



CREATING OWNERSHIP
AND ECONOMIC OPPORTUNITY

NEIGHBORHOOD TRANSFORMATION:

Impacts and Lessons
from the
Walltown
Homeownership
Project



2008



Dear Friends and Neighbors,

Self-Help began working in Durham's Walltown neighborhood in 1994. Now, more than ten years later, we are looking back at our experience and retelling our story, assessing the impact and cataloging what we have learned through this experience.

Our decade of work produced 77 new and renovated homes and occupying those homes, 160 residents in Walltown. Physical improvements in the neighborhood are undeniable. Volunteers have cleaned up the Ellerbe Creek tributary and Walltown Park's facilities were renovated by the City. New organizations, like the Walltown Theater, a Duke medical clinic, and the Carter Community Charter School have added breadth to the neighborhood. In addition, crime is declining and Walltown's reputation continues to improve.

Self-Help was not the only organization working in Walltown. We were fortunate to work with the City of Durham, Duke University, Habitat for Humanity, the Walltown Community Association, Walltown Neighborhood Ministries, and many other agencies serving this section of Durham. In preparing this report, we interviewed a range of individuals who were involved in Walltown revitalization activities. We'd especially like to thank Audrey Mitchell of the Walltown Community Association, John Burness of Duke University, Revered Mel Williams of Walltown Neighborhood Ministries, Rick Hester and Juanita Massenburg of the City of Durham and Walltown homeowner Carline Jules for sharing their experiences with us. We also drew heavily on the experience of current and former Self-Help staff and benefited from data collected by the US Census as well as the City of Durham's Police Department and offices of Planning and Housing and Neighborhood Development.

This report was prepared by Self-Help as an assessment of its involvement in the project, and therefore has a decided focus on Self-Help's activities. We cannot hope to capture everything that happened nor account for all of those involved in Walltown during the life of this project and the transformation of the neighborhood. This is not intended as a comprehensive account of Walltown's change. In recognition that different individuals and groups may have different perspectives on events in Walltown, we welcome additional feedback you may have about this report and about our work in Walltown.

We have learned much from this experience, including lessons that we are applying as we work in other neighborhoods throughout North Carolina. We hope that you enjoy this look back and find it inspiring as Walltown looks forward.

Thank you,

Martin D. Eakes
President & CEO Self-Help

EXECUTIVE SUMMARY

In 1994, Self-Help began acquiring and developing homes in Walltown – a traditionally working-class African-American neighborhood just north of Duke’s East Campus, approximately one mile from downtown Durham. At the time, Walltown’s housing stock was dominated by dilapidated rental properties; the neighborhood’s common spaces were troubled by crime and drug activity; and there were few homeownership opportunities to attract new residents.

Self-Help, a Durham-based non-profit community development financial institution whose mission is to create and protect ownership and economic opportunity, saw the need to revitalize the housing stock and bring homeowners into the community. In 1994, there were few opportunities for families to purchase quality and affordable homes in Walltown. Self-Help believed replacing dilapidated rental properties with quality affordable homes for ownership would spark renewed investment and serve as a catalyst for overall neighborhood change.

As of July 2007, Self-Help acquired 85 properties in Walltown, sold 77 homes to homeowners and sold four lots for development by another entity. Self-Help remains active in Walltown through the continued sale and development of properties, though on a much smaller scale than before.

Self-Help’s development work changed Walltown, and Walltown changed Self-Help. In Walltown, homeownership rates increased, housing quality and property values rose, and crime decreased. Self-Help, never having played the role of housing developer, learned how to successfully develop housing and promote neighborhood change.

Our experience in Walltown supports our continuing work as affordable housing developers. Our processes and our products have evolved as a result of lessons we learned while working in Walltown (additional discussion of these lessons in Section 4). Key lessons learned include:

Housing Construction

- **Style Matters:** Pay attention to aesthetics.
- **Rebuild Rather than Rehab:** Sometimes tear down to start from scratch.
- **Quality Matters:** Chose contractors wisely.
- **Think About the Future:** Building and buying the house is only the first step.

Development Process

- **Avoid Relocation:** Vacant and lease-ending properties are preferable.
- **Acquisition:** Maximize funds when prices are low, hold until ready.
- **Construction Processes:** Bulk build, target neighborhood blocks.

Community Relations

- **Do Your Homework:** Develop a relationship with the community early.
- **Communication Matters:** Be clear about roles and expectations.
- **Conflict Happens:** Be prepared to deal with inevitable conflict.

Developing Neighborhoods

- **Build Neighbors:** Find ways to help new buyers get involved in the community they are invested in and support community development.
- **Take Advantage of Opportunities to Build More than Houses:** Housing developers can play a role in some neighborhood focused projects.
- **Commitment:** Neighborhood change projects require large scale and long term commitment.
- **The Big Picture:** Homeownership will not solve all neighborhood and social ills.

Self-Help’s housing development work in Walltown is winding down. However, both Self-Help and Walltown continue to evolve. Building on our experience in Walltown, Self-Help is now developing high-quality affordable housing in neighborhoods across North Carolina. And, based in part on Self-Help’s work in Walltown, the neighborhoods are continuing to transform.

SECTION I: ABOUT WALLTOWN

Walltown, a 28 block area just north of Duke's East Campus, is dotted with new homes in the wake of a thirteen year community revitalization project spearheaded by Self-Help. This historically blue collar African American neighborhood has seen quite a bit of change. The turn of the century saw the birth of the Walltown neighborhood. Mid-century, it grew and thrived as a tight-knit working-class African American community; but the 1970s and 1980s brought dis-investment and decline. Today, there are efforts to rebuild a safe and thriving neighborhood again.

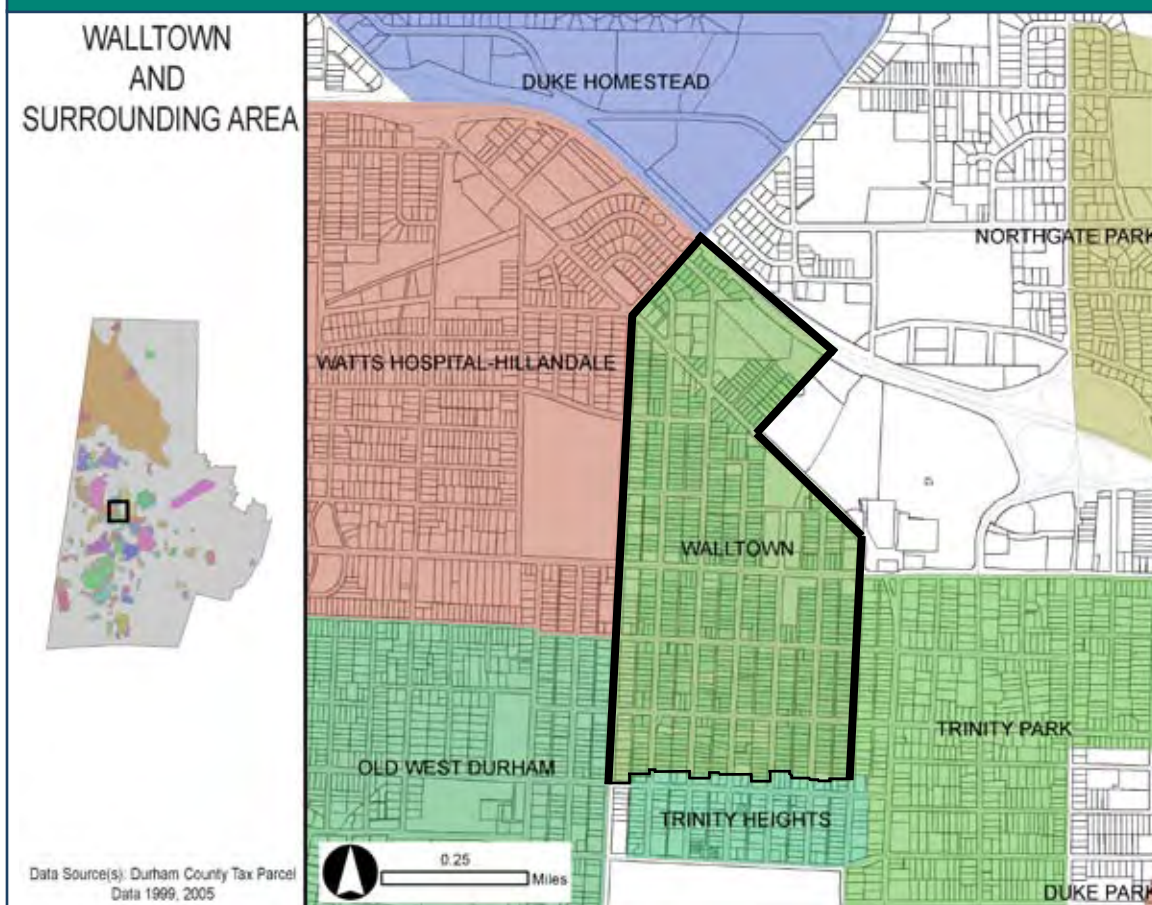
Walltown was founded when George Wall, a former slave and long time custodian at Trinity College (later renamed Duke University), and his family settled near the school after its relocation from Randolph County. From this initial cluster of family homes grew a thriving neighborhood. In 1910, the first neighborhood church was built and named for George Wall, Wall Street Baptist Church.

The neighborhood school, built a few years later, also bore his name. Throughout the mid-twentieth century, the neighborhood flourished, coalescing around the school and the churches. Many of the residents worked at nearby Duke. Older Walltown community members fondly remember this time of neighborhood unity, "Everyone knew everyone" stated resident Donna Price¹.

Unfortunately, as time went on the neighborhood fell into disrepair. The school closed in 1975. Young people left the neighborhood and did not return. As Walltown homeowners aged, their family members chose to sell to investors or rent out the homes rather than return to live in the neighborhood. By 1990 73% of the houses were rental properties rather than owner occupied. Poverty, unemployment and crime rates exceeded city averages throughout the 1980s and 1990s.

¹Cheng, Vicki, "Walltown: Wallflower no more." *The News & Observer*, Metro Section, Durham, NC, 22 Jan. 2000.

Figure 1: Map of Walltown and Surrounding Area



ABOUT WALLTOWN

Walltown in the 1990s

The 1990 Census described Walltown as a neighborhood lagging behind the city. Household income was nearly \$11,000 below the city median and 26% of Walltown residents had household incomes below the poverty line. The census statistics also showed that Walltown was home to a higher concentration of African Americans than the rest of Durham.

Table 1: Census Demographic Indicators²

	1990	
	Walltown	Durham City
Total Population	2,337	136,611
% Population White	39.84%	51.71%
% Population African American	58.41%	45.71%
% Latino	1.33%	1.18%
% Other Race	1.75%	2.58%
Median Household Income	\$16,769	\$27,256
% Population in Poverty	25.89%	14.03%

Homeownership: The most striking statistic from the 1990 census was the incredibly low homeownership rates in the neighborhood; only 20% of the housing units were owner-occupied.

Table 2: Census Housing Indicators

	1990	
	Walltown	Durham City
Total Housing Units	1,245	60,607
% Renter-Occupied	72.53%	51.59%
% Owner-Occupied	19.92%	40.81%
% Vacant	7.55%	7.60%

Housing Quality: Many Walltown homes suffered from neglect. A 1996 building condition survey classified 30% of the units as sound, 49% as marginal and 21% as deteriorated. The majority of the housing units, therefore, needed repair. Owner-occupied homes were in better shape than rental properties in Walltown: only 9% of owner-occupied homes were classified as deteriorated whereas 23% of the renter-occupied homes were similarly classified.³

Crime: Walltown residents were very concerned about the amount of crime in the neighborhood. The 1997 Walltown Revitalization Plan cited reducing crime as the “number one priority among Walltown residents.”⁴ Hand in hand with neighborhood crime, residents complained of loitering and drug dealing along Walltown streets.

² The boundaries of Walltown do not neatly follow census block groups. This data is for the three block groups containing Walltown (Tract 3.01: Groups 1, 2, and 3). However, this includes some areas outside of Walltown: parts of the more affluent Trinity Park and Trinity Heights and Northgate Mall.

³ Durham Planning Department. Walltown Revitalization Plan. 1997. page 17.

⁴ Percentages generated from numbers listed on pages 12 and 13 of the Walltown Revitalization Plan. Durham Planning Department, 1997.

SECTION II: PARTNERS IN TRANSFORMATION

In 1994 Dr. Robert Rosenstein, a local optometrist and owner of thirty rental properties in Walltown, decided to sell his properties. Self-Help, with the help of the City of Durham and the Walltown Community Association, negotiated an agreement to buy all of Dr. Rosenstein's properties. Up until this point, Self-Help had been in the business of financing affordable housing development, but did not have any experience as an affordable housing developer. Because of Walltown's location – bordered on all sides by stable neighborhoods – it appeared primed for revitalization. Self-Help saw the opportunity to serve as a catalyst for change in Walltown. Dr. Rosenstein's thirty properties provided a good start towards developing the critical mass Self-Help felt would be needed to transform the neighborhood. In 1995 Self-Help signed a contract with Robert Rosenstein to purchase the properties for approximately \$11,000 each. The first house Self-Help rebuilt in the Walltown Homeownership Project received its Certificate of Occupancy on April 29, 1997.

Goals and Plans for Walltown

Self-Help saw a number of opportunities in Walltown. First, we wanted to increase homeownership in Durham and Walltown. Creating opportunities for homeownership had long been part of Self-Help's mission and work. Since Walltown homeownership rates were so low, the primary goal of the project was to increase the number of homeowners in the neighborhood. Second, Self-Help hoped to be able to turn around a deteriorating affordable neighborhood in Durham. We hoped to impact more than just the lives of the new homeowners, but also the lives of the 1600 people living in Walltown. The link between homeownership and neighborhood stability has long been part of affordable housing development and Self-Help hoped to realize this change in this Durham neighborhood. The idea of a "tipping point" became part of Self-Help's theory of change for the neighborhood: if we improved enough houses, the private market would step in to continue the neighborhood's transition.

A letter from Martin Eakes to John Burness at Duke University illustrated how the scope of the project changed as the Walltown Homeownership Project evolved. Written in 1999, Eakes emphasized Self-Help's commitment to expanding decent housing

opportunities. Self-Help envisioned adding 140 new homeowners to the neighborhood. This would be accomplished through continued direct rehab and construction (100 units), rehab and construction by other non-profit developers (20 units), and making available combination loans for home purchase and rehab to encourage private development by those with moderate-incomes in the neighborhood (20 units). Eakes also addressed the need for decent and affordable rental housing, particularly for the elderly. Self-Help did not plan to develop and manage this housing itself, but rather envisioned working in partnership with other organizations to encourage the development of these alternatives to homeownership.⁵

Partnerships Throughout

Self-Help did not enter into community revitalization in Walltown alone. Duke University, the City of Durham, and the Walltown Community all played important roles as the project progressed.

Duke, previously criticized for not doing enough with local communities, was interested in making an investment in the neighborhoods surrounding the school, including Walltown. In 1994 Duke loaned Self-Help \$2M to be used for homeownership in Durham and to support Self-Help's efforts to increase homeownership opportunities in general. Self-Help used some of this money to subsidize the cost of developing homes in Walltown. Duke's Office of Community Affairs (specifically the Duke-Durham Neighborhood Partnership) also played an important role in building neighborhood relationships and establishing goals and plans during development.

The *City of Durham* played various roles throughout the process, contributing more than \$2M through Self-Help to support homeownership in Walltown. Durham provided second mortgage financing to keep the homes affordable, helped produce the Walltown Revitalization Plan in 1997, passed Community Development Block Grant (CDBG) funding to projects in Walltown, and monitored the project from a planning perspective. The City supported Self-Help's project in Walltown, and also supported neighborhood improvement through its Planning, Public Works, Parks & Recreation and Police Departments independent of Self-Help's project.

⁵ Business correspondence from Martin Eakes to John Burness. 14 Jan 1999.

PARTNERS IN TRANSFORMATION

The *Walltown Community Association (WCA)* had long been part of the Walltown neighborhood, and it stood up for the needs of residents. In its earliest years, this group was organized like a council with the leader, called the Bronze Mayor, representing the community. Reformed in the 1980s in opposition to Northgate Mall's planned encroachment into the neighborhood, the Walltown Community Association had been actively working with the city to reduce crime and improve housing conditions in the neighborhood prior to Self-Help's involvement. The group was very involved in the completion of the Walltown Revitalization Plan and helped put together the agreement between Dr. Rosenstein and Self-Help. The WCA and Self-Help worked together in the development of the first 30 houses, but disagreements limited collaboration as the project progressed. However, in recent years, WCA and Self-Help have worked to improve their relationship and often find ways to support each other in transforming Walltown. Self-Help, for example, regularly supports neighborhood community building activities organized by the WCA.

Walltown Neighborhood Ministries (WNM) formed in 1996 when local ministers began meeting to discuss the role they could take in the community. WNM has tried to bring together other groups working independently in Walltown to improve the neighborhood by holding regular collaborative meetings. WNM also organizes its own programs. For example, the Street Reach summertime block festival is designed to build community between neighbors. A Self-Help staff member has been on the Walltown Neighborhood Ministries board since it began. Duke University worked closely with WNM, using this group as their primary community group partner in grant raising and community development initiatives.

Habitat for Humanity built 7 houses in Walltown while Self-Help was working in the neighborhood. Financing from the City of Durham and Federal Home Loan Bank was directed to support development by both organizations. Self-Help encouraged Habitat to build in Walltown; Self-Help sold three lots to the non-profit for construction.

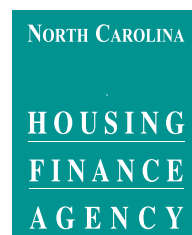
The *North Carolina Housing Finance Agency (NCHFA)* provided critical funding support both to the project and directed to homebuyers. In support of the project, NCHFA provided a \$300,000 construction loan to Self-Help with flexible terms (which allowed us to acquire properties as opportunities arose). In addition, NCHFA provided grants and very low-interest loans to Self-Help homebuyers thus contributing to keeping monthly payments low. Without this help, Self-Help would not have been able to reach such a broad spectrum of income earners.



**WALLTOWN
COMMUNITY
ASSOCIATION**



**WALLTOWN
NEIGHBORHOOD
MINISTRIES**



PARTNERS IN TRANSFORMATION

Funding

Our local partners helped to set the direction, find new opportunities, and contribute to the practical realization of the project. External partners also played an important role in making the project financially feasible. Outside funding, along with internal support, played a key role in allowing Self-Help to both successfully complete the homes and to keep the price of the homes affordable to low-income homebuyers. There were three major forms that this funding came in: financing for operations, acquisition and homebuyers.

As is usually the case in undertaking community development projects, the organization's costs must be subsidized by outside parties. Operating grants helped cover some of Self-Help's costs – staff, project administration, sales and marketing – and enabled Self-Help to sell the new homes in Walltown at or below cost. The most significant source for this use came from the Duke Endowment.

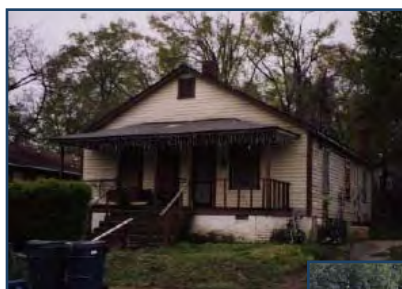
Grants for acquisition and various aspects of construction were used directly to develop Walltown homes. These grants and loans were used to purchase buildings and lots, fund construction costs and contributed to other direct home costs (appliances, energy saving building techniques and landscaping). Funding from the City of Durham, through the federally managed HOME program, was one significant source of acquisition funding. The construction loan provided by the North Carolina Housing Finance Agency (NCHFA) proved to be very important since it had flexible terms. Self-Help could draw down and repay this construction loan to cover the construction costs of multiple homes at once. The entire cost of building the Walltown homes was over \$5M. Of this amount, \$2M in loans and grants was provided from other sources; the remainder was provided by Self-Help.

Table 3: Funding Sources, Operations

	Amount	Use	Type
NC Housing Finance Agency	\$10,000	Administration	Grant
Duke Endowment	\$750,950	CDC Staff support	Grant
Total	\$760,950		

Table 4: Funding Sources, Project Funding

	Amount	Use	Type
Duke Endowment	\$359,916	Acquisition	Grant
City of Durham	\$252,000	Relocation Assistance	Grant
NC Housing Finance Agency	\$161,500	Energy Assistance	Grant
Duke University	\$106,797	Acquisition	Grant
City of Durham	\$48,000	Acquisition	Grant
Private Donor	\$15,000	General	Grant
Fox Family Foundation	\$3,000	Landscaping	Grant
Home Depot	\$2,500	Appliances	In-kind Donation
City of Durham	\$386,200	Acquisition	Loan
Duke University	\$375,000	Acquisition	Loan
NC Housing Finance Agency	\$300,000	Construction	Loan
Total	\$2,009,913		



PARTNERS IN TRANSFORMATION

Along with developing the houses, Self-Help helped homebuyers line up the necessary financing to purchase a new Walltown house. Self-Help Credit Union has been offering mortgages since 1985 and provided first mortgages for 57 of the Walltown homebuyers. Self-Help worked with the other homebuyers as well to offer supplemental financing even if the homebuyer was able to get a mortgage from another traditional lender.

Table 5: Funding Sources, Mortgage Financing

	Number of Loans	Amount
Self-Help Credit Union	57	\$3,380,670
CCB	9	\$417,700
BB&T	2	\$83,825
Wachovia	1	\$69,933
City of Durham (Bond)	1	\$94,000
National City Mortgage	1	\$79,500
GMAC	1	\$95,040
FM Lending	1	\$87,200
Total	73	\$4,307,868

In addition to first mortgages, many Walltown homebuyers received other funds in order to make the homes more affordable. Low cost second, third or fourth mortgage financing for Walltown homebuyers effectively lowered the sales price of the house. These additional mortgages were channeled through Self-Help, but the benefit went solely to the homebuyer. A number of different organizations contributed this kind of funding including: the City of Durham, NC Housing Finance Agency and the Federal Home Loan Bank. Many buyers received funding from multiple sources – some received up to four mortgages in order to purchase their home. All of the additional financing was provided at zero percent interest and 25% of the additional mortgages were forgiven completely by the funder.

Table 6: Funding Sources, Low Cost Subordinate Debt

	# of Buyers Receiving Funding	Total \$ Amount Received
City of Durham	56	\$ 1,345,235
NC Housing Finance Agency	55	\$ 778,740
Federal Home Loan Bank	33	\$ 138,150
Self-Help Credit Union	1	\$ 20,000
Total	145	\$ 2,282,125

Many homebuyers also received money that they did not have to pay back to help purchase their homes. Some funds, such as those listed in Table 7, were provided as grants directly to the buyer. These funds helped with down payments and closing costs. Duke Power also provided grant-like funds that effectively reduced the cost of Walltown homes. These funds came through Duke Power's Neighborhood Revitalization Energy Efficient Rehabilitation Loan Program and were used to "buy down" the interest rate on Walltown homes which Self-Help built or rehabbed incorporating energy efficient modifications. Over \$500,000 came through this program allowing 45 Walltown homebuyers to receive lower interest rates on their mortgage than they would have otherwise qualified for.

Table 7: Funding Sources, Grants

	# of Buyers Receiving Grant	Total \$ Amount Received
Community Development Block Grant (City of Durham)	2	\$ 6,765
Triangle Community Foundation	11	\$ 9,967
Private Donor	8	\$ 3,120
Singing For Change Foundation	12	\$ 9,935
Oak Foundation	2	\$ 2,644
Realtors' Association	1	\$ 2,000
City of Durham (HOPE)	3	\$ 6,000
Other	2	\$ 1,657
Total	41	\$ 42,088

PARTNERS IN TRANSFORMATION

New Walltown Homes

Beginning in 1996, Self-Help became active in the revitalization of Walltown. Self-Help acquired 85 properties in the neighborhood. Seventy-eight of these properties were either rehabbed or rebuilt to create 77 “new” homes that were sold to homeowners. Of those 77, two houses were sold twice.⁶ Four lots were sold to another entity for development: three to Habitat for Humanity and one to a couple who fixed up the home on their own. One house is currently for sale; one property is currently rented to a non-profit organization; and one house is owned by Self-Help and will be rebuilt. Some of the homebuyers had been renting in Walltown for years, while others returned to the neighborhood at the chance to purchase a home.



The Homes

The homes Self-Help developed in Walltown sold for between \$70,500 and \$125,000, with the average home costing just over \$90,000. The prices for the homes increased over time, as homes in the neighborhood appreciated and construction costs rose. Homeowners pay, on average, between \$450 and \$650 monthly in total mortgage costs.

The houses are 2 to 3 bedrooms and have between 1000 and 1600 square feet. Since 2005, Self-Help has been employing the services of Tightline Designs, an architecture firm specializing in aesthetically pleasing small and affordable homes. Rehabbed homes underwent significant physical changes, many from rental duplexes to single family homes. As soon as Self-Help began building new homes, we immediately worked to incorporate materials and construction techniques that would improve energy efficiency. Self-Help used Systems Vision, a set of building standards incorporated into the new construction process that lowers the energy use in homes and ensures that the heating and cooling portions of energy costs will not exceed \$420 per year for the first two years. Unfortunately, System Vision was unable to accommodate the rehabs.

Note: With regard to the data source used to generate Figure 2, 10 GPS enabled ground-truthing revealed that the 2005 parcel layer was undercounting the number of homes built since 1999; i.e. there appeared to be a good deal of new home construction in the area which Durham's most recent parcel data did not yet account for. Self Help provided CEHI with data on parcel addresses they financed for new home construction/significant renovation for a more complete picture of these activities, including construction completed since 2005.

Figure 2: Location of New Construction and Renovated Homes in Walltown⁷



⁶ Self-Help foreclosed on these two properties, fixed up the homes and resold them to new homebuyers.

⁷ This map was put together by staff at Duke University's Children's Environmental Health Initiative in 2007 and includes homes built by other non-profits in addition to Self-Help's homes. Year built information in parcel level data from Durham County Tax Parcel Database for the years 1999 and 2005.

PARTNERS IN TRANSFORMATION

The Homebuyers

The opportunity to purchase a home in Walltown attracted a variety of different people. Self-Help required that the homebuyers have an income below 80% of the area median income (AMI) and that their credit history support their desire to buy a home. In fact, on average, Walltown homebuyers had incomes of just 56% of AMI. Self-Help underwrote 77% of the loans for these houses because we are committed to working with buyers to overcome credit blemishes in helping them purchase their home.

Ten of the homeowners had previously lived in Walltown and one was a resident of public housing before purchasing a home. Twenty-nine homeowners are single parents with a combined total of 70 children. Like their long-time neighbors, new Walltown homebuyers are mostly African American.

Table 8: Walltown Homebuyers, Race		
	Number	Percentage
African American	53	70%
Latino	5	7%
White	16	21%
Other	2	31%

Self-Help marketed the homes directly to Duke Employees. Given that Duke employs so many people, is just blocks from Walltown, and was a strategic partner, this seemed a natural marketing opportunity. As a result 41% of Walltown homebuyers were employed by Duke at the time of purchasing their home.

One Homebuyer’s Story

Just a few years ago, Carline Jules had to help her 6-year-old son, Jaden, do his homework at night under the interior light of her car. It was their only shelter. “He thought it was camping,” Carline says. Carline, who immigrated to the United States from Haiti in 1981, earned a bachelor’s in business administration from the University of Maryland at College Park in 1996. She moved to North Carolina for a job as a financial analyst. After a difficult divorce Carline’s financial situation became unstable. She couldn’t pay her bills and many of her accounts went to collection.

A determined Carline eventually secured a job at Duke University. She paid off as much debt as she could, and started paying rent for a small apartment. The apartment, however, was in a distressed neighborhood and Carline didn’t want Jaden to grow up surrounded by its active gang culture.

Carline met Sam Miglarese, the director of community engagement for the Duke-Durham Neighborhood Partnership, through their children’s involvement in the Swimming with the Blue Devils program. “I was so impressed with her,” Miglarese says. “I didn’t have any idea she was struggling with credit and housing issues.” After Carline shared her struggles to become financially secure, Sam told her about the Self-Help Credit Union.

When Culley Holderfield, a Self-Help home loan officer, called Carline in March 2007, she was expecting the worst. “I thought (Culley) would say, ‘If you live on bread and noodles for a year, then we’ll think about it.’ But he told me, ‘It’s not that bad. We will work with you.’” A few months later, Carline finally found her dream home among the houses Self-Help built in the newly rehabilitated Walltown neighborhood that borders Duke’s East Campus.

Through collaboration with the City of Durham, Duke Energy, Duke University, and the N.C. Housing Finance Agency, Self-Help was able to offer Carline a five percent, fixed-rate, 30-year mortgage. As Carline shows visitors around her new home, she seems barely able to contain her excitement. “Let’s go finish seeing my castle,” she says as she ushers guests from room to room. “That’s what I call it, my castle.”

PARTNERS IN TRANSFORMATION

Expanding the Project: From Homeowners to Neighbors

Over time the Walltown Homeownership Project evolved from a strictly homeownership project to a neighborhood improvement project. Some internal documents even show a change in the name used for the project: from the Walltown Homeownership Project to the Walltown Neighborhood Revitalization Project. Three neighborhood projects show how Self-Help broadened its work in the neighborhood and facilitated investment in Walltown beyond homeownership.

The Knox Street Grocery was a haven for drug activity. The phone booth outside the building served as a drug request line. In partnership with Duke, Self-Help bought and renovated this building which was converted into the office of Walltown Neighborhood Ministries and is now occupied by another non-profit offering GED classes, among other services.

The Walltown Elementary School, once a source of neighborhood pride, had been abandoned and, at the time Self-Help began working in Walltown, served as a haven for drug activity and crime. Self-Help worked with Saint James Baptist Church to turn this building back into a community resource. Saint James Baptist Church, with a low-interest loan from Self-Help, purchased and renovated the building into a new worship and community space. Part of the building now houses Carter Community Charter School. Self-Help loaned these two organizations \$2M to transform this building. The interest on approximately half of this amount was subsidized.

Self-Help also helped the non-profit Walltown Children's Theatre (WCT) get started. This community non-profit was begun in 2000 to "serve as a 'door of hope and place of opportunity for all children'"⁸ and provides instruction in dance and theater to Durham children," with a focus on serving low-income and minority children. We provided two loans to the WCT in 2002 and 2003. In addition to financial support, Self-Help staff provided technical assistance to WCT, including developing a business plan, obtaining tax exempt status, and raising funds for capital investment and operating expenses.

Our partners also expanded their involvement in the neighborhood. Duke worked with Lincoln Community Health Center and Planned Parenthood to open the Walltown Neighborhood Clinic in 2005. Although it lies about a block outside the formal boundaries of Walltown, the clinic provides health services to Walltown residents. The City of Durham is planning to build a new community center in the neighborhood. The community center, to be completed in 2009, will provide programs for elderly and young neighborhood residents.

⁸ www.walltownchildrenstheatre.org



SECTION III: CHANGES IN WALLTOWN

Walltown in the 2000s

Nearly 80% of Walltown homebuyers surveyed by Self-Help in 2003 indicated that they thought the neighborhood had changed for the better since buying their house and 94% thought Self-Help's work in the neighborhood has been beneficial.⁹ Anecdotally, residents and community leaders have expressed their appreciation for Self-Help's work. A simple, "good job" or "thanks for working in my neighborhood" validates our efforts. However, data also demonstrates positive change in the neighborhood. A number of different indicators show the changes that have occurred in Walltown since the 1990s. Based on Self-Help's goals for the neighborhood, we chose to look at the following indicators: home-ownership, housing quality, crime and sense of community.

General Indicators: Data for the 2000 Census was collected in the midst of Self-Help's work in Walltown. Self-Help had sold 28 houses in Walltown by January 1, 2000 – less than half of the eventual 77 houses sold in Walltown by July 1, 2007. The next census, to be completed in 2010, will likely document even greater changes in the neighborhood. However, the data collected by the 2000 US Census already shows improvement in the neighborhood. Incomes rose, although not as much as they did in the city overall, which means they continued to be considerably less than the city average. Poverty decreased in Walltown, while it rose in the rest of the city.

Table 9: 2000 Census Statistics Comparing Walltown and Durham General¹⁰

	2000			Difference 1990 to 2000	
	Walltown	Walltown & Surrounding Areas	Durham City	Walltown & Surrounding Areas	Durham City
Total Population	1,366	2,432	187,035	+95	+50,424
Median Household Income	N/A	\$28,649	\$41,160	+\$11,880	+\$13,904
% Population in Poverty	N/A	23.40%	14.22%	-2.49%	+0.20%

Table 10: 2000 Census Statistics Comparing Walltown and Durham, Housing

	2000			Difference 1990 to 2000	
	Walltown	Walltown & Surrounding Areas	Durham City	Walltown & Surrounding Areas	Durham City
Total Housing Units	655	1,205	80,797	-40	+20,190
% Renter-Occupied	64.12%	68.71%	47.45%	-3.82%	-4.15%
% Owner-Occupied	23.97%	21.41%	45.35%	+1.49%	+4.55%
% Vacant	11.91%	9.88%	7.20%	+2.33%	-0.40%

⁹ Self-Help Survey of Walltown Homebuyers, 2003. This survey had 20 respondents, a response rate of approximately 50%.

¹⁰ The 2000 Census allows users to get some information for smaller geographic areas, called blocks. By combining different blocks from Census Tract 3.01 Block Groups 1 (1007, 1008, 1011, 1013, 1014, 1015), 2 (2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011), and 3 (3000, 3001, 3002, 3003, 3004, 3005), the Walltown Neighborhood can be isolated from the surrounding areas. However, as this narrowing capability was not available until the 2000 Census, comparing changes in these smaller units between 1990 and 2000 is not possible. The combined information from all of Block Groups 1, 2, and 3 can be compared from 1990 to 2000.

CHANGES IN WALLTOWN

Homeownership: Homeownership increased in Walltown between 1990 and 2000. It is striking that the homeownership rate in the narrowly defined Walltown neighborhood, where Self-Help concentrated its activity, exceeds the rate for the more broadly defined surrounding area. The 1997 Walltown Revitalization Plan estimated a 15% homeownership rate in Walltown. Comparing this number to the owner-occupancy rate in Walltown, as narrowly defined in the 2000 Census, shows an increase of nearly 10%.¹¹



Walter Shields - Homeowner

Beyond the Numbers: What it Means to Be a Homeowner

To individuals, owning a home has value beyond the monetary value of the property. Being a homeowner provides a sense of security, self-esteem and accomplishment. Self-Help surveyed homebuyers in 2004 and below is a selection of their own words about what it means to be a homeowner.

- “Being a home owner, saying that my home is mine, what a wonderful feeling!”
- “My confidence and self-worth were tied to my house. I felt like trash, because that was what I lived in ... [after buying my own house] my confidence level and feelings of self worth have increased dramatically. Many of my friends tell me I am a different person.”
- “I feel great, I see life as owning something of value. I see more potential.”
- “Now we feel like we belong somewhere.”
- “I can’t put into words how important owning my very own home is to me.”
- “I feel I am able to leave something important to my daughter. She not only can see her mother achieve one goal but live in this home forever.”

Responses to Question 1: How has owning your own home impacted your life? Do you feel like you are better off? Self-Help Home Borrower Survey, 2004.

¹¹ Durham Planning Department. Walltown Revitalization Plan. 1997. page 16.

CHANGES IN WALLTOWN

Housing Quality: Aesthetically, the neighborhood's change is obvious: newly built and rehabbed homes have taken the place of shabby deteriorated homes. But improvements in the neighborhood's housing stock are more than skin deep.

Durham's Housing and Community Development department confirms that Walltown's housing stock is in much better shape. The department completed a survey similar to the one done in 1996 (described in Section 1 of this report) in the summer of 2004. The results of this survey are strikingly different from those in 1996. Only 3 of the 384 houses inspected were considered deteriorated, less than 1% compared to 21% in the earlier survey. Nearly all of the homes, 89%, were classified as sound – a jump of 69% from the 1996 survey. Rick Hester, Durham Housing Inspector, commented that today he “would not classify any homes in Walltown as deteriorated.”¹²

Mr. Hester has also noticed a drop in the number of complaints about houses in Walltown from neighbors. When investigating a recent complaint from a neighbor concerned someone was building a “rooming house” on his property, Mr. Hester learned that the large addition was not to house renters but to house the owner's growing family.

Home prices and property values in the neighborhood have increased significantly. Self-Help felt this increase acutely – Self-Help bought the first houses in Walltown for only \$11,000, similar houses now cost between \$20,000 and \$30,000. The price for completed Self-Help homes rose as well, by approximately 6% per year.

Also, the total number of housing units dropped. Many of the homes Self-Help worked on were converted from duplexes to single family units. As a result, the total number of units decreased. Self-Help saw this as a positive change for the neighborhood. Self-Help believed that one contributing factor to the problems the neighborhood was experiencing was due to the density of the area. By decreasing the number of residents by eliminating some of the duplexes, we hoped to achieve a more comfortable population density.

Figure 3: Changes in Building Values in Walltown Neighborhood, 1999 to 2005¹³



¹² Conversation with Rick Hester. 14 Sept 2007.

¹³ This map was put together by staff at Duke University's Children's Environmental Health Initiative in 2006. Taxable value for parcel improvements (homes) derived from parcel level data from the Durham County Tax Parcel Database for the years 1999 and 2005.

CHANGES IN WALLTOWN

Crime: Crime and safety were big concerns for Walltown residents before Self-Help became involved in the neighborhood. Although crime is still a concern, things have improved over the past 8 years.¹⁴ The number of crime incidents in Walltown in 2006 was nearly half the number in 1999.

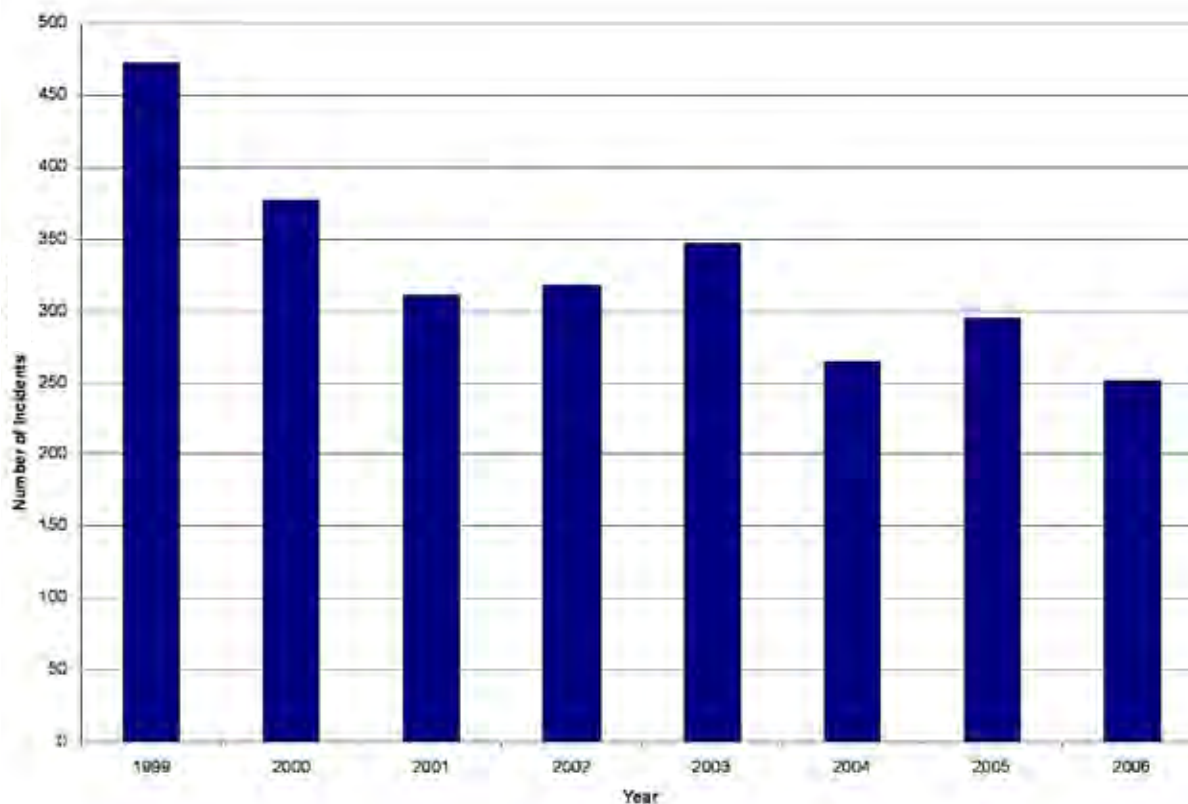
Self-Help acquired homes that were significant sources of crime in the neighborhood. After the sale of these homes to new homeowners, the number of crimes at these revitalized properties dropped significantly. 1009 Lancaster is a good example; there were 11 incidents at this location (controlled substances (4), possession of stolen property (2), breaking and entering (4) and assault (1)) between 1999 and June of 2004 when the home was sold to a Duke employee. Since the sale, there haven't been any incidents of crime at this location. Overall crime in houses Self-Help sold dropped by half; there were twice as many crime incidents at properties before Self-Help purchased and resold them than after.

Crime statistics show the number of incidents or calls to the police department, but do not necessarily reflect residents' sense of safety. Mark Pearce, a former Self-Help employee involved in the project, once counted the number of children on bicycles in the neighborhood: "If people feel comfortable letting their children ride around the block, that is a good sign for the neighborhood," he says.¹⁵ The personal stories of neighborhood residents also speak to changes in the sense of safety residents feel in their neighborhood. One such story comes from around 2000. Pearce stood outside one of the houses Self-Help had under construction. A burly male resident approached him to thank Pearce and Self-Help for the work being done in the neighborhood. "I used to be afraid to walk down this street" he said.

¹⁴ Data about crime came from the Durham Police Department and was only available starting in 1999.

¹⁵ Conversation with Mark Pearce. 31 July 2007.

Figure 4: Crime Incidents In Walltown, 1999-2006



CHANGES IN WALLTOWN

Sense of Community: The impact of the Walltown Project on the neighborhood's sense of community is mixed. Some see a stronger community emerging in Walltown. However, the process of development in Walltown unfortunately created the perception of winners and losers in the minds of some residents. The community emerging in Walltown looks different from the community which defined Walltown's past.

Some feel that neighbors have been brought together by the process. Pastor Mel Williams sees an increase in goodwill in the neighborhood. The churches that participate in the WNM hold joint worship services, services which provide venues for neighbors to meet and form friendships. WNM and WCA also hold neighborhood block parties and festivals to bring people together in the neighborhood. Fifty percent of homebuyers surveyed by Self-Help in 2003 reported participating in at least one neighborhood group.¹⁶

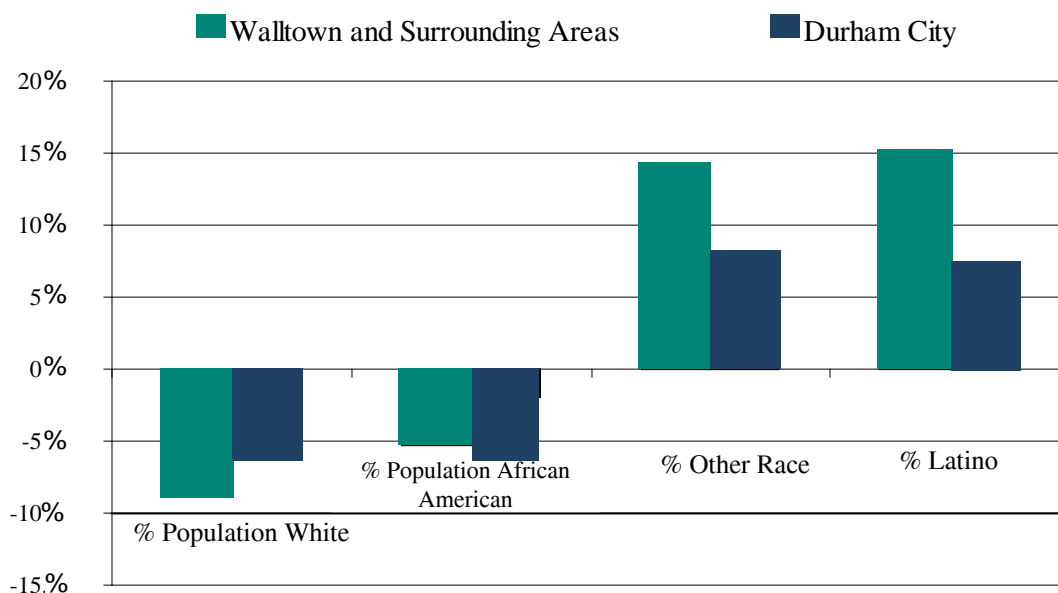
However, there is no doubt that squabbling and politicking during the project drove some neighbors apart. Reverends Brooks and Daniels were once board members of the WCA and were asked to leave after being active in the WNM. Tensions and mistrust between the two groups stemmed from ownership and control of the direction and resources invested in Walltown and continue to separate the neighborhood's leadership.

Regardless of how residents describe the community today, it is clear that this project did not restore the same sense of community many older residents of Walltown remember. A variety of people bought homes in Walltown: a group of Latino men live next to an African American single mother who lives next to white Duke graduate students. All may be new homeowners and invested in the community, but they do not share one culture as residents of the neighborhood in the mid-1900s did. The neighborhood is in the process of learning to develop community amongst the many different cultures which now call Walltown home. There is some evidence that this is happening. New and old residents participated in a recent WCA neighborhood meeting. One Walltown resident and Self-Help staff member described the diversity at a recent Street Reach block party as "beautiful."¹⁷

¹⁶ Self-Help Survey of Walltown Homebuyers. Section 3 Question 1. 2003.

¹⁷ Conversation with Anthony Scott. 6 Sept 2007.

Figure 5: Demographic Change 1990 to 2000



CHANGES IN WALLTOWN

Walltown Tipping?

Initially, Self-Help envisioned reaching a “tipping point” in Walltown, after which the private sector would take over the neighborhood’s revitalization and Self-Help’s work would come to a natural end. Self-Help never officially defined this point, but believed it would be evident in a marked increase in private investment. Informally, Self-Help described the tipping point based on 3 factors: a substantial number of houses built or renovated, an increase in housing prices and an increase in purchases for homeownership rather than rental.

There are many indications that Walltown has reached this theoretical point. Self-Help developed 77 houses, certainly a substantial number. Home prices in Walltown have risen substantially, to the point that Self-Help can no longer afford to purchase, develop and resell homes in the neighborhood at prices affordable to families with incomes below 80% of the area median. People are buying homes in Walltown and living in them with their families. Anecdotally, many people outside the neighborhood know of others who have purchased a home in Walltown. However, these indicators do not identify a single tipping point or even indicate that such a point exists.

One problem with defining a peak is that it is best determined once it has passed; we may not be able to know if we’ve reached a tipping point in Walltown for many years to come. It is tempting to think of Walltown’s development as an immediate, visible switch defined by particular changes. However, we know that things have changed and are continuing to change in Walltown without being able to define a single tipping point. The evidence so far indicates that perhaps there will not be a single well-defined tipping point, but rather a more gradual shift towards private activity taking the place of subsidized development. According to a Self-Help staff member it may be more of “a hill rather than a peak.”¹⁸ One way to recognize the natural end of a community development project like Walltown is to look at a combination of the three factors Self-Help identified early on: volume of development, pricing and non-subsidized new homeowners. However, at the present time, no single formula can accurately describe and predict a specific tipping point.



¹⁸ Meeting with Bob Schall and Evan Covington-Chavez. 5 Sept 2007.

SECTION IV: LOOKING BACK- LESSONS LEARNED

Walltown provided Self-Help the opportunity to learn how to be an affordable housing and neighborhood developer. Lessons from this experience influenced Self-Help's development efforts in later stages of the Walltown project and continue to influence Self-Help's current work in other neighborhoods. These lessons fell into four basic categories: Housing Construction, Development Process, Community Relations and Developing Neighborhoods.

Housing Construction

As a first time developer, Self-Help had much to learn about building affordable housing, Self-Help's primary activity in Walltown. The quality and success of these newly completed homes provided the foundation for general neighborhood improvement. These lessons about construction influenced the Walltown project as it developed and continue to guide and provide challenges for our development projects going forward.

- *Style Matters:* Pay attention to aesthetics.
- *Rebuild Rather than Rehab:* Sometimes tear down to start from scratch.
- *Quality Matters:* Chose contractors wisely.
- *Think About the Future:* Building and buying the house is only the first step.

Style Matters: Self-Help attempted to blend the style of the houses we built with the existing architecture and to build environmentally sustainable homes. In the beginning, Self-Help rehabbed nearly identical old houses which restricted the design of the new homes. Residents complained that these homes looked too much alike and leant a sterile feeling to the community. For example along one stretch of Lancaster Street, Self-Help built eight almost identical houses. As the project continued and Self-Help began tearing down the old homes and rebuilding with new construction, we replaced the homes with a variety of home designs which blended with the existing architecture while creating visual interest. Varying the housing styles helped the community feel proud of these new homes and the whole neighborhood.

Rebuild Rather than Rehab: Early on, Self-Help attempted to rehab many of the homes rather than build new ones. This bias was partly a result of Self-Help's desire to maintain the physical style of the neighborhood but also the City's requirement that funds could not be used for new construction. The homes Self-Help bought in Walltown were built to be

low cost rental houses and had been poorly maintained. Consequently, many of the homes had very little value from a construction perspective, making rehab a very difficult and costly process. Nonetheless, with careful management, some rehab units did prove to be more cost effective.¹⁹ Yet, Self-Help found that many of the homes had too many problems to be salvaged, and it made more sense to tear down the old to build new. Rebuilding also prevented friction with neighbors and homebuyers who questioned the quality of rehabilitation to such deteriorated homes. There was mention of neighborhood rumors about Self-Help covering up rather than fixing problems. Regardless of the truth of these rumors, building new homes eliminated this opportunity for conflict. Finally, Self-Help learned that rehabbing homes requires a different, specialized set of skills that Self-Help did not have in-house. As the Walltown project progressed, Self-Help sought construction opportunities rather than rehab opportunities.



Quality Matters: Since Self-Help had little experience in single-family home construction when starting out in Walltown, we relied on contractors to complete the rehab and construction work. Managing the work of these contractors proved to be difficult. Unless Self-Help staff visited the house constantly, contractors could cut corners and cover up problems without Self-Help's knowledge. As the project progressed, Self-Help learned to monitor construction closely, hired a construction manager with expertise in this area, and used bonded contractors to ensure quality. Some community members were frustrated that

¹⁹ Conversation with Mark Pearce. 31 July 2007.

LOOKING BACK - LESSONS LEARNED

Self-Help did not employ community members or minority contractors to build the homes. This may or may not be practical or possible in other neighborhood development projects. Self-Help considered incorporating local labor into Walltown construction; however, our contractors wanted to control hiring and did not think they had the resources to train inexperienced workers on their already tight budgets. Although we were unable to do this in Walltown, distressed neighborhoods often have high levels of unemployment and would benefit doubly from a neighborhood development project which also offered employment and job skill development opportunities.

Think About the Future: Self-Help continues to struggle with the long-term responsibility of affordable housing development. As time elapses on the new houses Self-Help completed, two issues loom on the horizon: maintenance of the structures and preserving long term affordability.

As much as Self-Help tried to prepare buyers, it is hard to explain the full list of responsibilities associated with homeownership and to help buyers set aside the time, energy and money to maintain their houses. For example, some people had never had central air or gutters before purchasing their home. They needed more help than Self-Help was prepared to provide in order to be responsible homeowners. Self-Help staff have brainstormed about how this could be done: setting up a maintenance club in partnership with other non-profit developers in the area to serve as a resource for referrals, tools and help in maintaining the homes; changing building practices so that the homes require less maintenance; and setting up escrow accounts in conjunction with the buyer's mortgage to help the buyer save for eventual home repairs. Each of these solutions requires maintaining a relationship with the buyers beyond the sale of their home and adds costs. As mortgage originators, Self-Help is already more involved with buyers over time than the typical developers. However, buyers rarely turn to Self-Help when maintenance issues come up. The few houses that were foreclosed on in the neighborhood, "were just trashed" says Lanier Blum, a Self-Help employee. Self-Help, has not yet found a solution, but has clearly learned that it is important to prepare new homeowners for maintenance and upkeep responsibilities. Recently, we hired someone to work with our homebuyers on warranty issues as well as on preparing them better for homeownership.

The sale of the affordable housing from the first to subsequent owners presents a conundrum for those who build and subsidize affordable housing developments. The question that arises is whether the seller should be able to sell for financial benefit or if processes should be in place to ensure the home remains affordable. This is especially difficult for Self-Help, whose mission is explicitly to build wealth for individuals and communities.

Given that subsidy flows to both the home and the buyer, should the buyer be able to capture the entire subsidy when they are ready to sell? Not only does long-term affordability present philosophical questions for Self-Help, it is also a challenge to create effective processes to sustain and monitor affordability. The houses developed in Walltown were sold with deed restrictions designed to restrict the sale of the home for between 15 and 30 years.²⁰ The first house in Walltown, sold in 1997, is just five years from sun-setting on these restrictions. Using deed restrictions to control sales has been criticized as an ineffective tool for maintaining affordability.²¹ Although in theory, the restrictions should prevent high-priced sales, buyers and sellers can ignore them without informing Self-Help. Future sales must be monitored in order to ensure they adhere to these provisions, something which can be time consuming and difficult. This is an issue that is increasingly important across the nation. In California, where affordability restrictions are required by most cities, several non-profits have become preferred contractors to cities' for long-term monitoring of deed restrictions. Until North Carolina has sufficient volume of these restrictions, monitoring will be difficult.

²⁰ Wording of the deed restrictions:

The property is conveyed subject to the following restrictions (also known hereafter as the restrictive covenants):

1. Any record owner must use this property as his or her primary residence. This restriction shall be in effect for fifteen (15) years from the date of recording of this deed with the Durham County Register of Deeds.
2. Any and all grants, sales, conveyances or other transfers of the property within fifteen (15) years of the date of recording of the deed with the Durham County Register of Deeds shall be solely to natural persons who, at the time of such grant, sale, conveyance or other transfer, shall have a household income less than or equal to 80% of the area median income, based on U.S. Department of Housing and Urban Development median family income figures for the metropolitan statistical area containing Durham County, North Carolina.

²¹ Davis, John Emmeus. "Shared Equity Homeownership: The changing landscaper of resale-restricted owner-occupied housing." Montclair, NJ. National Housing Institute. 2006.

LOOKING BACK - LESSONS LEARNED

Development Process

Self-Help was fortunate to be able to begin working in Walltown by securing 30 houses for development at the same time. Self-Help did not start construction on the houses right away, in fact more than two years elapsed until the first house in Walltown was sold. Practical and strategic forces governed the development process in Walltown and continue to teach us about the process of developing affordable housing.

- Avoid Relocation: Vacant and lease-ending properties are preferable.
- Acquisition: Maximize funds when prices are low, hold until ready.
- Construction Processes: Bulk build, target neighborhood blocks.

Avoid Relocation: Some of the homes Self-Help purchased from Dr. Rosenstein had tenants, and since funding for acquisition of these properties came from the federal government (HOME funds passed through the City of Durham), Self-Help was required to abide by federal relocation policies. After complying with these requirements on some initial properties, Self-Help looked to acquire houses where the tenant's lease was ending or that were vacant. This was done in order to minimize the adverse impact on local residents. Now, if Self-Help acquires homes with tenants, those houses are the last to be developed.

Acquisition: Self-Help had the capacity to purchase many houses before beginning construction. The agreement with Dr. Rosenstein was structured such that Self-Help promised to purchase the homes in 1995, but Dr. Rosenstein retained ownership (and rental income) on the homes until Self-Help was ready to begin work. This proved to be an asset for a number of reasons.

Self-Help acquired a number of properties at a low, set price. With other properties, acquisition costs increased with each passing year. One effect of this increase was that purchasing homes for development in Walltown became increasingly costly. If Self-Help had been able to acquire all of its 85 properties at the low prices offered in the mid-1990s, Self-Help may have been able to complete more houses and sell them at lower prices. This experience prompted the creation of a formal land bank relationship between Self-Help, Habitat for Humanity and the Durham Community Land Trust working in Southwest Central Durham.

The land bank purchases properties as opportunities arise and holds these properties until one of the three organizations has the capacity to develop. In addition to the financial benefits of amassing properties early in neighborhood development projects, buying more properties increased the overall benefits of the project.

Construction Process: Self-Help did not begin working on the homes it purchased in Walltown right away. While we held the homes, staff arranged financing for homebuyers, developed a plan of action regarding rehabbing properties and arranged for relocation as needed. Quite a few different organizations and programs contributed toward gap financing for Walltown borrowers. Each program had different requirements and timelines that required staff time to manage. During the holding period, Self-Help also arranged for relocation as needed.

When Self-Help was ready to begin construction, we built fifteen homes at once. Eight of these homes were on one block. The second phase concentrated on building another 15 homes, again clustered on just a few blocks. Building in bulk allowed for economies of scale in construction, marketing and sales of the homes. It also helped create an important sense of momentum in the community. Self-Help wanted to send the visual message that good things were happening in Walltown and, according to a former staff member, "generate a feeling of movement."²² Organizing construction to build many homes at once and to cluster the homes together was strategically designed to send an optimistic message to the community.

The benefits of building in bulk must be weighed against budgetary considerations. When building all at once, funds must be expended all at once and come back in all at once. If building is staggered then funds come and go through construction expenses and sales revenue. Self-Help had to balance the challenges of cash flow with the community benefits of bulk building.

²² Conversation with Fran Fried. 25 July 2007.

LOOKING BACK - LESSONS LEARNED

Community Relations

Self-Help faced a number of obstacles in working successfully with the Walltown community. Efforts to work together were challenged by personalities, historic mistrust and politics within the community and between the community and Duke. Self-Help began this project with the intent to develop decent affordable homes in the neighborhood. We had very little community organizing experience and found ourselves immersed in a long-standing, and still unresolved, environment of distrust. Some community members claimed Duke had plans to “take the neighborhood” and remained fearful of their efforts. The two community groups, WCA and WNM, sometimes worked against, rather than with, each other in Walltown due to issues of over control of the resources being invested in the community.

Self-Help worked in the midst of this conflict. Some saw Self-Help as simply a puppet of Duke, a view bolstered by the fact that Duke’s money for projects in Walltown often flowed through Self-Help. On the other hand, some thought Self-Help could control Duke’s actions. Caught in the middle, Self-Help struggled to maintain relationships with all involved, in particular the Walltown Community Association.

Self-Help also struggled to identify which voices most closely represented the majority of Walltown residents. As is the case in any community, the neighborhood was not united and represented by a single organization or leader. For example, Self-Help was asked to stop working in Walltown by the WCA, yet invited as a partner by WNM. The leaders of Walltown churches certainly played leadership roles in Walltown. However, their leadership was rejected by those active in WCA. Although WCA members lived in the community, not all Walltown residents recognized the authority of this organization to speak for the neighborhood. This plurality of voices and interests made it difficult for Self-Help to work with the community as a whole: Self-Help was seen as working with one faction of the community or another - not because Self-Help attempted to only work with certain individuals, but because it was difficult to identify leadership which spoke for the community as a whole.

From this difficult situation, Self-Help learned important lessons about how to work successfully with, rather than just in, communities.

- Do Your Homework: Develop a relationship with the community early.
- Communication Matters: Be clear about roles and expectations.
- Conflict Happens: Be prepared to deal with inevitable conflict.

Do Your Homework: Self-Help began working in Walltown without being specifically invited by the community. Additionally, Self-Help did not set the priorities and goals of the project in partnership with the community prior to getting involved in the neighborhood. Although all the parties involved in Walltown wanted an improved neighborhood, developing strategic partnerships from the outset could have prevented some of the conflict and distrust that regretfully became a reality of the project. Learning from experience in Walltown, Self-Help now requires that a community group invite Self-Help in writing to work with them in the neighborhood. Developing formal partnerships with community members prior to development limits the opportunity for conflict.

Communication Matters: When working in a community, clear communication is especially important. Self-Help communicated with Walltown residents throughout the development process through meetings with community associations, relationships with community leaders and written letters informing residents about work in the community. Self-Help was successful, at a minimum, in keeping people informed about development work (this house is being rehabbed; this one torn down, etc). One area Self-Help could have improved upon, however, was being clear about roles and expectations. For example, it was often not clear to community members whether Self-Help was asking for advice to inform decision-making or asking for support for a decision that had already been made. Regina Neal, a Self-Help staff person assigned to work with community members later in the project, felt that sharing information about “Self-Help’s role in the community and the role Self-Help plays at any given moment in the process” is especially critical.²³

²³ Conversation with Regina Neal. 15 May 2007.

LOOKING BACK - LESSONS LEARNED

Conflict Happens: Some conflict is inevitable; Self-Help should anticipate it and be prepared to minimize its incidence and severity. Development projects bring resources into communities that often have been starved of investment. Naturally, some people will feel distrustful, asking questions like “what are these people doing in my community;” some will feel left out of the decision making process, wondering why “no one asked me what I thought about that;” and some will criticize the project, saying “I thought things should have been done this way.” Some people fear change, and development projects inevitably bring change. When conflict arose in Walltown, two people served successfully as mediators. Bill Bell and Sandy Ogburn, working with The Duke-Durham Neighborhood Partnership, were able to broker the relationships necessary to keep the project running. In later years of the Walltown Project, Self-Help hired a staff member to work directly with the community. She knew community members by name, attended community meetings and attempted to be a visible ambassador for Self-Help in the community. This helped open up communication and provide an outlet for dealing with conflict. Self-Help learned the importance of working with people who have the capacity to mediate and minimize conflict.

Developing Neighborhoods

The Walltown Homeownership Project eventually grew into a project to revitalize the Walltown neighborhood. As time went on, Self-Help attempted to build more than just houses in Walltown and expanded the scope of the project to include other neighborhood initiatives. The expansion came from Self-Help’s gradual realization that homeownership is just one part of a larger picture and that we could play a role in supporting projects with a wider scope. By focusing on homeownership and affordable housing development, yet being interested in neighborhood change, Self-Help learned strategies to build neighbors as well as houses.

- **Build Neighbors:** Find ways to help new buyers get involved in the community they are invested in and support community development.
- **Take Advantage of Opportunities to Build More than Houses:** Housing developers can play a role in some neighborhood focused projects.
- **Commitment:** Neighborhood change projects require large scale and long term commitment.
- **The Big Picture:** Homeownership will not solve all neighborhood and social.



Build Neighbors: In Walltown, Self-Help helped buyers purchase homes and encouraged buyers to be active in the community. Although Self-Help recognized the importance of community, we did not see developing community as part of our role in Walltown. Self-Help made efforts to inform new homeowners about neighborhood groups and now organizes annual get-togethers and sends regular newsletters about neighborhood activities. We also use a grant from Duke to hold quarterly workshops about home maintenance for new homeowners and community members alike. For the most part, however, Self-Help relied on the community in Walltown to develop itself. Self-Help staff member Regina Neal, who worked with homebuyers post purchase, felt integrating new homeowners into the neighborhood was a “missing piece” in our project. John Burness, Vice President of Duke’s Office of Community Affairs, suggested developing a plan to engage new people in neighborhood efforts so they can begin to take ownership of the neighborhood and its change, “not just building housing, but building a community.” In Southwest Central Durham, Duke and Self-Help have taken on a greater role to support community development by helping to staff and advise the community-based Quality of Life Project.²⁴ In this way we support community development but do not take on the role directly.

²⁴ QOL’s mission statement describes the organization as a group that “promotes, advocates for, and provides training and technical support to residents, neighborhood organizations, and businesses to create strong, stable, and safe neighborhoods.” <http://www.durhamqualityoflife.org/>

LOOKING BACK - LESSONS LEARNED

Take Advantage of Opportunities to Build More than Houses: As the project in Walltown progressed, Self-Help began to look beyond building homes and got involved in other community projects. The Knox Grocery, old Walltown School building and Walltown Children's Theatre are examples of ways in which Self-Help helped to build up the neighborhood around the homes. However, Self-Help did not take on the responsibility of a full-scale neighborhood revitalization project. Staff involved in the project all acknowledged the need for quality affordable rental projects in Walltown. Even though this was stated as a part of Self-Help's vision for Walltown, it never came to pass. Self-Help supported the creation of a new charter school in the neighborhood, but did little to support the existing public school most of the neighborhood children attend. True neighborhood development projects should include a focus on neighborhood institutions and assets as well as housing development. Affordable housing developers may not be the organization best suited to take on non-housing projects. Self-Help recognized the importance of building up neighborhood institutions, but focused its limited resources and expertise on primarily housing development. If neighborhood change is a goal of the project, affordable housing developers should find ways to partner with organizations that can effectively focus on building up neighborhood institutions and be willing to participate and support these opportunities as they arise.

Commitment: Self-Help committed approximately \$2 million and thirteen years to working in Walltown. In this time, Self-Help accomplished many of its original goals and successfully built and sold 77 houses. However, even this long-term commitment and large scale project has still not gotten the neighborhood over the tipping point that many at Self-Help and in the community hoped it would. Clearly, one lesson for housing and neighborhood development is that neighborhood change requires time, commitment and a long-term view of success.

The Big Picture: One reason neighborhood change is so difficult is that the problems facing struggling neighborhoods are multi-faceted. Fran Fried, a Self-Help staff member active in the

project during its early years reflected, "Economic issues are not just homeownership issues. Communities struggle against predatory lending, poor access to services, low wages and lack of education."²⁵ In Walltown, some community members were frustrated that more of the houses did not go to neighborhood renters. Although Self-Help could have put more effort into targeting and working with this population, many of the renters simply did not have the income or credit qualifications necessary to qualify for the mortgages. Much of Walltown was comprised of substandard rental units with very low rates (as low as \$200 per month). Even with subsidy the average mortgage payment on new houses in Walltown was more than twice that amount. Many Walltown residents simply did not have the resources to be homeowners, a problem Self-Help could not solve by building more quality affordable housing for purchase.

Furthermore, increasing the number of homeowners does not guarantee that the new owners will be involved with or, be leaders of, the community. It is too soon to tell what impact these new homeowners will have on Walltown. However, we have learned that interest in community is largely a personal trait rather than a quality that comes automatically with homeownership. Self-Help hoped to be able to transform Walltown through housing and learned that many complex forces shape the neighborhood's fate. Increasing homeownership is part of the solution, but not a cure to all of a neighborhood's problems.

Clearly Self-Help's housing strategy has made a significant improvement in the quality of life in the neighborhood, but probably has not created the hoped-for tipping point. Large-scale improvements to the housing stock and increasing homeownership make a big difference but do not address all

neighborhood concerns. Based on this experience, Self-Help has broadened its vision of the roles we should play in neighborhood development. We should continue to re-define and clarify our goals as we undertake these projects to help the neighborhood understand the change that Self-Help can and cannot bring to a community.



²⁵ Conversation with Fran Fried. 25 July 2007.

SECTION V: LOOKING AHEAD- HOW WE'VE CHANGED

The lessons we identified from our Walltown experience point will help us to improve our housing and neighborhood development process. However, Self-Help, and other developers, must make difficult decisions regarding how to allocate their scarce resources.

Although we have identified new opportunities to build community, help with home maintenance costs, and provide job opportunities as part of the development process, we cannot always practically incorporate these ideas into a development project. We operate on tight margins in order to keep home prices affordable. Many of the ideas described in the lessons section would increase costs. The benefits brought by any innovation need to be weighed against the additional costs the innovation creates. Without a dedicated source of funding to pay for these costs, Self-Help will struggle to increase the breadth and depth of our work in communities. Of course, having said that, it is possible to improve on our work, and many of the suggested lessons are now being implemented in other neighborhood improvement projects.

Self-Help is currently:

- Building affordable housing in neighborhoods across North Carolina, including: Goldsboro, Greensboro, Fuquay-Varina, Charlotte and Durham.
- Working with neighbors in Durham's West End and Southside neighborhoods to envision and create neighborhood change.
- Experimenting with increasingly environmentally sustainable designs, building materials and construction methods.
- Using our internal capacity to support neighborhood development: applying our home lending expertise to provide financial support to homebuyers and our commercial real estate development expertise to revitalize neighborhood commercial areas.
- Developing stronger partnerships with community organizations, other non-profit developers, city and county governments, and Duke.
- Renovating small neighborhood homes for use as community centers or non-profit offices.

Over the past decade, Self-Help changed Walltown and Walltown changed Self-Help. Self-Help increased our capacity as an organization and improved our development processes and products. As we move into new neighborhoods, we use our experience in Walltown to shape our approaches to neighborhood and housing development. Each new challenge is confronted and analyzed in light of years of lessons to inform the direction that we choose. Meanwhile, a new era approaches in Walltown, one that will no longer be shaped by Self-Help's housing development but can be affected by our presence.