

**CSACO** COMMUNITY SERVICES ANALYSIS LLC

## **RETURN ON INVESTMENT ANALYSIS**

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## **The Return on Investment to the Tucson Community from the services provided by Habitat for Humanity**

### **Overview**

The City of Tucson, Pima County, the State of Arizona, and many other governmental funding sources nationwide are reviewing their “Performance Measurement” processes, including metrics such as Return on Investment, Output Measures, and Efficiency Measures, in an effort to improve efficiency and the delivered value of their multiple different types of community service funding requirements and options. This report provides a basis for delivering these measurement results to the community.

This analysis follows the basic structure, definitions, and procedures encompassed in the Government Performance and Results Act of 1993. Additional input was taken from the New Economics Foundation study “*Measuring Real Value: a DIY Guide to Social Return on Investment*”, the National Association of Home Builder’s study “*The Local Impact of Home Building in a Typical Metropolitan area*”, and various financial analysis tools and methods used in the private sector.

### **Scope of the Project**

The process of developing this analysis included the identification of measurable benefits provided to the community by Habitat for Humanity as a result of their operations.

Many of the transaction statistics for these areas have historically been tracked by the staff and management of Habitat for Humanity, but several areas were not. Habitat personnel are to be commended for researching these areas and providing realistic transaction numbers on a priority basis.

The definitions of value to community are based on a variety of published sources where available, surveys of local costs (such as equipment repair costs) when appropriate, surveys of State residents (for costs such as prices that people were willing to pay for seminars and presentations), and realistic formula calculations (such as the expenditure per capita for the total population of visually impaired Arizona citizens). Each of these values were reviewed in detail with Habitat for Humanity management and independently reviewed with comparable values for equivalent services.

It is important to realize that the calculations of “Values Delivered” in this analysis are for outputs only – the actual immediate and measurable benefits from Habitat’s activities. There are other long-term social benefit outcomes that result from home ownership (see the section “Long-Term Potential Outcomes” in the Return on Investment section).

These long-term outcomes, while providing undeniable benefits to the community, cannot be identified as the sole or majority factor contributing to these benefits. In addition, the calculation of the actual dollar values of social value benefits is extremely difficult and subject to many assumptions of possible future occurrences. As a result, this Return on Investment analysis only focus on the values of the outputs delivered.

### **Conclusions**

Based on a review of the Habitat for Humanity transaction records, internal reports, and financial statements, and the detailed analysis of values delivered to the community of the individual services provided by Habitat for Humanity, this analysis presents fairly the Return on Community Investment for Habitat for Humanity Tucson.

**September 10, 2008**

A handwritten signature in black ink, appearing to read "John Byrnes", is centered within a light gray rectangular box.

John Byrnes  
Principal  
Community Service Analysis, LLC

## **HABITAT FOR HUMANITY DESCRIPTIONS OF BENEFITS DELIVERED TO THE COMMUNITY**

### **HOME PURCHASES FOR LOW INCOME FAMILIES**

#### **Savings on Down Payments**

*Habitat for Humanity through a Federal Government program matches the down payment made by new Habitat homeowner families in cash or in 'sweat equity'. This matching amount is subject to various qualification and amount limitations.*

#### **Savings On Mortgage Loan Interest**

*Habitat's zero-interest mortgage loans are the primary means by which Habitat homes are made affordable to low-income families. The Habitat home buyer does not pay any interest on their mortgages.*

#### **Savings on Secondary Mortgages**

*Many Habitat home purchasers need to have a second mortgage on their home to afford the purchase and ongoing home ownership costs. Habitat not only provides zero-interest secondary mortgage financing but will forgive the repayment of portions of the mortgage principal if certain conditions are met.*

#### **Savings on Closing Costs**

*Habitat also pays all closing costs on their home sales.*

## **ENVIRONMENTAL, EFFICIENCY, and MAINTENANCE FEATURES**

### **Homeowner savings on enhanced insulation**

*Habitat helps their low-income homeowners afford the ongoing costs of heating and cooling bills by constructing their homes with extra amounts of insulation.*

### **Homeowner cost savings on metal roofs**

*Habitat help reduce the ongoing costs of home ownership repairs by constructing their homes with metal roofs, resulting in reduced life cycle maintenance costs.*

## **HABISTORE**

### **Savings on Habistore Purchases**

*HabiStore Home Improvement Center sells donated and recycled building materials, major appliances, and furniture to the general public at a target 50% discount from competitive retail prices.*

### **Savings on HabiStore Recycled Items Disposal Costs**

*HabiStore Home Improvement Center sells donated and recycled building materials, major appliances, and furniture to the general public at a target 50% discount from competitive retail prices.*

**HABITAT FOR HUMANITY  
VALUE DELIVERED TO THE COMMUNITY  
RETURN ON COMMUNITY INVESTMENT**

**SERVICES PROVIDED TO THE COMMUNITY**

**VALUE DELIVERED**

**HOME PURCHASES**

|   |           |
|---|-----------|
| Savings on Down Payments                        | 65,000    |
| Savings On Mortgage Loan Interest               | 2,557,132 |
| Savings on Second Mortgage Interest             | 531,739   |
| Savings on Third Mortgage Interest              | 324,728   |
| Savings on Fourth Mortgage Interest             | 534,476   |
| Savings on Third Mortgage Principal Forgiveness | 205,000   |
| Savings on Closing Costs                        | 35,126    |

**ENVIRONMENTAL, EFFICIENCY, and MAINTENANCE SAVINGS**

|   |        |
|---|--------|
| Homeowner savings on enhanced "Green" factors | 5,400  |
| Homeowner cost savings on metal roofs         | 15,100 |

**HABITAT FOR HUMANITY  
VALUE DELIVERED TO THE COMMUNITY  
RETURN ON COMMUNITY INVESTMENT**

**HABISTORE**

|  |                    |
|--|--------------------|
| Savings on Habistore Purchases                     | 230,226            |
| Savings on Habistore Recycled Items Disposal Costs | 2,450              |
| <b>TOTAL VALUE DELIVERED TO THE COMMUNITY</b>      | <b>\$4,506,376</b> |

**COMMUNITY FUNDING:**

|   |                    |
|---|--------------------|
| - Grants, Contract, and Tribal Revenues | 1,037,075          |
| - Unrestricted Contributions            | 719,978            |
| - Restricted Contributions              | 918,792            |
| <b>TOTAL COMMUNITY FUNDING</b>          | <b>\$2,675,845</b> |

**RETURN ON COMMUNITY FUNDING INVESTMENT** **168%**

## **Habitat for Humanity**

### **Non-Quantified Long Term Potential Outcomes of Home Ownership**

It has long been believed that homeownership results in positive outcomes for both families and their communities. For low-income families, homeownership can be seen as a crucial step or breakthrough opportunity on the road towards self-sufficiency.

Published research identifies four major areas of social benefits:

- 1) Controlling for parental education, income, and marital status, children of homeowners are likely to perform higher on academic achievement tests and are less likely to have behavioral problems;
- 2) Voting and other participation in civic organizations is higher among homeowners than renters;
- 3) Homeowners are more satisfied with their lives; and
- 4) High levels of homeownership in neighborhoods enhances property values

Research on child outcomes also shows that the children of homeowners experience a range of positive outcomes related to home stability. For example, children of homeowners:

- experience a 13-23% higher quality home environment;
- score on average 9% higher on math achievement tests;
- score 7% higher on reading achievement tests;
- and are 1-3% less likely to experience behavioral problems.

Other studies have shown that children of homeowners are less likely to drop out of school. Studies have also indicated that children of homeowners have annual earnings which are \$7,497 higher than the children of renters, and there is a 59.3% increase in the probability that the child will also grow up to be a homeowner.

In addition to the positive individual outcomes of homeownership, there are also positive outcomes for the community. In 2003, a study analyzed the economic impact of their local Habitat for Humanity affiliate in Lexington, Kentucky. They estimate that the annual financial benefit to the community is over \$1.5 million. This financial benefit stems from payroll taxes to the government, property taxes to the government, estimated utility savings, etc.

Homeownership is also thought to benefit communities through neighborhood improvement, the underlying assumption being that homeowners will care for their property to increase its value, and the neighborhood will be more stable due to less mobility.

In a 1998 study of Habitat for Humanity families across the country, AREA, Inc. find that families experience pride and increased stability as a result of homeownership. Importantly, families indicate that they find security in being next to other Habitat owners. Habitat homeowners who express the greatest satisfaction with their neighborhoods are those living in clusters or subdivisions of Habitat homes, even when those clusters are surrounded by deteriorated neighborhoods.

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# Habitat for Humanity Basis for Valuations of Services Delivered

**BENEFIT #1**      **SAVINGS ON DOWN PAYMENTS**

**Description of Benefit:**                      Habitat for Humanity through a Federal Government program matches on a dollar-for-dollar basis the down payment made, or “sweat equity” earned, by new Habitat homeowner families subject to certain conditions, restrictions, and formulas.

**Valuation Basis:**                              **Actual matching amount from for each home sold.**

**REASONS FOR**

**REASONS AGAINST**

|                                  |   |
|----------------------------------|---|
| Exact measure of value received  | Does not reflect full potential value of saving available |
| Values are accurately documented |   |

**Other Basis Considered:**                      **Full Potential Value (maximum amount available) of HUD matching amount.**

**REASONS FOR**

**REASONS AGAINST**

|   |   |
|---|---|
| Reflects full potential value of benefit to community | Does not reflect actual benefit received by community |
|---|---|

**BENEFIT #2**

**SAVINGS ON LOAN INTEREST**

**Description of Benefit:**

Habitat’s zero-interest mortgage loans are the primary means by which Habitat homes are made affordable to low-income families. The Habitat home buyer does not pay any interest on their mortgages.

**Valuation Basis:**

**Life cycle interest savings based on prevailing rates at times of purchase.**

**REASONS FOR**

**REASONS AGAINST**

|  |   |
|--|---|
| Recognizes full value of savings delivered to the community. | Actual value of benefits will not be realized in current year – but over full period of mortgage. |
| Can be accurately measured over full term of mortgage.       | Some percentage of purchasers will not remain in home for full mortgage term.                     |

**Other Basis Considered:**

**Alternative #1**

**NPV of life cycle interest expense based on prevailing average rates at times of purchase**

**REASONS FOR**

**REASONS AGAINST**

|  |   |
|--|---|
| Provides current value of future cash flows. | Does not reflect full life cycle values delivered.      |
|  | Does not reflect Habitat accounting or operating model. |

**Alternative #2**

**Interest savings for current year only.**

**REASONS FOR**

**REASONS AGAINST**

|                                   |  |
|-----------------------------------|--|
| Matches Habitat operational model | Does not reflect full value of savings delivered |
|                                   | Does not reflect future savings                  |

**BENEFIT #3**

**SAVINGS ON SECONDARY MORTGAGES INTEREST (Interest portion)**

**Description of Benefit:**

Many Habitat home purchasers need to have second, third, or fourth mortgage on their home to afford the purchase and ongoing home ownership costs. Habitat not only provides zero-interest secondary mortgage financing but will forgive the repayment of portions of the mortgage principal if certain conditions are met.

**Valuation Basis:**

**Full value of imputed interest payments over entire term of second mortgages.**

**REASONS FOR**

**REASONS AGAINST**

|  |  |
|--|--|
| Provides complete picture of total value delivered | Length of second mortgage may be less than full term (Note: in 27 years and 280 homes, only 10 have been re-sold during term of second mortgage. In the previous 4 years, only 5 homes have been re-sold before they were 10 years old). |
|  | Market rates for seconds may change over time.   |

**Other Basis Considered:**

**Alternative #1**

**NPV of interest savings for second mortgages based on length of second mortgage and prevailing interest rates.**

**REASONS FOR**

**REASONS AGAINST**

|   |   |
|---|---|
| Matches Habitat accounting practices.   | Market rates for second mortgages may change significantly over time. |
| Provides accurate measure of current value (discounted for time) based on current market rates. | Does not show full value of benefit delivered.                        |

**BENEFIT #4**

**SAVINGS ON SECONDARY MORTGAGES INTEREST (Principal portion)**

**Description of Benefit:**

Many Habitat home purchasers need to have second, third, or fourth mortgages on their home to afford the purchase and ongoing home ownership costs. These principal balances are recaptured when the home is sold. A Federal Government program provides for forgiveness of a portion of the third mortgage principal balance if the home is occupied by the owner for 5 years prior to any sale.

**Valuation Basis:**

**Full value of forgiven principal amounts.**

**REASONS FOR**

**REASONS AGAINST**

|  |  |
|--|--|
| Provides complete picture of total value delivered | Does not reflect time value of a benefit that actually occurs in the future. |
| Accurate value measurement                         |  |

**Other Basis Considered:**

**Alternative #1**

**NPV of potential principal balance forgiven.**

**REASONS FOR**

**REASONS AGAINST**

|  |  |
|--|--|
| Provides more accurate measure of present value (discounted for time) of future forgiveness. | Does not show full value of benefit delivered. |
|--|--|

**BENEFIT #5**

**SAVINGS ON CLOSING COSTS**

**Description of Benefit:** Habitat for Humanity pays all closing costs on their home sales.

**Valuation Basis:** Actual closing costs for individual homes.

**REASONS FOR**

**REASONS AGAINST**

|                             |   |
|-----------------------------|---|
| Most accurate benefit value | May not be available for individual homes |
|-----------------------------|---|

**Other Basis Considered:** Average closing costs for comparable homes

**REASONS FOR**

**REASONS AGAINST**

|   |   |
|---|---|
| Information available and reasonably accurate | Not as accurate as actual closing costs |
|---|---|

**BENEFIT #6**

**SAVINGS ON LIFE CYCLE “GREEN HOME” FEATURES**

**Description of Benefit:**

Habitat helps their low-income homeowners afford the ongoing costs of heating and cooling bills by constructing their homes with extra amounts of insulation.

**Valuation Basis:**

**Industry statistics on cost savings for enhanced R value insulation and thermal windows.**

**REASONS FOR**

**REASONS AGAINST**

|  |   |
|--|---|
| Based on published long-term studies of actual achieved cost savings | May not be completely accurate for local area savings |
|--|---|

**Other Basis Considered: Actual cost of completing improvements.**

**REASONS FOR**

**REASONS AGAINST**

|  |   |
|--|---|
| Accurate value of benefit production costs | Does not recognize values of savings delivered over life cycle of home.       |
|  | Few people on restricted incomes would choose to pay for additional features. |

**BENEFIT #7**

**SAVINGS ON LIFE CYCLE REDUCED MAINTENANCE COSTS**

**Description of Benefit:**

Habitat for Humanity help reduce the ongoing costs of home ownership repairs by constructing their homes with metal roofs, resulting in reduced life cycle maintenance costs.

**Valuation Basis:**

**Industry statistics on life cycle cost savings for metal roofs vs. other types of materials.**

**REASONS FOR**

**REASONS AGAINST**

|  |  |
|--|--|
| Based on published long-term studies of cost savings | May not be fully accurate for local area conditions. |
|--|--|

**Other Basis Considered:** No other value basis considered.

**REASONS FOR**

**REASONS AGAINST**

|     |     |
|-----|-----|
| N/A | N/A |
|-----|-----|

**BENEFIT #8**

**SAVINGS ON HABISTORE PURCHASES**

**Description of Benefit:**

HabiStore Home Improvement Center sells donated and recycled building materials, major appliances, and furniture to the general public at a target 50% discount from competitive retail prices.

**Valuation Basis:**

**30% discount from comparative price analysis.**

**REASONS FOR**

**REASONS AGAINST**

|   |   |
|---|---|
| More conservative discount is likely more accurate measure. | Takes other retailer sales discounts and promotions into consideration. |
|   | May understate full measure of values delivered.                        |

**Other Basis Considered:**

**Target 50% discount from comparable retail price surveys.**

**REASONS FOR**

**REASONS AGAINST**

|   |  |
|---|--|
| Habistore prices are discounted 50% from published retailer prices. | Likely ignores special sales prices offered by retailers                     |
|   | Other retailers offer special services (i.e. return, price adjustments, etc) |

**BENEFIT #9**

**SAVINGS ON HABISTORE ITEM DISPOSAL COSTS**

**Description of Benefit:**

HabiStore Home Improvement Center sells donated and recycled building materials, major appliances, and furniture to the general public at a target 50% discount from competitive retail prices.

**Valuation Basis:**

**Savings on 50 tons of items (based on third party study) that would otherwise be disposed including transportation costs.**

**REASONS FOR**

**REASONS AGAINST**

|   |   |
|---|---|
| Recognized value to the community of savings on waste disposal handling and landfill costs. | Does not recognize "scavenger" value recaptured by landfill operator. |
|---|---|

**Other Basis Considered: Not taking the disposal costs into consideration.**

**REASONS FOR**

**REASONS AGAINST**

|  |   |
|--|---|
|  | Ignores actual value benefit to community |
|--|---|

**Habitat for Humanity  
Basis of Values for Services Delivered to the Community**

| <b>SERVICES PROVIDED TO THE COMMUNITY</b>       | <b>BASIS FOR VALUE DELIVERED</b>  | <b>SOURCE OF BASE VALUES</b>   |
|---|---|--|
| <b>HOME PURCHASES</b>                           |   |  |
| Savings on Down Payments                        | Actual matching amount from for each home sold                              | Actual Down Payment Made   |
| Savings On Mortgage Loan Interest               | Life cycle interest savings based on prevailing rates at times of purchase. | Freddie Mac Weekly Primary Mortgage Market Survey extended over projected 25-year term |
| Savings on Second Mortgage Interest             | Full value of imputed interest payments over term of mortgage.              | Freddie Mac Weekly Primary Mortgage Market Survey extended over projected 25-year term |
| Savings on Third Mortgage Interest              | Full value of imputed interest payments over term of mortgage.              | Freddie Mac Weekly Primary Mortgage Market Survey extended over projected 25-year term |
| Savings on Fourth Mortgage Interest             | Full value of imputed interest payments over term of mortgage.              | Freddie Mac Weekly Primary Mortgage Market Survey extended over projected 25-year term |
| Savings on third Mortgage Principal Forgiveness | Full value of forgiven principal amounts.                                   | Actual third mortgage values for individual homes.                                     |
| Savings on Closing Costs                        | Actual closing costs for individual homes.                                  | Actual closing costs for individual homes.   |

**Habitat for Humanity**  
**Basis of Values for Services Delivered to the Community**

**ENVIRONMENTAL, EFFICIENCY, and MAINTENANCE SAVINGS**

Homeowner savings on enhanced insulation    Industry statistics on cost savings for enhanced R value insulation and thermal windows.

Homeowner cost savings on metal roofs    Industry statistics on life cycle cost savings for metal roofs vs. other types of materials.    -HUD "Community Guide to Basic and Cost-Saving Construction in the American Southwest"

- Advanced Metal Roofing Cost Analysis (via Squidoo on Web)

**HABISTORE**

Savings on Habistore Purchases    30% discount from comparative price analysis.

Savings on Habistore Recycled Items Disposal Costs    Savings on 50 tons of items (based on third party study) that would otherwise be disposed including transportation costs.

University of Montana "Landfill Economics" Study and Presentation

**HABITAT FOR HUMANITY  
DOWN PAYMENT SAVINGS**

| <b>JOB #</b>                      | <b>ADDRESS</b>                      | <b>Actual Down Payment Amount</b> | <b>Down Payment Match</b> |
|-----------------------------------|-------------------------------------|-----------------------------------|---------------------------|
| 1306                              | 5796 E Calle Misericordia           | 1,000                             | 0                         |
| 251                               | 283 W McFar                         | 66,140                            | 0                         |
| 266                               | 2890 N Tolman                       | 1,000                             | 0                         |
| 265                               | 2884 N Tolman                       | 1,000                             | 10,000                    |
| 264                               | 2878 N Tolman                       | 1,000                             | 0                         |
| 263                               | 2872 N Tolman                       | 1,000                             | 0                         |
| 292                               | 1733 S Mountain                     | 1,000                             | 15,000                    |
| 293                               | 1759 S Mountain                     | 1,000                             | 8,000                     |
| 1145                              | 5718 E Vuelta del Ladrillo Amarillo | 1,000                             | 0                         |
| 1146                              | 57 22E Vuelta del Ladrillo Amarillo | 1,000                             | 4,000                     |
| 1147                              | 5726 E Vuelta del Ladrillo Amarillo | 1,000                             | 0                         |
| 1153                              | 5747 E Vuelta del Ladrillo Amarillo | 1,000                             | 0                         |
| 1154                              | 5751 E Vuelta del Ladrillo Amarillo | 1,000                             | 4,000                     |
| 1170                              | 5734 E Vuelta del Ladrillo Amarillo | 1,000                             | 1,000                     |
| 1171                              | 5732 E Vuelta del Ladrillo Amarillo | 1,000                             | 4,000                     |
| 270                               | 2873 N Tolman                       | 1,000                             | 10,000                    |
| 290                               | 901 E 24th                          | 1,000                             | 9,000                     |
| <b>TOTAL ACTUAL DOWN PAYMENTS</b> |                                     | <b>82,140</b>                     | <b>65,000</b>             |

## Habitat for Humanity Savings on Mortgage Interest

| <b>ADDRESS</b>                      | <b>1st MORTGAGE</b> | <b>Date</b> | <b>25 year Fixed Rate</b> | <b>Total Interest Amount</b> |
|-------------------------------------|---------------------|-------------|---------------------------|------------------------------|
| 5796 E Calle Misericordia           | 95,800              | 7/30/07     | 6.69%                     | 160,226                      |
| 283 W McFar                         | 29,959              | 9/10/07     | 6.46%                     | 48,384                       |
| 2890 N Tolman                       | 95,455              | 11/2/07     | 6.25%                     | 149,148                      |
| 2884 N Tolman                       | 95,445              | 11/15/07    | 6.24%                     | 148,894                      |
| 2878 N Tolman                       | 95,625              | 11/27/07    | 6.20%                     | 148,219                      |
| 2872 N Tolman                       | 95,535              | 12/20/07    | 6.14%                     | 146,646                      |
| 1733 S Mountain                     | 93,000              | 4/29/08     | 6.03%                     | 140,198                      |
| 1759 S Mountain                     | 99,000              | 4/29/08     | 6.03%                     | 149,243                      |
| 5718 E Vuelta del Ladrillo Amarillo | 99,000              | 6/25/08     | 6.42%                     | 158,895                      |
| 57 22E Vuelta del Ladrillo Amarillo | 101,000             | 6/25/08     | 6.42%                     | 162,105                      |
| 5726 E Vuelta del Ladrillo Amarillo | 99,000              | 6/25/08     | 6.42%                     | 158,895                      |
| 5747 E Vuelta del Ladrillo Amarillo | 101,000             | 6/25/08     | 6.42%                     | 162,105                      |
| 5751 E Vuelta del Ladrillo Amarillo | 101,000             | 6/25/08     | 6.42%                     | 162,105                      |
| 5734 E Vuelta del Ladrillo Amarillo | 101,000             | 6/25/08     | 6.42%                     | 162,105                      |
| 5732 E Vuelta del Ladrillo Amarillo | 101,000             | 6/25/08     | 6.42%                     | 162,105                      |
| 2873 N Tolman                       | 102,000             | 6/25/08     | 6.42%                     | 163,710                      |
| 901 E 24th                          | 108,000             | 6/27/08     | 6.45%                     | 174,150                      |
| <b>TOTAL INTEREST SAVINGS</b>       |                     |             |                           | <b>2,557,132</b>             |

## Habitat for Humanity Savings on Mortgage Interest

| <b>ADDRESS</b>                      | <b>2nd MORTGAGE</b> | <b>Date</b> | <b>25 year Fixed Rate</b> | <b>Total Interest Amount</b> |
|-------------------------------------|---------------------|-------------|---------------------------|------------------------------|
| 5796 E Calle Misericordia           | -                   | 7/30/07     | 6.69%                     | -                            |
| 283 W McFar                         | 15,000              | 9/10/07     | 6.46%                     | 24,225                       |
| 2890 N Tolman                       | 8,600               | 11/2/07     | 6.25%                     | 13,438                       |
| 2884 N Tolman                       | 8,600               | 11/15/07    | 6.24%                     | 13,416                       |
| 2878 N Tolman                       | 8,600               | 11/27/07    | 6.20%                     | 13,330                       |
| 2872 N Tolman                       | 8,600               | 12/20/07    | 6.14%                     | 13,201                       |
| 1733 S Mountain                     | 27,000              | 4/29/08     | 6.03%                     | 40,703                       |
| 1759 S Mountain                     | 27,000              | 4/29/08     | 6.03%                     | 40,703                       |
| 5718 E Vuelta del Ladrillo Amarillo | 27,641              | 6/25/08     | 6.42%                     | 44,364                       |
| 57 22E Vuelta del Ladrillo Amarillo | 27,641              | 6/25/08     | 6.42%                     | 44,364                       |
| 5726 E Vuelta del Ladrillo Amarillo | 27,641              | 6/25/08     | 6.42%                     | 44,364                       |
| 5747 E Vuelta del Ladrillo Amarillo | 27,641              | 6/25/08     | 6.42%                     | 44,364                       |
| 5751 E Vuelta del Ladrillo Amarillo | 27,641              | 6/25/08     | 6.42%                     | 44,364                       |
| 5734 E Vuelta del Ladrillo Amarillo | 27,641              | 6/25/08     | 6.42%                     | 44,364                       |
| 5732 E Vuelta del Ladrillo Amarillo | 27,641              | 6/25/08     | 6.42%                     | 44,364                       |
| 2873 N Tolman                       | 8,600               | 6/25/08     | 6.42%                     | 13,803                       |
| 901 E 24th                          | 30,000              | 6/27/08     | 6.45%                     | 48,375                       |
| <b>TOTAL INTEREST SAVINGS</b>       |                     |             |                           | <b>531,739</b>               |

## Habitat for Humanity Savings on Mortgage Interest

| ADDRESS                             | 3rd MORTGAGE | Date     | 25 year Fixed Rate | Total Interest Amount |
|-------------------------------------|--------------|----------|--------------------|-----------------------|
| 5796 E Calle Misericordia           | -            | 7/30/07  | 6.69%              | -                     |
| 283 W McFar                         | 10,000       | 9/10/07  | 6.46%              | 16,150                |
| 2890 N Tolman                       | 10,000       | 11/2/07  | 6.25%              | 15,625                |
| 2884 N Tolman                       | 10,000       | 11/15/07 | 6.24%              | 15,600                |
| 2878 N Tolman                       | 10,000       | 11/27/07 | 6.20%              | 15,500                |
| 2872 N Tolman                       | 10,000       | 12/20/07 | 6.14%              | 15,350                |
| 1733 S Mountain                     | 15,000       | 4/29/08  | 6.03%              | 22,613                |
| 1759 S Mountain                     | 9,000        | 4/29/08  | 6.03%              | 13,568                |
| 5718 E Vuelta del Ladrillo Amarillo | 16,000       | 6/25/08  | 6.42%              | 25,680                |
| 57 22E Vuelta del Ladrillo Amarillo | 16,000       | 6/25/08  | 6.42%              | 25,680                |
| 5726 E Vuelta del Ladrillo Amarillo | 16,000       | 6/25/08  | 6.42%              | 25,680                |
| 5747 E Vuelta del Ladrillo Amarillo | 16,000       | 6/25/08  | 6.42%              | 25,680                |
| 5751 E Vuelta del Ladrillo Amarillo | 16,000       | 6/25/08  | 6.42%              | 25,680                |
| 5734 E Vuelta del Ladrillo Amarillo | 16,000       | 6/25/08  | 6.42%              | 25,680                |
| 5732 E Vuelta del Ladrillo Amarillo | 16,000       | 6/25/08  | 6.42%              | 25,680                |
| 2873 N Tolman                       | 10,000       | 6/25/08  | 6.42%              | 16,050                |
| 901 E 24th                          | 9,000        | 6/27/08  | 6.45%              | 14,513                |
| <b>TOTAL INTEREST SAVINGS</b>       |              |          |                    | <b>324,728</b>        |

## Habitat for Humanity Savings on Mortgage Interest

| <b>ADDRESS</b>                      | <b>4th MORTGAGE</b> | <b>Date</b> | <b>25 year Fixed Rate</b> | <b>Total Interest Amount</b> |
|-------------------------------------|---------------------|-------------|---------------------------|------------------------------|
| 5796 E Calle Misericordia           | 70,200              | 7/30/07     | 6.69%                     | -                            |
| 283 W McFar                         | 39,000              | 9/10/07     | 6.46%                     | 62,985                       |
| 2890 N Tolman                       | 46,400              | 11/2/07     | 6.25%                     | 72,500                       |
| 2884 N Tolman                       | 36,400              | 11/15/07    | 6.24%                     | 56,784                       |
| 2878 N Tolman                       | 46,400              | 11/27/07    | 6.20%                     | 71,920                       |
| 2872 N Tolman                       | 46,480              | 12/20/07    | 6.14%                     | 71,347                       |
| 1733 S Mountain                     | -                   | 4/29/08     | 6.03%                     | -                            |
| 1759 S Mountain                     | -                   | 4/29/08     | 6.03%                     | -                            |
| 5718 E Vuelta del Ladrillo Amarillo | 12,359              | 6/25/08     | 6.42%                     | 19,836                       |
| 57 22E Vuelta del Ladrillo Amarillo | 10,359              | 6/25/08     | 6.42%                     | 16,626                       |
| 5726 E Vuelta del Ladrillo Amarillo | 12,359              | 6/25/08     | 6.42%                     | 19,836                       |
| 5747 E Vuelta del Ladrillo Amarillo | 10,359              | 6/25/08     | 6.42%                     | 16,626                       |
| 5751 E Vuelta del Ladrillo Amarillo | 10,359              | 6/25/08     | 6.42%                     | 16,626                       |
| 5734 E Vuelta del Ladrillo Amarillo | 10,359              | 6/25/08     | 6.42%                     | 16,626                       |
| 5732 E Vuelta del Ladrillo Amarillo | 10,359              | 6/25/08     | 6.42%                     | 16,626                       |
| 2873 N Tolman                       | 39,400              | 6/25/08     | 6.42%                     | 63,237                       |
| 901 E 24th                          | 8,000               | 6/27/08     | 6.45%                     | 12,900                       |
| <b>TOTAL INTEREST SAVINGS</b>       |                     |             |                           | <b>534,476</b>               |

**Habitat for Humanity**  
**Third Mortgage Principal Foregiveness Amounts**

| <b>JOB #</b> | <b>ADDRESS</b>   | <b>3rd MORTGAGE PRINCIPAL BALANCE</b> |
|--------------|--|---------------------------------------|
| 1306         | 5796 E Calle Misericordia  | -                                     |
| 251          | 283 W McFar  | 10,000                                |
| 266          | 2890 N Tolman  | 10,000                                |
| 265          | 2884 N Tolman  | 10,000                                |
| 264          | 2878 N Tolman  | 10,000                                |
| 263          | 2872 N Tolman  | 10,000                                |
| 292          | 1733 S Mountain  | 15,000                                |
| 293          | 1759 S Mountain  | 9,000                                 |
| 1145         | 5718 E Vuelta del Ladrillo Amarillo                              | 16,000                                |
| 1146         | 57 22E Vuelta del Ladrillo Amarillo                              | 16,000                                |
| 1147         | 5726 E Vuelta del Ladrillo Amarillo                              | 16,000                                |
| 1153         | 5747 E Vuelta del Ladrillo Amarillo                              | 16,000                                |
| 1154         | 5751 E Vuelta del Ladrillo Amarillo                              | 16,000                                |
| 1170         | 5734 E Vuelta del Ladrillo Amarillo                              | 16,000                                |
| 1171         | 5732 E Vuelta del Ladrillo Amarillo                              | 16,000                                |
| 270          | 2873 N Tolman  | 10,000                                |
| 290          | 901 E 24th   | 9,000                                 |
|              | <b>TOTAL OF PRINCIPAL "FORGIVENESS" SAVINGS<br/>TO COMMUNITY</b> | <b>205,000</b>                        |

**Habitat for Humanity  
Savings on Closing Costs**

| <b>JOB #</b> | <b>ADDRESS</b>                      | <b>Closing Fees Paid</b> |
|--------------|-------------------------------------|--------------------------|
| 1306         | 5796 E Calle Misericordia           | 1,966                    |
| 251          | 283 W McFar                         | 1,829                    |
| 266          | 2890 N Tolman                       | 1,845                    |
| 265          | 2884 N Tolman                       | 1,966                    |
| 264          | 2878 N Tolman                       | 1,896                    |
| 263          | 2872 N Tolman                       | 1,960                    |
| 292          | 1733 S Mountain                     | 2,046                    |
| 293          | 1759 S Mountain                     | 2,311                    |
| 1145         | 5718 E Vuelta del Ladrillo Amarillo | 2,219                    |
| 1146         | 57 22E Vuelta del Ladrillo Amarillo | 2,176                    |
| 1147         | 5726 E Vuelta del Ladrillo Amarillo | 2,200                    |
| 1153         | 5747 E Vuelta del Ladrillo Amarillo | 2,118                    |
| 1154         | 5751 E Vuelta del Ladrillo Amarillo | 2,128                    |
| 1170         | 5734 E Vuelta del Ladrillo Amarillo | 2,127                    |
| 1171         | 5732 E Vuelta del Ladrillo Amarillo | 2,167                    |
| 270          | 2873 N Tolman                       | 2,006                    |
| 290          | 901 E 24th                          | 2,166                    |
|              | <b>TOTAL ACTUAL CLOSING COSTS</b>   | <b>35,126</b>            |

**Habitat for Humanity**  
**Life Cycle Savings on "Green" Construction Practices**

**GREEN CONSTRUCTION SAVINGS**

|  | <u>Average Monthly Utility Bill</u> | <u>Monthly Savings</u> | <u>Total Life Cycle Savings</u> |
|--|-------------------------------------|------------------------|---------------------------------|
| - average 20% monthly utility cost savings | \$90                                | \$18                   | \$5,400                         |

**METAL ROOF SAVINGS**

|                            | <u>Average Monthly Utility Bill</u> | <u>Monthly Savings</u> | <u>Total Life Cycle Savings</u> |
|----------------------------|-------------------------------------|------------------------|---------------------------------|
| - 30% Monthly Utility Cost | \$90                                | \$27                   | \$8,100                         |

**LIFE CYCLE MAINTENANCE SAVINGS**

|                                  |  |  |         |
|----------------------------------|--|--|---------|
| - 30 year vs. 20 year life cycle |  |  | \$7,000 |
| - average 10,000 re-roofing cost |  |  |         |

**Habitat for Humanity**  
**Savings on Landfill Use from HabiStore Recycling**

| <b>Landfill Costs</b>           | <b>Cost/Ton</b> | <b>Tons/Year</b> | <b>Annual Savings</b> |
|---------------------------------|-----------------|------------------|-----------------------|
| Landfill Use Savings            | \$40            | 50               | \$2,000               |
| Landfill Transportation Savings | \$9             | 50               | \$450                 |

**Habitat for Humanity  
HabiStore Sales and Savings to Community**

|                                      |                |
|--------------------------------------|----------------|
| <b>HabiStore Sales</b>               | <b>767,419</b> |
| <b>30% Cost Savings to Community</b> | <b>230,226</b> |

**Habitat for Humanity  
Performance Trends**

| <b>DESCRIPTION OF MEASUREMENT</b> | <b>FY 2004</b> | <b>FY 2005</b> | <b>FY 2006</b> | <b>FY 2007</b> | <b>FY 2008</b> |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|
| Number of Homes Sold in Year      | 16             | 21             | 16             | 20             | 17             |
| Number of Homes Started in Year   | 15             | 17             | 14             | 13             | 15             |
| Lots Under Active Development     | 35             | 82             | 85             | 90             | 99             |
| Total Operating Revenue           | \$3.9M         | \$4.2M         | \$4.1M         | \$5.0M         | \$6.0M         |
| Fundraised Revenue                | \$1.7M         | \$2.2M         | \$2.0M         | \$2.8M         | \$2.6M         |
| Earned Revenue                    | \$2.2M         | \$2.0M         | \$2.1M         | \$2.2M         | \$3.4M         |
| Total Operating Expenses          | \$2.4M         | \$3.3M         | \$3.5M         | \$5.4M         | \$5.9M         |
| Year-End Assets                   | \$9.2M         | \$16.9M        | \$16.8M        | \$11.4M        | \$11.4M        |
| Year-End Debt Load                | \$1.5M         | \$7.2M         | \$5.9M         | \$3.0 M        | \$2.5M         |
| Number of Annual Volunteers       | 3,300          | 3,800          | 4,500          | 5,000          | 5,500          |

**Habitat for Humanity**  
**Comparisons to Other Low-Income Housing Development Services**

**CHICANOS POR LA CAUSA**

Chicanos Por La Causa (CLPC) provides a variety of community housing services including:

- Development of affordable and market rate single family housing for low income families;
- Mixed use economic development projects in economically distressed areas;
- Down Payment Assistance for first time homebuyers;
- Monetary Assistance to homeowners and rental tenants who have experienced a crisis;
- Roof repair and replacement for low income families.

The specific development of low-income single family housing was initially done through a subsidiary of CPLC named La Causa Construction. Since inception in 1997, La Causa Construction says they have helped more than 320 families become homeowners and have rehabilitated 55 homes in the local area.

More detailed information is difficult to obtain. In 2005 La Causa Construction, Inc. merged with Futuro Investment Corp., a for-profit corporation headquartered in Phoenix. Futuro Investment Corp. also is apparently the parent corporation for Chicanos Por la Causa (CPLC).

There is also an independent organization named Chicanos Por La Cuasa Tucson Foundation. Several of their officers are also officers and/or directors of Futuro Investment Corp. This Foundation has total assets of \$72,000

as of 6/30/07 and total revenues of less than \$100,000, of which almost all went for salaries and consulting fees. This Foundation is apparently not involved in any home development activities.

## **OLD PUEBLO COMMUNITY SERVICES**

Old Pueblo Community Services (OPCS) is a Community Housing Development Organization who goal is to create a community of housing leading to home ownership. Services provided include:

- Transitional Living Services providing temporary habilitation services to 175 male and female clients in six locations, plus 8 to 12 homeless offender families and 24 children;
- Assistance with Down Payments;
- Providing homebuyer education;
- Repair of existing homes for low income families;
- Rehabilitation of apartments
- Construction of new homes.

OPCS had announced plans in 2006 to build 56 new houses in various locations around Tucson. Further investigation is needed to determine the actual number of homes completed. Based on Corporation Commission filings, the actual home development expenditures in 2006 were only \$340,000 (19% of a total budget of \$1,767,000) with transitional living services accounting for approximately 60% of the total budget.