

# A Commitment to Capacity

40 Years of Building Rural Communities



The Housing Assistance Council Loan Fund 1972-2012



HOUSING ASSISTANCE COUNCIL

# Mission

The 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 is an equal opportunity lender.

HAC's programs focus on local solutions, empowerment of the poor, reduced dependence, and self-help strategies. 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.

HOUSING ASSISTANCE COUNCIL

# Services

**Loans.** Since 1972, HAC has committed more than \$285 million in loans for project start-up costs to community-based housing sponsors. These loans have helped to develop 53,298 housing units and 14,479 water and sewer connections in 49 states, the Virgin Islands, and Puerto Rico.

**Technical Assistance.** HAC's expert staff delivers thousands of hours of technical advice each year to organizations and developers improving low-income rural housing. HAC focuses on developing the capacity of local leaders in nonprofit organizations to help their own communities. This is done by providing one-on-one technical assistance and connecting local organizations to resources, as well as producing formal training sessions.

**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.

**Research and Information.** HAC collects and analyzes information on a range of rural housing and poverty topics; this information is shared through HAC's biweekly newsletter, *HAC News*; a quarterly magazine, *Rural Voices*; research reports and technical manuals; and the HAC website, [www.ruralhome.org](http://www.ruralhome.org).

## HAC FACTS

*In commemoration of HAC's 40th year of funding, this report features 40 Facts about HAC, as a glance into the organization's history and current activities. Keep an eye out for these special HAC Facts on various pages throughout the publication.*



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## Dear Friends,

The Housing Assistance Council (HAC) has rapidly expanded from its modest beginnings with a \$2 million War on Poverty grant in 1971. HAC has now surpassed its 40th year of funding rural affordable housing, and much has changed within the housing landscape in that time. The nation has been rocked by an economic crisis that deeply changed the availability of affordable housing in countless communities and affected the resources of key funders. Despite these challenges, HAC continues to carry out its mission.

The recent contributions of HAC's loan fund highlight a deep commitment to self-help housing. Loans from the Self-Help Homeownership Opportunity Program (SHOP) alone have funded \$32,248,577 worth of site acquisition and infrastructure development, a total of 2,239 homes, just within the past five years. HAC has also remained committed to its other vital loan funds, which include financing for multifamily housing, rehabilitation, and unit construction. Throughout its work, HAC continues to maintain a focus on high-need populations and areas: farmworkers, Native American lands, the Mississippi Delta, the Southwest border colonias, and Central Appalachia.

Overall, as of December 2011, HAC has made 2,200 loan commitments since its 1971 inception, funding a total of 53,298 affordable homes and 14,479 water/wastewater connections across hundreds of rural communities in the United States, including communities in Puerto Rico and the U.S. Virgin Islands. In total, these loan commitments add up to more than \$285 million in funding. These accomplishments are further amplified by the many hours of training and technical assistance that HAC provides, in addition to a number of critical research and information publications produced each year.

None of HAC's accomplishments would have been possible without the strong support and contributions of its partners. As the HAC loan fund seeks to continue its work and respond to economic challenges, HAC hopes also to celebrate the landmarks reached together thus far. HAC and its partners are changing the face of rural housing for the better, ultimately working toward improved quality of life for all low-income rural Americans.

Sincerely,



Twila Martin-Kekahbah  
Chair



Polly Nichol  
President

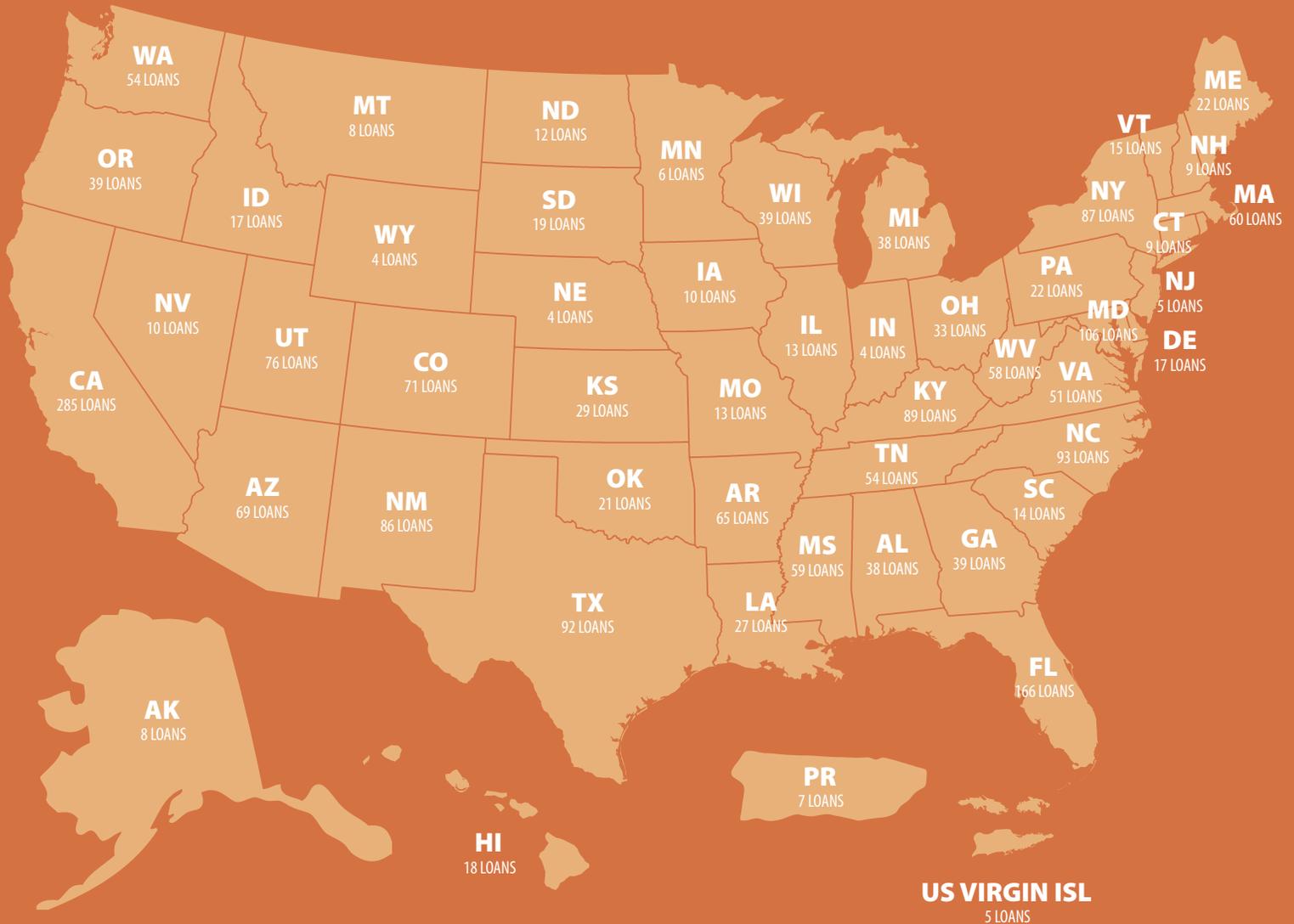


Moises Loza  
Executive Director





Map 1. HAC Loan Fund Activity, 1972–2012



STATE	# LOANS	TOTAL \$	UNITS
AK	8	\$688,941	82
AL	38	\$2,114,059	1094
AR	65	\$7,134,592	1,089
AZ	69	\$12,883,634	6,990
CA	285	\$54,116,560	10,453
CO	71	\$9,457,744	2,645
CT	9	\$675,959	186
DE	17	\$2,488,630	531
FL	166	\$33,587,196	5,318
GA	39	\$2,130,294	1,444
HI	18	\$5,170,555	296
IA	10	\$1,581,171	583
ID	17	\$1,188,160	1,463
IL	13	\$603,979	229
IN	4	\$361,110	42
KS	29	\$4,426,296	1,102
KY	89	\$9,161,800	1,187

STATE	# LOANS	TOTAL \$	UNITS
LA	27	\$3,462,444	657
MA	60	\$4,630,719	1,450
MD	106	\$16,145,696	2,639
ME	22	\$3,476,731	316
MI	38	\$5,539,893	1,655
MN	6	\$319,833	994
MO	13	\$1,191,314	462
MS	59	\$4,354,422	1,729
MT	8	\$1,770,259	495
NC	93	\$6,746,164	2,499
ND	12	\$1,189,388	740
NE	4	\$305,417	48
NH	9	\$155,385	260
NJ	5	\$284,250	202
NM	86	\$8,366,381	2,667
NV	10	\$3,094,849	195
NY	87	\$5,314,440	1,884

STATE	# LOANS	TOTAL \$	UNITS
OH	33	\$4,459,627	704
OK	21	\$2,512,010	384
OR	39	\$1,706,923	2,541
PA	22	\$1,447,550	563
PR	7	\$498,284	64
SC	14	\$1,102,139	414
SD	19	\$1,836,297	217
TN	54	\$4,199,535	646
TX	92	\$12,872,848	2,607
USVI	5	\$120,500	98
UT	76	\$16,645,374	1,350
VT	15	\$743,556	290
VA	51	\$4,671,049	707
WA	54	\$9,549,983	1,017
WI	39	\$4,845,609	745
WV	58	\$3,509,362	1,455
WY	4	\$274,453	18

# The HAC Loan Fund

**SINCE ITS CREATION** in 1971, the Housing Assistance Council (HAC) has worked closely with rural communities to provide decent, safe, affordable housing for low-income residents. Realizing that different communities have differing levels of capacity, HAC has dedicated resources to supporting and encouraging organizations to ensure that they can operate most effectively to meet local needs. This effort has often required a focus on building the capacity of local organizations to understand community needs, access resources, and appropriately manage operations and programs. The foundation of HAC's work has been to strengthen capacity where it exists and help build capacity where it does not. HAC's loan fund has been a critical tool in the organization's efforts to build capacity in rural communities.

## HAC FACT #1

*HAC was incorporated May 21, 1971.*

For 40 years and counting, HAC has provided local housing organizations with the capital needed to bring affordable housing projects to completion. Additionally, HAC has provided these entities with the partnership and informational resources needed to address local housing concerns effectively and efficiently. HAC balances careful underwriting with loan servicing that is sensitive to the needs and the issues of rural communities. HAC's loan fund has demonstrated a 40-year commitment to capacity that has yielded significant results in rural communities across the nation. In 2011, HAC received a rating of AAA+2 through Opportunity Finance Network's CDFI Assessment and Rating System (CARS™), which assesses impact performance and financial strength of community development financial institutions (CDFIs). HAC's rating of AAA+2 demonstrates HAC's deep capacity and commitment to fiscally sound, high-impact lending.





## Starting Out

Since the organization's founding, the loan fund has been at the core of HAC's overarching mission to improve housing conditions for the poorest of the poor in the most rural places. Central to these activities is a goal of building capacity in local communities to address affordable housing needs. In HAC's original statement of activities, the objective of the loan fund was 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." With a \$2 million grant from the federal Office of Economic Opportunity, the newly created HAC loan fund began its critical task.

In March 1972, the HAC loan committee approved its first 10 loans, totaling \$647,476, to support affordable housing and infrastructure development opportunities in rural communities across the nation. HAC's early loans were committed to a varied group of housing developers located in diverse, rural communities across the nation. Demonstrating HAC's ongoing commitment to meeting the needs of the poorest of the poor, the loans supported the development of farmworker housing units in New York State and Texas, as well as newly created self-help housing projects from California to Maryland. The initial loans supported a range of predevelopment activities, from covering the costs of site engineering for a water/wastewater system to site acquisition costs. Ultimately, the loans led to the development and rehabilitation of more than 1,000 rental and homeownership units, as well as important infrastructure connections.

### HAC FACT #2

*The average HAC loan amount in 2011 was \$177,815.*

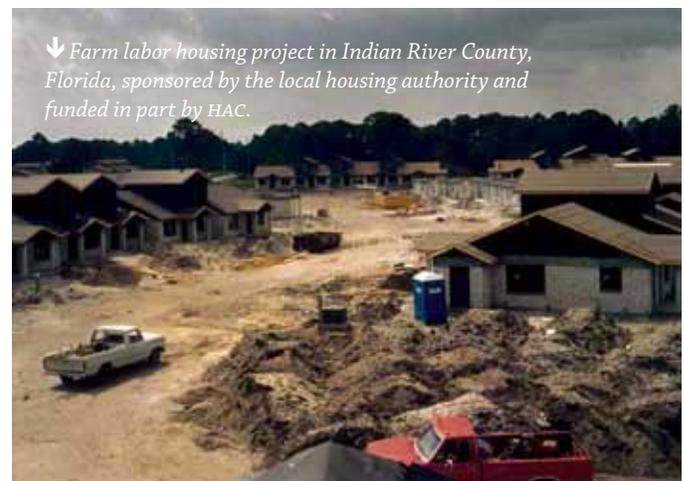
← *Old house of China Smallwood and her family in 1978, before developing a new home through Kentucky Mountain Housing's rural housing program.*

### HAC FACT #3

*More than 900 issues of the HAC News have been published since the initial issue in 1972.*



↑ *HAC News, the organization's twice-a-month newsletter, has informed practitioners and policymakers about rural issues since 1972. The first edition of HAC News announced the initial loans made, and 40 years later the newsletter is still a timely and important resource for rural housing information.*



↓ *Farm labor housing project in Indian River County, Florida, sponsored by the local housing authority and funded in part by HAC.*

### HAC FACT #4

*The first National Rural Housing Conference was held in 1969, and HAC has been involved with the conference from 1972 onward.*

## Moving Forward

The social, economic, and demographic landscape of rural America has changed dramatically over the past four decades. Meanwhile, funding has been dramatically reduced for many critical housing programs, as housing costs have escalated sharply and wages have generally stagnated. Such changes have frequently led to increased demand for housing services and have resulted in increased pressure on HAC's development partners.

As the world of affordable housing finance has become more complex, HAC's loan fund and its products have evolved to meet those needs. Throughout the early 1980s, the landscape for affordable housing changed rapidly. An economic recession had shaken the housing market and interest rates had risen drastically. Combined with a rise in challenges for small family farmers, and the massive scaling back or elimination of many government antipoverty programs, the need for an affordable housing response, particularly affordable rental housing, became clear. In 1982 to meet the growing demand for affordable rental properties in the nation's poorest communities, HAC created a subsidiary, Rural Housing Services, Inc., to develop affordable rental units in partnership with local organizations using tax credits.

### HAC FACT #5

*HAC's first commitment through the Preservation Revolving Loan Fund was in 2006.*

### HAC FACT #6

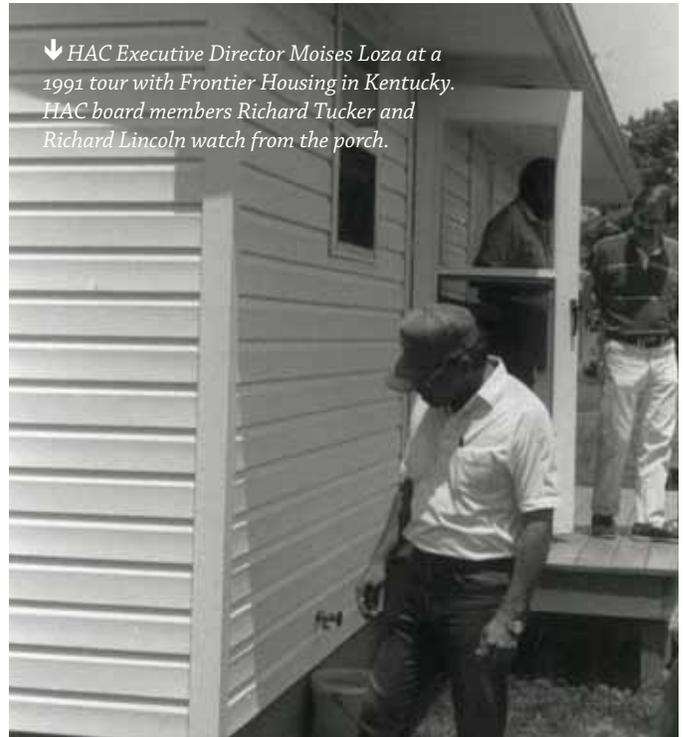
*HAC held its first loan committee meeting in March 1972, where it committed a total of \$647,476 to 10 organizations for the development of 368 units of affordable housing.*

The economy improved drastically in the 1990s, and brought with it a new framework for affordable housing. Direct federal funding for antipoverty efforts decreased, and CDFIs proliferated. In 1996, HAC's loan fund was transformed with the introduction of the Self-Help Homeownership Opportunity Program (SHOP). SHOP is a program of the U.S. Department of Housing and Urban Development (HUD), created by Congress, that funds site acquisition and infrastructure development for affordable housing units that will be created through a sweat equity model. Local self-help housing developers receive funding in the form of recoverable grants from HAC to complete these development activities. HAC's original SHOP award totaled \$13.5

### HAC FACT #7

*Moises Loza became HAC's 3rd executive director in 1989.*

↓ *HAC Executive Director Moises Loza at a 1991 tour with Frontier Housing in Kentucky. HAC board members Richard Tucker and Richard Lincoln watch from the porch.*



million. Though already a successful lender, HAC also officially became a CDFI in 1996, and the size of the loan fund continued to increase.

With more than \$66.5 million in capital as of December 2011, the HAC loan fund continues to rise to new challenges. With the collapse of the housing markets in 2008, HAC knew that tough days lay ahead, requiring dedication to the mission of housing affordability for the poorest of the rural poor. With the economic recession, home values fell to unexpected lows and foreclosure rates increased steadily. HAC realized that to best aid developers, it would have to renew its dedication to capacity-building measures through organizational trainings, funding, and research activities.

### HAC FACT #8

*Taking Stock, HAC's decennial report on rural housing conditions, was first published in 1984.*

# How it all Works

The HAC loan fund provides needed gap financing for affordable housing development and water/wastewater connections in rural areas. Whereas traditional housing programs finance construction or long-term mortgages, many lenders often will not support the up-front development costs needed to bring a project from concept to construction. For 40 years, HAC has been committed to investing these critical resources to help make affordable housing opportunities available for low-income, rural residents.

## HAC FACT #9

*HAC loan funds have helped develop over 53,000 units of affordable housing in rural America since 1972.*

## HAC FACT #10

*HAC joined the world of social media in 2010, through a Twitter and Facebook page, and developed a presence on LinkedIn in 2011.*

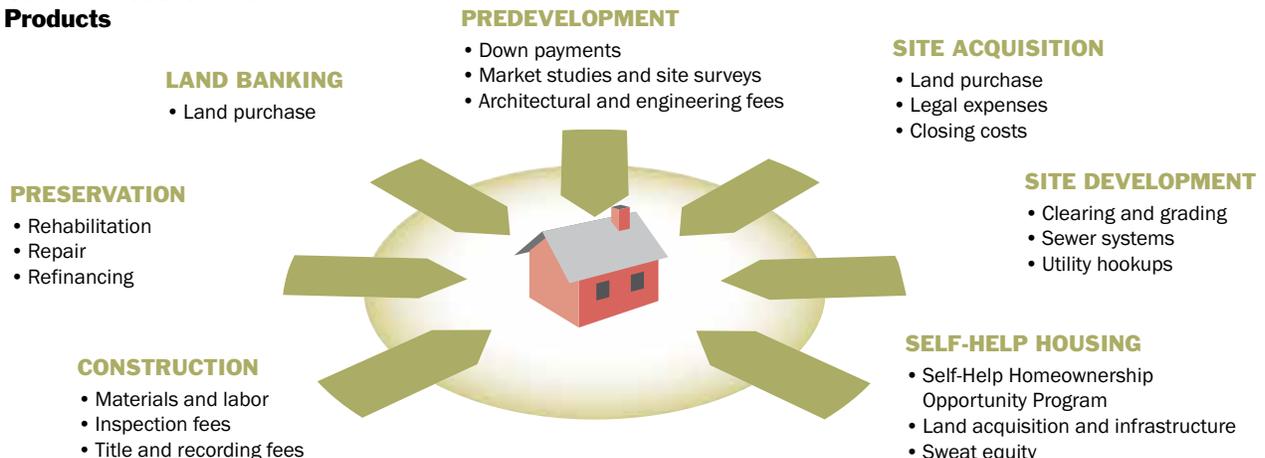
## Our Products

HAC operates a revolving loan fund that provides vital seed money to rural housing developers, such as community-based nonprofits, organizations serving Indian country, for-profit builders, and public agencies. HAC funds help such organizations and individuals take the steps necessary to improve housing and living standards for rural, low-income, and very low-income households. Activities include the creation of new single- or multifamily homes, preservation of rental housing, and improvement of rural water and wastewater systems, among others.

## What Is Self-Help Housing?

Self-help housing enables low-income families to help build their own homes. Working in groups of eight to 10, families provide a significant portion of the construction labor on their own and each other's homes. They spend long hours working on the houses in the evenings after work and on weekends. The families frame the buildings, put up windows and siding, install roofing materials, paint, and landscape. Contributions of 500 to 1,000 hours or more in labor are not uncommon for HAC-supported self-help projects.

## HAC Loan and Recoverable Grant Products



### Asset Building through Self-Help Housing

*Housing Development Alliance  
Kelli Costello  
Perry County, KY*

Credit history can make or break a bank’s decision to provide a mortgage loan. However, in her early twenties, Kelli Costello, like many other young adults, had little understanding of the repercussions of a poor credit score, and she found herself in a bad financial position when she later began considering homeownership. Noting her limited borrowing options, Kelli assumed that she would have to spend many years either living with family members or renting before she could afford homeownership. While living at her father’s house, Kelli heard a radio advertisement for the Housing Development Alliance. Not expecting much, but figuring she had nothing to lose, Kelli contacted the organization and was happy to learn that its homeownership programs benefit single people in addition to families in need of support.

The Housing Development Alliance helped Kelli work toward her homeownership goals from the very beginning. First, the organization counseled Kelli about how to improve her credit score. Then, after several meetings and some paperwork, she entered into Housing Development Alliance’s self-help housing program and began putting hours into the construction of her new home. Though concurrently working a full-time job, Kelli contributed more than 100 hours to the work on the house. She used her evenings and weekends to spend as much time as possible working at the construction site. Kelli was able to help out by doing tasks such as painting, sweeping, picking up

nails, and laying grass. Additionally, several family members and friends helped in the property construction.

Now age 29, Kelli reflects on how she never thought she would be a homeowner this early in life. Her sense of security in owning a home has been tremendous. She loved being able to make decisions about the design and furnishing of her home. Kelli also feels that the Housing Development Alliance does an excellent job of maintaining affordability as a priority. Her current monthly housing payments remain at a reasonable level due to the income considerations of the self-help program.

Kelli is now considering giving back to the program that changed her life by volunteering to help build houses for others in her community. She is particularly interested in the work that the Housing Development Alliance does for the elderly. After the Housing Development Alliance came to her aid in such a substantial way, Kelli would love to help others improve the quality of their housing and achieve their homeownership aspirations.

#### HAC FUNDING OF HOUSING DEVELOPMENT ALLIANCE

HAC Funds Dedicated . . . . .	\$1,110,000
Affordable Homes Developed: . . . . .	76

## Our Investors

HAC obtains investments for its loan fund in the form of debt or grants from a variety of sources, including government agencies, foundations, corporations, lending institutions, religious institutions, and individuals. Investments in the HAC loan fund can support general affordable housing development or can be directed investments to support specific types of housing activity, such as the Preservation Revolving Loan Fund. Investments in the HAC loan fund range from \$1,000 to \$5 million, and loan terms may extend to 30 years.

#### HAC FACT #11

*Soon after the creation of the SHOP program in 1996, HAC received its first SHOP award of \$13.5 million.*

#### HAC FACT #12

*Much has changed in America’s economic landscape since HAC’s beginnings. The median U.S. home value in 1970 was approximately \$95,540 adjusted for inflation, whereas the 2010 median home value was \$179,900.*





↑ Kelli Costello sits on newly built stairs at the site of her developing home. Photograph from Kelli Costello

## Our Process

The Loan Fund Division manages HAC’s day-to-day lending activities. HAC’s loan fund underwriting staff members are responsible for ensuring that applications for use of HAC’s funds are for eligible purposes, that proposed projects are feasible, that project target populations are low-income, and that all funds are planned to be appropriately used, disbursed, and repaid in full. HAC also has several loan servicing staff members who are responsible for disbursing funds, monitoring performance, and ensuring repayment.

HAC’s loan committee reviews and evaluates all loan requests and makes final loan decisions. The HAC loan committee is made up of members of the HAC board of directors. These members have substantial experience in lending, banking, real estate, and community development. Loan committee members are tasked with the difficult job of balancing HAC’s mission of providing affordable housing in rural areas to low-income families against the viability of the proposed project and the applicant’s capacity.

### HAC FACT #13

HAC’s subsidiary, RHS Inc., was incorporated in 1982, and was charged with developing affordable low-income housing.

### HAC FACT #14

HAC has been at 1025 Vermont Street NW in Washington, D.C. since 1980.



→ HAC board of directors in November 2011.

# Outcomes & Impact

Throughout its 40-year history, HAC has made 2,200 loan commitments for a total of \$285,681,473 to 758 borrowers across the nation. The loan commitments have assisted in the development of 53,298 rural homes and 14,479 water/wastewater connections up to 2012. HAC borrowers frequently use their funding for site acquisition and site development, while additional uses include predevelopment, construction, rehabilitation, and land banking.

While HAC's immediate goal is to support the creation of affordable housing units, its lending has important long-term impacts as well. HAC's lending helps build rural capacity that results in more financially secure residents, stronger organizations, and improved communities.<sup>1</sup>

## Financially Secure and Resilient Individuals and Families

**HAC GOAL:** *Families and individuals living in properties developed or managed by organizations HAC serves live in higher-quality homes, at costs that are affordable to persons with low incomes. These homes provide decent, safe environments for people at all stages of life and in all types of rural communities. Because the housing costs are affordable, individuals and families are better able to manage other basic living costs after HAC assistance.*

HAC has worked with local organizations to support the development of more than 53,000 units of affordable housing and 14,000 water and wastewater connections in communities across the nation. This means that over the past 40 years thousands of low-income families were able to live in decent, affordable housing due in part to the investment of HAC loan capital.



← HAC board member Peter Carey and Deputy Executive Director Joseph Belden present during a congressional briefing on self-help housing.



↓ Residents work on a self-help construction project by Delta Housing Development Corporation in Pickens, Mississippi (1973–74).



HAC’s loan fund activities are an important housing resource for a number of groups:

- Minorities in rural communities.** More than 40 percent of all HAC-supported households are headed by racial or ethnic minorities, and more than one-quarter of HAC-supported households are Hispanic. Minority lending activity has declined somewhat in recent years due to the devastating impacts of the economic recession, but HAC remains committed to increasing access to affordable housing in communities of color. Nationwide, less than 20 percent of rural households are headed by racial or ethnic minorities. However, rural minorities experience some of the highest levels of poverty and substandard housing conditions nationally.

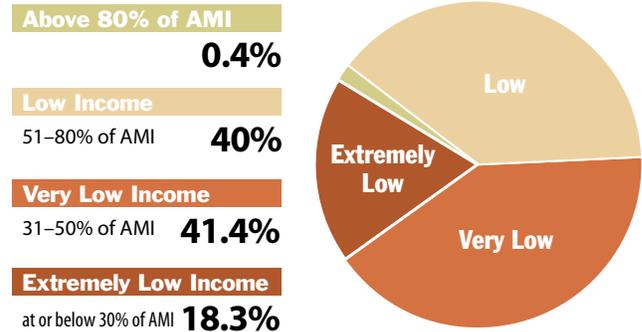
**HAC FACT #15**

*HAC loan funds have helped establish over 14,000 water and waste water connections across rural America since 1972.*

- Families with children.** Three-quarters of HAC households surveyed through HAC’s loan fund household assessment were families with children, and the median number of children present in a household was two.

- Very low-income households.** HAC demonstrates an ongoing commitment to helping low-income individuals through serving 60 percent very low-income families.<sup>ii</sup> Additionally, of all HAC-assisted households, 18 percent were extremely low-income—or households with incomes that are below 30 percent of area median income (AMI) (see Fig. 1).

**Fig 1. Area Median Income (AMI) Level of HAC-Assisted Households**



In working toward its overall rural affordable housing mission, HAC recognizes that housing affordability is a growing concern to many low-income rural households. Reducing housing costs is crucial to low-income families’ welfare, as the burden of high housing costs has a negative impact on a family’s ability to invest in education, nutritious food, or other components of a healthy lifestyle.

HAC loans have had a clear and positive effect on rural households at an individual level. Overall, HAC loan investments result in the development of homes that are affordable and sustainable:

**HAC FACT #16**

*The first issue of Rural Voices, HAC’s quarterly magazine, was published in fall 1995.*

- Low cost.** The median sales price for a HAC-funded home was \$154,000 according to surveyed borrowers, while the median sales price of a new home nationally was \$221,800 in 2010<sup>iii</sup> Additionally, HAC-assisted rental units are at low-cost to borrowers. A typical renter household funded through HAC’s subsidiary Rural Housing Services, Inc. pays between \$30 to \$255 each month toward housing costs.
- Sustainability.** HAC-funded homes retain families for long periods of time due to the affordability of the units and the support provided by local nonprofit partners. Ninety-five percent of units surveyed through HAC’s active loan household assessment are estimated to still house their original occupants. The sustainability of HAC households is consistent with responses to HAC’s 2011 stakeholder survey,<sup>iv</sup> which showed low rates of delinquent mortgages and foreclosure among HAC-developed units.

**HAC FACT #17**

*In 2010, more than 900 people registered to attend the National Rural Housing Conference sponsored by HAC.*

Housing difficulties are rarely an isolated problem, and households that struggle with housing may also struggle with a variety of other financial obstacles. Unemployment and underemployment constantly plague low-income individuals, making it difficult to pay rent and mortgage costs on time. Also, for families living paycheck to paycheck with little or no savings, one health crisis can cause complete financial destabilization. By creating pathways to low-cost homeownership and rental housing, HAC is helping reduce the chances that a short-term financial obstacle will cause long-term, adverse impacts for a low-income family.

Some research studies highlight the connection between housing stability and other positive social and economic outcomes. For example, there may be a connection between greater housing affordability and increased purchase of healthy food, decreased levels of stress, and reduced exposure to environmental toxins.<sup>v</sup> A family with quality, affordable housing has a platform from which to achieve future social and economic mobility. The stability that affordable housing provides can be a particularly beneficial support for certain vulnerable populations, such as the elderly, homeless individuals, and individuals with disabilities.

## Stronger Organizations

**HAC'S GOAL:** *Organizations served by HAC's programs have increased capacity to carry out effective affordable housing initiatives to improve housing quality and reduce the housing cost burden for low- and moderate-income rural families.*

Strong performance comes from organizations with strong internal capacity. For 40 years, HAC's Loan Fund Division has helped rural housing providers increase their organizational capacity through low-cost financing and expert support. In turn, HAC-funded developers have used such assistance to improve their ability to provide safe and affordable housing and to address infrastructure needs. Several of HAC's borrowers have noted that HAC support has been especially critical in response to the recent economic recession. HAC loans have helped these organizations stay afloat through challenging times.

Community-specific capacity building is a critical aspect of HAC's work. HAC believes that "all development is local," and is committed to strengthening the capacity of local housing providers to develop housing in a way that makes most sense for

↓ *Project of Kitsap County Consolidated Housing Authority.*

**HAC FACT #18**

*HAC received its first Rural Capacity Building Initiative grant in 1999.*

their community's particular issues. Borrowers report that HAC funding has enabled them to increase internal capacity in several ways:

- **Increased financial resources.** Many organizations were able to increase their annual operating budget and/or variety of funding sources due to the leveraging impact of HAC loans.
- **Increased activity.** A vast majority of borrowers increased their program activities after receiving HAC funding, including increases in affordable housing production and in ability to serve a greater diversity of community needs.
- **Increased partnerships.** Most organizations saw an improvement in the quality and quantity of their partnerships with other organizations related to their work after receiving HAC funding.

**HAC FACT #19**

*83% of HAC's lending has been to nonprofit community-based organizations.*

**HAC FACT #20**

*Throughout its 40-year history, HAC has had three executive directors, starting with Gordon Cavanaugh on November 1, 1971.*

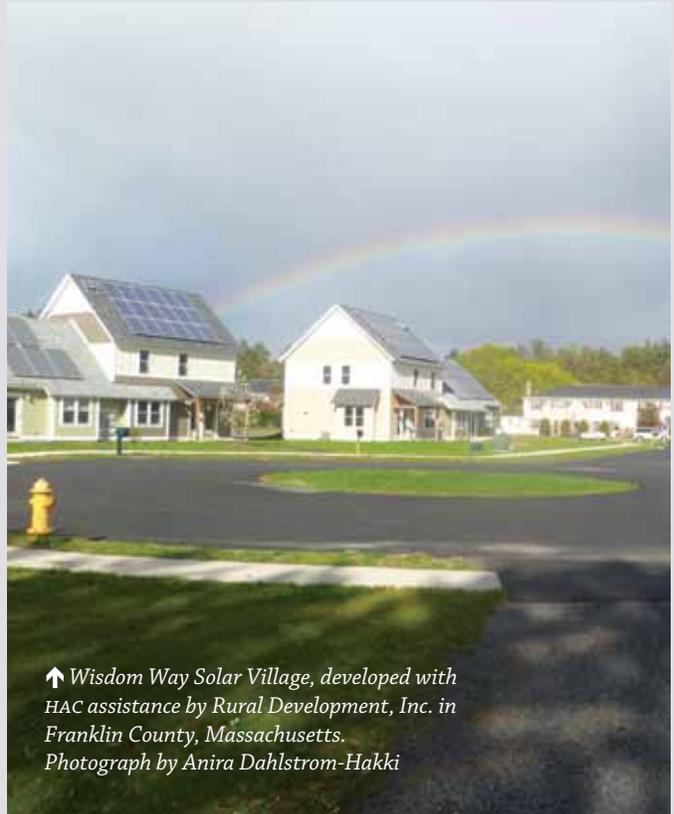
**Encouraging and Supporting Innovative Strategies**

*Rural Development, Inc.  
Turners Falls, MA*

With HAC's assistance, Rural Development, Inc. (RDI) has made an important mark on the field of energy-efficient building through the development of Wisdom Way Solar Village, a 20-unit duplex subdivision in Greenfield, Massachusetts. Wisdom Way has an energy use of nearly zero, due to the use of building techniques that reduce heating, cooling, and electrical loads. While maintaining a commitment to innovative building techniques, RDI's mission is to serve first-time homebuyers. RDI's initiative in energy-efficient building serves as a positive example for the Greenfield community of how initial investment in such building techniques can lead to lower energy costs for future homeowners. HAC's strong financial support, combined with RDI's commitment to sustainable building practices, has led to an increase in organizational capacity over time and an increased ability to develop green units.

**HAC FUNDING OF RURAL DEVELOPMENT, INC.**

HAC Funds Dedicated . . . . . \$2,371,863  
Affordable Homes Developed. . . . . 115



↑ *Wisdom Way Solar Village, developed with HAC assistance by Rural Development, Inc. in Franklin County, Massachusetts.  
Photograph by Anira Dahlstrom-Hakki*

**HAC FACT #21**

*HAC opened its Western office in 1974.*

**HAC FACT #22**

*The first HAC News was published April 10, 1972.*

SHOP also contributes to organizational strength. As a major component of HAC's loan fund, the forgivable portion of each SHOP loan is a critical part of expanding local organizational capacity.

As of 2011, HAC has formally forgiven more than \$52 million in SHOP grants, which funding has gone toward activities such as reducing occupant housing payments, building additional rural homes, and creating local loan funds for affordable housing development.

**Building Off of Success**

*Proyecto Azteca  
San Juan, TX*

For decades, Proyecto Azteca has worked to improve housing conditions in the colonias region of Hidalgo County, Texas, an area with very high poverty rates and a large Hispanic population. Proyecto Azteca has dramatically increased capacity since its 1991 beginnings, from producing less than 10 units per year to its current production rate of 35 to 60 homes per year. HAC funding has assisted Proyecto Azteca in increasing its annual operating budget, serving a greater diversity of community needs, providing permanent financing for its homeowners, and keeping homeowner out-of-pocket costs to a reasonable level.

With the flexibility of HAC funding, Proyecto Azteca can make loans on more reasonable and affordable terms. Additionally, the forgivable portion of SHOP funding has helped the organization increase the number of units constructed per year. Proyecto Azteca also benefits from HAC’s technical assistance in board training and development, and from the expertise of HAC regional staff in answering questions about housing development. With HAC scholarship funding, Proyecto Azteca can attend gatherings in Washington, D.C., and participate in housing conversations at a national level. Involvement nationally is crucial for relationship building and provides further opportunity to attend workshops.

**HAC FUNDING OF PROYECTO AZTECA**

HAC Funds Dedicated . . . . . \$1,727,944  
Affordable Homes Developed. . . . . 168



**Stronger, More Sustainable Communities**

**HAC’S GOAL:** *Rural communities served by organizations supported through HAC programs have improved affordable rental housing and homeownership options.*

While HAC supports crucial development work to help individual families improve their housing conditions, the most positive funding impact is one that impacts entire communities. For 40 years, HAC funding has shaped communities by increasing the quantity and quality of affordable rural housing.

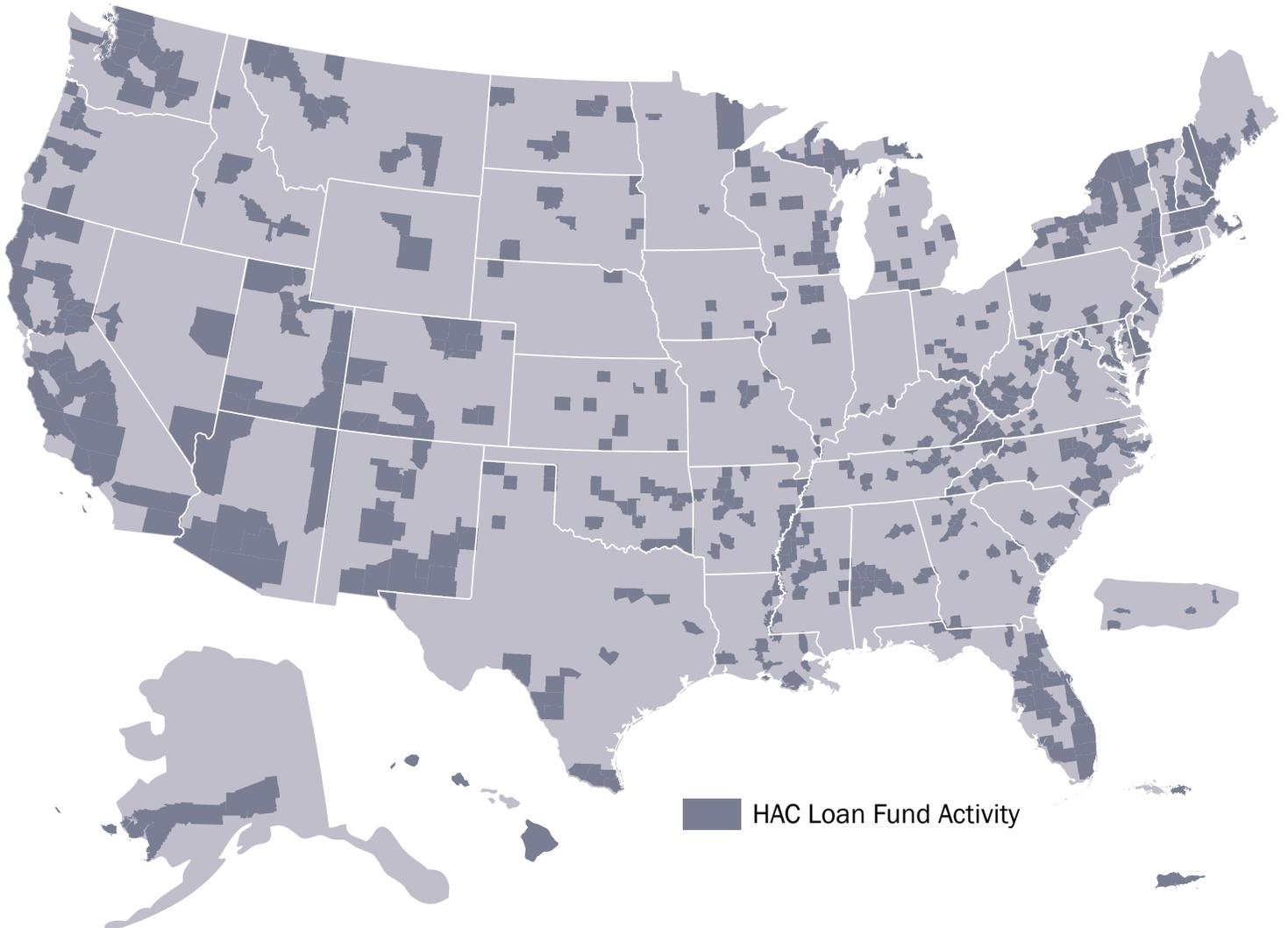
HAC loans have helped organizations like Proyecto Azteca create “complete neighborhoods” that “have a major impact on positive social interactions among residents, visual attractiveness of the community and making it affordable for families to own their home.” Another borrower, Three Rivers Housing Corporation of The Plains, OH says that HAC loans “made it possible to give a much needed boost to a community with limited housing choices and deteriorating housing stock.” The impact is clear: HAC funding has exponential potential to improve social and physical well-being within entire neighborhoods.

**HAC FACT #23**

*HAC has produced hundreds of reports and manuals on important rural housing issues, all of which are available for free at [www.ruralhome.org](http://www.ruralhome.org).*

↑ Proyecto Azteca homes. Photographs from Proyecto Azteca

**Map 2. HAC Loan Fund Activity by County, 1972–2012**



**HAC FACT #24**

*HAC's largest Rural Capacity Development Initiative grant was \$700,000, received from USDA in 2002.*

← *Construction work through Southern Maryland Tri-County Community Action Committee in 2010.*

**HAC FACT #25**

*Since its inception, HAC has given out more than \$61.7 million in pass-through grants and through the forgivable portion of SHOP funding.*

**HAC funds improve several aspects of community life (see Fig. 2):**

- **Community appearance.** An overwhelming majority of borrowers from the HAC loan fund noted an improvement in their community’s visual appearance since receiving the funding.
- **Community bonds.** More than half of HAC borrowers noted increases in positive social interaction among neighbors. Even more borrowers noted an increased sense of community within their service area.
- **Local economic activity.** Feedback on HAC loan activity also shows that local businesses see heightened economic support after HAC assistance. HAC promotes ownership, neighborhood stability, and use of local contractors.

**Increasing Housing Capacity**

*Florida Home Partnership, Inc.  
Ruskin, FL*

Florida Home Partnership has been building homes for more than 14 years and is dedicated to providing homeownership opportunities to low- and moderate-income first-time homebuyers. The organization’s work revolves around self-help housing, and HAC SHOP grants are an important part of that mission. Florida Home Partnership has used the forgivable portion of SHOP funding for deposits in family construction accounts while state and county funding remains in pending status. Once state and county funding is received, the forgivable SHOP funding portion is then reallocated to Florida Home Partnership’s revolving loan fund to develop more affordable homes.

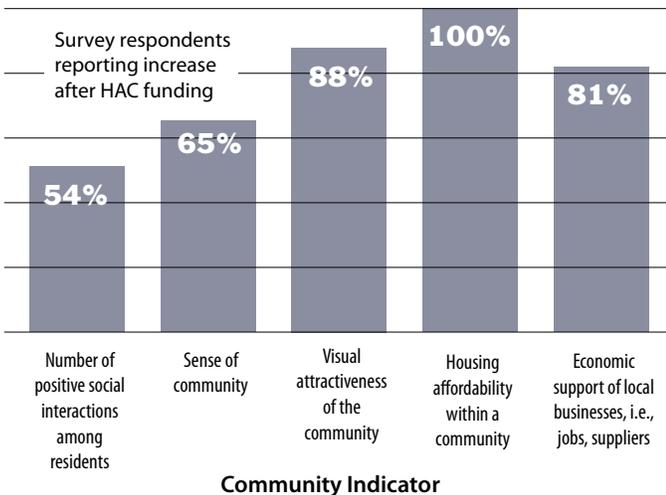
The ability to develop a revolving loan fund with HAC assistance has dramatically increased the organization’s financial stability throughout the years and allowed Florida Home Partnership to develop stronger relationships with funders and other community partners. Since the creation of the revolving loan fund, Florida Home Partnership has been able to secure larger funding amounts and has gained a reputation as a financially solid organization. Florida Home Partnership is also effective at harnessing resources to give grants and defer mortgages for homeowners. Additionally, HAC capacity building and green funds have helped Florida Home Partnership develop its energy efficiency; the organization now builds only green and Energy Star homes.

**HAC FUNDING OF FLORIDA HOME PARTNERSHIP, INC.:**

HAC Funds Dedicated . . . . .	\$8,036,699
Affordable Homes Developed. . . . .	708

**Fig. 2. HAC loan funds: community impact**

*Source: 2011 HAC stakeholder survey (see endnote vi).*



**HAC FACT #26**

*HAC currently has 40 employees across its national and regional offices.*



↑ *Florida Home Partnership self-help housing volunteers. Photograph from Florida Home Partnership*

### Constructing Safe Spaces

*Coachella Valley Housing Coalition  
The Magana Family  
Riverside County, CA*

Before achieving homeownership through working with Coachella Valley Housing Coalition, Amelia Magana and her two young sons lived in an unsafe apartment complex. Violence in the area was not uncommon, and Amelia worried often for the safety of her children. The boys had no place to play safely outside. Though Amelia was able to move into a slightly better living situation after a while, she was still not a homeowner. She found herself spending money each month on rent that could have instead been paying a mortgage. Amelia was drawn to the idea of owning her own home but never thought she would qualify for an affordable mortgage.

Amelia heard about Coachella Valley Housing Coalition's self-help housing program through a friend and quickly found that she did qualify for its program. Amelia and a workgroup of other families began building her current home in the summer of 2010, and the unit was finished in July 2011.

To Amelia, one of the most positive aspects of the self-help method is the community building that takes place throughout the process. Many of her neighbors pitched in to help construct the Magana family's home, and as a result Amelia was able to spend a large amount of time with them before moving in. She and her children feel safer because they got to know and trust their neighbors while collaborating to build a home. Amelia is delighted to now have her own backyard space where her children can play safely.

Right now Amelia's mortgage payments are approximately the same as what she was previously paying in rent. Because her mortgage is based on income, she can maintain homeownership without it becoming unaffordable. Amelia has only glowing words for Coachella Valley Housing Coalition. "They make our dream come true," she says.

#### **HAC FUNDING OF COACHELLA VALLEY HOUSING COALITION:**

HAC Funds Dedicated . . . . . \$10,770,812  
Affordable Homes Developed . . . . . 1,568

#### **HAC FACT #27**

*HAC has committed more than \$285 million in loans since 1972.*



#### **HAC FACT #28**

*HAC's loan fund began as a \$2 million War on Poverty grant from the federal Office of Economic Opportunity.*



#### **HAC FACT #29**

*HAC helped to found the National American Indian Housing Council in 1974.*

*Photographs from Amelia Magana*

# Vision of Tomorrow

**THE GREAT RECESSION** has created new and challenging obstacles in the housing development and preservation world. HAC will rely on its strong history of lending success and firm commitment to organizational capacity building to meet the heightened need of the present times. The focus on the rural poor—and more specifically the poorest of the poor—will ensure that this often neglected population does not go ignored in the allocation of affordable housing resources.



## HAC FACT #30

*HAC has committed loans in 49 U.S. states, Puerto Rico, and the U.S. Virgin Islands.*

## HAC FACT #31

*HAC was certified as a Community Development Financial Institution by the U.S. Dept. of the Treasury in 1996.*



↑ *In 2010, several HAC board members visited children at Pie de la Cuesta daycare center, which is part of a HAC-funded housing complex in Coachella, CA.*

## HAC FACT #32

*HAC launched its website in November 1996.*

# Appendix

**HAC FACT #33**

*HAC opened its Southeast and Southwest offices in 1973.*

**HAC FACT #34**

*HAC's website is under the domain "ruralhome.org" because when it was first created "hac.org" was already in use by the Hamfest Association of Cleveland.*

**Table 1. The HAC Loan Fund, 1972–2012**

	1972–1979	1980–1989	1990–1999	2000–2009	2010–2012	'72-'12 Total
<b>Loans and Grants Committed</b>	357	506	426	797	114	2,200
<b>Amount Committed*</b>	\$14,275,071	\$23,439,345	\$59,393,930	\$162,565,395	\$26,007,732	\$285,681,473
Median (per loan)*	\$30,940	\$25,000	\$100,000	\$134,532	\$150,000	-
<b>Housing Units Funded</b>	15,143	11,767	8,778	15,426	2,184	53,298
Median (per loan)	25	20	15	10	12	15
<b>Water/Waste Connections</b>	160	12,992	616	380	331	14,479
<b>Borrowers</b>	213	283	193	241	116	758
<b>States/Territories**</b>	43	44	42	46	37	51
<b>Counties</b>	183	195	170	257	70	562
<b>Project</b>						
Single Family						
<i>Regular Single Family</i>	26.4%	25.2%	8.8%	2.5%	4.5%	13.8%
<i>Self-Help Single Family</i>	27.2%	13.1%	66.8%	90.4%	81.8%	54.8%
Multifamily	36.4%	39.6%	20.5%	6.7%	10.9%	23.1%
Rehabilitation	6.0%	5.0%	1.6%	0.0%	0.0%	2.6%
Water/Waste	1.1%	16.2%	1.6%	0.4%	1.0%	4.7%
Other	2.9%	1.0%	0.5%	0.0%	1.8%	1.0%
<b>Project Totals</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Borrower</b>						
Nonprofit Organization	77.5%	73.1%	83.0%	90.2%	93.8%	83.1%
Community Action Agency	4.5%	4.6%	7.7%	4.2%	3.5%	5.0%
Housing Authority	12.3%	3.3%	3.3%	2.3%	1.8%	4.3%
State Housing Finance Agency	2.7%	0.4%	1.8%	0.4%	0.0%	1.0%
Municipality	0.6%	9.0%	1.5%	0.4%	0.0%	0.2%
Water District	0.0%	2.5%	0.0%	0.1%	0.0%	0.6%
For-Profit Developer	0.0%	4.8%	1.0%	1.3%	0.9%	1.8%
Other	2.4%	2.3%	1.5%	1.1%	0.0%	4.0%
<b>Borrower Totals</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

\* Dollars in nominal values, not adjusted for inflation.

\*\* State/territory totals include Puerto Rico and the U.S. Virgin Islands.

**HAC FACT #35**

*HAC opened its Midwest office in 1999.*

**Table 2. HAC Loan Fund Activity by State, 1972–2012**

State	Loan Commitments	Dollars Committed	*Units Funded	State	Loan Commitments	Dollars Committed	*Units Funded
Alabama	38	\$2,114,059	1,094	Nevada	10	\$3,094,849	195
Alaska	8	\$688,941	82	New Hampshire	9	\$155,385	260
Arizona	69	\$12,883,634	6,990	New Jersey	5	\$284,250	202
Arkansas	65	\$7,134,592	1,089	New Mexico	86	\$8,366,381	2,667
California	285	\$54,116,560	10,453	New York	87	\$5,314,440	1,884
Colorado	71	\$9,457,744	2,645	North Carolina	93	\$6,746,164	2,499
Connecticut	9	\$675,959	186	North Dakota	12	\$1,189,388	740
Delaware	17	\$2,488,630	531	Ohio	33	\$4,459,627	704
Florida	166	\$33,587,196	5,318	Oklahoma	21	\$2,512,010	384
Georgia	39	\$2,130,294	1,444	Oregon	39	\$1,706,923	2,541
Hawaii	18	\$5,170,555	296	Pennsylvania	22	\$1,447,550	563
Idaho	17	\$1,188,160	1,463	South Carolina	14	\$1,102,139	414
Illinois	13	\$603,979	229	South Dakota	19	\$1,836,297	217
Indiana	4	\$361,110	42	Tennessee	54	\$4,199,535	646
Iowa	10	\$1,581,171	583	Texas	92	\$12,872,848	2,607
Kansas	29	\$4,426,296	1,102	Utah	76	\$16,645,374	1,350
Kentucky	89	\$9,161,800	1,187	Vermont	15	\$743,556	290
Louisiana	27	\$3,462,444	657	Virginia	51	\$4,671,049	707
Maine	22	\$3,476,731	316	Washington	54	\$9,549,983	1,017
Maryland	106	\$16,145,696	2,639	West Virginia	58	\$3,509,362	1,455
Massachusetts	60	\$4,630,719	1,450	Wisconsin	39	\$4,845,609	745
Michigan	38	\$5,539,893	1,655	Wyoming	4	\$274,453	18
Minnesota	6	\$319,833	994	Puerto Rico	7	\$498,284	64
Mississippi	59	\$4,354,422	1,729	U.S. Virgin Islands	5	\$120,500	98
Missouri	13	\$1,191,314	462	Multi-State/Other	5	\$568,109	331
Montana	8	\$1,770,259	495				
Nebraska	4	\$305,417	48				
				<b>Total</b>	<b>2,200</b>	<b>\$285,681,473</b>	<b>67,777</b>

\*Units includes water/wastewater connections.

**Table 3. HAC Loan Funds, 1972–2012**

Loan Fund	Loan Commitments	Dollars Committed	Units* Funded
Rural Housing Loan Fund (RHLF)	1,345	\$147,019,145	40,974
Self-Help Homeownership Opportunity Program (SHOP)	738	\$128,290,791	11,553
Water/Waste Water Loan Fund (W/WWLF)	87	\$1,589,600	14,319
Preservation Revolving Loan Fund (PRLF)	30	\$8,781,937	931
<b>Total</b>	<b>2,200</b>	<b>\$285,681,473</b>	<b>67,777</b>

\*Units includes water/wastewater connections.

**HAC FACT #36**

*HAC has committed loans in over 560 counties across rural America.*

**HAC FACT #37**

*HAC's subsidiary, RHS, has developed 667 units of affordable housing in 10 states.*

HOUSING ASSISTANCE COUNCIL LOAN FUND

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#### HAC FACT #38

*Through the SHOP program, HAC has helped finance 11,553 units of housing from over \$128 million in commitments and forgivable grants.*

- i In October 2011, HAC conducted a survey of active borrowers to collect data about the impact of its lending on rural communities. HAC randomly selected 61 loans out of a pool of 165 currently active HAC loans from which to solicit household unit information. As some organizations were sampled for more than one loan, a total of 44 organizations were asked to provide information about the households occupying units constructed using HAC resources. Of the 61 loans selected, two were from the Homeownership Loan Program (3 percent), five were from the Preservation Revolving Loan Fund (8 percent), 10 were from the Rural Housing Loan Fund (16 percent), and 44 were from the Self-help Homeownership Opportunity Program (72 percent). Among loans selected, 16 were from the Southwest, eight from the West, 13 from the Midwest, 18 from the South, and six from the Northeast. A total of 31 organizations responded to the survey, resulting in a response rate of 70 percent. HAC obtained information on 616 housing units that were developed using HAC funding. These units are located in 21 states across the nation.
- ii Income statistics based on information from 503 housing units.
- iii U.S. Census Bureau, “Median and Average Sales Prices of New Homes Sold in United States,” <http://www.census.gov/const/uspriceann.pdf>.
- iv In 2011 HAC conducted a national stakeholder survey of its partners. Respondents were asked to give feedback on each of HAC’s core programs—the loan fund, training & technical assistance, and research & information, as well as policy impact.
- v Jeffrey Lubell, Rosalyn Crain, and Rebecca Cohen, Framing the Issues—The Positive Impacts of Affordable Housing on Health (Washington, D.C.: Center for Housing Policy, July 2007), [http://www.nhc.org/media/documents/FramingIssues\\_Heath.pdf](http://www.nhc.org/media/documents/FramingIssues_Heath.pdf).

#### HAC FACT #39

*Since HAC’s founding there have been 8 U.S. Presidents, 13 HUD Secretaries, and 13 Secretaries of Agriculture.*

#### HAC FACT #40

*In 1972, HAC committed 49 loans. Forty years later in 2011, HAC committed 60 loans.*

*Photo credits: Unless otherwise noted, photographs were taken by HAC staff at various development sites around the country or are from HAC’s archives.*





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