



RURAL VOICES

20 Years of Rural Voices

6

Self-Help Housing on the Pine Ridge Indian Reservation: Alive and Well

10

Still Ticking After All These Years: Low-Income Housing Tax Credits in Washington State

30

Reflections on Cushing Dolbeare and Eleven Years of Housing Change

Dear friends:

The first edition of *Rural Voices* Magazine was published in the fall of 1995. After 20 years, 70 editions, 545 articles and 505 authors, the magazine has held true to one basic premise – providing a platform for ‘voices’ across the United States to share, learn, and improve our rural communities. The Housing Assistance Council is proud to celebrate the 20th anniversary of *Rural Voices* magazine. To observe the occasion, this issue of *Rural Voices* highlights and revisits a selection of articles published over the past two decades.

From the hundreds of articles printed in *Rural Voices*, it was difficult to choose just a few. The articles in this issue represent cross-sections of the rural housing development world in topic and in author. They cover financing, policy, and need; they are written by local activists, national leaders, and academics; and they illustrate things that have not changed over time as well as things that have.

Like every other issue of *Rural Voices*, this one reminds us that local, community-based housing organizations are the key to improving rural housing conditions. But of course community organizations cannot solve housing problems alone. Articles in this issue also cover how a state agency has structured its Low-Income Housing Tax Credit program to best meet rural needs throughout its state, new tools from the Supreme Court and HUD to further the fight against discrimination in housing, and establishment of the National Housing Trust Fund to supplement state and local trust funds.

As HAC and its readers celebrate this *Rural Voices* milestone, we invite our readers to – as Rep. Bennie Thompson puts it in the title of his article – recommit to rural America and to improving housing conditions for its low-income residents.

In Community,



A handwritten signature in black ink that reads 'Polly Nichol'.

Polly Nichol
Chair, Board of Directors

A handwritten signature in blue ink that reads 'Andrew L. Bias'.

Andrew Bias
President, Board of Directors

A handwritten signature in black ink that reads 'Moises Loza'.

Moises Loza
Executive Director

RURAL VOICES

Dear Friends

2

Let's Recommit to Rural America

Rep. Bennie Thompson challenges his colleagues in Congress to re-engage in the fight to keep successful federal rural housing programs alive.

4

Self-Help Housing on the Pine Ridge Indian Reservation: Alive and Well

There is more than one way to design a self-help housing program, and collaboration between community organizations helps.

6

Still Ticking After All These Years: Low-Income Housing Tax Credits in Washington State

Tax credits have remained important in rural Washington, financing the production of thousands of homes.

10

Rural Midwest Housing Remains Complex and Diverse

Whether growing, stable, or declining, rural communities in the Midwest face challenges in providing housing for low-income residents.

14

The Housing Trust Fund Movement Spans the Country

State and local housing trust funds continue to offer flexible funding for affordable housing across the country, and a national fund has been created as well.

22

Where You Live Matters: Fair Housing is Still the Law and Even Stronger

The Fair Housing Act has been law since 1968, and new developments in 2015 have strengthened it.

27

Reflections on Cushing Dolbeare and Eleven Years of Housing Change

Cushing Dolbeare founded the National Low Income Housing Coalition; her legacy guides the organization years after her death.

30

20 Years Do Make a Difference

Many things have changed since 1995, says a veteran rural houser, but rural housing needs and solutions have never been partisan issues, and should not be now.

32



6

Self-Help Housing on the Pine Ridge Indian Reservation: Alive and Well



10

Still Ticking After All These Years: Low-Income Housing Tax Credits in Washington State



30

Reflections on Cushing Dolbeare and Eleven Years of Housing Change

A View From Washington

Let's Recommit to Rural America

A member of Congress challenges his colleagues to re-engage in the fight to keep successful federal rural housing programs alive.

By Congressman Bennie G. Thompson



In a piece titled "A New Commitment to Rural America," published in the Spring 2000 issue of *Rural Voices*, Rep. Bennie Thompson called for the country to "make a national commitment to build and fund public and private partnerships that genuinely address the lack of opportunity for people living in [rural] areas."

Rural America is still a fundamental part of the fabric that holds this great nation together. Unfortunately, the pace of our economic growth and quality of life continue to lag behind those of our urban neighbors. People in rural America are still more likely to reside in substandard housing, receive inadequate education, and live in a community that is medically underserved.

Despite these challenges, people in rural America remain resilient and hopeful that better times are ahead. We, the federal government, can help them if we refocus our efforts to improve their quality of life through programs that have proved to be effective and economical.

With the current crazed obsession with reducing government programs dominating the narrative in Washington, it is more important than ever that we continue to vocalize the need for continued investment in affordable housing options in this country. Nowhere is this more important than in rural America where a quarter of our children live in poverty.

A look at some of our more successful programs shows that rural housing programs are under attack and need more advocates to fight for their survival.



The Section 502 direct loan program is USDA's flagship housing loan program and is designed to help low-income families purchase houses specifically in rural areas. Funds can be used to build, repair, or renovate a house, including providing water and sewage facilities. The program provides fixed-interest mortgage financing to low-income families who are unable to obtain credit elsewhere. The program also provides "supervised credit" including pre-loan and post-loan credit counseling to its borrowers to help them maintain their homes during financial crises. To date, this program has assisted more than two million families to increase their wealth by \$40 billion. The program has seen a significant decline in enacted loan authorizations over the past decade, however. The fiscal year 2005 authorization was \$1.14 billion. Today, the program is authorized at \$900 million.

Unfortunately, the pinch doesn't stop there. The Section 523 mutual self-help grant program allows low- and very low-income rural Americans to use "sweat equity" to reduce the costs of homeownership. Nonprofit organizations and local governments may obtain grant funds to enable them to provide technical assistance to groups of families that work cooperatively to build their houses. Typically, future homeowners use the aforementioned Section 502 direct loans to finance their mortgages and, through their own labor on constructing the houses, are able to reduce costs by 10-15 percent. This cherished program has seen its budget reduced from \$34 million in fiscal year 2005 to \$27.5 million in fiscal year 2015.

Rural rental housing is also at risk. USDA's Section 515 loan program has not been able to fund any new rental units since 2011. The Section 521 Rental Assistance program, which helps low- and very low-income tenants pay their rent, ran out of funding in August or September 2015, leaving some landlords without reimbursement for the last month of the fiscal year. Because of the way funds are allotted to specific properties, some will fall short on several months of funding.

For the sake of our constituents, this trend has to stop.

The federal government has always been on the forefront of investments in rural America. From the Tennessee Valley Authority bringing electricity to lower Appalachia to the construction of a sophisticated network of levees that has kept flood waters out of the Mississippi Delta, the federal government has always been there making forward-thinking investments that foster economic stability and advancement. Now is not the time to reverse course and simply leave opportunity for progress in our country to the profit-driven private sector.

Rural America possesses an abundance of untapped potential. Sure, the challenge is great but our dreams can be realized with wise investment by the federal government. It is time to recommit ourselves to building a nation for all Americans. I am ready to continue the good fight, and I know that you are, too. Hopefully, more of my colleagues will join us in improving housing conditions in rural America.



Mr. Thompson, formerly Mayor, Town of Bolton, MS and Supervisor, District Two, Hinds County, Bolton, MS, is currently the U.S. Representative of the 2nd Congressional District of Mississippi. He is the top Democratic member of the House Committee on Homeland Security. A lifelong activist in the civil rights struggle, Rep. Thompson has received honors from the National Conference of Black Mayors, USDA Rural Development Fellows, Mississippi Chapter of the NAACP, and the Ford Foundation. Directorships include the American Civil Liberties Union, the Housing Assistance Council, the Southern Regional Council, and the National Rainbow Coalition.

Self-Help Housing on the Pine Ridge Indian Reservation: Alive and Well

By Leslie Newman



There is more than one way to design a self-help housing program, and collaboration between community organizations helps.

Self-help is not a new concept for us. We were always self-help, traditionally. We always built our own homes. We didn't wait. We have to get away from this dependence and go back to protecting our own assets. A long time ago, if a teepee tore, they didn't wait for someone else to come sew it up. We had to have that shelter.

Pinky Clifford, Executive Director, Oglala Sioux Tribe Partnership for Housing

"Building Dreams on the Pine Ridge Indian Reservation," written by Leslie Newman and published in the Fall 2003 issue of *Rural Voices*, described how a self-help housing program on the reservation succeeded despite formidable obstacles.



Nick Tilsen of Thunder Valley CDC presents a traditional Star Quilt to USDA Secretary Tom Vilsack

In fall 2003, we looked at a new self-help housing program on the Pine Ridge Indian Reservation, developed by the Oglala Sioux Tribe Partnership for Housing (OSTPH). We looked at what it took to create the program, some challenges to self-help housing on tribal trust land, and ingredients for success.

Now, going back to Pine Ridge more than ten years later, we find that self-help is alive and well. While the OSTPH is no longer operating a USDA Rural Development self-help program, it is still committed to the self-help concept, and another organization, Thunder Valley Community Development Corporation, has recently been awarded Section 523 funding from Rural Development to develop and launch a self-help pilot. Through a unique collaborative effort, the Sustainable Home Ownership Program (SHOP) collaborative, the two organizations and other partners are working together to promote homeownership on Pine Ridge and support each other's efforts.

The Oglala Sioux Tribe Partnership for Housing's Commitment to Self-Help

The Oglala Sioux Tribe Partnership for Housing is a private, nonprofit organization promoting homeownership and developing viable housing options for people on the Pine Ridge Indian Reservation. Over the past 16 years, OSTPH has worked to promote homeownership there, providing homeownership education and counseling, assisting families in applying for home mortgages, and building homes to meet the severe housing shortage on the reservation. The organization has assisted over 90 families in purchasing homes. Through its self-help program, a total of 24 families worked together to build their own homes. These homes are scattered in different districts around the reservation, an area spanning approximately 40,000 square miles (the size of the state of Connecticut).

After these 24 families constructed their homes, the organization determined that it would pursue self-help housing in other ways. According to executive director Pinky Clifford, "Self-help with Rural Development is one thing, but there are other options to look at." OSTPH is currently working with partners to design and develop a "tiny house" program, enabling families to work together to build a home that could be moved easily on a flatbed truck to a location of their choice (it would not require special house-moving equipment). Learning from their experience working simultaneously with multiple families across the reservation, the OSTPH envisions that with its new self-help programming, participating families will completely build one home, and then start building the next. "We're looking at self-help, one family at a time," explains Clifford. The OSTPH sees the "tiny house" program as a key to long-term asset-building, as families can build onto the small house over time, or sell a house to another family and use the equity as a down payment to buy another home.

In order to address the need for improvements to existing homes, the OSTPH is also looking at a self-help rehab program. According to Clifford, "there are hundreds and hundreds of homes that need to be rehabbed. We're looking for innovative ways to access resources to make this happen."

Thunder Valley Community Development Corporation's Self-Help Pilot Program

Thunder Valley Community Development Corporation is an Oglala-led, Native American 501(c)(3) nonprofit organization based out of the Thunder Valley community of the Porcupine District on the Pine Ridge Indian Reservation. Its mission is “empowering Lakota youth and families to improve the health, culture, and environment of our communities, through the healing and strengthening of cultural identity.” Thunder Valley is currently implementing a comprehensive community development initiative, which includes the creation of homeownership opportunities, a youth shelter, an empowerment center, community gardens, a walking/hiking/biking trail, a business incubator, commercial space, a bunkhouse for volunteers and students, and powwow grounds.

Thunder Valley sees the self-help approach as an important piece of its comprehensive efforts to build a community, and emphasizes that its program builds on the work and experience of the OSTPH. According to executive director Nick Tilsen, “We don’t believe that Thunder Valley would be afforded the opportunity to take on self-help on Pine Ridge if Pinky and the [Oglala Sioux Tribe] Partnership hadn’t done it before and paved the way. They showed that self-



help can be done. We wanted to take it on because it works.”

In developing its self-help pilot program, one of Thunder Valley’s first steps focused on learning about the OSTPH efforts. Liz Welch, Thunder Valley’s director of advancement, explains that “the Partnership was transparent and open to share their experience, both what worked and what was really challenging. Without that, we wouldn’t have taken it on.”

Rather than scattered sites, Thunder Valley self-help participants will be building homes in the Thunder Valley development in Porcupine. According to Tilsen, community and relationship building is a major reason that Thunder Valley believes in the self-help model: “Be-

cause we’re building an actual physical community – beyond building homes, we’re trying to build relationships between the families. By helping one another build their houses, we’re building positive, healthy relationships between neighbors.”

Like many self-help programs around the country, Thunder Valley recognizes that sweat equity is key to making homeownership affordable for low-income families and to long-term asset building. Affordability also underlies the organization’s commitment to green building and energy-efficient construction. “We’re on a pathway,” Tilsen explains. “Our end goal is to build affordable housing with net-zero energy costs. We strongly believe that low-income

Architectural rendering of Thunder Valley's Regenerative Community Development Plan, courtesy of Thunder Valley CDC



“By helping one another build their houses, neighbors are building positive, healthy relationships.”

families shouldn't be dumping their limited resources into utility bills and high energy costs. Instead, we want them to put their resources into building assets.” Thunder Valley's energy efficient construction includes using passive solar design (orientation of homes, placement and size of overhangs), as well as solar panels and solar thermal systems.

Thunder Valley is currently focusing on infrastructure development for its new community (roads, water, sewer) and preparing its first group of six self-help families. Through its pilot program, a total of 12 families will build their new homes in the development; the first six are scheduled to begin construction in the spring/summer of 2016.

The Sustainable Home Ownership Program Collaborative

In looking at self-help housing in Pine Ridge back in 2003, it was clear that collaboration was key to the success of homeowner-ship efforts. In speaking with the OSTPH and Thunder Valley today, this spirit of partnership is still apparent, if not stronger. Through the SHOP collaborative, Thunder Valley and the OSTPH are working with other partners to streamline the homeownership process on Pine Ridge and support one another's efforts. Through the collaborative, partners have developed a shared training calendar, make IDA program homeownership referrals, and share other homeownership opportunities. Tilsen explains, “We are working to support and promote each other's efforts. Even if a potential homebuyer isn't a good fit for our program, we can refer them to one of our partners. The only way we know about other opportunities and what our partners can offer is by collaborating and working together.”

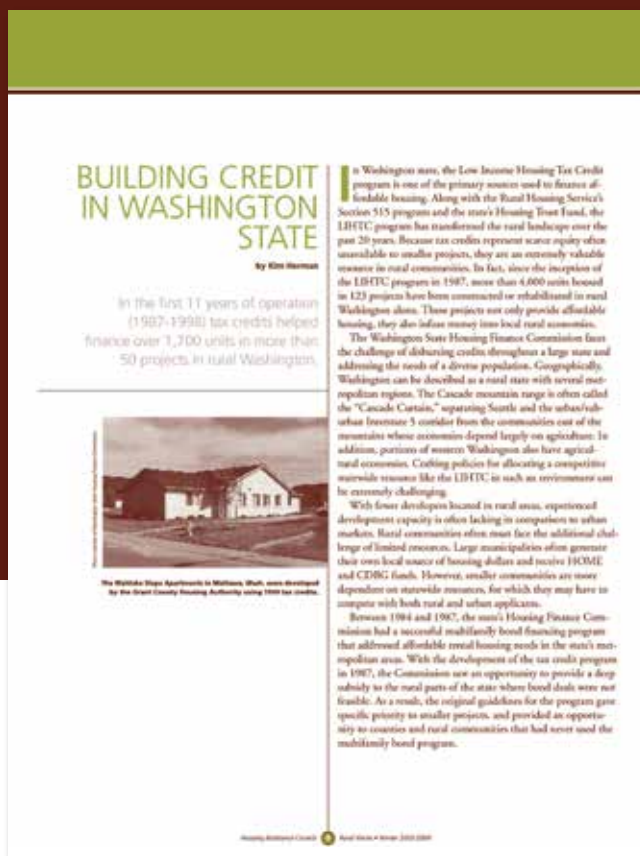
Joint Efforts

Back in 2003, we saw that developing self-help housing on Pine Ridge was not an easy task, and this has not changed. The joint efforts and partnerships we see today are a critical part of successful self-help housing efforts and providing homeownership opportunities for tribal members, and a model for other communities around the country.

Leslie Newman is a founder and co-manager of Seven Sisters Community Development Group, which focuses on community development in Native communities. She has been working to support affordable housing and asset building on the Pine Ridge Reservation since 1999.

Still Ticking After All These Years: Low-Income Housing Tax Credits in Washington State

By Kim Herman



Tax credits remain important in rural Washington, financing the production of thousands of homes.

Kim Herman's article "Building Credit in Washington State" appeared in the Winter 2003-2004 issue of *Rural Voices*, explaining the Washington State Housing Finance Commission's successes in using Low-Income Housing Tax Credits for rural housing development.

That statement was in the opening paragraph of a 2003 article for *Rural Voices* I wrote about the use of housing tax credits in rural Washington. Without a doubt, it is just as true today as it was then, if not more so. In the intervening 12 years, the Washington State Housing Finance Commission has amended our housing credit guidelines a number of times, we participated in the tax credit support programs created by federal economic recovery legislation in 2008 and 2009, we survived the Great Recession, and we have redefined the geography of Washington for applicants for the 9 percent tax credit program. What has not changed is the importance to rural Washington of the housing credit program, which encourages private sector investment in affordable rental housing properties.

*Because
[Low-Income
Housing]
Tax Credits
represent scarce
equity often
unavailable
to smaller
projects, they
are extremely
valuable
resources
in rural
communities*

The Continuing Importance of Housing Credits to Rural Areas

In my 2003 article I was able to point to 121 rural housing projects funded with housing credits that produced more than 4,000 units of affordable housing. I am happy to say that since that time our production of affordable rural housing using housing tax credits has not slowed down. Since 2003, we have financed another 191 rural projects providing another 8,844 affordable housing units in rural communities with populations of less than 50,000. Even more interesting is that 44 of the projects were financed using tax-exempt bonds and 4 percent housing credits, removing pressure from the resource-limited 9 percent credit program.



Changes Have Happened

In many smaller communities where projects have previously been built, there have been fewer opportunities for feasible rural developments. We have also experienced less for-profit involvement in rural areas due to the scoring criteria in the competitive 9 percent program. Now, however, we see smarter and more sophisticated nonprofit developers expanding their reach.

These changes were driven by the competition and economics of the tax credit program and the need for trust and confidence to be developed between the developers of rural housing and tax credit investors. Small rural projects became less feasible as land and building costs increased and the program came under scrutiny about high per-unit costs. Therefore, we have seen the number of units in rural projects increase.

In addition, both for-profit and nonprofit developers have taken advantage of opportunities for acquisition and rehabilitation of older USDA Section 515 portfolios, often using the bond/4 percent credit program instead of the 9 percent program. Even more could be done to preserve USDA's aging rural housing portfolio if the agency would streamline its processing time and remove outdated requirements that force tax credit allocators to repeatedly roll over allocations for the purchase and preservation of USDA projects already in the pipeline.



Affordable Housing for Native Americans

The Commission had financed two housing credit projects for Native American tribes in the early 2000s in cooperation with Travois, a national organization serving tribal housing authorities. Then we reached out to the tribes and provided specific training in the housing credit program to encourage more tribal participation. This effort increased successful applications from tribes in Washington. Since 2003, we have financed an additional 11 projects for various tribes that provide 321 affordable housing units to tribal members. Given the remote location of many tribal reservations, including the Makah tribe in the far northwest corner of Washington, these financings demonstrate the wonderful flexibility of the housing credit program in rural America.

The Recession Years

In the first year of the Great Recession, 2008, the Commission took advantage of a 20 percent increase in Washington's per-capita credit allocation and an expanded definition of projects eligible for the 30 percent basis boost to finance seven housing credit projects in rural Washington that provided 375 units of affordable housing to low-income households. These benefits were part of the Housing and Economic Recovery Act (HERA) passed the same year to stimulate the economy.

The federal efforts to support the housing credit program under the 2009 American Recovery and Reinvestment Act (ARRA) provided even greater stimuli for helping rural projects in Washington. While not all of the benefits went to rural projects, ARRA combined \$37.8



million in the Tax Credit Assistance Program and \$101 million generated through the Section 1602 Exchange Program with \$96.8 million in regular 2009 housing credits to fund almost twice as many projects as usual. This included 12 rural projects with 480 units of housing for low-income families and represented a significant economic boost to rural communities that were suffering the effects of the recession.

Responding to Our Partners

In 2013, the Commission made a number of significant changes to our allocation criteria for the 9 percent housing credit program. These changes allowed us to improve the balance of the allocations across the state geographically, as well as to address the growing conflict between the need to preserve existing housing and the priority to create new units. After much research and many stakeholder policy meetings, we eliminated our credit set-asides for Rural Development (RD) projects, qualified nonprofits, and rural areas, as well as the “Housing Needs Points” previously used to determine geographic distribution.

Instead, three distinct geographic credit pools were created: King County Metro (home of Seattle), other metro counties, and nonmetro counties. Like projects now compete against like projects, based upon the pool in which they are located. This also provided the opportunity to evaluate and adjust the existing allocation criteria and their applicability to the various geographies, which removed several barriers for rural projects to compete for housing credits. The Commission also introduced significant total development cost guidelines the same year that were adjusted to match economic factors in the three geographic pools. These changes

resulted in seven rural projects receiving housing credits in 2013, producing 432 units of affordable rural housing.

Summing Up

The Low Income Housing Tax Credit program has allocated \$853.8 million in housing credits to fund 312 rural housing projects that have produced 8,165 units of family housing, 3,534 units of senior housing and 1,145 units of housing for agricultural workers in Washington State. Beyond a doubt, without the housing credit program, the vast majority of the people living in these affordable homes would not have a decent, affordable place to live today.



Kim Herman is Executive Director of the Washington State Housing Finance Commission.

His past experience includes executive positions at Delta Housing Development Corporation, Indianola, MS; Rural Housing Alliance/Rural America, Washington, DC; Rural Assistance Initiative, HUD; Yakima Housing Authority, Yakima, WA; and Portland Development Commission, Portland, OR.

Rural Midwest Housing Remains Complex and Diverse

Whether growing, stable, or declining, rural communities in the Midwest face challenges in providing housing for low-income residents

By Ann Ziebarth and Jeff Crump



Small towns in the Midwest face many challenges in providing adequate and affordable housing. Although the popular image of the Midwest is of an idyllic pastoral countryside dotted with small, friendly towns populated with well-kept homes, there are significant problems associated with housing in the region. Many small towns face continuing problems with housing affordability, an older housing stock, and community conflicts over housing issues. Many residents, especially the elderly, poor, and minority households, face difficulties in finding and maintaining decent housing. This brief overview of housing in the rural Midwest region provides a picture of the region's diversity.

"Rural Midwest Housing Reality is Complex and Diverse," by Ann Ziebarth and Jeff Crump, was published in the Summer 1999 Rural Voices, describing the region's housing conditions and challenges to improving them.

Rural Midwest Housing Conditions

Compared to the U.S. generally, Midwesterners are more likely to be homeowners. According to the Federal Reserve Bank of St. Louis, the homeownership rate in the second quarter of 2015 for the Midwest was 68.4 percent, nearly 4 percent higher than the overall U.S. rate. In the rural Midwest, homeownership is even higher at 74 percent. In Minnesota and Michigan rural homeownership rates are 77 percent, significantly higher than the overall level of homeownership.

Manufactured homes are an important source of affordable housing in the Midwest and some 1.28 million households reside in manufactured housing. Financing of manufactured homes is often via personal loans rather than typical home mortgages, however, resulting in higher costs and less favorable terms for borrowers. In 2005, 46 percent of all manufactured home loans were high cost loans with interest rates at least 3 percent above those of conventional mortgages. Even though mobile home borrowers have the same repayment records as conventional mortgage holders, they pay more.

The housing boom and bust greatly impacted rural Midwestern residents as the rapid rise of subprime and predatory lending affected buyers in rural communities. The high rates of homeownership and the relatively large number of mobile homes financed with personal loans left many vulnerable when the housing bubble burst in 2007.

Rural mortgage market activity has increased in recent years, but access to mortgage financing remains a problem in rural areas where there is less competition in the mortgage

market and lenders assume a higher risk due to smaller market size and remote locations. Moreover, rural borrowers, especially minority persons, experience higher denial rates in the Midwest compared with other regions. Denials are often the result of poor credit histories, lack of collateral, and high debt to income levels, though they may also reflect discrimination in the mortgage market.

While the majority of people in the U.S. own their homes, rental housing remains vitally important. There are more than 7.1 million renter-occupied units in small communities and rural areas, 25 percent of the housing stock. Nearly 40 percent of rural renters are cost-burdened nationwide, paying more than one-third of their gross income for housing. In the Midwest 49.6 percent of renter households are housing cost-burdened. This compares to 29.1 percent of Midwestern homeowner households with mortgages on their homes.

In terms of the physical condition of rural Midwestern housing, the homes Midwesterners occupy are

often older and therefore in need of repair and modernization. Thus, housing quality remains a concern across the Midwest and according to the American Housing Survey more than 68,500 rental units and 169,000 owner-occupied units identified are substandard.

Modern agricultural production creates many environmental impacts that affect housing quality in the rural Midwest. For example, the run-off of agriculture pesticides and fertilizers threatens the quality of the groundwater, a particular concern for rural households that rely on wells for their drinking water. In recent years, the development of large-scale livestock confinement facilities has raised concerns over air quality as well. Other common environmental hazards include leaking underground fuel storage tanks, fumigants associated with grain storage areas, and nuclear waste storage sites. An especially prominent example is oil field development in North Dakota where the construction of wells and oilfield waste pits are risking environmental quality and contaminating drinking water.



Rural Midwest Housing Needs

The Midwest's relatively low housing costs may lead to the misperception that housing is more affordable there. However, housing costs, especially for homeowners, are rising rapidly while property values in many locations have declined. And while the average rents may be lower, the higher cost of utilities often makes housing less affordable. As a result, affordability is an issue throughout the rural Midwest. For example, in one rural county in Minnesota 65 percent of renters were unable to afford a basic two-bedroom apartment.

In places with booming economies, such as the oilfield areas, housing shortages have exacerbated affordability problems. For example, the town of Williston, ND has seen its population more than double in the past four years. An apartment in Williston now costs more than one in New York City. The housing shortages have resulted in a proliferation of temporary housing in RV parks and unsafe living conditions. "Man camps" have sprung up, including the relocation to rural North Dakota of Canada's Vancouver Olympic Village with dorm-like living quarters for single workers.

Overall, limited incomes and a dearth of affordable housing leave many rural Midwestern households in poor housing situations where they pay excessive proportions of their income for shelter, live in overcrowded or substandard conditions, and in extreme cases face homelessness.

Complicating the situation, second homes are popular among Midwesterners with higher incomes and, as owners retire,

vacation homes often become year-round residences. The immigration of wealthier homeowners converting second homes to year-round living leads to rural gentrification and changes the character of communities. There is a lack of housing opportunities for low-income households, and new construction serves upper-income households. Overall there is a widespread failure of the affordable housing market in these areas. Nonprofit and government organizations attempting to meet housing needs face increasing land costs, higher development expenditures, and greater competition for subsidies and funding, as well as increased local resistance to affordable housing developments.

The growing concentration of elderly residents in the rural Midwest results from both the relocation of retirees and the increased age of those who stay in their homes. Aging in place is common, as many elderly people prefer not to relocate until poor health forces them to do so. However, elderly residents' homes tend to be of lower quality than rural housing as a whole and, when compared with their urban counterparts, the rural elderly tend to be economically less well off. In particular, many rural elders are in the very oldest age groups where issue of economic support and specialized service needs are most critical.

Providing for elderly residents is especially difficult in communities of less than 2,500. Smaller towns often lack housing alternatives, supportive services, and the medical facilities needed to assist elderly people. To address these needs, the U.S. Department of Agriculture (USDA) has provided home repair loans and grants and has financed



rental housing for senior citizens. Thirty percent of all projects funded by USDA's Section 515 rural rental housing program are located in the Midwest. Due to continuing funding cuts at the federal level, there has not been any new construction of USDA Section 515 rental housing projects since 2011. The limited available funding has been dedicated to preserving the existing available affordable housing. Many of the projects are at the end of their mortgages or are being sold by their owners. For the extremely low-income residents, especially those with rent assistance that is tied to the Section 515 status of their buildings, this potential loss of affordable housing is a serious concern. In addition, many of the buildings need maintenance and upgrades that may have been deferred.

Minority households also face special housing challenges. Whether they are homeowners or renters, minority residents have significant difficulties in obtaining adequate and affordable housing. Native Americans face especially difficult housing conditions and even though only 22 percent of



the 5.2 million Native Americans live on tribal lands, for those who do 40 percent of available housing is substandard. Residents of the Pine Ridge Reservation in South Dakota, for example, have an average household income of only \$3,500 and 60 percent of the reservation's 18,000 residents live without electricity or running water. While reservation residents are more likely to be homeowners than the U.S. population as a whole, this statistic can be misleading. On the Dakotas' Standing Rock Reservation the most recent homeownership rate was 48.8 percent, down from 53.5 percent in 2000. Over the same timeframe the percentage of households facing housing cost burdens increased from 18.5 percent to 23.7 percent. On the Red Lake Reservation in Minnesota, the tribal housing authority has successfully developed and managed 247 units of homes subsidized by the Low-Income Housing Tax Credit and rehabilitated an additional 40 units.

Migrant farmworkers are another group that struggles to obtain safe, decent, and affordable housing. Not only do they have low and

unstable incomes, but their jobs require frequent moves, increasing their housing cost and insecurity. Migrant workers frequently live in the least desirable housing within a community – dilapidated mobile homes, garages, barns, and otherwise unsuitable properties. A 2010 report by the Michigan Civil Rights Commission found there were over 35,000 migrant farmworkers in the state and most lived in extremely substandard housing with structural defects, poor sanitation, a lack of clean running water, exposed wires, and overcrowded conditions in close proximity to fields where pesticide hazards were common.

For those who find housing in Midwest labor camps, state inspection and licensing are common. In Illinois, one migrant labor camp located in a village of 13,000 was licensed to house over 400 migrant workers employed by Monsanto Corporation to detassel corn. The housing was located in a converted hospital on a decommissioned military base that was closed in 1993. Across the state 21 licensed labor camps

provide housing for a total of 1,970 workers. Nonprofit organizations such as UMOS in Wisconsin have also provided decent seasonal rental housing for families as well as housing counseling, education, a voucher program for homeless individuals, and technical assistance across 15 Midwest states. In Minnesota, a state level Migrant Labor Demonstration Program was developed using matching grants funded through housing finance agency bonds. The program was discontinued two years later due to the lack of interest by employers in improving their worker housing. Yet housing quality for migrant and seasonal workers and their families remains a problem.

Migrants with year round employment also face a severe shortage of housing. For example, large dairy farms employ many immigrants who need on-farm housing or accommodations within a short distance of the farm. The expansion of meatpacking industries in the Midwest has attracted numerous immigrants and resulted in increased demand for housing, as well as changed dramatically the demographic profile of some rural communities. In rural Iowa and Nebraska, substantial increases in Hispanic residents have been documented. In Minnesota and Illinois, refugees and immigrants from Cambodia, Laos, Somalia, and Bosnia are filling low-wage, low-skill jobs in rural communities. New workers relocating to Midwest meatpacking towns have found that housing is particularly difficult to obtain. Workers end up homeless, in temporary "sleeping rooms," or in company-owned deteriorating mobile homes. The influx of immigrants has resulted in conflicts over cultural differences in lifestyle and increasing incidences of housing segregation and/or discrimination.

Meeting the Needs

Resolving the housing needs in the rural Midwest depends not only on the housing stock itself, but also on the processes that support its construction, maintenance, and continued affordability. There are a number of challenges for Midwest developers. The high cost of materials, transportation, and utilities raises the overall cost of new construction. In many places there is a lack of skilled construction workers including plumbers, electricians, and finish carpenters. Most multifamily rental housing built in the U.S. today is subsidized through government programs, but cuts in federal funding have limited the availability of subsidies in rural areas. Many developers find more profitable work in metropolitan or rapidly growing areas where economies of scale in large projects are possible. In small towns needing just a few units, attracting contractors and builders is a challenge. This in turn inhibits local industry expansion. In Roseau, MN, for example, employers with 300 temporary workers and a desire to hire 200 more are stymied because wages cannot support the high rents needed to cover the costs of building new apartments without a subsidy. To pay off the mortgage of a new project would require rents of at least \$1,200 beyond what the market will bear.

New housing developments depend partially on the social capital or community capacity of localities. Part-time officials and limited budgets often hamper the ability of rural communities to address local housing needs. The professional expertise to plan, apply for, and conduct programs of housing and community development is often lacking. The self-sufficient, “getting by on our own” attitude among rural Midwesterners can further hinder the provision of better housing,

especially where local decision-makers are unaware of or unwilling to address the problem. Even when these barriers are overcome, small communities often find that economies of scale are difficult to achieve given a limited and widely scattered population and a low tax base. In spite of these obstacles, a number of rural communities throughout the Midwest have provided innovative local solutions to community housing needs.

Nonprofit housing organizations are a key component to providing affordable housing in rural communities. For example, the Southwest Minnesota Housing Partnership (SMHP) has successfully built new multifamily rental and single-family homes across a 17-county area. The partnership has creatively adapted an abandoned school into housing units and purchased blighted units for rehabilitation. In addition, the SMHP supports homeownership through

educational and financing programs and by providing funding for home repairs.

Cooperative housing is one means of providing affordable ownership and control among low-income and elderly residents. Over 1 million families find cooperative homes a pleasing and affordable housing option. In the Midwest cooperative housing, especially for senior citizens, is a popular option. Cooperatives allow resident members to own and control their homes. Of the nation’s 103 housing cooperatives designed for seniors, 79 are located in Minnesota.

Cooperative ownership has also become an alternative to paying lot rent for six mobile home communities in Minnesota and two in Wisconsin. At Sunrise Villa Cooperative in Cannon Falls, MN, 47 homeowners cooperatively own their manufactured home community’s land financed with a long-term, fixed rate, low-interest loan through the Minnesota Housing Finance Agency.



In Madelia, MN a mobile home village cooperative houses 62 families of whom 95 percent are Latino. The cooperative members have improved their communities adding bus shelters for children, playgrounds, improved landscaping, and garages.

Recently employers have become increasingly concerned about housing as a key component in attracting and keeping workers. Midwest firms are partners in housing development projects with local governments and nonprofit organizations. For example, in rural Minnesota Schwann's Food Company contributed to the construction of 82 rental units and 150 single-family dwellings between 2001 and 2007 and Polaris Industries and Marvin Windows provided partial funding for 40 rental units and 10 single-family homes. In addition, it is becoming more common for private firms to offer housing-related benefits for their employees.

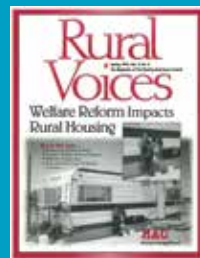
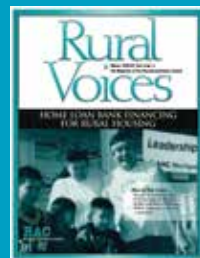
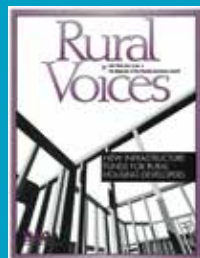
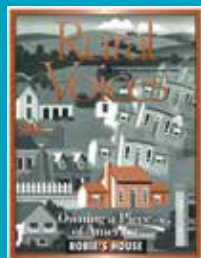
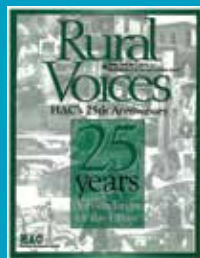
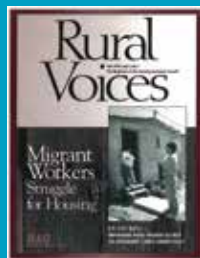
Rapidly growing rural communities in the Midwest, especially those near urban centers or in areas with natural amenities, are struggling to meet the increasing demand for affordable housing. Both stable communities and those that are declining find their housing concerns focused on maintaining the quality of their housing stock and providing housing alternatives for senior citizens. The diversity of rural housing needs results in a challenge for those who provide technical assistance, allocate funding, and advocate for improved housing conditions.

Ann Ziebarth and Jeff Crump are
Professors at the University of Minnesota,
Housing Studies Program.

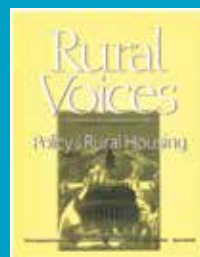
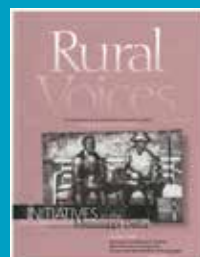
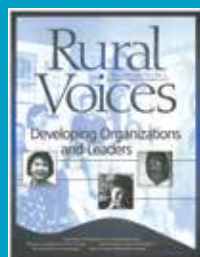
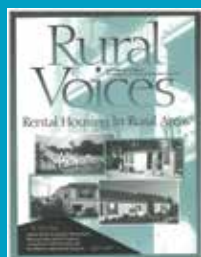
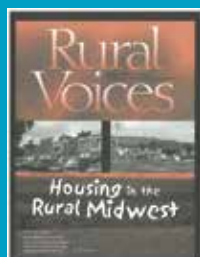
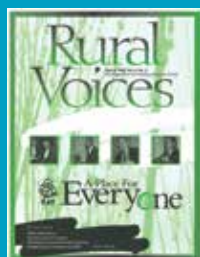
References

- Armiage, L. (2015, February 5). Third World Living Conditions on Pine Ridge Reservation. Available online at indiancountrytodaymedianetwork.com accessed August 25, 2015.
- Ascierito, J. (2007, October 1). Low Cost Housing a Challenge for Midwest Developers. Available online at www.housingfinance.com accessed August 6, 2015.
- British Broadcasting Corporation. Approximately 20 million Americans live in mobile homes. (2013, September 24). Available online at www.bbc.com/news/magazine-24135022 accessed August 11, 2015.
- Belz, A. (2014, November 10). Low rents in rural Minnesota stymie new housing. *Star Tribune*. Available online at www.startribune.com/printarticle/?id=282093191.
- Greater Minnesota Housing Fund. (2015). *Employer Assisted Housing Resource Guide*. St. Paul: Author.
- Heap, B. (2014, October 9). RLRHA: Working hard to make a difference. Accessed August 25, 2015 online at www.travois.com.
- Holly, R. (2014, August 2). *Road to Rantoul: Migrant workers journey to central Illinois*. Holywell, R. (2011, August). North Dakota's Oil Boom is a Blessing and a Curse. *Governing*. Available online at www.governing.com accessed August 15, 2015.
- Housing Assistance Council. (2013, March 22). Making the case for long term affordable mortgage financing for manufactured homes. Washington, DC. Author.
- Housing Assistance Council. (2013, April). *Rental Housing in Rural America*. Rural Research Note. Washington, DC: Author.
- Housing Assistance Council. (2013, Oct 23). *Rural Mortgage Activity Increases, but High Cost Loans and Denials are still Problematic*. Rural Research Note. Washington, DC: Author.
- Housing Assistance Council. (2012 July). *Homeownership in Rural America*. Rural Research Brief. Washington, DC: Author.
- Housing Assistance Council. (2009). *What is the housing foreclosure situation in rural America?* Rural Research Note. Washington, DC: Author.
- Housing Assistance Council. (2008, March). *Mortgage lending in rural communities*. Washington, DC: Author.
- Housing Assistance Council. (2008, May). *Connecting the Dots: A locational analysis of USDA's Section 515 and other federally subsidized rental properties in rural America*. Washington, DC: Author.
- Housing Assistance Council (2005). *They paved paradise...gentrification in rural communities*. Washington, DC: author.
- Joint Center for Housing Studies of Harvard University. (2015). *Emerging Trends in the Remodeling Market*.
- Lalinde, J. (2014, October 10). How the fracking boom in North Dakota is derailing small town life. *Vanity Fair*.
- Michigan Civil Rights Commission. (2010). *Report on the Condition of Migrant and Seasonal Farmworkers in Michigan*.
- Midwest Association of Housing Cooperatives. Home page. www.mahc.coop.
- Mills, L. (2013, December 30). Poor Housing, Wage Cheats Still Plague Midwest Migrant Farm Workers. Available from the Iowa Center for Public Affairs Journalism, IowaWatch.org accessed August 12, 2015.
- North Dakota Compass. (2013). Standing Rock Reservation Profile. Available online at www.ndcompass.org accessed August 25, 2015.
- Reindl, J.C. (2014, Oct 12). Fracking boom has been jobs boon for North Dakota. *Detroit Free Press*.
- Rolenc, S. (2011, May 3). *Report: Minnesota Rental Affordability Worst in the Midwest*. Accessed online August 6, 2015 at publicnewsservice.org.
- Sarkar, M. (2011, June). *How American homes vary by the year they were built*. Working paper 2011-18. Washington, DC: U.S. Census Bureau.
- Shaw, B. (2013, September 29). Number of Minnesota Housing Co-ops Surging Ahead of Nation. Available on the Pioneer Press website www.twincities.com accessed August 26, 2015.
- U.S. Census Bureau News. (2015, April 28). *Residential Vacancies and Homeownership in the first quarter 2015*. CB15-64. Washington, DC: Author.

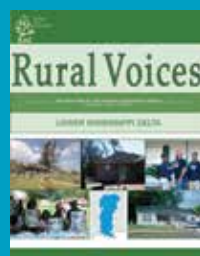
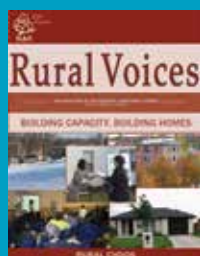
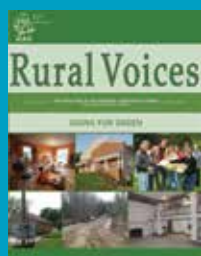
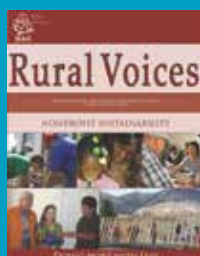
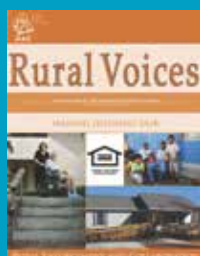
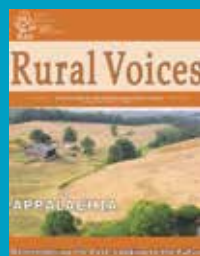
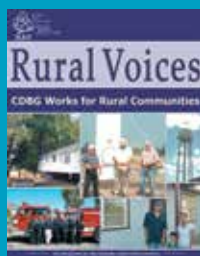
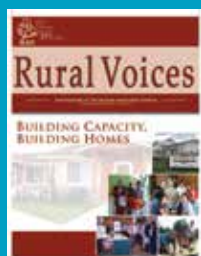
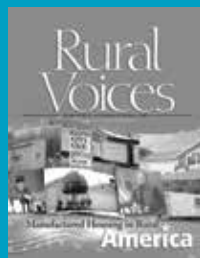
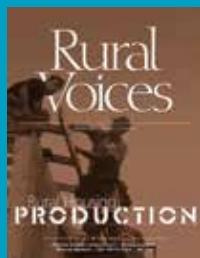
20 Years of Rural Voices



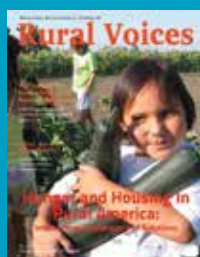
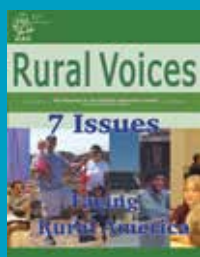
- 1995

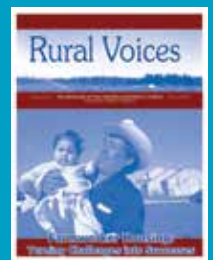
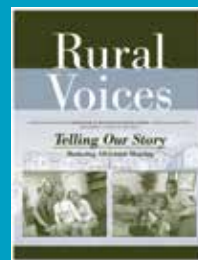
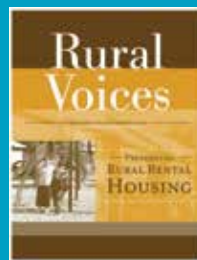
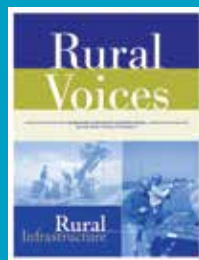
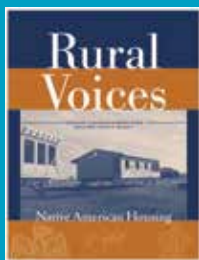
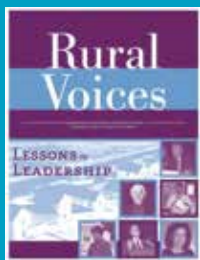
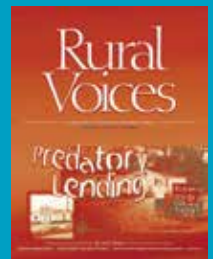
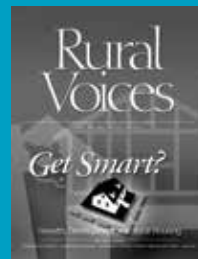
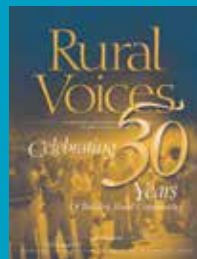
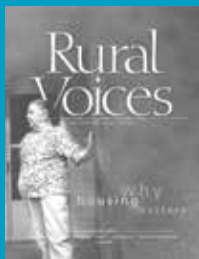
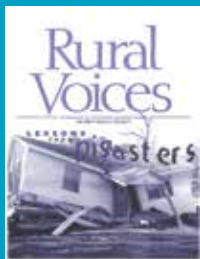
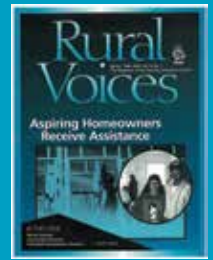
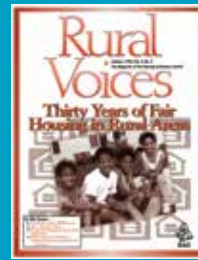
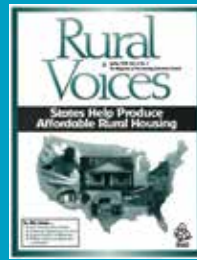
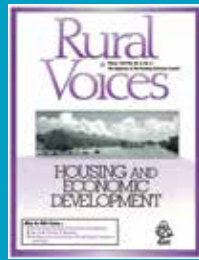
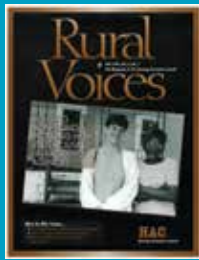


2000

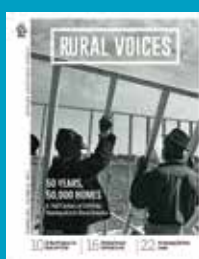
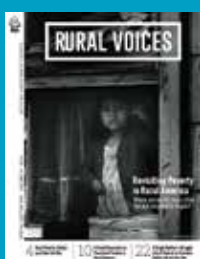
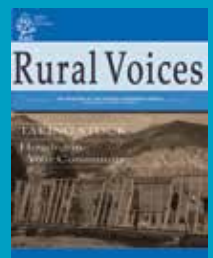
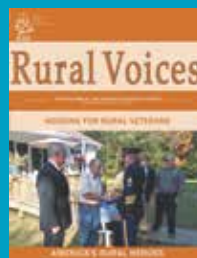
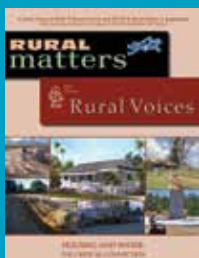
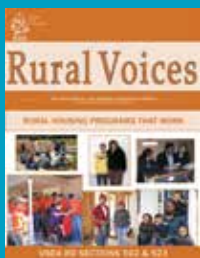
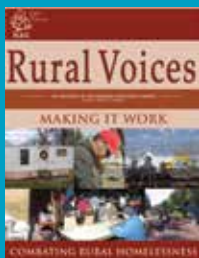
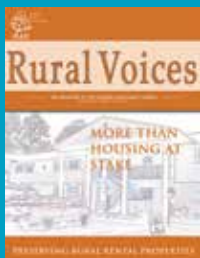


2010





2005



2015

The Housing Trust Fund Movement Spans the Country

By Mary Brooks



State and local housing trust funds continue to offer flexible funding for affordable housing across the country, and a national fund has been created as well.

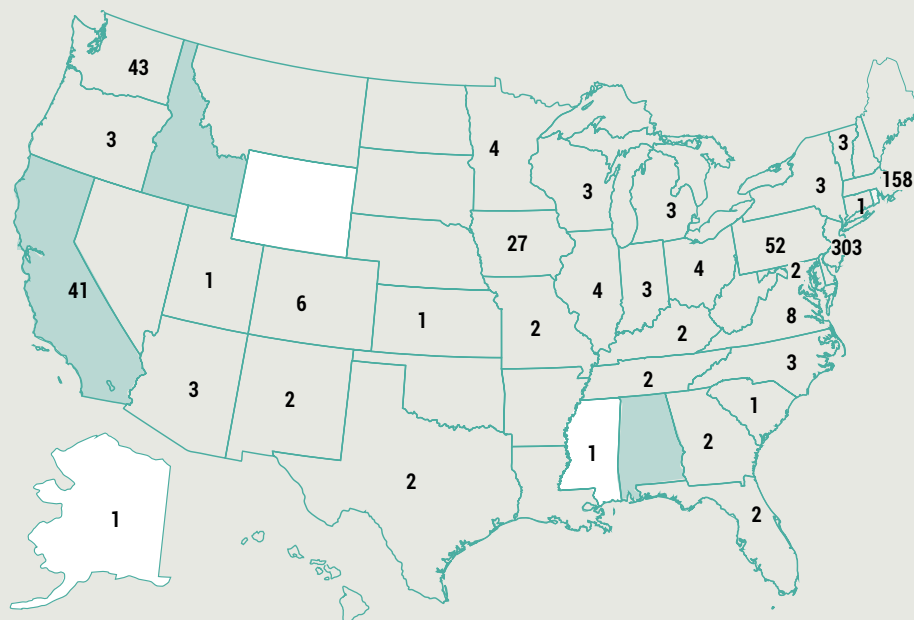
In Spring 1998 Mary Brooks wrote "State Housing Trust Funds Find Ways to Serve Rural Communities" for *Rural Voices*.

HOUSING TRUST FUNDS 2015

State Housing Trust Funds

State Housing Trust Funds
with no funding

Number of Local Housing
Trust Funds



Over the last 30 years of experience with housing trust funds, an amazing movement has been sustained and brightened by the tenacity and creativity of affordable housing/homeless advocates across this country. One could take a close look at almost any aspect of critical affordable housing needs in this country and see it being addressed within the housing trust fund community. The success of the housing trust fund movement offers undeniable evidence that we can provide everyone in this country with a safe affordable home. While the needs yet to be addressed are strikingly huge, if we committed the resources needed, we could end homelessness and provide safe affordable homes for all. It is an issue of resources and a challenge to the political will of this country.

More than 750 housing trust funds in cities, counties, and states throughout the United States are providing hundreds of millions of dollars to support needed safe affordable homes. Housing trust funds receive dedicated sources of public funds

to provide an ongoing source of financing to support affordable housing for those most in need. A housing trust fund is typically established through a local ordinance or state law that creates the fund itself, identifies an administrative structure for overseeing its operation, establishes regulatory requirements for expenditure of the funds, and enables the dedication of identified sources of public funds.

Forty-seven states have created housing trust funds, although three of these have yet to commit revenue to the funds. While all state housing trust funds distribute funds across the state, at least Illinois, Kentucky, Nebraska, Nevada, Ohio, Oklahoma, Texas, Utah, and Washington either set aside a portion of available funds to be used specifically in rural areas of the state or are subject to a statutory target to do so.

Despite having dedicated public revenues, housing trust funds suffered greatly during the last recession. Committed revenue streams collected reduced

amounts of money and, in several states, funds were used to patch budget deficits. Now all indications are that this is reversing, with several states renewing, if not building, their support for state housing trust funds. Just in the last year wins occurred in Connecticut, Florida, Hawaii, Minnesota, North Dakota, Ohio, Vermont, Virginia, Washington, and Washington, D.C. And several advances, including new housing trust funds, have been created at the local level.

State housing trust funds have learned how to brag about the affordable homes they have made possible throughout their states, including rural areas. There are lots of good reasons for this. First, it informs elected officials about the value of investing in affordable housing within the entire state, including the areas they represent. Second, it illustrates the importance of state funds supporting affordable housing and the flexibility these trust funds can provide, recognizing that

affordable housing in different parts of the state may require different approaches. Third, it demonstrates what is possible – what can be accomplished if we commit the resources to make it work.

The single most commonly expressed advantage of creating local and state housing trust funds is the flexibility they provide in addressing a wide range of housing/homeless needs. Housing trust funds are designed to meet specific objectives, most often including serving those with the lowest incomes, ensuring long-term

affordability, meeting accessibility and energy efficiency standards, and providing support throughout the state to all geographic areas. Yet, at the same time, they can also be called upon to meet unique challenges and take advantage of immediate opportunities.

The South Dakota Housing Opportunity Fund established a special application process to address the devastating impact of the Delmont tornado – a good example of how these flexible funds can be drawn to address unique, and in this instance urgent, circumstanc-

es. The simple application allows funds to be used for down payment assistance, home reconstruction, rental or utility deposits, or purchasing appliances.

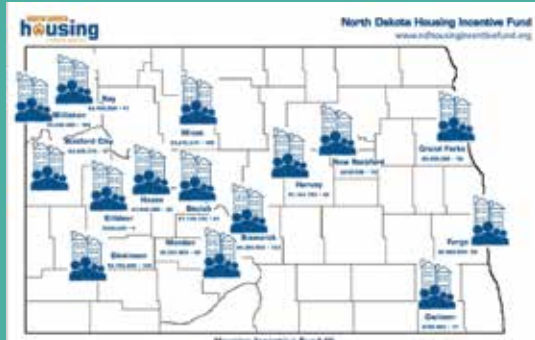
The illustrations here show how North Dakota and Ohio have made funds available across the state in a wide variety of geographic areas.

The Nebraska Housing Developers Association provides some insight into how the non-profit and for-profit development communities have been integral to the success of the housing trust fund movement. “Nebraska uses its Housing Trust Fund to support development of rental housing in rural Nebraska,” explains Danielle Hill, Executive Director of the Association.

“The availability of rental housing in rural Nebraska is critical to the economic viability of many small communities. Other housing resources, such as the Low Income Housing Tax Credit, are not as efficient when fewer than 12 units are being developed. In many of Nebraska’s rural communities, contractor jobs and material supply companies are supported through the development and or rehabilitation of housing. This same development adds to the community’s tax base.”

The Nebraska Affordable Housing Trust Fund is statutorily required to allocate at least 30 percent of annual revenues to each of the state’s three congressional districts. Within its first ten years of operation, the Fund awarded nearly \$88 million, which was matched with more than \$300 million in other public and private funds.

NORTH DAKOTA'S HOUSING INVESTMENT FUND



North Dakota’s Housing investment Fund is sustained through contributions in exchange for tax credits and funds from the Bank of North Dakota. The Fund has supported more than 2,000 affordable homes and averaged an additional \$4 for every \$1 invested by the fund.

THE OHIO HOUSING TRUST FUND



The Ohio Housing Trust Fund is supported through revenues collected from document recording fees. Currently, the fund distributes grants and loans through these five programs:

- Target of Opportunity Grant Program
- Homeless Assistant Grant Program
- Housing Assistance Grant Program
- Housing Development Assistance Program
- Microenterprise Business Development Program

This helped support 4,765 affordable homes throughout the state and created at least 6,300 jobs.

Another promising advance in the housing trust fund field has occurred in states that have passed enabling legislation either encouraging the creation of local housing trust funds and/or making revenue options available to them. These state enabling programs vary across the country but the evidence indicates real impact across the states. Here are just a few examples.

Pennsylvania: Act 137 enabled counties to increase their document recording fees if the funds were committed to affordable housing activities. More than half the counties in the state have done so and funds are used to support a variety of activities from senior citizen housing to owner-occupied rehabilitation work to financial assistance for developing rental housing.

Florida: A majority of the funds in the Florida state housing trust fund support the State Housing Initiatives Partnership Program, allocating funds, based on a formula, to every county within the state and to entitlement cities.

Washington: The state passed legislation that increased the document recording fee and allocates these funds to each county to address homelessness.

Massachusetts: The Community Preservation Act has enabled more than 150 communities to enact a surcharge on real property taxes to create local dedicated funds for four purposes: affordable housing, open space preservation, historic preservation,

The availability of rental housing in rural Nebraska is critical to the economic viability of many small communities.

and outdoor recreation. Creation of these funds also triggers annual distributions from the statewide Community Preservation Act Trust Fund, which derives its revenues from fees collected at the state registries of deeds.

Iowa: The Iowa Housing Trust Fund reserves at least 60 percent of its revenue for the local housing trust fund program, matching what local funds can generate throughout the state. At this point, 27 city, county, and regional local funds have been certified as eligible to receive matching state funds.

The housing trust fund movement's strong history has enabled affordable housing/homeless advocates across the country to integrate new elements into statewide and local campaigns that are proving to be particularly effective.

First, many economic benefits of investment in affordable housing can be documented. The money housing trust funds commit to affordable housing activities leverages additional funds from other public and private sources, bringing additional revenues into communities. Studies across the country highlight the full range of economic benefits, including job creation,

tax revenues, and more. Here are a few examples.

- The economic impact of Philadelphia's trust fund is expected to reach nearly 2,600 jobs statewide each year, \$80 million in wages every year, and increased city and state taxes.
- One-time construction activities from \$10 million annual funding can inject \$1 billion into the economy of Virginia between 2012 and 2022. The ongoing economic impact could reach \$331 million per year, supporting 1,778 jobs throughout the state.
- A study for Lexington, KY concluded that more than 363 new jobs will be directly and indirectly supported from the implementation of the city's trust fund and more than \$43.3 million of direct, indirect, and induced economic activity will be generated.
- Within the first ten years of implementing the Alabama Housing Trust Fund, the total economic impact is estimated to equal \$1.1 billion of output, creating or rehabilitating more than 7,100 homes, and generating 6,500 full-time jobs for Alabamians. The study estimates that the taxes collected at the state and local levels will be \$151.5 million over the first ten years.



Photo: Habitat for Humanity of Boone and Greene Counties.

A Home Built with Love and Dreams

It was inevitable, Tony and Brianna Schelle of Ogden, IA did not have the room needed to raise four spunky, growing girls. Rooms were shared, space was scarce, and they struggled getting their daughter Emma, who uses a wheelchair, up a flight of stairs and into their home.

As with any growing family, funds were tight. Brianna stayed home to care for the girls; driving them to school, activities and doctors' appointments. As the girls continued to grow, so did the medical bills.

But with sweat equity, lots of hard work and maybe a few tears, the Schelles' dream home became a reality, thanks to help from Habitat for Humanity of Boone and Greene Counties and funds provided by the Iowa Finance Authority through the State Housing Trust Fund.

Not only do the girls now have room to spread out, play and do homework, the highlight of the home has quickly become the ramp for Emma, who can now get into the house all by herself.

The second is the power of putting a face to the value of home. Numerous studies (many supported through the MacArthur Foundation's How Housing Matters to Families and Communities initiative) have documented housing's effects and the relationship between safe affordable homes and school performance, health benefits, environmental quality, and so much more. The stories individuals and families can share about how their lives are impacted when they secure affordable homes brings a powerful perspective to why these initiatives do matter. The Housing Assistance Council has recognized this for many years in sharing many of these stories in Rural Voices. Many campaigns and the affordable housing/homeless coalitions that wage them have incorporated videos, postcards, and stories to bring their messages home.

Recognizing the breadth of safe, affordable housing's impact on communities has also brought into perspective just how housing does matter in terms of many related issues, including education, health, environment, employment, and much more. This has enabled many affordable housing/homeless coalitions to build cross-issue alliances integrating new and inspiring perspectives into the challenge of securing additional resources to meet the need for affordable housing.

Finally, a very exciting element of movement building is being considered in several states focused on the engagement of residents in affordable housing complexes, empowering them to bring their voices to affordable housing/homeless

advocacy. These efforts could enable thousands to join these campaigns. From gathering postcards, to Twitter storms, to engaging in lobby days, hearing from those who have benefitted from the very affordable housing/homeless policy changes accomplished throughout the country is a striking statement of success and the promise of what we can do ... when the will is there.

Mary Brooks works at the Housing Trust Fund Project of the Center for Community Change, housingtrustfundproject.org.

THE NATIONAL HOUSING TRUST FUND

The National Housing Trust Fund (NHTF) was established as a provision of the Housing and Economic Recovery Act of 2008. The legislation was a major victory for low-income housing advocates and the lowest-income people in our country with the most serious needs.

Once capitalized, the NHTF will provide communities with funds to build, preserve, and rehabilitate rental homes that are affordable for extremely and very low-income households. The NHTF's most important features are:

- At least 90 percent of the funds must be used for the production, preservation, rehabilitation, or operation of rental housing.
- Up to 10 percent can be used for homeownership activities for first-time homebuyers including production, preservation, and rehabilitation.
- At least 75 percent of the funds for rental housing must benefit extremely low-income households, and up to 25 percent can benefit very low-income households.

This law requires Fannie Mae and Freddie Mac to set aside 4.2 basis points of their volume of business each year for the NHTF and the Capital Magnet Fund (CMF). The NHTF is to receive 65 percent of the total and the CMF 35 percent. While this requirement was temporarily suspended when the companies were taken into conservatorship in September 2008, the suspension was lifted in December 2014. The companies have been directed to begin setting aside the funds on January 1, 2015 and make them available for distribution 60 days after December 31, 2015. HUD will administer the NHTF; interim regulations and other information are available at <https://www.hudexchange.info/nhtf/>.

Additional bills have been introduced that could affect the future of the NHTF in Congress and these can be followed, in addition to other future funding options, at the National Low Income Housing Coalition's site, <http://nlihc.org/issues/nhtf>.

Where You Live MATTERS:

Fair Housing Is Still the Law and Even Stronger

The Fair Housing Act has been law since 1968, and new developments in 2015 have strengthened it.

By Shanna Smith

Where you can buy or rent a place to live is directly related to your access to quality education and employment opportunities, healthcare, and fresh food, as well as transportation. It is the policy of the United States of America to promote residential integration. Policies and practices that perpetuate residential segregation violate the law. The federal Fair Housing Act has been clear on this point since 1968.

Fair Housing Act History

The Fair Housing Act was passed seven days after the assassination of Dr. Martin Luther King, Jr. on April 11, 1968 and signed into law by President Lyndon Johnson. Senators Edward Brooke (R-MA) and Walter Mondale (D-MN) first introduced equal housing legislation in 1965, but Congress failed to support action. Because Dr. King was working on equal opportunity for decent housing in all neighborhoods, President Johnson thought it was a fitting honor to pass the Fair Housing Act after his death. Unfortunately, the administrative enforcement mechanism was extremely weak and the Department of Housing and Urban Development (HUD) settled very few complaints.

In 1988, President Ronald Reagan signed into law significant amendments to the Fair Housing Act which added protection from housing discrimination for families with children and people with disabilities. The legislation also removed the limit of



"An Overview of the Fair Housing Movement," written by Shanna Smith, was published in *Rural Voices'* Summer 1998 issue.

\$1,000 on punitive damages and gave HUD real authority to investigate complaints, issue charges of discrimination, and secure monetary damages and affirmative relief. In addition, HUD could initiate investigations and file charges against corporations violating the Fair Housing Act. The Department of Justice (DOJ) was also given expanded authority under the 1988 amendments. When a charge of discrimination was issued, the complainant could elect to have the case filed in federal district court and the DOJ would represent HUD and the complainant.

The policy and practice of concentrating affordable housing in African-American neighborhoods has a disparate impact on lower-income families by preventing them from securing affordable housing in integrated or predominately white neighborhoods.

Disparate Impact

On June 25, 2015, the U.S. Supreme Court issued a 5-4 decision reaffirming the country's commitment to fair housing in *Texas Department of Housing and Community Affairs v. Inclusive Communities Project, Inc.* Texas said that building most of its lower-income housing in communities of color did not violate the Fair Housing Act. The Inclusive Communities Project, a private, nonprofit fair housing enforcement agency, sued the Texas Department of Housing, alleging that concentrating affordable housing almost exclusively in communities of color did not promote neighborhood integration, but rather perpetuated residential segregation and eliminated housing choice for lower-income people in violation of the Fair Housing Act. The policy and practice of concentrating affordable housing in African-American neighborhoods has a disparate impact on lower-income families by preventing them from securing affordable housing in integrated or predominately white neighborhoods.

Having the disparate impact legal theory reaffirmed by the U.S. Supreme Court means people protected under the Fair Housing Act will have fair treatment in all housing-related matters. It means landlords in Florida who advertise "only one heart beat per bedroom" will be charged with violating the Fair Housing Act because that policy has a disparate impact on families with children –

limiting or denying a two-bedroom apartment to a couple with one or two children. It means banks that have minimum mortgage loan amounts need a sound, defensible business justification for denying \$50,000 mortgage loans, particularly in cities where Latinos, African Americans, women, or people with disabilities seek to buy a home and prices in communities of color are around that minimum loan amount. It means real estate companies cannot refuse to list or show homes in communities of color because the sales prices are lower than homes in white neighborhoods.

It means homeowners' insurance companies cannot have age or value restrictions to secure replacement coverage. For example, if your house was built before 1970 or 1950 an insurance company cannot restrict you to a market value policy that means if you have a fire in your kitchen, you can only buy a used refrigerator, used stove, used pots and pans, cabinets, etc. It means cities and counties must spend their federal dollars (HUD, EPA, DOT) in ways that promote residential integration and increase housing opportunities. It means no one can establish policies that disproportionately limit or deny housing, loans, or insurance because of a person's race, color, national origin, religion, sex, family status, or disability, or because of the racial or ethnic characteristics of the neighborhood.

Today, the way housing discrimination manifests itself is



DISCRIMINATION BY PROTECTED CLASS

very different from 20 years ago. In the past, many apartment owners and landlords as well as real estate agents would simply say to an applicant of color or a family with children: “I don’t rent to you people” or “I don’t take people who can’t speak English” or “I know the ad is still running, but I rented it two days ago” or “We only take one kid” or “We don’t take pets – I don’t care if it is a seeing eye dog.”

In 2015, rental, sales, lending, and insurance discrimination is more sophisticated and subtle. For example, apartment owners are telling people apartments are available and accepting applications, but somehow the units are always rented to someone else and people of color, people with disabilities, or families with children are placed on a waiting list. Additionally, we find that apartment owners or people renting single-family homes now screen for race or nationality using your email address or finding you on Facebook and then never responding to your rental inquiry. Not responding or using delaying tactics can be ways to discourage you and force you to look at other apartments or homes. People with disabilities still face very blatant acts of discrimination. Perhaps that is why they file more complaints than any other protected group.

The private, nonprofit fair housing agencies still process more complaints than HUD or state agencies combined. The fair housing agencies also secure more money damages and affirmative relief for victims of housing discrimination.

The federal government has finally shown a willingness to enact the policy of the United States that no person shall be discriminated against in housing and that the government will promote residential integration.

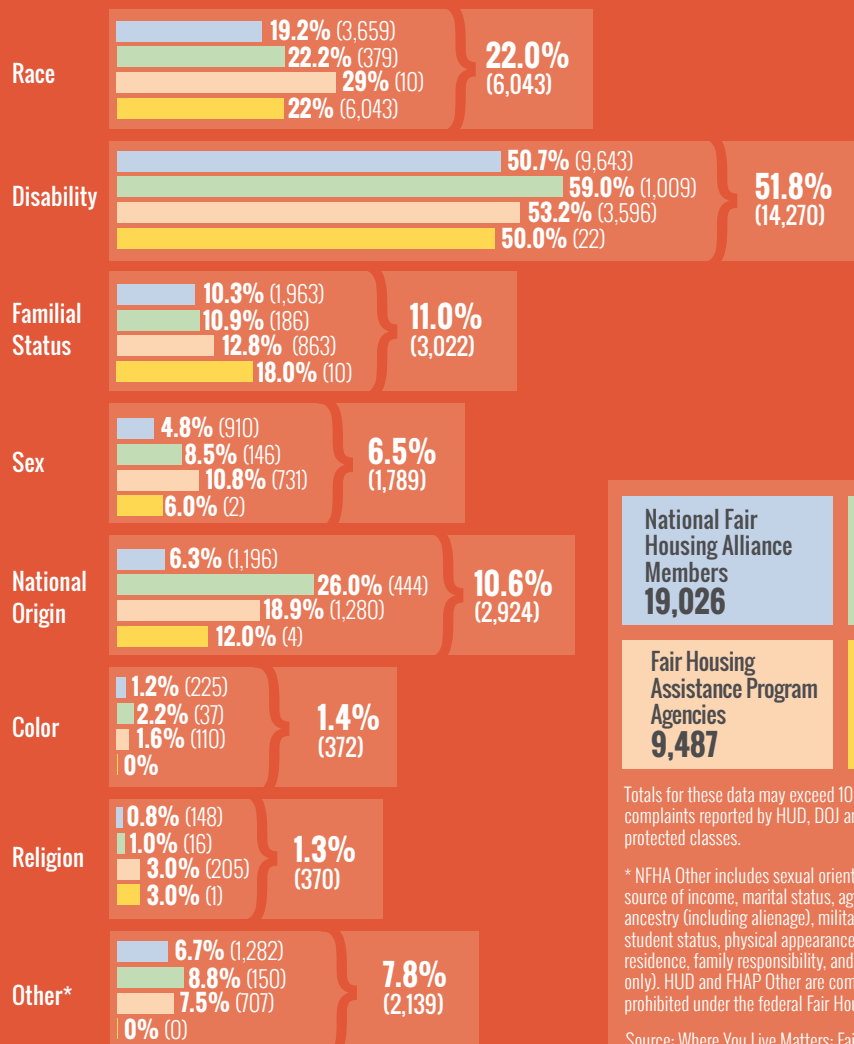
Affirmatively Furthering Fair Housing

After 47 years, HUD finally issued the Affirmatively Furthering Fair Housing (AFFH) rule. The rule will help city, county and state governments receiving Community Development Block Grant funds understand how to use these dollars to increase housing opportunities for people protected under the Fair Housing Act as well as all low- and moderate-income households. CDBG recipients must identify barriers to equal housing opportunity and im-

plement programs to remove those barriers.

2015 has been an important year for fair housing. The U.S. Supreme Court ruling and the issuance of AFFH regulations will insure that the Fair Housing Act can be fully implemented. The federal government has finally shown a willingness to enact the policy of the United States that no person shall be discriminated against in housing and that the government will promote residential integration.

Shanna Smith is President and CEO of the National Fair Housing Alliance.



Totals for these data may exceed 100 percent as individual complaints reported by HUD, DOJ and FHAPs may involve multiple protected classes.

* NFHA Other includes sexual orientation, gender identity, source of income, marital status, age, criminal background, ancestry (including alienage), military status, domestic violence, student status, physical appearance, lawful occupation, place of residence, family responsibility, and arbitrary (in California rentals only). HUD and FHAP Other are complaints of retaliation, which is prohibited under the federal Fair Housing Act.

Source: Where You Live Matters: Fair Housing Trends Report 2015 (National Fair Housing Alliance), pp. 21-22, <http://www.nationalfairhousing.org/LinkClick.aspx?fileticket=SYWmBgwpazA%3d&tabid=3917&mid=5321>.

Reflections on Cushing Dolbeare and Eleven Years of Housing Change

Cushing Dolbeare founded the National Low Income Housing Coalition, and her legacy guides the organization years after her death.

By Sheila Crowley



"A Series of Remarkably Lucky Accidents" was the title of an interview with Cushing Dolbeare published in the Spring 2004 issue of Rural Voices.

It has been 11 years since Cushing Dolbeare reviewed her housing career for *Rural Voices*, and ten years since she died at the age of 75. Cushing founded the National Low Income Housing Coalition (NLIHC) in 1974 and served as the honorary chair until her death. She never truly retired, working to advance the NLIHC mission even in the final weeks of her life.

At NLIHC today, we do our best to honor her legacy and live up to her high standards. We published the 26th issue of Out of Reach (OOR) this year. Cushing was the brains behind the first OOR and was involved in every issue until 2005. We named our annual Lifetime Service Award after Cushing and recognize other leaders in the low-income housing movement in her memory. We have stayed true to Cushing's vision of a true coalition that includes the voice of the people who are most affected by housing policy, with 25 percent of our board composed of low-

income renters. At our 40th anniversary celebration in 2014, we were thrilled that Cushing's husband, Louis Dolbeare (98 years young) joined us to recount the early days of NLIHC.

Cushing would be dismayed by the state of low-income housing today. In the year that Cushing died, NLIHC reported that the national Housing Wage was \$15.78. It is \$19.35 in 2015. More alarming, in 2006, NLIHC reported that for every 100 extremely low-income renter households, there were 42 affordable and available rental housing units. Today, there are just 31 affordable and available units for every 100 ELI renter households. In ten years, we have lost almost 46,000 units of the Section 8 project-based rental housing stock. HUD estimates that we are losing 12,000 units of public housing a year.

She would be sad about the dysfunctional state of our federal government with its hyper-partisanship. Cushing always

said that low-income housing enjoyed bipartisan support, but many of our congressional champions have retired from politics. The lack of comradery across the aisle means Congress has difficulty carrying out even its most basic duties such as passing annual appropriations bills in a timely fashion. The havoc that the misguided sequester has wrought on domestic discretionary programs shows the depths to which Congress has fallen. The toll that the sequester has had on HUD's core safety net programs (vouchers and public housing) is particularly egregious.

Yet I hope Cushing would be pleased that at long last the National Housing Trust Fund (NHTF) is a reality. She worked on the first NHTF proposal in the early 1990s. I know she would be pleased that NLIHC continues to call attention to the great disparities between housing subsidies for upper-income homeowners through the mortgage interest deduction and the wholly inadequate support for the lowest-income renters. Cushing would be thrilled with NLIHC's United for Homes campaign (www.unitedforhomes.org).

NLIHC's signature issue is the shortage of housing that is affordable for the lowest-income people in our country, known as extremely low-income (ELI) in HUD terms. "ELI" is a sterile shortcut to describe a diverse group of people are in the bottom 30 percent of U.S. households by income. They make up the low wage workforce, people whose jobs are essential to our economy. They are day care staff, convenience store clerks, agricultural workers, home health providers, office cleaners, day laborers, teachers' aides, fast



Cushing Dolbeare (right) tours affordable housing projects in rural Kentucky with the HAC board (1991).

Cushing would be dismayed by the state of low-income housing today.

food workers, and many more. ELI also includes senior citizens and people with disabilities whose sole income is from Supplemental Security Income or low levels of Social Security or Social Security Disability Insurance.

For many years, ELI advocacy was a lonely space to occupy in the affordable housing world. But the growing magnitude of the shortage, fueled by income inequality, gentrification, and federal neglect, makes it harder to ignore. More researchers are documenting the shortage and more developers are grappling with how to achieve deeper affordability.

But real change will only happen when Americans return to electing enough people to Congress who want to govern. In the meantime, NLIHC will continue to make the case for decent and affordable homes for the lowest-income people in our country and be true to the legacy that Cushing bestowed on us.

Sheila Crowley is President and CEO of the National Low Income Housing Coalition.

¹ National Low Income Housing Coalition, *Out of Reach 2015* (Washington, DC: NLIHC, 2015), <http://nlihc.org/oor>.

² U.S. Department of Housing and Urban Development, *Worst Case Housing Needs: 2015 Report to Congress* (Washington, DC: HUD, 2015), p. viii, http://www.huduser.org/portal/Publications/pdf/WorstCaseNeeds_2015.pdf.

³ Multi-Disciplinary Research Team, *Opting In, Opting Out a Decade Later* (Washington, DC: HUD, 2015), http://www.huduser.org/portal/sites/default/files/pdf/508_MDRT_Opting%20In_Opting%20Out.pdf; National Low Income Housing Coalition, "Nearly 46,000 Units of Project-Based Section 8 Housing Lost Since 2005," <http://nlihc.org/article/nearly-46000-units-project-based-section-8-housing-lost-2005>.

⁴ Lourdes Ramirez Castro, Principal Deputy Assistant Secretary, Office of Public & Indian Housing, U.S. Department of Housing and Urban Development, Testimony before the House Financial Services Subcommittee on Housing and Insurance, U.S. House of Representatives, July 10, 2015, <http://financialservices.house.gov/uploadedfiles/hhrg-114-ba00-wstate-lramierz-20150710.pdf>.

⁵ Joint Center for Housing Studies, *The State of the Nation's Housing 2015* (Cambridge, MA: JCHS, 2015), p. 32, <http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/jchs-sonhr-2015-full.pdf>; Josh Leopold, Liza Getsinger, Pamela Blumenthal, Katya Abazajian, and Reed Jordan, "The Housing Affordability Gap for Extremely Low-Income Renters in 2013" (Washington, DC: Urban Institute, 2015), <http://www.urban.org/sites/default/files/alfresco/publication-pdfs/2000260-The-Housing-Affordability-Gap-for-Extremely-Low-Income-Renters-2013.pdf>.

⁶ Megan Bolton, Elina Bravve, and Sheila Crowley, *Aligning Federal Low Income Housing Programs with Housing Need* (Washington, DC: National Low Income Housing Coalition, 2014), http://nlihc.org/sites/default/files/Alignment_Report_1214.pdf.

A View From Washington

20 Years Do Make a Difference

Rural housing needs and solutions have never been partisan issues, and should not be now.

By Joe Belden

IN THIS
AS IN THE HEART
FOR WHOM HE S
THE MEMORY OF A
IS ENSHRIN



What a Difference a Year Makes

By Joe Belden

Ed, note: The purpose of this column will be to provide occasional reflections on the state of housing policy as it affects rural communities. The HAC News continues to track developments on a more immediate basis. The HAC News is published every two weeks. Subscriptions are free; contact HAC at the address shown on page 21.

During the last 12 months more change has come to rural—and urban—housing programs than in many years. The 1995 housing story is still unfolding. Rapid change in programs and policy continues. The current period—the year and the one or two following—will probably see the greatest alterations in federal housing programs since their inception in the 1930s and 1940s. With Congress committed to cutting budgets and with the Clinton Administration proposing major revisions, the stage is set for very significant changes. Some have already occurred. Events since last fall have taken place on a number of fronts.

Reorganization of USDA

After a number of years of plans, studies, and legislative

debate, a bill reorganizing the U.S. Department of Agriculture became law in October 1994. The housing programs of the Farmers Home Administration are removed by a new Rural Housing and Community Development Service.

Expiration of the Rural Rental Program

Fiscal year 1995 began on October 1, 1994, without reauthorization for the Section 515 rural rental housing program. Despite House passage of legislation this year to extend the program, it remains unauthorized today.

Reauthorization of HUD?

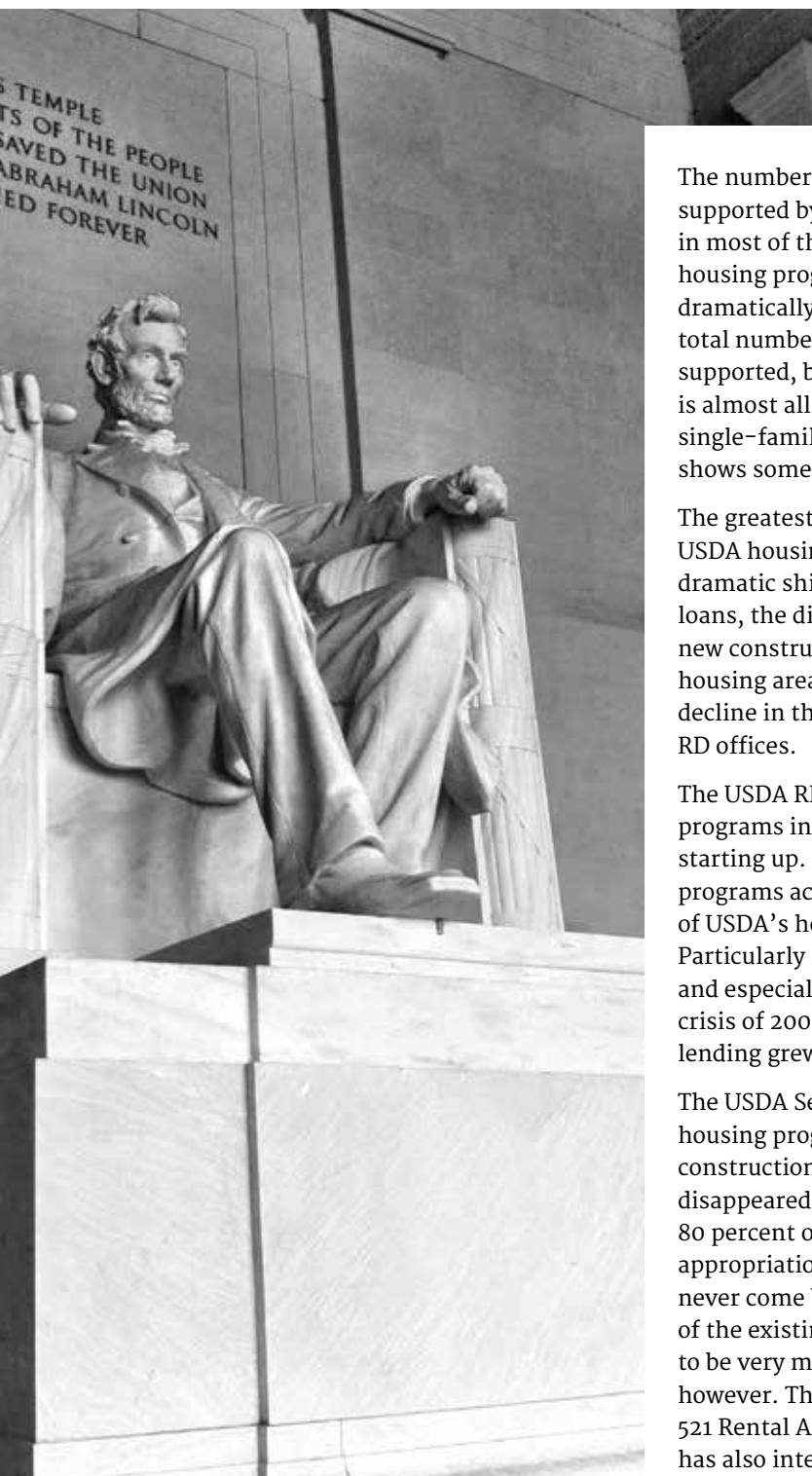
Both House and Senate Banking Committees are considering HUD reform bills that would mostly revise public housing programs. Following the watershed November election, the White House moved with the idea of abolishing HUD. In response, Departmental strategists proposed to transform 60 current HUD programs into three large block grants to the states. The proposal also would change and almost eliminate public housing as it is currently structured. This proposal has been largely ignored during the budget and appropriations process, but its actions may occur again in upcoming legislation to reauthorize HUD.

Joe Belden wrote the View from Washington column for the first issue of *Rural Voices* in Fall 1995. Titled "What a Difference a Year Makes," the piece reviewed then-recent major changes in rural housing programs including the reorganization at USDA that eliminated the Farmers Home Administration, and House of Representatives passage of a bill to create what became the Self-Help Homeownership Opportunity Program (SHOP).

Since HAC published the first issue of *Rural Voices* in 1995, much has changed for housing policy and programs and for the people and groups who care about such issues.

In 1995 the venerable Farmers Home Administration (FmHA) had just been reorganized out of

existence by Congress and the Clinton Administration. FmHA began life in 1946 and operated the USDA rural housing programs starting in 1950. FmHA had always made farm as well as rural development loans. But in 1994 the farm programs were moved to a new USDA agency. The housing programs



would be administered by the Rural Housing Service (RHS) within the Rural Development (RD) mission area. This change made some housing supporters nervous. Would housing programs lose some clout if not coupled with farm lending? That does not seem to have happened everywhere, but funding levels have declined.

The numbers of units supported by appropriations in most of the USDA rural housing programs has changed dramatically. Today a higher total number of homes is being supported, but that increase is almost all in guaranteed single-family loans. The table shows some of the changes.

The greatest changes in USDA housing have been the dramatic shift to guaranteed loans, the disappearance of new construction in the rental housing area, and the steep decline in the number of local RD offices.

The USDA RD guaranteed loan programs in 1995 were just starting up. By 2015 those programs accounted for most of USDA's housing activities. Particularly in homeownership and especially after the housing crisis of 2008, guaranteed lending grew dramatically.

The USDA Section 515 rental housing program's new unit construction has almost disappeared. That program lost 80 percent of its congressional appropriation in 1994 and has never come back. Preservation of the existing units continues to be very much needed, however. The need for Section 521 Rental Assistance funding has also intensified.

Another drastic change was in the structure and number of local RD offices. Rural housing programs once relied on a wide network of state and local RD staff to conduct outreach, take in applications, and make loans and grants. For many years, RD (or Farmers Home) had offices in almost every U.S. county. That has changed significantly,

with only about 400 offices nationwide today.

U.S. Department of Housing and Urban Development (HUD) programs for rural America have also changed. Congress created the HUD Self-Help Homeownership Opportunity Program (SHOP) in 1995, and its first year of operation was 1996. By late 2014 SHOP had provided more than \$396 million in federal grants to help build more than over 28,500 units of affordable, self-help homeownership housing. SHOP is not limited to rural areas, but much of the funding did go there, often to supplement USDA self-help housing. The low-income homeowners using SHOP must contribute at least 100 hours of sweat equity to their own and their neighbors' homes, and most contribute many more hours.

Another significant HUD development came in 1999 when Congress, largely through the work of Sen. Kit Bond (R-MO), created a specifically rural HUD program. The Rural Housing and Economic Development (RHED) program provided flexible grants to local projects. Every year in the Administration's budget, HUD and the Office of Management and Budget would propose to eliminate RHED, arguing incorrectly that it duplicated USDA programs. But the Congress always brought RHED back to life. Sen. Bond continued to fund RHED from his powerful spot as chair of the HUD appropriations subcommittee. When Sen. Bond retired, the program lost its funding. HUD convinced Congress to fund one year

of a replacement, the Rural Innovation Fund (RIF), but neither RHED nor RIF has been funded since 2009.

Today there are some new challenges that were not apparent 20 years ago. For example, Section 515 multifamily mortgages are reaching the ends of their terms and are being paid off. Many units could be lost from the affordable housing stock. The ongoing impact of sequestration and budget cuts under the 2011 Budget Control Act is another hot issue and a threat to housing programs. There are also challenges that existed 20 years ago and are still around today: hundreds of thousands of rural homes lack indoor plumbing, and rural issues and concerns still “get no respect at all.”

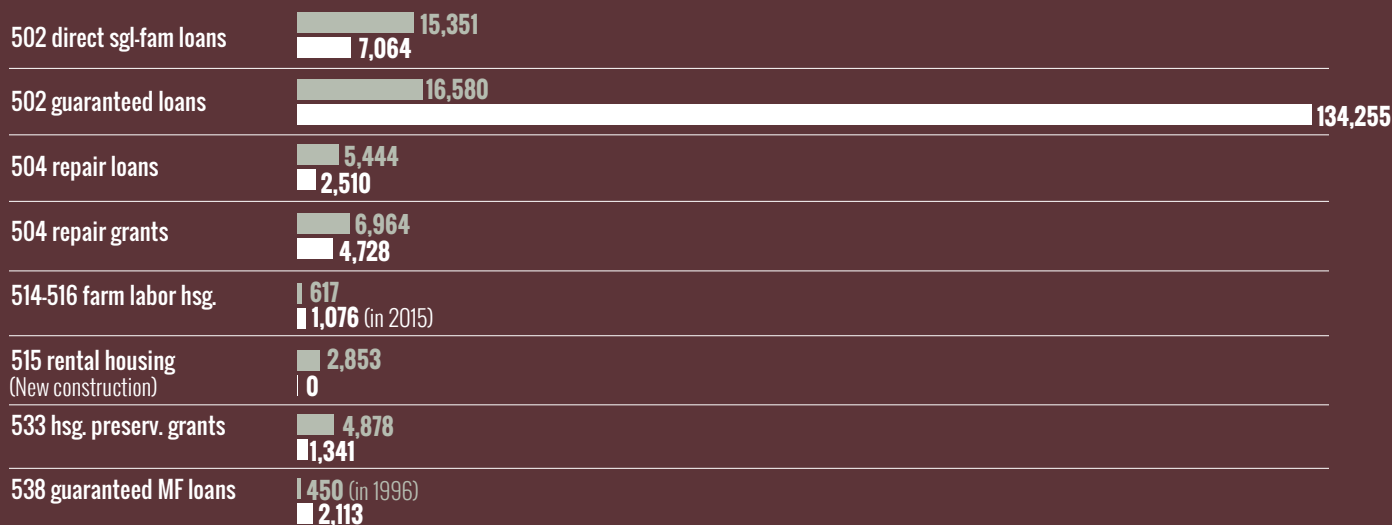
Finally, one very obvious change in 1995 was that, for the first time in four

decades, Republicans had won control of the U.S. House of Representatives in the 1994 fall elections. Many housing advocates assumed that the sky had fallen. The Clinton Administration, chastened by the election returns, engaged in discussion and debate over the future of HUD. Proposals were floated to abolish or restructure the agency. That did not happen, nor did the sky collapse. In fact over the last two decades some of the strongest advocates for rural housing have been Republicans. Sen. Bond created RHED, House Speaker Newt Gingrich (R-GA) was a prime force behind the creation of SHOP, and today Rep. Harold Rogers (R-KY) has been a key supporter of USDA housing programs in the federal budget. Rural housing need and programs to meet that need are in fact not – and should not be – partisan issues.



Joe Belden recently retired after 31 years at HAC, 26 of them as Deputy Executive Director. (Editor's Note: Joe wrote the first article featured in the inaugural edition of Rural Voices in 1995. In his capacity as HAC's Deputy Director, Joe is also one of the few people who has read and reviewed every Rural Voices article over the past 20 years. Joe's influence has been a large part of the magazine's success. And he's earned a reprieve from editing duties).

HOMES FUNDED/SUPPORTED 1995-2015



■ 1995 ■ 2015

Source: HAC Tabulations of USDA Obligation Data.



HAC FACTS

MOISES LOZA DISCUSSES THE VALUE OF CDFIS

HAC's Executive Director Moises Loza joined Mark Pinsky, CEO of the Opportunity Finance Network (OFN) for a conversation about the history of the Community Development Financial Institutions (CDFI) movement. Moises, former Chair of the OFN Board, recalls the origins of the OFN Network, noting that OFN has remained true to its mission throughout its evolution as an organization.

▼
A video of the discussion is available online at cdfihistory.ofn.org/voices/loza.html.

HAC JOINS NATIONAL SOCIAL MEDIA CAMPAIGN FOR VETERANS HOUSING

With generous support from The Home Depot Foundation, HAC joins a coalition of 9 organizations in the Celebration of Service campaign. From September 11 to November 11, 2015, The Home Depot Foundation will donate \$1 to a general pool of funding for every appearance of the hashtag #ServiceSelfie on Facebook, Twitter, or Instagram. The funds will be used for safety and accessibility improvements to veterans housing across the United States.

▼
Follow HAC on these social platforms.



[ruralhomehac](https://www.instagram.com/ruralhomehac)



Housing Assistance
Council



[@ruralhome](https://twitter.com/ruralhome)



Photo by Jay Mallin Photography

TRAININGS ON FINANCIAL MANAGEMENT AND LIHTC

HAC will host a two track training in Charleston, SC on November 19-20. Sharpening Your Skills: Financial Management for Rural Nonprofits will offer a general introduction to financial management for nonprofit organizations. Participants of Utilizing the LIHTC Program: Creating and Preserving Affordable Housing will obtain a basic understanding of the fundamentals of LIHTC.

▼
For more information visit ruralhome.org/training



Housing Assistance Council

1025 Vermont Avenue, NW
Suite 606
Washington, DC 20005

Deliver to:

Subscribe to
Rural Voices

Scan this QR code to subscribe
instantly from your mobile phone.



Editors: Leslie Strauss, Lance George, and Dan Stern

DESIGNER: Salta With Us

ISSN: 1903-8044

Unless otherwise noted, photos should be credited to the authoring organization. Statements made in *Rural Voices* are the opinions of the authors of the individual articles, not of the Housing Assistance Council. Material may be reproduced without permission, but *Rural Voices* magazine and the Housing Assistance Council (HAC) should be credited.