Photography
Dennis Marsico

Printing
Geyer Printing

©2004 Claude Worthington
Benedum Foundation