



# Housing Assistance Council Loan Funds 1971-2001

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*30 Years of Supporting  
Affordable Housing in  
Rural Communities*



## THE HOUSING ASSISTANCE COUNCIL

**T**he Housing Assistance Council (HAC), a nonprofit corporation, has been helping local organizations build affordable homes in rural America since 1971. Headquartered in Washington, D.C., with offices in Georgia, New Mexico, California and Missouri, HAC's mission is to improve housing conditions for the rural poor, with an emphasis on the poorest of the poor in the most rural places. HAC offers services to public, nonprofit, and private organizations throughout the United States. HAC also maintains a special focus on high-need groups and regions: Indian Country, the Mississippi Delta, farmworkers, the Southwest border colonias, and Appalachia.

**Loans** With more than \$50 million in assets, HAC commits \$8 to \$10 million annually in seed money loans for project start-up costs to housing sponsors. The loans are a renewable resource; repayments are used to make additional loans to local groups.

**Technical Assistance** HAC's expert staff delivers thousands of hours of technical advice each year to organizations and developers improving low-income rural housing.

**Research and Information** HAC publishes the biweekly newsletter *HAC News* and *Rural Voices*, a quarterly magazine; writes up to 15 research reports and technical manuals annually; and maintains a rural housing resource center for its constituents. HAC's web site, [www.ruralhome.org](http://www.ruralhome.org), provides up-to-date information on rural housing topics.

**Training** HAC sponsors intensive training workshops all over the country, emphasizing housing development, financing, construction and nonprofit management. HAC also regularly convenes the National Rural Housing Conference.

**Rural Housing Services, Inc.** A HAC subsidiary created in 1982, Rural Housing Services helped develop and co-owns 20 low-income housing tax credit rental projects with almost 800 housing units in eight states.

### HAC LOAN FUND CONTRIBUTORS

Adrian Dominican Sisters

Calvert Foundation

Calvert Social Investment Fund

Community Development Financial Institutions Fund,  
U.S. Department of the Treasury

Congregation of the Humility of Mary

Episcopal Church

Episcopal Dioceses of Iowa

F.B. Heron Foundation

Fannie Mae Foundation

Ford Foundation

Glenmary Home Missioners

John D. and Catherine T. MacArthur Foundation

Meadows Foundation

NCB Development Corporation

National Community Capital Association

Northwest Area Foundation

PNC Bank, FSB

Partners for the Common Good Loan Fund

Greg Reagle

Rural Development, USDA

Seton Enablement Fund

Sisters of Charity, BVM

Sisters of the Holy Cross

Sisters of St. Francis of Philadelphia

Sisters of the Presentation

Society of Mary

U.S. Department of Housing and

Urban Development

United Methodist Church

**Dear Friends,**

**T**he Housing Assistance Council (HAC) is delighted to celebrate its 30th anniversary in 2001. HAC was founded to address the overwhelming and overlooked housing problems in rural America. It works to provide local rural organizations with tangible, practical resources to meet the housing needs of their communities' low-income residents. HAC's loan funds are at the core of this strategy.

HAC committed its first rural housing loans in March 1972. In the years since, the organization has made nearly 1,450 loan commitments totaling over \$118 million for affordable housing development in rural areas. HAC has committed loans for approximately 38,500 units of safe, decent and affordable housing and 13,425 water and wastewater connections for rural residents. HAC's loan funds have reached throughout rural America, with loan commitments to over 600 local organizations in more than 400 counties throughout 49 states and the territories of Puerto Rico and the U.S. Virgin Islands.

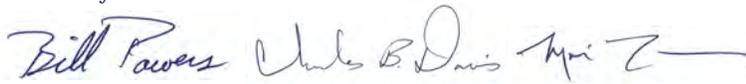
These loans improve the lives and well-being of low-income families in rural America. HAC has always strived to serve "the poorest of the poor in the most rural places." Over 60 percent of recent HAC-assisted households have very low incomes, less than half the median income in their areas. Decent, affordable homes not only provide these families with places to live, but also improve other aspects of their lives and, indeed, their entire communities. Health, school performance, self-esteem, and family stability all benefit from quality housing, as do local economies.

HAC continues to recognize the housing problems of high need rural areas and populations, and the needs of minority households. While minorities make up a relatively small share of rural residents, they experience disproportionately high levels of rural poverty and substandard housing. Approximately 60 percent of households recently assisted with HAC loans are minorities. HAC's loans also tend to serve large families and households with children. Eighty-one percent of recently assisted households have children present.

While proud of its accomplishments, HAC has not reached its achievements alone. Community-based housing providers do the nuts and bolts work that converts HAC's loan dollars, technical assistance, research reports, and information products into homes. Furthermore, none of HAC's work would have been possible without the loans and grants provided by HAC's investors. We wish to express our sincere thanks to these organizations, which are listed on the previous page.

Many of the challenges faced by rural housing providers in 1971 remain today. Some have lessened, and certainly new and different obstacles have arisen. Like the challenges, HAC's loan funds have evolved over the past three decades. As in 1971, HAC still works – and will continue to – alongside our many partners at national, state and community levels so that more rural families can have safe, decent and affordable places to call home.

Sincerely,

  
William Powers                  Charles B. Davis                  Moises Loza  
*Chair*                                  *President*                                  *Executive Director*

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# BUILDING RURAL COMMUNITIES: HAC LOAN FUNDS

*The long range objective of this [loan fund] program is to help establish and strengthen a housing delivery system which will provide, on a sustained basis, additional decent houses in rural areas for low-income people.*

Statement of Activities  
Housing Assistance Council  
1972

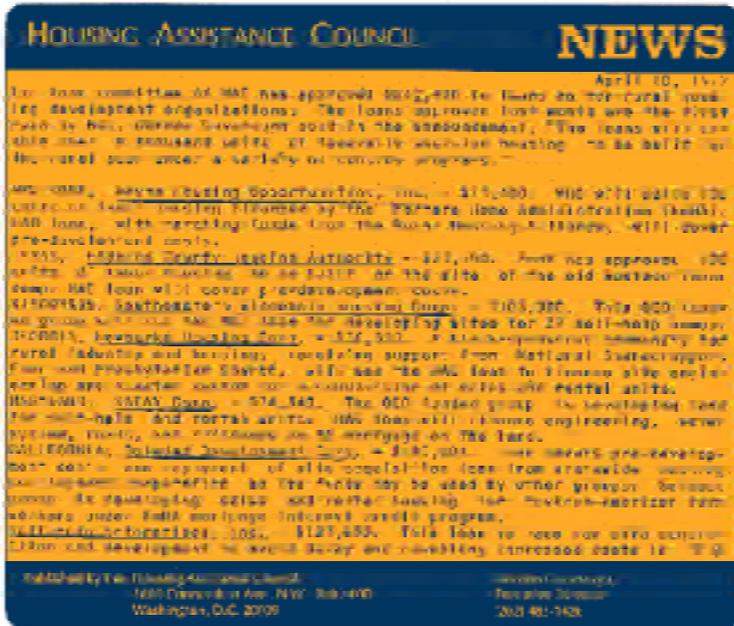


Figure 1. The very first issue of HAC’s biweekly newsletter, the HAC News, dated April 10, 1972, listed the first loans made by HAC.

Since the Housing Assistance Council (HAC) was created in 1971, its loan funds have been a centerpiece of its rural housing mission. HAC operates several loan funds that provide vital seed money to rural housing developers: community-based nonprofit organizations, self-help housing sponsors, farmworker organizations, public agencies, and others. Over the past 30 years, HAC loan funds have helped these organizations improve housing and living standards for low- and very low-income rural residents, through activities such as the creation of subdivisions and new single- and multi-family housing units, rehabilitation of existing units, and improvement of water and wastewater disposal systems.

HAC’s loans fill an essential gap in the

available financing for affordable rural housing development. Subsidy programs usually finance construction or long-term mortgages, but not the up-front costs needed to bring a development project from concept to construction. Some rural areas are not served by banks and savings and loans institutions. Even when they exist, these traditional lenders usually cannot provide a subsidy deep enough to make units affordable for low-income residents. In addition, they are likely to view community-based rural housing organizations as high risk borrowers. Since long before “intermediaries” or “community development financial institutions” existed, HAC has provided types of financing seldom available from other sources.

HAC makes loans for short terms at below-market interest rates to local nonprofit, for-profit, and government entities developing affordable housing for low-income rural residents. HAC’s loans enable borrowers to acquire land, pay architectural and environmental fees, and cover other costs that arise before construction loans are available. HAC balances careful underwriting and meaningful collateral with flexibility and an understanding that a rural community’s best potential housing developer may begin without housing development experience.

## LOAN FUND HISTORY

In March 1972, HAC committed its first rural housing loans to 10 local organizations throughout rural America. A total of \$647,476 was committed to produce more than 1,000 units of affordable housing in rural areas (Figure 1). In the years since, HAC has made nearly 1,450 loan commitments totaling

**Figure 2. HAC Loan Funds Accomplishments, 1971-2001**



**Figure 3. HAC Loan Funds Capitalization**



Note: The data on HAC loans represent initial commitments, not funds disbursed.

\$118,000,000 for rural housing development.<sup>1</sup> HAC has committed funding for approximately 38,500 units of safe, decent, and affordable housing in rural areas (Figure 2). In addition, HAC's Water/Wastewater Loan Fund has funded 13,425 rural water and wastewater connections.

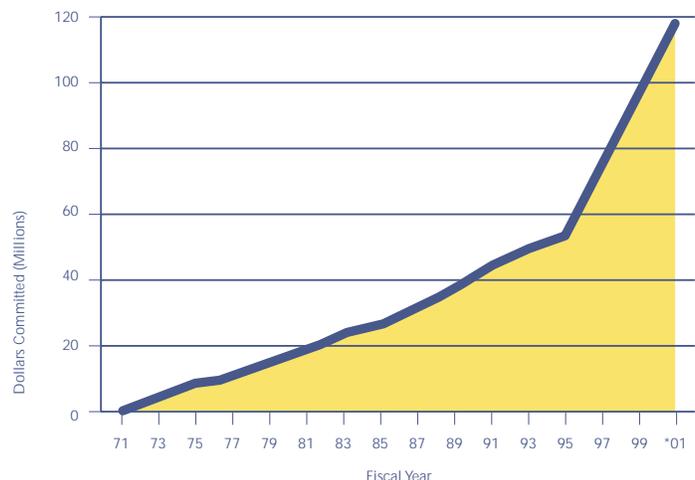
The initial capital for HAC's loan funds was a \$2 million War on Poverty grant from the federal Office of Economic Opportunity (OEO). The loan funds have grown to a current level of \$51 million (Figure 3). This growth has allowed HAC to significantly increase lending activity in the past three decades.

The housing finance world has consistently recognized HAC's abilities as a lender and the need for its services. A wide variety of funders have contributed to the growth in HAC's loan funds (see inside front cover), and in 1998 the Treasury Department recognized HAC as a Community Development Financial Institution (CDFI).

In its first 25 years, HAC committed an average of \$2.2 million annually (Figure 4). Since the mid-1990s HAC's loan funds

have grown dramatically, with an average of \$13 million lent annually since 1997. This substantial increase is attributable primarily to the Self-Help Homeownership Opportunity Program (SHOP) implemented in 1997.

**Figure 4. HAC Loan Funds Cumulative Lending Growth, 1971-2001**



\*Represents only first quarter loan commitments in FY 2001.

<sup>1</sup>The data presented on HAC loans represent initial commitments, not funds disbursed. As of December 2000, HAC had disbursed approximately \$70 million in loans since 1971. It should be noted that loan commitments alone often result in housing and/or infrastructure development, whether funds are ultimately disbursed or not. HAC loan commitments frequently induce other sources to commit funds to the projects proposed by HAC loan fund applicants.

Throughout its history, HAC has sought not only to increase its loan funds in order to meet demand, but also to change its loan products and terms as needed. Over the years, HAC has made fund uses more flexible, developed lending partnerships with other entities, allied with other community lenders, and targeted non-standard loan products to areas that are particularly difficult to serve. All these steps are aimed at furthering more and better use of the available loan funds. In 2000, for example, HAC committed some of its resources on a pilot basis for new uses such as construction loans, lines of credit, and loans that do not meet traditional lending criteria.

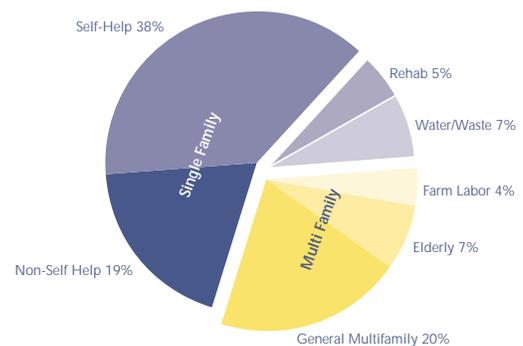


Main Cross Apartments in Mt. Sterling, Kentucky was developed by the Federation of Appalachian Housing Enterprises (FAHE) with assistance from the HAC loan funds. The 51 unit development provides much needed affordable housing for the area's very low-income elderly residents. In addition, these apartments were developed in historically significant buildings alongside commercial units to rejuvenate this small town's business district and provide a greater sense of community and recreation for their residents.

## ACTIVITIES SUPPORTED

Throughout the past three decades, HAC's loan funds have supported a wide array of affordable housing initiatives to address the many complexities of rural housing provision.<sup>2</sup> One of the most popular uses of the loan funds is to support self-help housing initiatives. Self-help housing production typically involves low-income families performing a substantial amount of the construction labor on each other's homes under qualified supervision. The labor cost savings make homeownership possible for families who would otherwise be financially unable to purchase homes. HAC has committed \$57 million to organizations to develop self-help housing, funding approximately 11,000 self-help units. Over the past 30 years, loans for self-help housing have constituted approximately 38 percent of HAC's loan commitments (Figure 5). The funding of single-family housing without a self-help component is also an important aspect of HAC's loan portfolio, making up approximately 19 percent of total loan fund activity.

**Figure 5.**  
Activities Supported by HAC Loans,  
1971-2001



<sup>2</sup>The data presented here on housing structure, development activity, and special populations served do not represent mutually exclusive categories. For example, the figures presented for elderly and farm labor loans reflect loan commitments for housing projects specifically targeted to those populations, although it is likely that some units within each category of HAC-assisted housing are occupied by elderly people and farm laborers. Additionally, although HAC's self-help loans have supported only single-family units, self-help housing activities are not inherently limited to single-family development. Likewise, HAC loan commitments categorized as supporting elderly or farm labor housing have been used exclusively for multifamily developments; single-family housing projects, however, may also be developed for these populations. Similarly, since most multifamily structures in rural areas provide rental units rather than homeownership units (condominiums or cooperatives), this analysis assumes that multifamily units are rental units, but that may not always be the case.

The predominance of homeownership in many rural areas has overshadowed the importance of the rental housing stock and the needs of nonmetro renters. As a result, rural rental households, who also tend to have lower incomes than homeowners, experience some of the most significant housing problems in the United States. HAC has always realized the need for quality and affordable rental housing in rural areas. In the past 30 years HAC has committed over \$17 million to help fund over 12,000 affordable multifamily housing units. Included in this total are structures for special populations like elderly households and farmworkers. Since its founding, HAC has strived to help serve these and other special populations.

HAC loan funds have also supported water and wastewater development in rural communities nationwide, with nearly 13,425 water/wastewater connections funded. Water/wastewater loan commitments have made up approximately 7 percent of all HAC loan commitments.

## ADDITIONAL FINANCING

**H**AC loan funds provide vital pre-development money to start projects and help organizations acquire additional funding. HAC loan funds are almost always used in conjunction with one or more federal, state, local, and private funding sources. An analysis of recent loan fund activity from 1997 to the first quarter of fiscal year 2001 reveals that HAC funds make up an average of 11 percent of a HAC-funded project's budget. Along with conventional financing, additional financing sources are the U.S. Department of Agriculture's Rural Housing Service (RHS) Section 502 single-family loan program, Section 515 multifamily program and Section 523 self-help housing technical assistance program. HAC loan funds are also often used with the HOME and Community Development Block Grant (CDBG) programs of the U.S. Department of Housing and Urban Development (HUD).



### INVESTING IN THE FUTURE WITH SWEAT EQUITY

Tears well up in Dianna Vasquez's eyes when she talks about her new home. Hard work and perseverance brought her here, to a house she describes simply as the "promised land." In a close-knit neighborhood, Vasquez and other first time homebuyers are literally enjoying the fruits of their labor: They have moved into 10 houses they built from the ground up.

Dianna's new home was made possible in large part by Self-Help Enterprises (SHE), a nonprofit organization that has helped thousands of low-income families in California's San Joaquin Valley work their way into homeownership. Self-Help Enterprises is one of HAC's loan funds oldest partners. In fact, one of the first loans HAC made in 1972 was to Self-Help Enterprises. Since then, HAC has committed 41 more loans to SHE totaling \$4.3 million to fund over 1,000 units of affordable housing for low-income residents.

"God does well here," said Vasquez, 42, as she walked through the pistachio-mint colored home she shares with her husband, Isidro, and their three children. Faith and commitment play a big role for these families, many of

whom have dreamed for years of owning a home. But another requirement is sweat equity – digging trenches, pounding nails, laying concrete foundations, raising frames, painting walls, and assisting in other construction duties – as the downpayment.

Portions excerpted from "Clovis Homeowners Believe in Self-Help," *The Fresno Bee*, July 3, 2000 by Felicia Matlosz.

## LOCATION

HAC loan funds have reached throughout rural America. HAC has committed loans in over 400 counties throughout 49 states as well as Puerto Rico and the U.S. Virgin Islands (Figures 6 and 7). Table 2 in Appendix A lists HAC loan commitments and units funded by state throughout its 30 year history.

FIGURE 6. HAC LOAN FUND ACTIVITY BY COUNTY

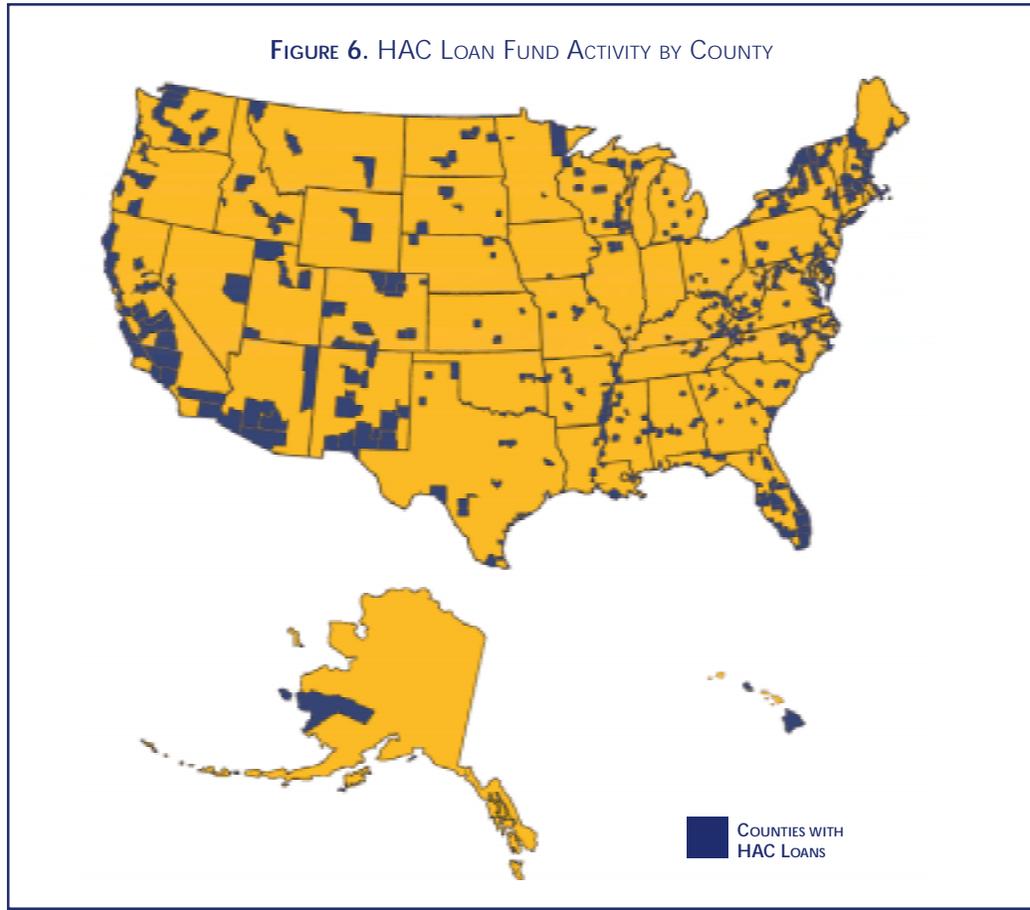
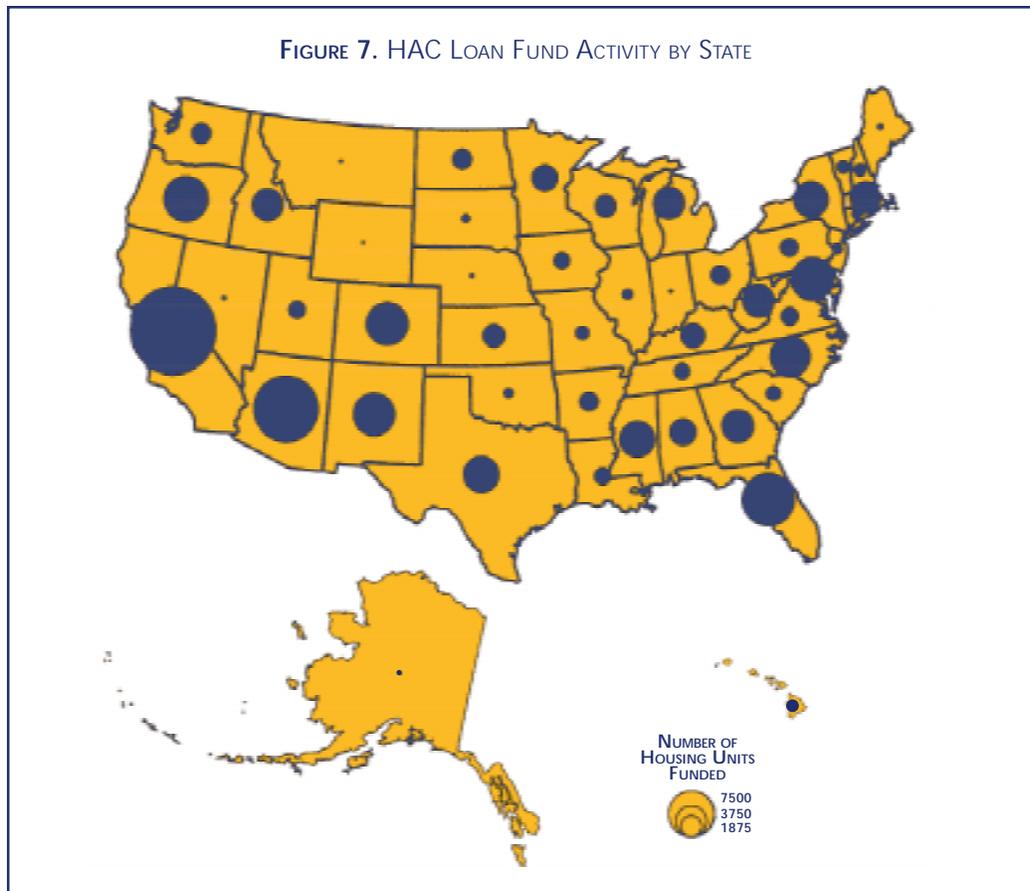


FIGURE 7. HAC LOAN FUND ACTIVITY BY STATE



## “THE POOREST OF THE POOR IN THE MOST RURAL PLACES”: HIGH NEED AREAS AND POPULATIONS

**H**AC’s mission is to improve housing conditions for the rural poor nationwide. However, HAC has always recognized that certain rural areas and populations experience poverty and substandard housing at higher levels than the rest of the nation and consequently face greater obstacles in providing affordable housing. Over the past 30 years HAC loan funds have been especially important for Native American communities, the Mississippi Delta, farmworkers, the southwest border colonias, and Appalachia. A few examples of the loan funds’ impact among rural groups and populations in these high need areas are provided below.

### APPALACHIA

*“We utilized HAC loan funds to buy materials for the very first houses that Kentucky Mountain Housing built.”*



Donna Harris  
Executive Director  
Kentucky Mountain Housing, Inc.  
Manchester, Kentucky

**T**he rugged hills and valleys of the Appalachian mountain chain are home to approximately 22 million Americans. Due to extractive economies and rugged, mountainous terrain, Appalachia has been plagued with boom and bust economies, persistent poverty, and housing conditions much worse than national standards. Problems are most severe in the central Appalachian region, which encompasses areas in the states of Kentucky, Virginia, West Virginia and Tennessee.

Kentucky Mountain Housing Development, Inc. has developed homes for over 500 low-income families in Appalachian eastern Kentucky since 1973. HAC first partnered with Kentucky Mountain Housing in 1974



*Substandard mobile home in Appalachia.*



*New home developed by Kentucky Mountain Housing.*

and has made six subsequent loans, for a total loan commitment of \$237,000 to produce 88 units of housing. “We utilized HAC loan funds to buy materials for the very first houses that Kentucky Mountain Housing built,” says Executive Director Donna Harris. “In those early days that type of seed money was crucial to an organization that was just getting started.”

### COLONIAS

*“I know if I have a question I can always call HAC.”*



David Arizmendi  
Executive Director  
Proyecto Azteca  
San Juan, Texas

**T**he U.S.-Mexico border region, which includes parts of Arizona, California, New Mexico, and Texas, suffers from extremely high rates of poverty, substandard housing, and housing cost burden. A high proportion of the border’s problems are concentrated in “colonias” occupied primarily by low-income Hispanic persons of Mexican origin. The



*An example of substandard housing in a colonia.*

colonias are small rural communities defined primarily by their lack of basic amenities such as water and sewage systems, decent housing, paved roads, and standard mortgage financing.

Proyecto Azteca, a nonprofit housing organization based in San Juan, Texas, was created in 1991 in response to the affordable housing needs of colonias residents. Proyecto's self-help housing program builds on the resourcefulness and perseverance of colonias residents. The organization develops approximately 50 homes per year, and works with participating families to secure financial assistance. HAC has committed \$300,000 to Proyecto Azteca to fund 33 self-help homes. "I know if I have a question I can always call HAC," says David Arizmendi, Executive Director of Proyecto Azteca.



*A new home owner completes her Proyecto Azteca home.*

## MISSISSIPPI DELTA

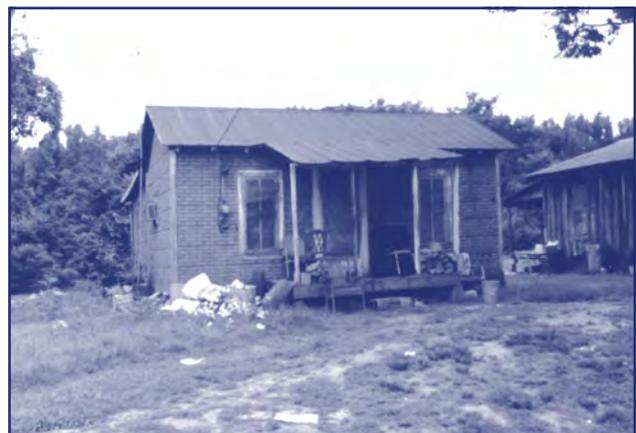
***"HAC loan funds have made the difference between success and failure for our organization's self-help housing program."***



Clanton Beamon  
Executive Director  
Delta Housing Development  
Corporation  
Indianola, Mississippi

**T**he Lower Mississippi Delta region of the United States, which includes portions of Mississippi, Louisiana and Arkansas, has had extreme rates of poverty for decades. In a 1990 report, the congressionally created Lower Mississippi Delta Development Commission described the area's residents as people "who by virtue of place are surrounded by thousands of square miles of some of the country's richest natural resources and physical assets. . . . And yet, these are the people who by statistics constitute the poorest region of the United States of America . . . where good housing is unattainable for many."

The nonprofit Delta Housing Development Corporation provides single- and multifamily homes to low-income families in the central Delta region of Mississippi. In its 30 years of serving low-income residents, Delta Housing has developed or rehabilitated over 450 single-family homes, managed 181 units of rental



*In the Mississippi Delta good housing is unattainable for many.*



*Self-help participants build homes in Mississippi.*

housing, and helped over 3,000 families with weatherization aid. Incorporated in 1971, Delta Housing is one of HAC's oldest loan fund partners. In fact, one of HAC's first loan commitments was to Delta Housing in 1972. Since then HAC has committed 17 loans to Delta Housing for a total of \$1.1 million to help fund over 400 units of single-family and multifamily housing. Delta Housing's executive director Clanton Beamon states that "HAC loan funds have made the difference between success and failure for our organization's self-help housing program."

## NATIVE AMERICAN COMMUNITIES

***"HAC has been a valuable resource to Oti Kaga, Inc. in meeting its mission to provide low-income Native Americans with housing opportunity."***



Bill Picotte  
Executive Director  
Oti Kaga, Inc.  
Eagle Butte, South Dakota

**M**any Native Americans and the lands they live on are encumbered by an array of complex social and economic issues. More than one third of rural Native Americans live in poverty. Other problems affecting housing



*Poor housing is pervasive on many Native American reservations.*

provision among many Native American communities include a lack of infrastructure, remoteness, and legal land title issues.

Oti Kaga, Inc. is a nonprofit housing development corporation located on the Cheyenne River Sioux Indian Reservation in Eagle Butte, S.D. The reservation in north central South Dakota comprises the seventh poorest county in the nation. It has a shortage of over 300 housing units, and over 1,000 more need renovation. Often, a dozen individuals live together in homes of 1,000-1,200 square feet. Many homes lack basic services like running water, indoor bathroom facilities, and electricity.

Oti Kaga means "makes homes" in the Lakota language. The organization began operating in October 1995. Since then, Oti Kaga has utilized \$424,000 in HAC loan commitments to fund over 80 units of affordable and much needed housing on the Cheyenne River Reservation.



*Representatives of tribes work with HAC staff to package RHS loans for Native American borrowers.*

## MIGRANT AND SEASONAL FARMWORKERS

***“Without HAC loans and technical assistance, La Clinica would not have been as successful as we are.”***



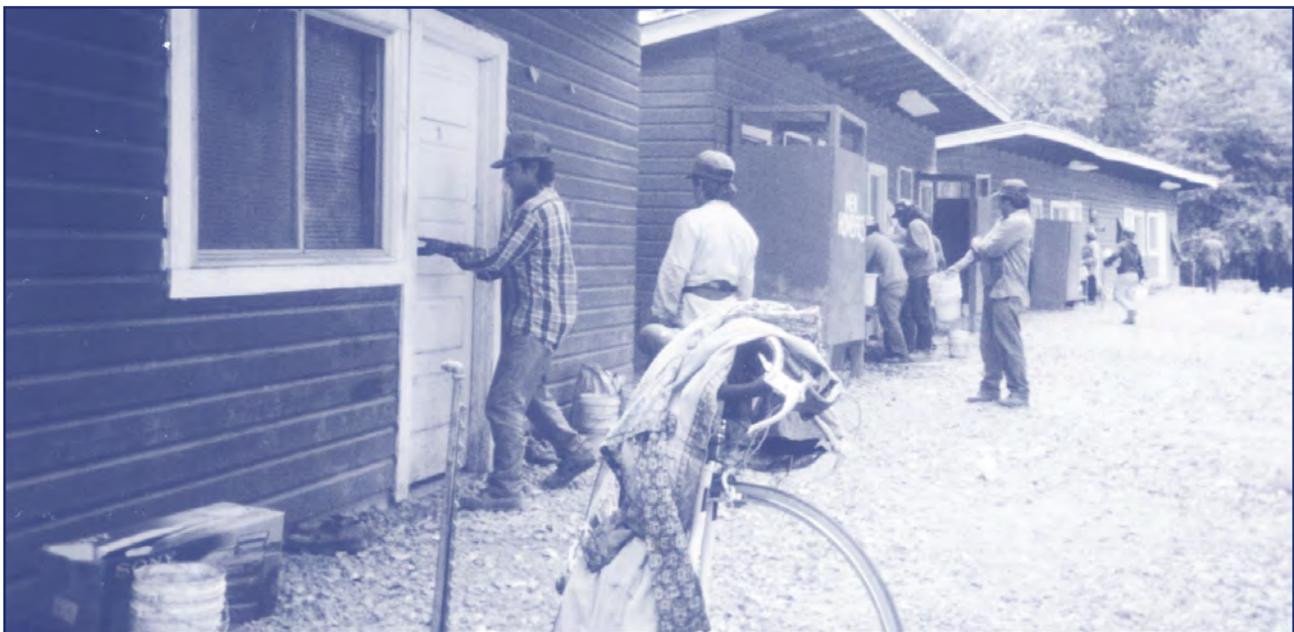
Guillermo Castaneda  
Executive Director  
La Clinica  
Pasco, Washington

Seasonal farmwork is essential to this country's abundant and affordable food supply and to the agriculture industry. Yet farmworkers experience some of the worst housing and poverty conditions of any group in the United States. Agricultural businesses in the U.S. demand and systematically recruit the cheap labor provided by farmworkers. Most farmworkers, at least half of whom live below the poverty line, receive no benefits from their employers. Founded in 1982, La Clinica Self Help Housing provides healthcare and other services to farmworkers



*Four families who participate in La Clinica's self-help program gather in one family's yard.*

in Washington's Columbia Basin region. La Clinica has been producing affordable single-family homes since 1993 using the mutual self-help method. This approach trains groups of families in home construction, and their labor under the supervision of La Clinica staff reduces the cost of new homes. La Clinica has produced almost 100 homes for low-income families in the Pasco area. In 1997 and 1999 HAC committed two SHOP loans to La Clinica for a total of \$400,000 to fund 40 units of self-help housing. “Without HAC loans and technical assistance, La Clinica would not have been as successful as we are, with as much hope for the future in getting houses for many people,” says La Clinica's Executive Director Guillermo Castaneda.



*Farmworkers experience some of the worst housing and poverty conditions of any group in the U.S.*

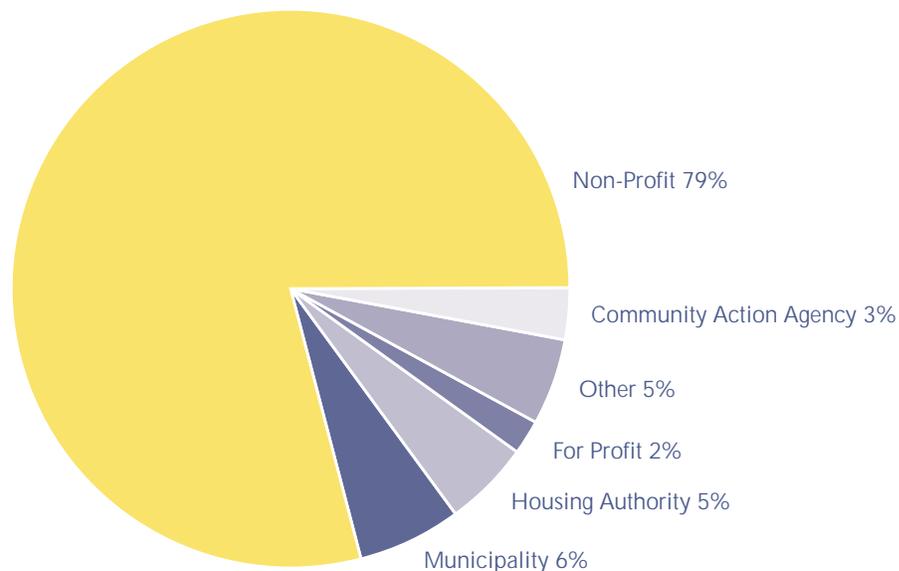
## THE ESSENTIAL CONNECTION: HAC BORROWERS

*“Without HAC [we would not have] as much hope for the future in getting houses for many people.”* HAC Borrower

Community-based organizations are the link that transforms HAC loan dollars into affordable homes for low-income rural families. HAC loan funds are utilized by a wide array of local entities including community-based nonprofit organizations, housing development corporations, self-help housing sponsors, farmworker organizations, cooperatives, Indian tribes, public agencies, units of local government, public utility districts, and small business and minority contractors (Figure 8). HAC works diligently to design and implement lending programs that will work well at the local level.

Most of HAC’s loans have been made to nonprofit organizations, which exist in a variety of forms throughout the nation. They range from those with a completely volunteer staff to sophisticated, experienced and well-staffed housing development corporations. Some have yet to produce a single housing unit when they apply to HAC, while others are producing hundreds of units annually. Some serve a single locality, while others have statewide or even multi-state regional development programs. The one common feature among most of these organizations is that they are the only entities attempting to provide subsidized housing for low-income people in their rural communities.

Figure 8. HAC Loan Fund Borrowers Organization Supported 1971-2001



Housing developers in rural areas often face difficult problems not common in urban areas. Many factors – nonexistent or inadequate water and waste disposal systems, financial institutions that traditionally have shied away from housing developments, and limited access to labor markets and construction materials – tend to make rural development more difficult. The requirements of federal, state, county, and local agencies are often complex and lengthy whether the housing sponsor is developing a small rural project of 15 units or a large urban project of 150 units. These requirements place a proportionately much larger burden, however, on the smaller, less experienced community-based developers often found in rural areas. To

address many of these issues, HAC not only provides financial support but also offers its borrowers technical assistance whenever needed.

This technical assistance is one of the special factors that makes HAC's loans work. HAC helps borrowers (as well as non-borrower rural housing organizations) to analyze project feasibility, select and coordinate appropriate financing sources, prepare loan and grant applications, conduct environmental reviews, and perform other development activities. Not only does this assistance increase the chances that loans will be repaid but, more importantly, it helps to increase housing development capacity and facilitate the use of housing and community development programs in underserved rural areas.

## BRINGING WATER FROM THE RESERVATION



*Young residents of a rental project by Mohawk Indian Housing make the best of a snowy day.*

Mohawk Indian Housing Corporation was developed in 1972 to combat the poor housing conditions on and near the St. Regis reservation.

In the mid-1980s Mohawk Indian Housing was in the midst of developing three badly needed rental housing projects when they hit a major snag – a lack of infrastructure to bring water to this remote development site about a mile from the St. Regis reservation. With the assistance of HAC loan funds in conjunction with the Indian Health Service, Mohawk Indian Housing formed a subsidiary water district, the Iroquois Water Transportation Corporation, and extended the water lines from the reservation to the apartment community. This combination of resources allowed for the development of 78 units of much needed affordable housing.

HAC loans are generally associated with low-income rural housing development. Yet HAC has also been involved in other development activities that contribute to the health and well-being of rural Americans. For example, HAC funds water and wastewater facilities to help rural residents gain access to safe, decent and sanitary water. One notable example is HAC's part in bringing water to low-income residents of the Mohawk tribe in New York. HAC loan funds were also used to develop housing for this community.

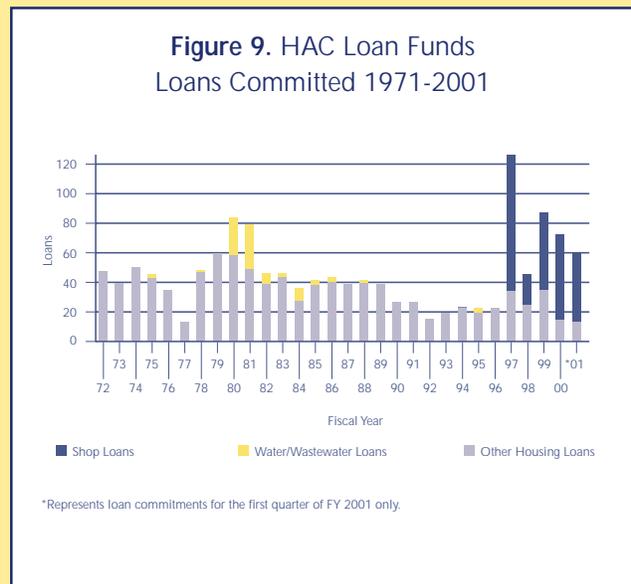
St. Lawrence County in northern New York state includes a substantial portion of the St. Regis Mohawk Indian Reservation. The area has traditionally had high levels of poverty and poor housing conditions. The

## SHOP – HAC’S SELF-HELP HOMEOWNERSHIP OPPORTUNITY PROGRAM

In October 1996 the Housing Assistance Council began a new program for low-income rural homeownership. HAC was awarded \$13.5 million from the U.S. Department of Housing and Urban Development (HUD) under the Self-Help Homeownership Opportunity Program (SHOP), which was created by Congress in 1996.

SHOP provides no-interest loans to local housing developers for land acquisition and site development associated with self-help housing. Homebuyers help to build their own homes and often work together in groups constructing their neighbors’ houses at the same time. Their work typically involves all phases of development including site preparation, framing, roofing, landscaping, siding, and interior painting.

For each local organization that produces its required number of units, 75 percent of its SHOP loan is converted to a grant. The development group can then use the funds to subsidize the same units more deeply, or to produce additional self-help units in the future. The 25 percent repaid to HAC is recycled into the SHOP fund to support additional units.



*SHOP has greatly increased the number of loans HAC makes.*

SHOP has become one of the largest and most widely used of all HAC’s loan funds (Figure 9). In addition to the initial SHOP allocation of \$13.5 million in 1996, HAC has been awarded further SHOP allocations in subsequent years. Since 1996, HAC has committed nearly \$40 million in SHOP funds, which are helping local groups build over 4,500 homeowner units using sweat equity and volunteer labor. HAC’s SHOP funds have been utilized by 137 local housing organizations in 40 states and Puerto Rico.

## SHOP IN ACTION: A CASE STUDY

In the winter of 2000, five women and their families



*Tammy (left) and Dianna paint a new home in the Montague self-help subdivision.*

moved into a subdivision in Montague, Massachusetts developed by Rural Development, Inc. (RDI). RDI had purchased the land with a \$500,000 Self-Help Homeownership Opportunity Program (SHOP) loan from HAC. Rural Capacity Building Initiative funds and technical assistance from HAC (funded by USDA), Massachusetts HOME funds, and Rural Housing Service Section 502 loans also made the development

possible.

Prior to learning about RDI and SHOP, each woman dreamed of a decent home for her family. Ann, her husband and child had been living in a 200-year-old farmhouse that was in poor condition, with lead paint, sloped floors, insect infestation and inadequate heating. Although they both worked, Ann and her husband could not afford a decent home. Lorraine, a social worker living in Section 8 assisted rental housing with her two children and another Montague subdivision neighbor, Michelle, participated in the HUD Family Self-Sufficiency (FSS) program and saved for a downpayment. Dianna lived with her husband and their three children in a two-bedroom, moldy basement apartment for seven years. Tammy’s husband had worked in home construction, yet they could not afford a home of their own for their family of five.

The future neighbors began constructing their homes in August 1999. Lorraine chaired the work exchange group, and though there were complications and frustrating delays, she thinks the families worked together well.

According to Tammy, her family “would have never had a home” without RDI’s self-help subdivision in Montague. But the subdivision is more than just housing. The self-help process brought tremendous pride in the homes, which is reflected in the families’ decorating. Lorraine used her skills from high school woodworking class to bring out the natural beauty of the trim around her doors and windows. Tammy decorated inside with handmade curtains given as a housewarming gift, while her twin daughters bought seeds to decorate their family’s first yard with flowers.

The residents of the Montague subdivision have brought a sense of community and stability to a new neighborhood. Their children often play together, frequently visiting Ann, who began caring for them during the subdivision’s construction phase when she was pregnant. She now drives the subdivision’s school bus. According to Ann, her family is “so much calmer now,” not worrying about needing to move out of a rental as they often did in the past. Lorraine sums it up simply: “It’s really wonderful being here.”

## THE BOTTOM LINE: HAC-ASSISTED HOUSEHOLDS

*“My family would have never had a home if it weren’t for self-help housing”*

HAC-assisted homeowner  
Montague, Massachusetts

The real impact of HAC’s loan funds is measured best not by numbers and production levels, but instead in the lives of low-income rural families who have received safe, decent housing. For most Americans, a decent home that promotes safety, security, and family well-being is taken for granted. However, when a child sleeps in a cold bedroom and his parents pay half their income for rent, or when an elderly person will not take a walk in her neighborhood for fear of crime, housing and neighborhood conditions do not improve well-being. To the contrary, such deficiencies diminish the quality of life. For the past 30 years, HAC loan funds have worked to combat housing problems, helping thousands of rural low-income residents to obtain not only safe, decent homes at costs they can afford but also a sense of well-being and a better quality of life.

### VERY LOW-INCOME FAMILIES

Part of HAC’s mission is to emphasize assistance to the “poorest of the poor in the most rural places.” Many of HAC’s loan products are designed to provide flexibility and all-important pre-development funds to reduce costs so that housing organizations at the local level can assist families with the lowest incomes. Among active HAC borrowers, the median income of households assisted with HAC funds is \$19,386 (Figure 10).<sup>3</sup> This income level is 41 percent lower than the national

nonmetro median of \$33,021.<sup>4</sup> The median income of owners assisted with HAC funds is slightly higher at \$19,680 whereas the median income for assisted renters is \$12,416.

More importantly, HAC loan funds have assisted local organizations to provide affordable housing and homeownership for rural households at the lowest income levels. Approximately 62 percent of HAC-assisted households have incomes at or below half of the area median income and are therefore considered to be very low-income (Figure 11).

Figure 10. Median Household Income

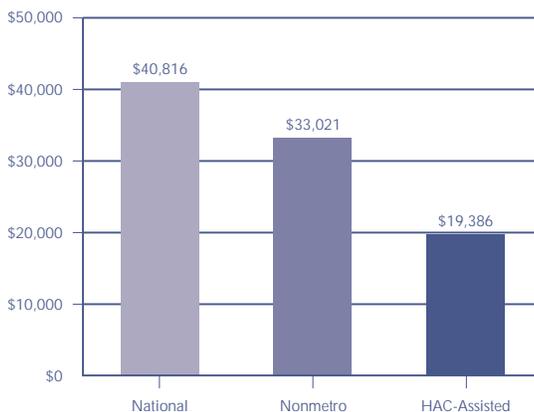
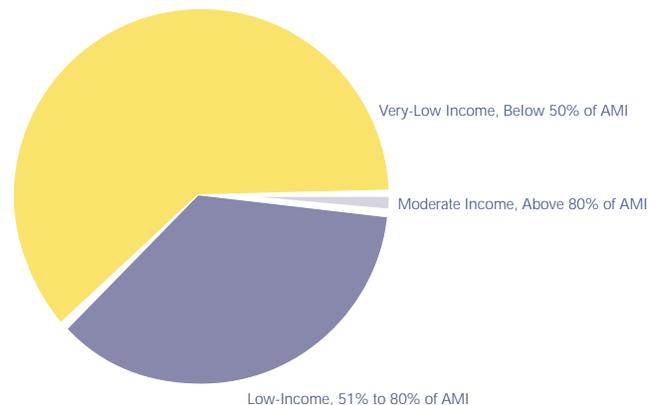


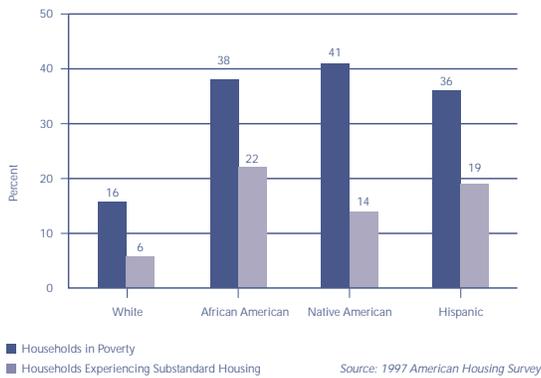
Figure 11. HAC-Assisted Households Income Levels Percent of Area Median Income (AMI)



<sup>3</sup>The data presented on households assisted with HAC loan funds derive from a survey of borrowers who have active loans with the Housing Assistance Council as of February 2001. The information on HAC-assisted households differs from data on the loan funds in that it constitutes a survey of households from current borrowers, whereas data from HAC’s loan fund files represent longitudinal figures at the borrower level over the past 30 years. For more information on this report’s data sources, please consult Appendix B.

<sup>4</sup> U.S. Department of Commerce, Bureau of the Census, *Money Income In the United States, 1999*, Current Population Reports, Consumer Income (Washington: U.S. Government Printing Office, September 2000).

**Figure 12. Poverty & Substandard Housing Nonmetro Households by Race, 1997**



Source: 1997 American Housing Survey.

## MINORITIES

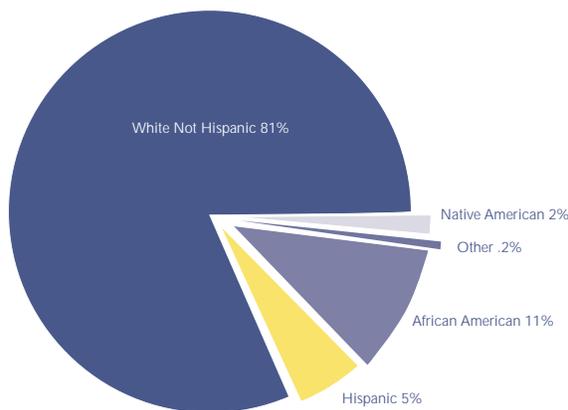
Minorities in rural areas are among the poorest and worst housed groups in the entire nation. While minorities comprise just 13 percent of all households in nonmetro areas, they account for 26 percent of all rural households in poverty. Poverty is particularly high among Native Americans; 41 percent of all nonmetro Native households live below the poverty level.

Nonmetro African Americans and Hispanics<sup>5</sup> also experience high poverty rates at 38 percent and 36 percent, respectively. Consequently, substandard housing conditions are also disproportionately frequent among rural minorities.<sup>6</sup> Nonwhite rural residents experience either moderately or severely inadequate housing at three times the rates of white rural residents (Figure 12).<sup>7</sup>

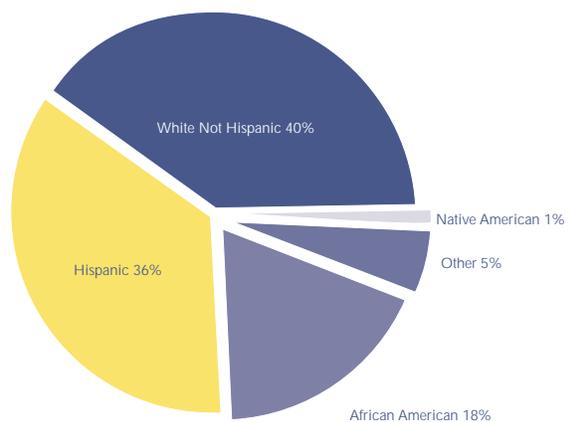
HAC's first statement of activities in 1972 included the goal of forming "a housing delivery system to assure that the minority rural poor benefit from [HAC's] establishment." Thirty years later, HAC's current loan fund activity indicates continued attention to the housing needs of rural minorities. While less than 20 percent of low-income households in the nonmetro U.S. are minorities, minority-headed households comprise 60 percent of households assisted with HAC loan funds (Figure 13). Overall, non-Hispanic white households comprise the single largest group of HAC-assisted households at 40 percent, followed by Hispanics at 36 percent, African Americans at 18 percent and other races at 5 percent. One percent of HAC-assisted households are Native American.

**Figure 13. Household Race and Ethnicity**

Low-Income Nonmetro Households



HAC-Assisted Households



Sources: 1997 American Housing Survey and 2001 HAC-Assisted Households Survey.

<sup>5</sup>Hispanic is an ethnic origin, not a race. For the purposes of this study, the survey differentiated between White households not of Hispanic origin and those with Hispanic origin. Most Hispanics report themselves as white, but Hispanics may be of any race.

<sup>6</sup>Figures for substandard housing indicate moderate and severe housing problems. It should be noted that substandard housing occurrences are much more frequent for Native households living on or near tribal areas than Native households as a whole. The 1990 Census reports that approximately 40 percent of Native American households on tribal areas had physical deficiencies or were overcrowded.

<sup>7</sup>U.S. Department of Commerce, Bureau of the Census, and U.S. Department of Housing and Urban Development, *American Housing Survey for the United States in 1997*, Current Housing Reports H150/97 (Washington: U.S. Government Printing Office, September 1999).

**Figure 14. Household Size**  
Low-Income Nonmetro and HAC-Assisted Households

Persons in Household	Low -Income Nonmetro (in Thousands)		HAC Assisted (n =1,251)	
	#	%	#	%
One	3,666	37.5	165	13.2
Two	3,212	32.8	234	18.7
Three	1,211	12.4	326	26.1
Four	942	9.6	244	19.5
Five	443	4.5	166	13.3
Six	177	1.8	77	6.2
Seven or More	127	1.4	39	3.2
Total	9,778	100.0	1,251	100.0
Median	2		3	

Sources: 1997 American Housing Survey and 2001 HAC-Assisted Households Survey.

### LARGE FAMILIES

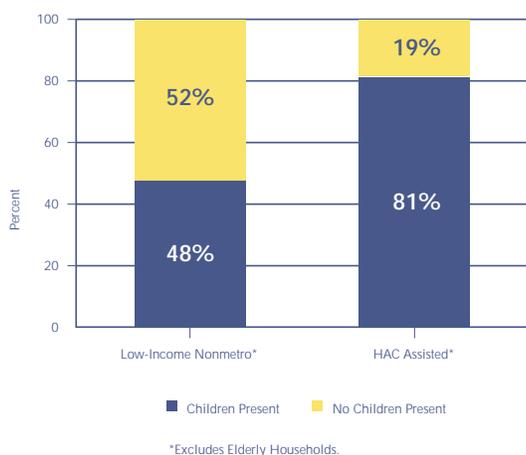
Large families often have a particularly difficult time finding affordable housing. Even government-assisted units may have too few bedrooms for a large family unless they are constructed with large households in mind. HAC-assisted households tend to be slightly

larger than U.S. low-income rural households as a whole (Figure 14). Certain assisted groups tend to have larger or smaller households. For example, Hispanic HAC-assisted households have a median household size of four. In contrast, elderly households assisted with HAC funds tend to be smaller, with a median size of two.



Luis and his mother take care of their new house in Arena Dorada, a self-help subdivision in Anthony, New Mexico, developed by Tierra Del Sol with a loan from HAC. The house has three bedrooms and two baths. Luis's parents received a low-interest mortgage from the Rural Housing Service's Section 502 program.

Figure 15. Households with Children Present



Sources: 1997 American Housing Survey and 2001 HAC-Assisted Households Survey

## FAMILIES WITH CHILDREN

The quality of housing and neighborhoods has significant impacts on the health and well-being of children. The national childhood poverty rate is 19.9 percent, but counties with HAC loans have a childhood poverty rate of 22.8 percent.<sup>8</sup> Over 7.7 million nonmetro units in the U.S. have children present, and 35 percent of these have problems with cost, crowding, or adequacy. Approximately 81 percent of units produced with HAC funds have children present compared to 48 percent of all low-income nonmetro households (excluding elderly households) (Figure 15). By funding safe and secure structures for children to grow up in, HAC hopes to contribute to nurturing environments for families with children and to help break the cycle of poverty experienced by too many rural families.

<sup>8</sup>Childhood poverty estimates are from the U.S. Department of Commerce, Bureau of the Census, 1997 Small Area Income and Poverty Estimates.



## A SECRET PATH

“Because we didn’t want anyone to know where we lived, we created a secret path from our home to school,” Victoria Middleton says as she recalls the childhood route she and her cousins would take to get to their middle school. Her family’s small four-room house lacked running water and internal plumbing. It was set among four other substandard homes in Calvert County, Maryland. While living in this substandard neighborhood, Vicky’s family was introduced to the staff at Southern Maryland Tri-County Community Action Committee, Inc., a nonprofit housing development corporation. Southern Maryland Tri-County initially assisted the Middletons in finding better housing in a subsidized rental community the organization had built. Shortly after moving in, however, a serious health emergency struck the Middletons. Vicky and her family were forced to move into a small apartment and, to afford their rent, had to invite Vicky’s sister and her family to live with them. They squeezed six adults and two children into a three-bedroom apartment for five years.

Fortunately, the family remained in contact with Southern Maryland Tri-County, which operates a self-help housing program, assisted in part by loans from HAC. In 1999 Susie Middleton, Vicky’s mother, became eligible for a sweat equity mortgage, giving the family an incredible opportunity to own a home. Vicky – now grown and graduated from school – helped. The two women worked 40-hour weeks to help build the house. Although the hours were long, Mrs. Middleton’s home was complete in October 2000. Then Susie helped Vicky accomplish the same dream. Vicky and her five-year-old daughter Alexis, moved into their own self-help home, only four doors away, in April 2001.

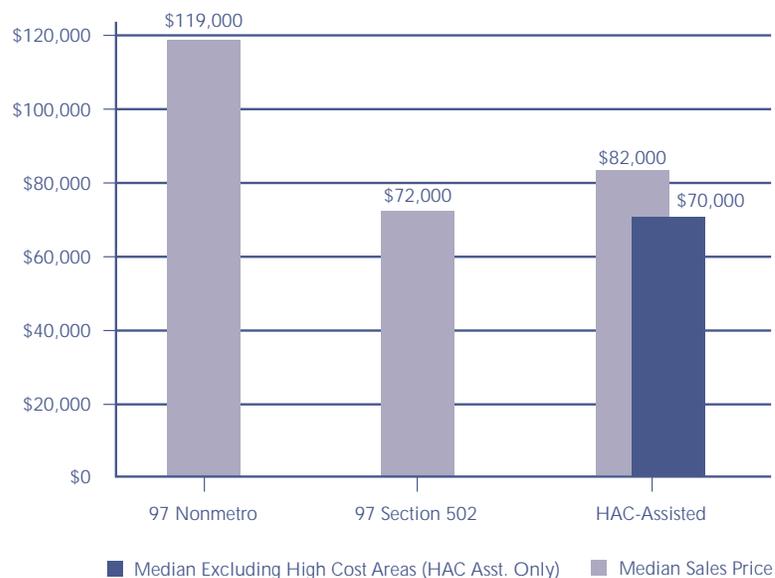
With the assistance of HAC loan funds, Southern Maryland Tri-County Community Action made affordable homeownership possible for the Middleton family and many others throughout southern Maryland.

## AFFORDABLE COSTS

In 1997 the median purchase price of a newly constructed home in the nonmetro U.S. was \$119,000 (Figure 16).<sup>9</sup> Among HAC-assisted households who purchased their homes, the median sales price is \$82,000. The median purchase price of all new homes with a USDA Rural Housing Service mortgage is \$72,000.<sup>10</sup>

Less than one quarter of HAC-assisted homeowners paid more than \$100,000 for their homes (Figure 17); 88 percent of these are located in the states of California and Hawaii, where land and building costs are extremely high. If households from these two states are excluded, the median sales price of HAC-assisted units drops to \$70,000.

Figure 16. Median Sales Price



Sources: Characteristics of New Housing, 1999, 1998 Survey of USDA's Single Family Housing Program, 2001 HAC-Assisted Households Survey.

Figure 17. Sales Price Paid by HAC-Assisted Homeowners

Sales Price	HAC-assisted Homes (n = 1080)	
	#	%
Less than \$50,000	91	8.4
\$50,000 to \$74,999	371	34.4
\$75,000 to \$99,999	363	33.6
\$100,000 to \$124,999	98	9.1
\$125,000 to \$149,999	86	8.0
\$150,000 or more	71	6.6
Total	1,080	100.0
Median	\$82,000	

<sup>9</sup> U. S. Department of Housing and Urban Development and the U.S. Department of Commerce, *Characteristics of New Housing, 1999*, c25/99A (Washington: U.S. Government Printing Office, July 2000). Data from 1997 were chosen for comparison purposes because 1997 is the median year in which loans were made to borrowers that assisted households in the survey.

<sup>10</sup> Jim Mikesell, et al., *Meeting the Housing Needs of Rural Residents: Results of the 1998 Survey of USDA Single Family Direct Loan Program* (Washington: USDA Economic Research Service, December 1999).

## LOOKING FORWARD

**H**AC has accomplished a great deal from 1971 to 2001, yet much remains to be done. Millions of low-income Americans still live in inadequate housing, or pay too much for their homes, or both. Local rural organizations around the country still try to improve their communities. Financing, technical assistance, and expert help are still needed. And as it did 30 years ago, HAC is still working to meet those needs. In an ongoing partnership with its investors and borrowers, HAC continues to work “to improve housing conditions for the rural poor, with an emphasis on the poorest of the poor in the most rural places.”



North East Community Action Corporation (NECAC) in Bowling Green, Missouri, one of HAC’s newest borrowers, recently broke ground for its Urvandale subdivision. NECAC received a \$100,000 HAC loan to purchase 18 lots in the subdivision, which is being developed in Randolph County, Missouri.

## APPENDIX A: DATA TABLES

### TABLE 1. CHARACTERISTICS OF HAC LOAN FUNDS, 1971 TO 2001 BY DECADE

	1971-1979	1980-1989	1990-1999	2000-2001 <sub>1</sub>	Total
<b>Loans Committed</b> <sup>2</sup>	358	506	425	158	1,447
<b>Amount Committed</b>	\$14,377,000	\$23,382,000	\$59,243,000	21,824,000	\$118,826,000
Median Commitment Amt.	\$31,000	\$25,000	\$100,000	\$115,000	\$49,000
<b>Housing Units Funded</b>	15,197	11,840	8,994	2,467	38,498
Median Units per Commitment	29	24	20	16	24
<b>Water/Waste Connections</b>	160	12,865	400	0	13,425
<b>Borrowers</b> <sup>3</sup>	214	287	198	88	644
<b>States Served</b> <sup>4</sup>	43	45	42	33	51
<b>Counties Served</b> <sup>5</sup>	176	189	172	83	415
<b>Project Type</b> <sup>6</sup>					
Single-Family	26%	26%	10%	0%	19%
Multifamily	24%	24%	17%	1%	20%
Self-Help	27%	13%	62%	98%	38%
Elderly	7%	12%	2%	0%	7%
Farm Labor	4%	4%	6%	1%	4%
Rehabilitation	6%	5%	2%	0%	5%
Water/Waste	1%	15%	1%	0%	7%
Other	5%	1%	1%	0%	1%
<b>Borrower Type</b>					
Nonprofit Organization	78%	73%	98%	92%	79%
Municipality	1%	12%	1%	0%	6%
Housing Authority	9%	3%	1%	3%	5%
Community Action Agency	4%	2%	0%	1%	3%
For-profit Organization	0%	4%	0%	0%	2%
Other	7%	6%	0%	5%	5%

Notes:

Numbers and percentages may not add due to rounding.

1. Represents only first quarter loan commitments of 2001.

2. Represents initial loan commitments, not funds disbursed.

3. Totals for borrowers do not add due to multiple loans for certain groups.

4. Includes territories of Puerto Rico and the U.S. Virgin Islands. Totals for states do not add due to multiple loans for each state.

5. Totals for counties do not add due to multiple loans for certain counties.

6. The initiatives supported data are categorized to provide specificity. However, the housing types presented are not entirely mutually exclusive. Self-help housing is almost always single-family in nature. Likewise, elderly and farm labor housing are generally multifamily structures.

The data in this table were collected from the loan fund files of HAC. Various borrower level data were collected for each loan commitment made by HAC between March, 1972 and March, 2001. This longitudinal data set represents approximately 1,447 loan commitments (N=1,447) from the Housing Assistance Council. For more information of the data sources, please consult Appendix B of this report.

**TABLE 2. HAC LOAN FUNDS BY STATE, 1971 TO 2001**

State	Loan Commitments	Dollars Committed	Units Funded*
Alabama	31	\$1,235,866	1001
Alaska	2	\$103,314	55
Arizona	40	\$3,781,003	4891
Arkansas	21	\$1,446,612	534
California	184	\$22,752,594	8068
Colorado	49	\$5,394,667	2290
Connecticut	9	\$675,959	186
Delaware	8	\$686,371	192
Florida	117	\$11,440,004	3338
Georgia	30	\$1,410,738	1261
Hawaii	10	\$1,983,484	109
Idaho	15	\$417,260	1350
Illinois	9	\$153,079	199
Indiana	3	\$270,210	36
Iowa	5	\$103,171	421
Kansas	3	\$331,000	758
Kentucky	45	\$4,738,308	866
Louisiana	14	\$699,277	442
Maine	9	\$350,271	74
Maryland	95	\$11,035,684	2338
Massachusetts	52	\$2,782,619	1312
Michigan	19	\$2,221,717	1468
Minnesota	6	\$319,833	994
Mississippi	51	\$3,710,172	1644
Missouri	9	\$487,375	74
Montana	3	\$63,930	32
Nebraska	4	\$304,407	48
Nevada	4	\$590,000	46
New Hampshire	9	\$155,385	260
New Jersey	5	\$284,250	202
New Mexico	67	\$5,470,420	2159
New York	81	\$3,631,832	1608
North Carolina	74	\$3,140,114	2151
North Dakota	8	\$472,176	606
Ohio	15	\$1,617,157	559
Oklahoma	9	\$513,889	177
Oregon	34	\$1,264,079	2519
Pennsylvania	20	\$931,844	529
Puerto Rico	4	\$213,284	55
South Carolina	11	\$762,139	368
South Dakota	11	\$855,625	138
Tennessee	15	\$707,686	396
Texas	38	\$3,482,097	1703
Utah	11	\$1,063,500	444
Vermont	14	\$465,806	282
Virgin Islands	5	\$120,500	98
Virginia	31	\$1,786,727	465
Washington	35	\$4,420,724	615
West Virginia	48	\$2,820,958	1356
Wisconsin	36	\$4,142,640	699
Wyoming	2	\$273,241	18
Multi-State/Other	17	\$742,397	489
Totals:	1447	\$118,827,395	51,923

\*Includes units and connections funded with both Housing and Water/Wastewater loan commitments.

**TABLE 3. CHARACTERISTICS OF RECENT HAC ASSISTED HOUSEHOLDS  
COMPARED TO ALL LOW-INCOME NONMETRO HOUSEHOLDS, 1997\***

Household, Income and Cost Characteristics

	HAC Assisted Households (n=1,254)		Low-Income Nonmetro (in thousands)	
	Number	%	Number	%
<b>Tenure</b>				
Owner-Occupied	1,168	93%	6,263	64%
Renter-Occupied	86	7%	3,518	36%
Total	1,254	100%	9,781	100%
<b>Race</b>				
White	497	40%	7,938	81%
African-American	225	18%	1,096	11%
Native American	8	1%	206	2%
Hispanic	452	36%	513	5%
Other	59	5%	28	0%
Total	1,241	100%	9,781	100%
<b>Persons in Household</b>				
One	165	13%	3,666	38%
Two	234	19%	3,212	33%
Three	326	26%	1,211	12%
Four	244	20%	942	10%
Five	166	13%	443	5%
Six	77	6%	177	2%
Seven or More	39	3%	127	1%
Total	1,251	100%	9,778	100%
<b>Median</b>				
	<b>2</b>		<b>3</b>	
<b>Households with Children**</b>				
Children Present	909	81%	2,873	48%
Children Not Present	217	19%	3,083	52%
Total	1,126	100%	5,956	100%
<b>Elderly Householder</b>				
Elderly Householder	61	5%	3,825	39%
Non Elderly Householder	1,127	95%	5,957	61%
Total	1,188	100%	9,782	100%
<b>Income</b>				
Less than \$10,000	111	9%	4,068	42%
\$10,000 to \$14,999	209	17%	2,260	23%
\$15,000 to \$19,999	338	27%	1,797	18%
\$20,000 to \$24,999	253	21%	1,124	12%
\$25,000 to \$29,999	159	13%	388	4%
\$30,000 to \$34,999	90	7%	119	1%
Over \$35,000	75	6%	-	0%
Total	1,235	100%	9,756	100%
<b>Median</b>				
	<b>\$19,386</b>		<b>\$11,808</b>	
<b>Income as a Percent of the Area Median (AMI)</b>				
At or Below 30% of AMI	192	16%	3,390	35%
31% to 50% of AMI	580	47%	2,893	30%
51% to 80% of AMI	462	37%	3,498	36%
Above 80% of AMI	6	1%	NA	NA
Total	1,240	100%	9,781	100%
<b>Sales Price of Newly Constructed Housing Units***</b>				
Less than \$50,000	91	8%	15	27%
\$50,000 to \$74,999	371	34%	11	20%
\$75,000 to \$99,999	363	34%	17	31%
\$100,000 to \$124,999	98	9%	8	14%
\$125,000 to \$149,999	86	8%	4	8%
\$150,000 or more	71	6%	-	0%
Total	1,080	100%	55	100%
<b>Median</b>				
	<b>\$82,000</b>		<b>\$75,000</b>	

\* Comparisons made with data from the 1997 American Housing Survey. For more information on data sources, please consult appendix B.

\*\* Excludes elderly households.

\*\*\* Comparisons based on newly constructed homes between 1994 and 1997. Excludes mobile homes.

## APPENDIX B: ABOUT THE DATA

### PRIMARY DATA SOURCES

*HAC Loan Funds 1971-2001.* Many of the data in this report were collected from the loan fund files of HAC. Various borrower level data were collected for each loan commitment made by HAC between March, 1972 and March, 2001. This longitudinal data set represents approximately 1,447 loan commitments (N=1,447) made by the Housing Assistance Council.

*2001 HAC Assisted Households Survey.* Data on households assisted with HAC loan funds derive from a survey of borrowers who have active loans with HAC as of February 12, 2001. Information was solicited from each active HAC borrower regarding various housing and socioeconomic characteristics of households that were assisted with HAC loan funds. Seventy-one percent of the surveyed borrowers responded yielding data on 1,254 HAC assisted households (n=1,254). The information on HAC-assisted households differs from data on the loan funds in that it reflects a cross section of households from active borrowers only, whereas data at the borrower/organizational level represent longitudinal figures over the past 30 years. For example, the median loan year of households in the HAC-assisted households survey is 1997, compared to 1986 for the organizational loan fund data. Another point of note is the small number of renter-occupied households (7 percent of households) in the assisted households survey. This is primarily attributable to a relative increase in HAC lending for single-family development in recent years, and is not indicative of the level of HAC assistance to renter-occupied structures over the past 30 years. Furthermore, the data on households assisted are based on a sample survey and are subject to sampling variability, as well as response and nonreporting errors. In contrast, the longitudinal HAC loan funds data represent a complete enumeration of HAC lending activity over the past 30 years.

### SECONDARY/COMPARISON DATA SOURCES

*The American Housing Survey (AHS).* Most of the housing and demographic comparisons in this report derive from the 1997 American Housing Survey (AHS). The AHS is conducted every two years by the Bureau of the Census for the Department of Housing and Urban Development (HUD). In 1997, interviewers obtained information for a nationwide sample of almost 40,000 housing units occupied year-round. Like any sample, the AHS is subject to errors from sampling and errors from other causes (such as incomplete data and wrong answers). For an extensive discussion of AHS methodology and possible errors, see the appendices to the published American Housing Survey.<sup>1</sup>

*1998 Survey of USDA's Single Family Direct Loan Housing Program.* This is a nationwide survey of participants in USDA's Section 502 Single Family Direct Loan Housing Program, designed to provide information on the characteristics of the low-income rural residents who benefit from this program. The survey was conducted in 1998 by the USDA Economic Research Service (ERS) and the Social and Economic Sciences Research Center of Washington State University. The national survey consisted of 3,027 program participants whose loans closed between 1994 and 1998. For more information please consult the survey's printed report.<sup>2</sup>

*Characteristics of New Housing, 1999.* This annual report on the characteristics of new housing is published jointly by the U.S. Department of Commerce, U.S. Census Bureau, and the U.S. Department of Housing and Urban Development. Data are obtained from the Census Bureau's Survey of Construction, and the Survey of Market Absorption. The report provides annual estimates on selected financial characteristics of new housing. For more information please consult the printed report.<sup>3</sup>

<sup>1</sup> U.S. Department of Commerce, Bureau of the Census, and U.S. Department of Housing and Urban Development, *American Housing Survey for the United States in 1997*, Current Housing Reports H150/97 (Washington, DC: U.S. Government Printing Office, September 1999).

<sup>2</sup> Jim Mikesell et al. *Meeting the Housing Needs of Rural Residents: Results of the 1998 Survey of USDA Single Family Direct Loan Program*. USDA Economic Research Service (Washington, DC: ERS, December 1999).

<sup>3</sup> U. S. Department of Housing and Urban Development and the U.S. Department of Commerce. *Characteristics of New Housing, 1999, c25/99A*. (Washington, DC: HUD, July 2000).

## APPENDIX C: HAC LOAN FUNDS

**Rural Housing Loan Fund (RHLF)** A \$14 million revolving fund, the RHLF provides seed money for affordable new housing construction, repair, and rehabilitation. Eligible uses include land options, down payments, land purchase, site development, architectural and engineering fees, site surveys, soil test borings, market studies, appraisals, environmental engineering studies, archeological clearances, and legal expenses related to site acquisition.

**Rural Development Loan Fund (RDLF)** A \$400,000 revolving fund for economic development related to housing, the RDLF is designed to support projects and developers of housing that produce employment opportunities for low-income persons as well as affordable housing for rural households. Loans can be made to nonprofit and for-profit developers, community-based organizations, small business and minority contractors, units of local government, and public agencies. Eligible uses include land acquisition and site development, construction financing, working capital and construction bonds.

**Intermediary Relending Program (IRP) Loan Fund** IRP is a \$1.7 million revolving fund for community economic development in the form of both improved housing and increased employment in rural areas. An IRP loan can be used for site acquisition and development, rehabilitation, or new construction of housing that will also create jobs in communities of under 25,000 population. Eligible uses include land purchase, legal, architectural/engineering fees, environmental reports, and appraisal fees. IRP allows for a maximum loan of \$250,000 at an interest rate of 5 percent for one year, plus a discounted service fee of 1 percent.

**Water/Waste Water Loan Fund (W/WWLF)** A \$300,000 revolving fund to assist rural communities in obtaining potable water and sanitation services, the W/WWLF makes loans available to units of government, public utility districts, water/waste water associations, non-profits, and other utility service organizations. Funds can be used for preliminary easement and water rights purchase, legal expenses to establish utility districts, referendum or election expenses, bonding, interim financing of local share costs, acquisition of existing private systems for rehabilitation, emergency repair, etc. W/WWLF loans are for two years, with 0 percent interest the first year and 5 percent the second year.

**Self-Help Homeownership Opportunity Program (SHOP)** SHOP encourages new homeownership opportunities through self-help and volunteer labor where the homebuyer family contributes a significant amount of sweat equity towards the construction of the dwelling. The funds can only be used for land acquisition and infrastructure improvement and cannot exceed \$10,000 per lot. SHOP loans are at 0 percent interest with a 1 percent service fee charged to cover closing costs. The current lending limit is \$300,000 per borrower. If the borrower constructs the required number of houses, 75 percent of the loan becomes a grant for the group to establish its own revolving loan fund for future site acquisition and development or to subsidize the site cost to participating families. The repaid 25 percent portion of the loan is recycled into the HAC SHOP loan fund. SHOP funds are subject to HUD Environmental Review regulations.

For more information on HAC's loan funds, or to apply for a loan, contact the HAC national office at (202) 842-8600 or the regional office closest to you.

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**HAC** Housing Assistance Council

**NATIONAL OFFICE**

1025 Vermont Ave., NW  
Suite 606  
Washington, DC 20005  
Tel.: 202-842-8600  
Fax: 202-347-3441  
E-mail: [hac@ruralhome.org](mailto:hac@ruralhome.org)

**SOUTHEAST OFFICE**

615 Peachtree St., NE  
Suite 1130  
Atlanta, GA 30308  
Tel.: 404-892-4824  
Fax: 404-892-1204  
E-mail: [southeast@ruralhome.org](mailto:southeast@ruralhome.org)

**SOUTHWEST OFFICE**

3939 San Pedro, NE  
Suite C-7  
Albuquerque, NM 87110  
Tel.: 505-883-1003  
Fax: 505-883-1005  
E-mail: [southwest@ruralhome.org](mailto:southwest@ruralhome.org)

**WESTERN OFFICE**

131 Camino Alto  
Suite D  
Mill Valley, CA 94941  
Tel.: 415-381-1706  
Fax: 415-381-0801  
E-mail: [susan@ruralhome.org](mailto:susan@ruralhome.org)

**MIDWEST OFFICE**

10920 Ambassador Drive, Suite 220  
Kansas City, MO 64153  
Tel.: 816-880-0400  
Fax: 816-880-0500  
E-mail: [midwest@ruralhome.org](mailto:midwest@ruralhome.org)

**Web:** [www.ruralhome.org](http://www.ruralhome.org)

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