



Pros And Cons of Carryover EU's

Self-Help National Conference
March 2025

Angela Sisco, RCAC RDS – Housing II

The Plan



Carryover Equivalent Unit (EU) introduction
Panelists
Q&A

Our Gracious Panelists

Josh Runhaar, Executive Director Neighborhood Nonprofit Housing Corporation (NNHC)

Jill Quezada, Director of Homeownership, Community Housing Improvement Program (CHIP)

Chris Lambert, Homeownership - Associate Director
Catholic Charities Housing Services (CCHS)

Room Check!

- Who here has utilized the Carryover EU Method?
- And who hasn't?
- Who's never heard of a carryover EU?

Equivalent Units (EU)

As defined 1944-I:

The “theoretical number of units” arrived at by adding the equivalent percentage of completion figure for each family in the self-help program (pre-construction and actual construction) together at any given date during program operations. The sum of the percentage of completion figures for all participant families represent the total number of “theoretical units” completed at any point in time

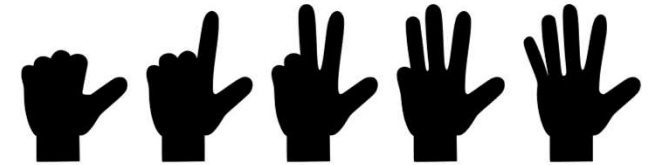
EU's Continued

A measurement of progress, not actual homes completed.

Is the number of EUs completed representative of lapse in time of the grant? For example, if 25 percent of the grant period has elapsed, are 25 percent of the number of EUs completed?



Traditional Method



- Propose number of homes in grant
- Utilizes EU's to track progress
- Count homes completed
- Start and complete all proposed homes within grant term
- Recruit and package loan applications often during previous grant (cyclical)
- Works well when, for example, grantees build in two groups of 10

Carryover EU's

- Propose EU's in grant
- Track progress based on EU's
- Construction may take place over multiple grants
- Grant completion when EU's proposed are achieved
- Works well:
 - For high production
 - For overlapping groups



Carryover EU's Continued

- We are “selling” or advocating for use of Carryover EU's or not
- Not a fit for everyone

Bryan Ketcham



Vice President and Director of Housing Services,
Catholic Charities Housing Services (CCHS)

See attached Word document for content

Jill Quezada



Director of Homeownership, Community Housing Improvement Program
(CHIP)

PROS AND CONS OF CARRYOVER EUS



Community Housing Improvement Program, Incorporated (CHIP)

- We've been running a rural mutual self-help housing program continuously since 1981
- To date, we've partnered with families to build 1730 homes in our service area of Butte, Colusa, Glenn, Shasta, Sutter, Tehama, and Yuba counties in California.
- Currently we have 62 homes under construction, 16 homes pending RD 502 funding, and 76 homes in pre-development
- Our current self-help staff consists of 7 on-site construction personnel and 6 additional staff



Self Help projected activity, 2024-2025

[illegible]

Implementation Schedule by Month

RD 523 TA Grant, March 1, 2025 - February 28, 2027

loan submittal

loan approval

loan closing

construction

[illegible]

Pros for CHIP using carryover EUs:

- Reduces administrative burden on accounting
- Reduces administrative burden on employees who would have to keep track of their time spent on multiple projects concurrently
- Reduces grant writing and reporting burden to only write/report on one grant every 2 years
- Ensures consistent funding throughout the grant cycle, including pre-development work

PARADISE SELF-
HELP POST-CAMP
FIRE, UTILIZATION
OF BOTH EU
MODELS



Cons for CHIP using carryover EUs:

- Shares reporting is not programmed to handle carryover EUs
- Not securing a new 523 TA grant would put CHIP at huge financial risk

Ideas if CHIP were to lose 523 funding mid-project

- Contractor built (Penny Lane example)
- Urban self-help model

Josh Runhaar



Executive Director Neighborhood Nonprofit Housing Corporation
(NNHC)





Carryover E.U.s Transition Analysis

Neighborhood Nonprofit Housing Corp.

Logan, Utah

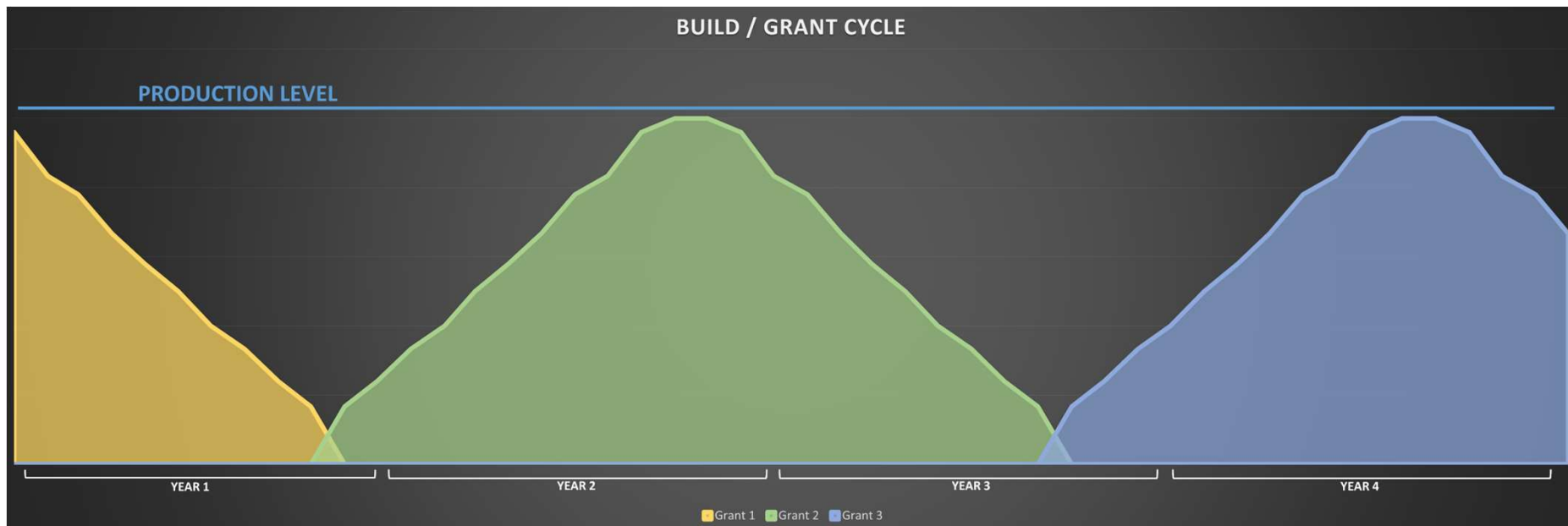
March 2025

NNHC Introduction

- Self Help grantee since 1999
 - 662 homes complete
 - 31 homes in process
 - 24 homes in pre-development
- NNHC Managed Land Development
 - ~75 lots in Hyrum + 133 acres in early pre-development
 - ~400+ lots in Smithfield (Small lot, standard lot, cluster homes, duplex, townhome)
 - ~42 lots in Perry in pre-development
 - 21 Acres in Tremonton in early pre-development
- Single Family Rehab, Multi-Family Development, Mortgage Programs, Housing Counseling, etc.
- NNHC has submitted a request to transition to Carryover EUs

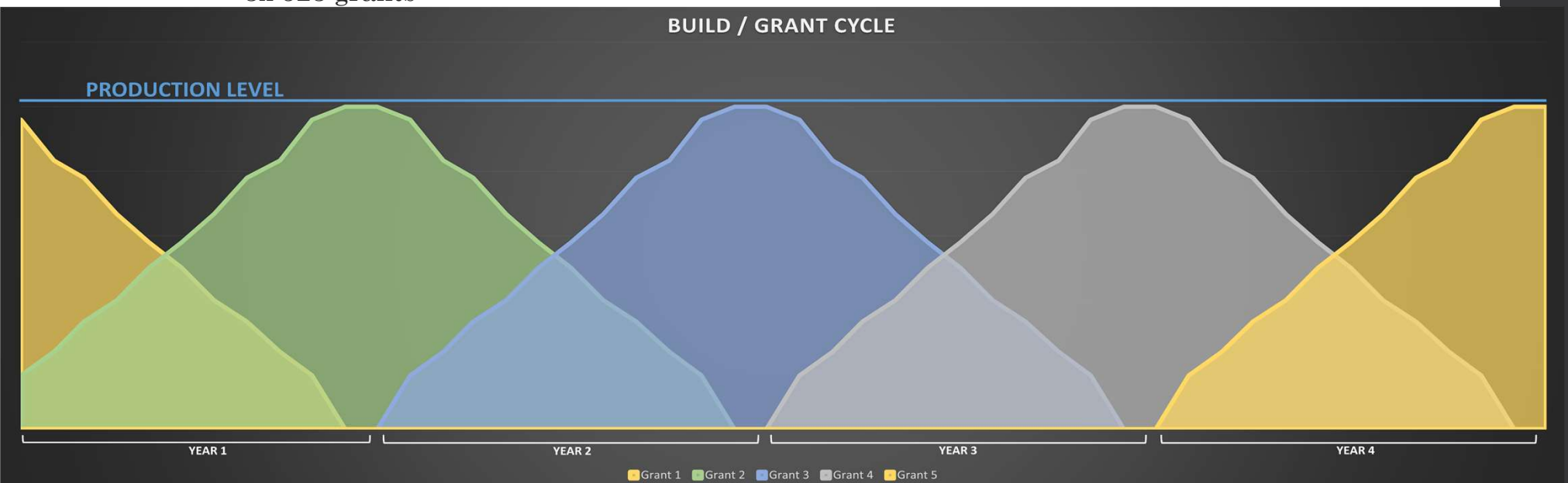
Carryover E.U. Analysis

- The Core Problem:
 - 523 Grant on a 24-month Cycle
 - 10-12 month construction cycle = all homes started in first 12-14 months of grant
 - Leads to ramp up/ramp down and inefficient staff vs. build capacity



Carryover E.U. Analysis

- Increased production - 523 grants compressed to maintain a continuous build pattern.
 - 8-10 build groups per year, consistent # of starts every year
 - Overlapping 523 grants complicates accounting as each 2-year period is covered by ~3x 523 grants

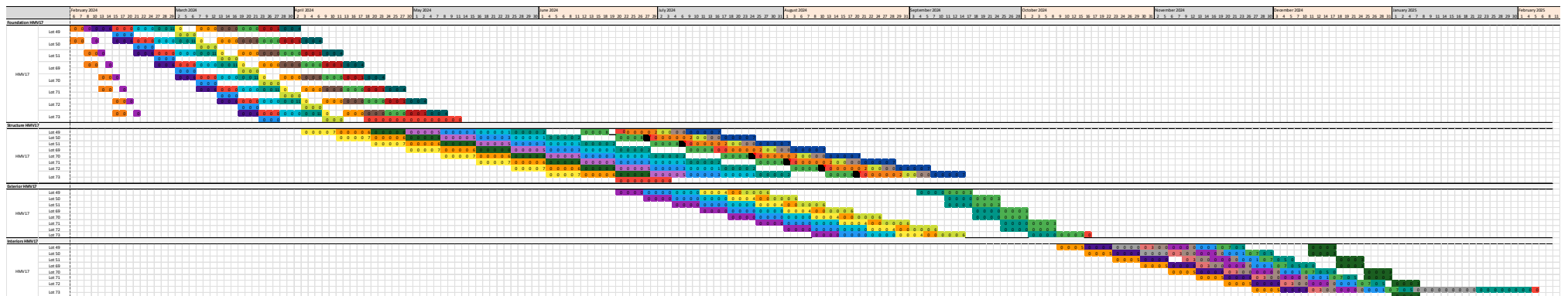


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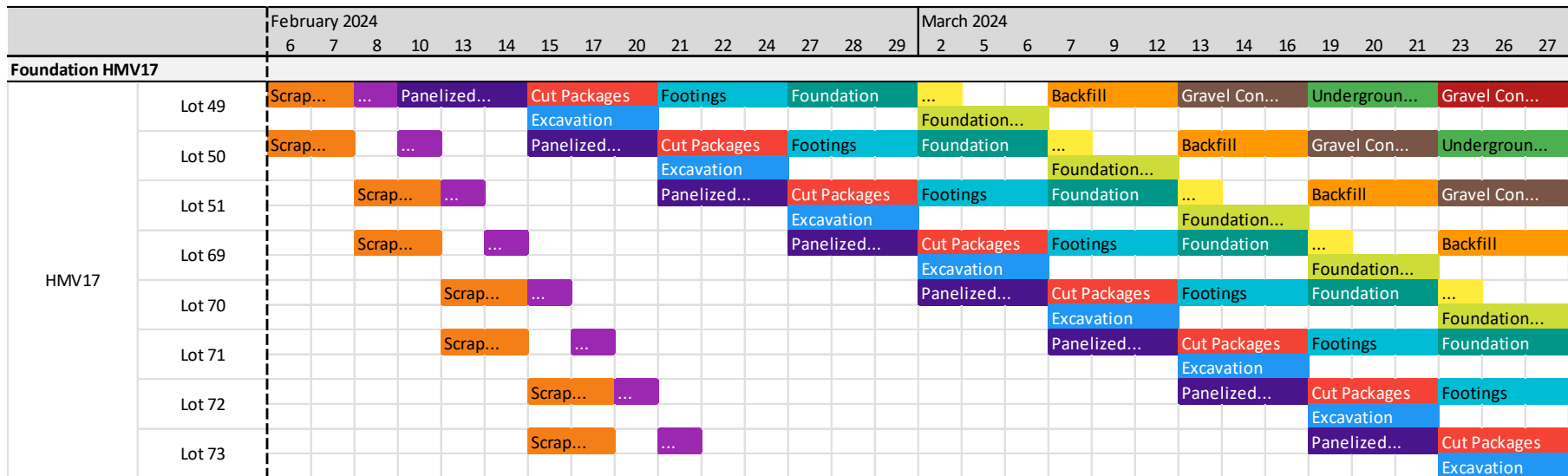
Carryover E.U. Analysis

- Taking a deeper look at a single Build Group
 - 8 homes over 10-12 months
 - Review and time out the individual building components for each house



Carryover E.U. Analysis

- Understanding the Schedule of Components
 - Timing & Scheduling – Important for Family tasks, ordering, and subcontractors
 - Managing a production schedule – building and grant management



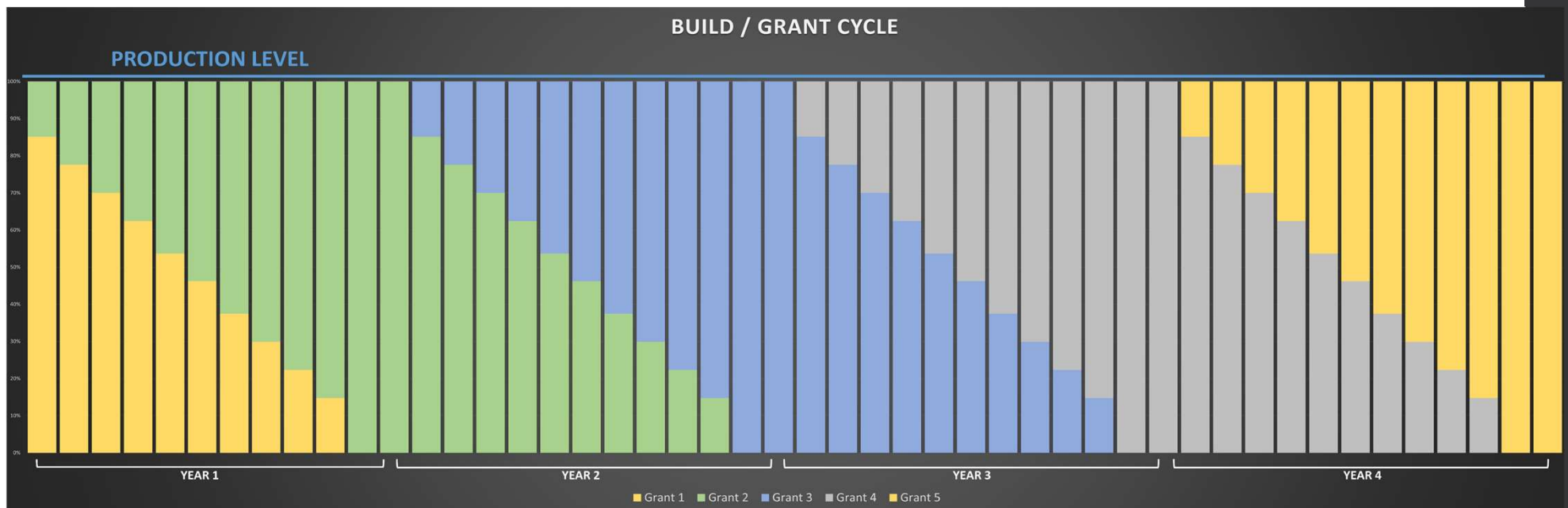
Carryover E.U. Analysis

- Convert the build schedule into EU “points”
 - Be clear on how much of an EU is earned for each part of the build and when

		February 2024														March 2024																			
		6	7	8	10	13	14	15	17	20	21	22	24	27	28	29	2	5	6	7	9	12	13	14	16	19	20	21	23	26	27	28	30		
Foundation HMV17																																			
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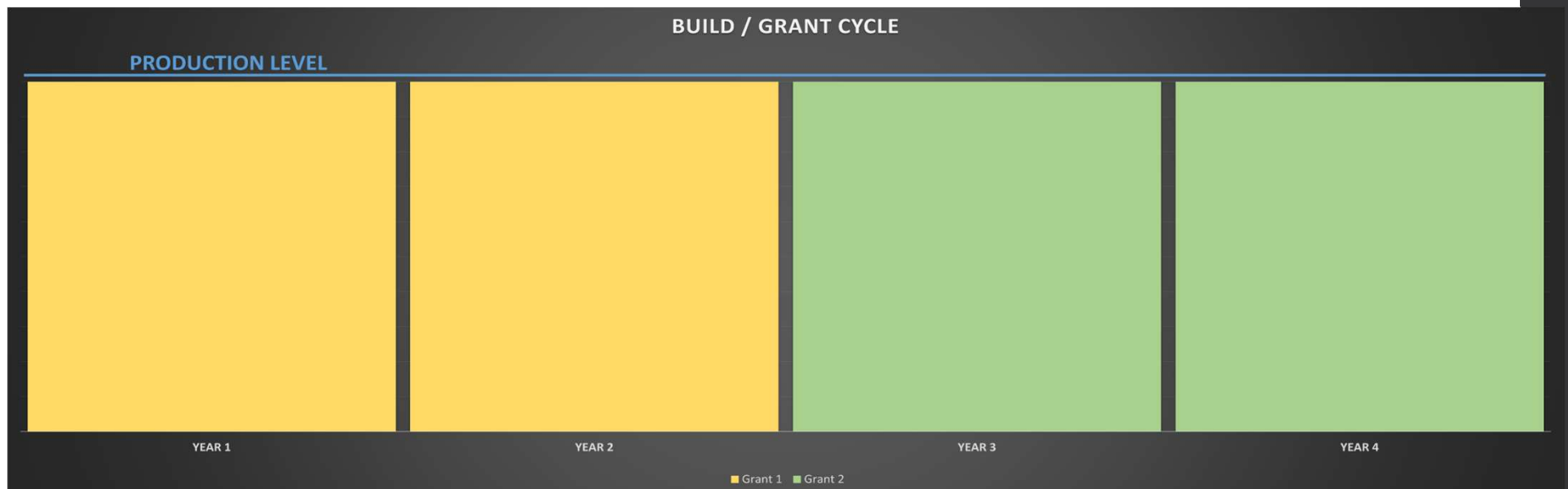
Carryover E.U. Analysis

- Using overlapping grants to maintain a continuous build pattern
 - Increase efficiency
 - Better consistency – families, land development, planning, etc.



Carryover E.U. Analysis

- Carryover EU simplifies the grant cycling down to two-year increments
 - Calculate total EUs from your build schedule and each component completed in the 24-month period
 - Size your grant up to meet the 100% cost of 2 years of build



Carryover E.U. Analysis

- Must Have's for the System to Function
 - A higher level of production (5-6 groups of 8 per year)
 - Function of staffing capacity
 - 1 Construction Supervisor covers 2x groups per year
 - Solid build systems and efficiencies in place
 - Control over land development (reduce build variables)
 - Consistent 502 funding (no different than non-Carryover E.U.)
- Pros of the System
 - Ease of accounting – no more fund balancing between Grants
 - Reduction in 523 Grant Cycles
 - Fewer applications, less stress, easier timing
 - Increased efficiency possible with limited downtime
 - Easier to right size your 523 grant application
 - More about understanding your construction speed
 - Spending is easily calculated
 - Allows us to find a production level and maintain it (Staffing consistency)

Carryover E.U. Analysis

- Cons of the System
 - What to do with slow funding (502 and/or 523)
 - The problems are similar to a standard 523 system
 - Current 523 system requires completion of units, Carryover E.U.s could leave dozens of homes in various states of completion
 - Need a larger 523 grant (Though the same amount of money)
 - ~50% larger 523 grant (and EUs), but applying every 24 months instead of ~14+ months
 - No real benefit if production isn't high/consistent



And a super big thank you to our fabulous panelists!