



Building
Rural
Communities

Rural Voices

THE MAGAZINE OF THE HOUSING ASSISTANCE COUNCIL

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RURAL HOUSING LEADERS REFLECT



WHERE DO WE GO FROM HERE?

MESSAGE TO OUR READERS

Dear Friends

Our world has changed dramatically in the last two years. Skyrocketing foreclosure and unemployment rates, coupled with increasing levels of poverty have made affordable housing an even more pressing concern in low-income rural communities. Yet, there are dwindling resources available to meet these needs. In the face of these challenges, nonprofit organizations must often make difficult choices - many have been forced to lay off staff, reduce housing production, and even close their doors. The 2010 conference, *A Place to Live: Rural Housing in a Changing Landscape*, is our effort to put these changes in perspective and work together to pursue our common goal of building affordable housing in rural communities.

This issue of *Rural Voices* is published in conjunction with the conference and features the reflections of eight rural housing leaders. HAC believes that there are no better teachers than those we labor with in the struggle to provide decent, safe, affordable housing in rural America. Through a series of interviews, these leaders share their stories, highlighting the various ways the economic crisis has impacted local communities and organizations. They each offer common sense perspectives on where we find ourselves today and helpful strategies on moving beyond difficult times to meet the housing needs of our local communities.

Emma "Pinky" Clifford and Griffin Lotson remind us of the benefits of partnership. Their articles offer examples of how nonprofit organizations can collaborate and share resources to make it through these tough times. Polly Nichol encourages organizations to look closely at operations and make the hard choices that can reduce costs, and potentially help with long-term sustainability. Art Gonzales reminds us that sometimes we must make tough choices and remain focused on why we all do the work we do.

Two leaders challenge nonprofit housing developers to be inventive in the current economy. Rose Garcia reminds us to be innovative; her organization is pursuing new lines of business that will create new sources of financing for families to fill the gap left by private lenders. While his organization, Rural Neighborhoods, will call a "time out" and not pursue new development in 2011, Steve Kirk sees this as a perfect time for organizations to take some risks.

Lastly, these leaders remind us that while our problems may seem local, the solutions may require a more global response. Peter Carey and John Zippert urge other nonprofit organizations to engage in policy work and advocate for the programs that have been successful.

We hope the wisdom and advice of these successful leaders will provide inspiration and insights into how we can all move ahead in our efforts to improve housing conditions in the ever-changing rural landscape.



Joe Debro, Chair



Twila Martin Kekahbah, President



Moises Loza, Executive Director

Contents



3 HAC FACTS

INTERVIEWS

4 Pinky Clifford, Oglala Sioux Tribal Partnerships for Housing

The Oglala Sioux Tribal Partnerships for Housing has seen a drop in donations while need remains high. In order to keep going, the organization has cut back projects and is utilizing partnerships for ideas and new funding sources.

5 Peter Carey, Self-Help Enterprises

Self-Help Enterprises has had to reevaluate what is necessary, and is working on policy efforts to ensure continued funding and attention to affordable housing in rural areas.

7 Rose Garcia, Tierra del Sol Housing Corporation

Stricter regulations put in place by banks and government programs are being felt in the border region, causing Tierra del Sol Housing Corporation to go in a new direction in order to address the lack of loan capital.

9 John Zippert, The Federation of Southern Cooperatives

In an already economically depressed area, the Federation of Southern Cooperatives is pursuing new and creative ways to serve the low-income population in the black belt and along the Gulf Coast.

11 Steve Kirk, Rural Housing, Inc.

In Florida, Rural Housing, Inc. is preparing itself to take a timeout to consider all available options, consult with stakeholders, and ask tough questions.

12 Griffin Lotson, Sams Memorial Community Economic Development, Inc.

Sams Memorial Community Economic Development, Inc. is taking full financial control in order to develop additional affordable housing properties in rural Georgia and building partnerships to stay sustainable.

13 Art Gonzales, Southeastern Wisconsin Housing Corporation

Southeastern Wisconsin Housing Corporation has turned to a new development model in order to continue providing affordable housing in the face of fewer qualified homeowners and low appraisal values.

14 Polly Nichol, Vermont Housing and Conservation Board

The Vermont Housing and Conservation Board has received less tax revenue resulting in less money to pass on to local organizations and a reduced staff, but the organization is working to become more efficient by examining costs and streamlining processes.

Cover Photos: Top row from left to right, Rose Garcia, Griffin Lotson, John Zippert, and Art Gonzales. Bottom row from left to right, Peter Carey, Pinky Clifford, Steve Kirk, and Polly Nichol.

HAC Celebrates Rural Housing Leaders

Seven distinguished individuals will receive awards from the Housing Assistance Council in December, recognizing their rural housing work at the local and national levels. The honors will be presented at a ceremony at the 2010 National Rural Housing Conference in Washington, D.C.

Nominated by their peers and selected by HAC's board of directors, four honorees will receive the Skip Jason Community Service Award, which recognizes individuals whose efforts have improved the housing conditions of the rural poor in their communities. This year's awardees are:

- Stan Keasling, CEO, Rural Community Assistance Corporation, Sacramento, California
- Selvin McGahee, Executive Director, Florida Non-Profit Housing, Sebring, Florida
- Linda Smith, Executive Director, Esther Stewart Buford Foundation, Yazoo City, Mississippi
- Manuel Gauna, Founder, Tiempo, Inc., Phoenix, Arizona (Posthumous Award)

Service on the national level is recognized with the Cochran/Collings Award for Distinguished Service in Housing for the Rural Poor. It honors individuals who have provided outstanding and enduring service, with national impact, for the betterment of housing conditions for the rural poor. HAC will present this honor to:

- Tom Carew, Director of Membership, Federation of Appalachian Housing Enterprises, Berea, Kentucky

The Henry B. González Award recognizes individuals who have contributed to the improvement of housing conditions for low-income rural Americans through elected office, at the local, state, or national level. In 2010, the González Award focused on local or tribal elected officials with significant achievements in rural housing. HAC will present this award to:

- Joe Piccolo, Mayor, Price City, Utah
- James Darling, City Commissioner, McAllen, Texas

HAC is privileged to partner with these outstanding individuals who have improved the lives of many rural Americans. With these awards, HAC thanks not only these leaders, but many others who are dedicated to providing decent, safe, and affordable housing.

~For more information, visit HAC's website at www.ruralhome.org.



HAC Remembers Carol J. Soliz

Carol Soliz was a dedicated and persistent housing advocate who worked to create safe and affordable housing for low-income families and farmworkers until her death on October 21, 2010.

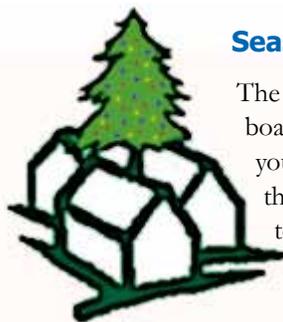
Director of Florida Non-Profit Housing from 1978 - 1998, Carol was instrumental in establishing the Farmworker Housing Trust Fund and the National Farmworker Project Directors Association. Under her leadership, 3,500 families obtained safe and affordable places to live.

Carol was a leader and friend to the rural housing community and the Housing Assistance Council. In 1993, she was the recipient of the National Farmworker Alliance Award at the Housing Assistance Council's National Rural Housing Conference. The award recognized her continued advocacy and housing endeavors for farmworkers throughout the United States.

In 20 years at Florida Non-Profit, Carol did a lot of good on a local, state, and national level, and her influence is still felt today. She touched the lives of many and shared her knowledge and wisdom with everyone she encountered. Carol, rural America will miss you.

The Housing Assistance Council sends its condolences to the Soliz family and Carol's colleagues at Florida Non-Profit Housing.

~For more information on Carol Soliz's life and work, please contact Selvin McGahee, Executive Director, Florida Non-Profit Housing, Inc.



Season's Greetings

The Housing Assistance Council's board and staff wish you and yours hope, peace, and happiness this holiday season and for years to come.



PINKY CLIFFORD

OGLALA SIOUX TRIBAL PARTNERSHIPS FOR HOUSING

Established in 1999 by members of the Oglala Sioux Tribe, OSTPH helps families on the Pine Ridge Indian Reservation in South Dakota purchase homes. OSTPH has offered first mortgages, soft-second mortgages to make homeownership possible in conjunction with other lenders, and pre-purchase homeownership counseling. Emma “Pinky” Clifford was a 2008 recipient of the Skip Jason Community Service Award.

Q. What are the major economic conditions impacting the communities you serve?

The national economy has had a significant impact on the Oglala Sioux Tribal Partnership for Housing (OSTPH). Donors are not providing as much funding as before, leaving OSTPH with less money for projects. The Pine Ridge Indian Reservation is faced with very high unemployment rates. Although there is some industry in the area, predominately in tourism, there is not enough work to keep the community employed. There is also a need for more money for infrastructure projects on the reservation. Although the situation is not ideal, positive things are happening, and OSTPH remains focused and continues to look ahead.

Q. How have these economic issues impacted your organization and its ability to develop or sustain affordable housing opportunities for low-income residents?

The Pine Ridge Reservation does not normally see a great deal of housing development. Housing construction is expensive due to the rural location of the reservation—materials must be shipped in from further away. This expense adds to the difficulty in providing affordable, secure housing, considering the economic climate we are in

today. Furthermore, the pace of building has slowed. More subsidies are needed for construction; however, these are not easy to come by. One can clearly see the need for new, secure housing within the Pine Ridge Reservation; and although less money from donors means increased difficulty in providing new housing, this visibility keeps OSTPH moving, even during tough times. Staying positive is key.

Q. What strategies would you employ, or have you employed, to begin addressing these new challenges?

OSTPH has been working to find creative solutions. These strategies include asking for smaller amounts from donors, cutting some projects back, placing some projects on hold (depending upon importance), and finding new partnerships. These partnerships have been incredibly beneficial for OSTPH. Recently, relationships have been forged with faith-based organizations that provide new sources of grant funds to OSTPH programs. These new partnerships have also enabled OSTPH to get creative with how to use these funds. Having a good organizational plan has been a key strategy as well.

Another approach is to empower new homebuyers months before purchasing a home and throughout their homeownership. This assistance is less cost intensive than building new homes but places a strong emphasis on “home buying planning” for new homeowners. This includes continued assistance after purchasing a home with topics like financing and foreclosure prevention. OSTPH maintains that it is not about buying the dream home but rather fulfilling the dream of owning a home.

Q. What recommendations would you offer to other nonprofit affordable housing organizations facing similar issues?

Strengthening old and creating new partnerships has been critical for OSTPH during these economic times. It has been incredibly beneficial to reach out to organizations where partnerships do not yet exist. This brings new insights and perspectives that can help organizations get creative with different projects. It is important not to lose sight of the work that needs to be done and to never think, “We can’t do this,” but instead work to find creative ways to solve new problems.

~ For more information about the Oglala Sioux Tribal Partnership for Housing call (605) 867-1555.



PETER CAREY

SELF-HELP ENTERPRISES

Self-Help Enterprises is an organization dedicated to self-help housing, sewer and water development, housing rehabilitation, multifamily housing and homebuyer programs in the San Joaquin Valley of California. The goal of Self-Help Enterprises is to help farm laborers and other low-income families to help themselves. Peter Carey was a recipient of a 2002 Cochran Award for Distinguished Service in Housing.

Q. What are the major economic conditions impacting the communities you serve?

The San Joaquin Valley is facing unprecedented economic stress. Despite its reputation as the richest agricultural region of the nation, the valley has always been a region of poverty, substandard housing, and limited infrastructure—which is why Self-Help Enterprises (SHE) was established here in 1965.

Following years of progress, the broad-scale collapse of the real estate market, the inescapable impact of a national and local recession, and a reduction of public and private funding have combined to create huge challenges for affordable housing in the San Joaquin Valley. Given these conditions, counties in the valley understandably face some of the highest foreclosure rates in the nation. The region in which we operate will not rebound quickly.

One of our biggest challenges, and one faced by peers across rural America, is the difficulty of planning in uncertain times. There is, however, little comfort in the knowledge that we are not alone. Throughout rural America, nonprofit housing organizations are facing serious challenges.

Q. How have these economic issues impacted your organization and its ability to develop or sustain affordable housing opportunities for low-income residents?

While we know the work we do is effective and necessary, we have approached recent hurdles. Obviously, with the reduction of resources and a difficult real estate market, we faced the tough challenge of belt tightening. Our staffing levels have dropped over 20 percent, and development financing has been restructured in the face of the slowdown. Our housing production is down, and we have a number of stalled projects. With substantial investment in land, we have to be realistic about our financial resources and future commitments. These days there is a much greater focus on financial planning, cash flow analysis, and risk assessment.

Beyond this, concern is to be found in issues related to national and state housing policy. With the magnitude of the foreclosure crisis, there are many misperceptions that (a) homeownership for lower-income households was a failure; (b) the overwhelming supply of real estate-owned

Continued page 6

properties provides homeownership opportunities for affordable housing; and (c) the Community Reinvestment Act was the source of the crisis. These are all false, and yet these perceptions may help to shape housing policy and resources available for years to come.

Q. *What strategies would you employ or have you employed to being addressing these new challenges?*

As the economic crisis grinds on, it has become clear that some of our basic—though often unstated—assumptions are no longer valid. Through a process of interviews and discussions with board and staff, we began to identify and challenge many of those assumptions. As a result, we have a more objective basis for planning and a process to monitor environmental factors such as home sales, unemployment, and foreclosure rates over time.

As we move forward, we have two defining priorities: (1) the needs of the valley are undiminished and SHE's commitment to meet those needs is unchanged; and (2) SHE must effectively steward resources in a way that maintains the long-term strength of the organization.

We have redoubled our efforts at policy work as we realize that in the current economic and political environment there is great risk of losing ground that has been hard won over the past 40 years. Despite the fact that we are all focused on challenges close to home and keeping our organizations operating, it is important that those of us who are concerned with rural housing take every opportunity to champion the successes of the past 40 years and to fight against losses on the policy front. We must be sure that the issues of rural housing and rural communities continue to be recognized at the national and state policy levels.

Q. *What recommendations would you offer to other nonprofit organizations working on affordable housing in rural communities facing similar issues?*



Dr. Glenda Humiston, USDA Rural Development State Director (right) and Merced County Supervisor, Deidre Kelsey (left) discuss aerial photographs and renderings of an upcoming multi-use development in Goshen with SHE CEO Peter Carey.

The economic crisis is hitting hard at the local, state, and federal levels of government. With diminished resources at every level, it is more important than ever that we work to keep rural housing on the agenda. Working with peers and through national organizations such as HAC, we cannot allow the needs of rural America to be forgotten.

Although times are difficult, this is the ideal moment to prove the success of well-designed affordable housing programs. Among the thousands of families who built homes in our United States Department of Agriculture-funded mutual self-help program, foreclosure is virtually nonexistent. Thousands of other homebuyers who participated in our homebuyer programs stand firm against the tide of foreclosure. There has never been a better time to tell the story of homeownership done right! Organizations must not forget their successes during this economic downturn and continue striving to serve the needs of their clients.

~For more information about Self Help Enterprise, visit <http://www.selfhelpenterprises.org/>.



ROSE GARCIA

TIERRA DEL SOL HOUSING CORPORATION

Tierra del Sol Housing Corporation is a regional housing and community development corporation whose purpose is to improve the quality of life for its clients through the construction of affordable housing and through its housing construction activities, to promote the development of the community. Rose Garcia was a 1983 recipient of the Skip Jason Community Service Award.

Q. What are the major economic conditions impacting the communities you serve?

In the border area we continue to struggle with high unemployment and few financial resources. As border industries close and lay off workers, there are few replacement jobs to absorb the newly unemployed. The true impacts of these job losses are not reflected by the Department of Labor statistics, nor are the unemployed getting the needed financial support, due in part to the distance to unemployment offices and confusion related to the technology required to register. Residents here are discouraged with the lack of “Main Street” progress within the community, while federal resources go to bailing out banks, insurance companies, and others. In addition, the current political climate makes workers fear reprisal due to ambiguous immigration policy and discrimination.

Requirements for federal programs have become more stringent, and banks have tightened restrictions. Federal housing program staff are not being held accountable for getting the money out where it is needed. Recently, it has become impossible to get Rural Development (RD) or the U.S. Department of Housing and Urban Development (HUD) to lend money for housing and small business development in the colonias. Additionally, with little steady income, many residents are not considered “bankable” and cannot qualify for mainstream loans, which leaves them vulnerable to predatory lending practices.

Funds do seem to reach the numerous government consultants who have drawn up sustainable development plans and raised the hopes of residents. These plans have not resulted in follow-up actions or the resources to implement the plans, leaving those who participated in the planning process disenfranchised and disappointed. At the same time, there is a lack of investment in studies producing viable data on the farmworker population, an area where we sorely need more research.

Finally, the community has been dealing with the fallout from a corruption scandal involving the regional housing authorities, and there has been no stringent restitution, reinvestment, or prosecutions. Such scandals damage the image of affordable housing in the community.

Q. How have these economic issues impacted your organization and its ability to develop or sustain affordable housing opportunities for low-income residents?

In the face of the aforementioned economic challenges, the need for affordable housing is even greater than in years past. However, many low- and moderate-income families no longer qualify for housing programs due to more stringent restrictions caused by new banking regulations, lack of capital, and too much bureaucratic processing in transactions. New requirements on government programs have created a

Continued page 8

Rose Garcia, *continued from page 7*

barrier between residents and housing program resources, as well as other programs. In addition, there are delays in the processing of RD 502 loans as well as in the 515 and 514 programs. All of these factors make it difficult for Tierra del Sol (TDS) to qualify homebuyers, let alone access financial capital.

TDS's access to private credit and loan capital has also been greatly reduced. Without readily available loan capital and credit, TDS is facing a situation in which it has insufficient operating resources to sustain direct service home loan packaging, counseling, and proposal preparation. There is a serious lack of predevelopment funding available, which has delayed processing and is becoming too costly.

Additionally, it has been difficult to locate tax credit syndicators for small rental projects that would be feasible for rural communities, though TDS has had some success in this area recently. On the positive side, the stimulus did provide temporary relief through Homelessness Prevention and Rapid Re-Housing Program (HPRP) rental assistance in 15 counties, foreclosure acquisition/resale in two counties, and some infrastructure improvements.

Lastly, without adequate data on farmworkers and their families, it has been difficult to secure the resources necessary to assist this sizable, but often invisible, population of impoverished people.

Q. *What strategies would you employ or have you employed to begin addressing these new challenges?*

TDS is expanding housing counseling services and focusing on the most probable housing production avenues in order to assist those families that can meet the new government requirements. In this way we hope to also combat predatory lending in the community.

To address the lack of loan capital, TDS is establishing a local CDFI to provide financial resources for housing and small businesses. We are also expanding job training lines of business for existing community development corporations in addition to working with employers to pursue employer-driven job training and employer-marketed housing services. For our own organizational sustainability, TDS is working to keep our financial status with unqualified audit and satisfactory compliance program reviews.



TDS is a regional housing and community development corporation whose purpose is to improve the quality of life for its clients through the construction of affordable housing.

In order to address the issues with federal programs, TDS has engaged current and prospective public officials in order to advocate for and pursue institutional reforms, remove existing ineffective personnel, and improve efficiency. We have filed appeals on the recent redlining of housing and businesses in the colonias and commented on stringent lending requirements in hopes of opening programs up to further benefit homebuyers. In particular, we have advocated for improved farmworker needs assessments and involved legislators and Congress in a conversation about unfair treatment of farmworkers.

Q. *What recommendations would you offer to other nonprofit organizations working on affordable housing issues in rural communities facing similar issues?*

In tough times organizations can benefit by partnering and sharing resources, continuing to advocate for better management of housing programs, and being creative. Organize in consortiums with other local nonprofits for peer support and knowledge exchanges. Work together to co-sponsor funding proposals in order to be more competitive. Join networks. Voice concerns to legislators and members of Congress about public and private programs that are not effective. Prepare out-of-the-box initiatives such as border initiatives, housing and infrastructure trust funds, and so forth.

~ For more information about Tierra del Sol Housing Corporation, visit <http://www.tierradelsolhousing.org/>.



JOHN ZIPPERT

THE FEDERATION OF SOUTHERN COOPERATIVES

The Federation of Southern Cooperatives strives toward the development of self-supporting communities with programs that increase income and enhance other opportunities and to assist in land retention and development, especially for African Americans, but essentially for all family farmers. The Federation assists in the development of cooperatives and credit unions as a collective strategy to create economic self-sufficiency. John Zippert was a 1998 recipient of the Skip Jason Community Service Award.

Q. *What are the major economic conditions impacting the communities you serve?*

The Federation of Southern Cooperatives serves rural, persistent-poverty counties located in the southern black belt and gulf coast areas of Alabama and Mississippi. Many of the communities we work in had been experiencing an economic crisis long before the recent economic recession, and it will probably continue until long after. For years this region has seen high unemployment and poverty numbers, low literacy and high school completion rates, and deplorable housing conditions, with some people not even served by water and sewer lines. On the Gulf Coast, residents are still struggling to put their lives back together after Hurricane Katrina, and now the BP oil spill.

In this type of environment, many residents get caught in the cycle of poverty. Racism against African Americans and classism against the poor in general can also feed into this cycle, making it even more difficult for low-income families and individuals to improve their quality of life. The difficulties of working in areas with such limited economic opportunities to begin with have been compounded by the economic challenges now facing the entire nation.

In one community, a local industry that was growing and providing stable jobs for 400 employees was forced to close. The governor of Alabama went after electronic bingo establishments and caused the shuttering of such businesses around the state. Former employees who thought they had stable employment and bought houses are now facing difficulties paying mortgages, and some are moving toward foreclosure.

Q. *How have these economic issues impacted your organization and its ability to develop or sustain affordable housing opportunities for low-income residents?*

Our efforts to help low-income families obtain homeownership through RD Section 502 and 504 programs for new construction and rehabilitation, respectively, have been limited by the ineligibility of many families caused by credit problems, which can take years to fix.

For those very low-income households who cannot qualify for most homeownership programs, we work to develop multifamily rentals with additional rental subsidies in order to bring the price down to a truly affordable level. However, the funds just are not available, and we have been limited in our ability to help those with the least resources.

Continued page 10

On the Gulf Coast, residents are still getting reestablished, but federal program monies are disappearing. In rural Mobile County, more than 500 people qualified and signed up for Community Development Block Grant (CDBG) funds, but the money ran out and they were left without any assistance. The cost of meeting new codes for elevated and sturdy housing that can withstand the next hurricane is adding costs to affordable housing development.

Q. What strategies would you employ or have you employed to begin addressing these new challenges?

We would like to pursue cooperative housing trusts, which would allow families to buy a share in the co-op and receive some of the benefits of homeownership while the whole development retains long-term affordability. Residents on the Gulf Coast are particularly interested in this option, but there is no federal funding for this type of housing model. There is not even money available for the additional rental subsidies needed to make multifamily housing affordable to the very low-income population.

We have been doing what we can and helping individual families obtain 502 and 504 loans in the black belt region. On the coast we are hoping to see some additional funds as a result of the BP oil spill in the form of CDBG monies.

Q. What recommendations would you offer to other nonprofit organizations working on affordable housing in rural communities facing similar issues?

Right now we need advocacy to garner the financial resources and government support needed to tackle these issues. Organizations can point out the problems in the current programs and propose more meaningful solutions through new programs or revive old ones that worked. Organize around housing trust funds and targeted resources. Orient programs toward self-help, sweat equity, and donated labor to reduce costs. The bottom line is to keep at it and stay determined; this work is not for the easily discouraged.

~For more information about the Federation of Southern Cooperatives, visit <http://www.federationsoutherncoop.com/>.



RURAL VOICES

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The Housing Assistance Council (HAC) is a national nonprofit corporation founded in 1971 and dedicated to increasing the availability of decent housing for low-income people in rural areas. HAC strives to accomplish its goals through providing loans, technical assistance, training, research and information to local producers of affordable rural housing. HAC maintains a revolving fund providing vital loans at below-market interest rates to rural housing developers. Developers can use these funds for site acquisition, development, rehabilitation, or new construction of rural, very low- and low-income housing. HAC has a highly qualified staff of housing specialists who provide valuable training and technical assistance, and research and information associates who provide program and policy analysis and evaluation plus research and information services to nonprofit, public, and for-profit organizations. HAC is an equal opportunity lender.

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STEVE KIRK

RURAL NEIGHBORHOODS, INC.

Steve Kirk, president of Rural Neighborhoods, Inc., of Florida City, Florida has worked tirelessly for the Florida farmworker community, increasing housing and service availability. Rural Neighborhoods has helped build more than 1200 units of affordable housing in communities throughout rural Florida. Steve Kirk was a recipient of a 2006 Skip Jason Community Service Award.

Q. *What are the major economic conditions impacting the communities you serve?*

The economic downturn has impacted Rural Neighborhoods' communities in both direct and indirect ways. The impact of the recession was felt more in the retail and construction jobs held by the blue-collar workers we serve than in the harvesting, planting, and processing work carried out by migrant and seasonal farmworkers. In southernmost Florida, nursery jobs, which had grown into stable hours and rising wages for laborers, soured as plant demand fell from big box stores and contractors.

Although there appears to be less direct impact on migrant and seasonal farmworkers, the indirect impact of high unemployment—intolerance, growing immigration ire, and racism—exact another toll on many who still hold a job.

Q. *How have these economic issues impacted your organization and its ability to develop or sustain affordable housing opportunities for low-income residents?*

The recent economic conditions have made us feel uneasy. Ironically, our construction levels in 2010–2011—likely more than \$40 million in development and nearly 300 units—may be at an all-time high. This is the result of the availability of stimulus funds for projects for which we were previously unable to find tax credit investors.

After millions in predevelopment costs have been expended, however, we are building in the face of uncertain occupancy.

In suburban and rural Florida, occupancy levels are mixed at best; some communities have occupancy rates below 80 percent. Even for our community and others with a somewhat better rate, sponsor guarantees against operating losses are no longer hypothetical promises but on occasion real checks.

The form and zeal of opposition to undocumented residents increases our unease. The rural communities we serve are agricultural with thousands of workers. Immigration crackdowns continue in the absence of policy initiatives such as the Agricultural Job Opportunities, Benefits and Security Act (AgJOBS). At this moment no one is certain how the citrus or winter vegetable crop will get picked and this uncertainty is toxic to housing and business investment. I just cannot seek RD 514/516 Farm Labor Housing loans and grants for a project that has an economic life of 50 years in an uncertain economic and immigration climate.

Q. *What strategies would you employ or have you employed to begin addressing these new challenges?*

Working from a new construction business plan, our strategy is simple: complete construction obligations in our pipeline; recover expended predevelopment costs; maximize developer fees where possible; and lease, lease, lease. Then call a time-out, which means no new starts or tax credit applications in 2011. Time-outs are hard on the passion of organizational

Continued page 15



GRIFFIN LOTSON

SAMS MEMORIAL COMMUNITY ECONOMIC DEVELOPMENT, INC.

Sams Memorial Community Economic Development, Inc. (Sams) is a nonprofit in rural, coastal Georgia established in 1992 for the purpose of reaching out to rural communities and struggling youth with common problems such as alcohol and drug addictions. This philosophy of outreach is based on the principles of commitment and dedication, which underlie all phenomena and form the framework of each community. Griffin Lotson, was a 2006 recipient of the Skip Jason Community Service Award.

Q. What are the major economic conditions impacting the communities you serve?

Major economic conditions include high unemployment, the inability to secure a good job, and the inability to secure a loan from banks or lending institutions when purchasing a home in our rural communities.

Q. How have these economic issues impacted your organization and its ability to develop or sustain affordable housing opportunities for low-income residents?

These economic issues have affected us and our ability to develop or sustain affordable housing tremendously in a negative way. Most of our funding for capacity building has dried up due to declines in the amounts given by various foundations and corporations. Funding from these sources has slowed to a trickle during this economic downturn. The inability to secure bank loans has a huge impact on the individuals we serve. Even if provided financial assistance for the down payment, many potential homebuyers still cannot receive loans from local banks to obtain the secure housing they need. It feels as though everyone is waiting

for a substantial increase in consumer spending within rural communities to begin loaning money once again. Regardless of these difficulties, however, our organization continues to press forward and push on.

Q. What strategies would you employ or have you employed to begin addressing these new challenges?

We have begun a very positive strategy to address these new challenges. We have moved from a 51 percent ownership of our housing allotment to 100 percent ownership. We are approaching the opportunity to have full ownership of our nonprofit through the first right of refusal with our tax credit properties. This will allow us to cut our partnership with our financial institution and take full financial control of our organization. We will then be in a position where we can create our own finances and develop additional affordable housing properties for lower-income families in the rural communities we serve. We feel certain we will be able to fully address the rural housing needs of our communities.

Q. What recommendations would you offer to other nonprofit organizations working on affordable housing issues in rural communities facing similar issues?

It is imperative to stay positive and continue to develop affordable, rural housing. It is a difficult task, but also a doable task. Partnerships must be built with other organizations, such as the HAC. Organizations must also remember that they cannot solve the issues of rural housing affordability single-handedly. Our organization has made great achievements year after year by developing new policies, regulations, and leadership in the area of rural affordable housing. However, we also always look for new partners, including elected and nonelected officials as well as corporations and foundations. We must teach and pass on the knowledge we have gained through our experiences to the new leaders of rural housing. Those of us that have been involved in rural housing for 10, 20, or 30 years need to share what we have learned to make it easier for those following in our footsteps.

~For more information about Sams Memorial Community Economic Development, Inc., visit <http://www.angelfire.com/ga2/SamsMemorial/SMCED.html>.



ART GONZALES

SOUTHEASTERN WISCONSIN HOUSING CORPORATION

Southeastern Wisconsin Housing Corporation was established to address the lack of adequate housing for many rural households in Racine County, Wisconsin. The organization assists very-low to moderate income families build their own homes through a self-help building program. Art Gonzalez was a 2000 recipient of the Skip Jason Community Service Award.

Q. What are the major economic conditions impacting the communities you serve?

The shortage of good jobs that pay living wages has had an effect on most families in the area. Many low-income families have depleted their savings and increasingly experience credit problems. This, coupled with the high cost of living in the region as a result of high property taxes and land values, means that many families who are in need are no longer in the market to purchase affordable housing.

With RD Section 502 loans, appraisals for newly constructed houses come in lower than the actual cost of building them. This is due to a severely depressed housing market. Even with the sweat equity savings realized by building under the self-help housing program, it is difficult to bring the cost in at, much less under, the appraised value. Moreover, RD, as a matter of policy, does not allow outside sources of funding in the form of grants or forgivable loans to offset the total cost of development for purposes of reconciling the RD loan with the RD appraisal.

Q. How have these economic issues impacted your organization and its ability to develop or sustain affordable housing opportunities for low-income residents?

These economic conditions have had a serious impact on our ability to develop new self-help housing projects. The high living costs have made it difficult to qualify potential and otherwise creditworthy homebuyers for financing the purchase of housing, let alone those families who are experiencing credit and other financial difficulties. In regard to the situation with RD loans and appraisals, new construction is no longer feasible when this disparity between the appraised value and the actual costs exists.

Q. What strategies would you employ or have you employed to begin addressing these new challenges?

We have turned to RD's purchase/rehab loan program, which allows qualified families to buy existing houses that have been foreclosed on. Because the properties are distressed, they can be purchased at below-market costs, and the rehabilitation is completed under the self-help method. In this way, it is possible to bring the total cost and the RD loan under the appraised value.

Under the purchase/rehab self-help model, we are now incorporating new efforts to market the program through advertising, personal contacts, and realtors—a source of referrals that we did not have with the new self-help housing model. One disadvantage is that the properties are scattered around the area instead of being grouped together; therefore, travel time is required, and we lose the efficiency that a traditional, new self-help project normally affords.

Q. What recommendations would you offer to other nonprofit organizations working on affordable housing issues in rural communities facing similar issues?

We heard about purchase/rehab projects and eventually talked to the board of directors about going that direction to get around the problems caused by building new. What it comes down to is you either find a way to make it work or you do not. Take a hard look at your budget, make some cuts, stop giving raises, and work together. Sometimes the staff works extra hours or you take a voluntary layoff and keep going. At the end of the day we are in this to help people, not to make money; so you gotta do what you gotta do.

~For more information about the Southeastern Wisconsin Housing Corporation call (262) 763-7851.



POLLY NICHOL

VERMONT HOUSING AND CONSERVATION BOARD

The Vermont Housing and Conservation Board is an independent, state-supported funding agency providing grants, loans, and technical assistance to nonprofit organizations, municipalities and state agencies for the development of perpetually affordable housing and for the conservation of important agricultural land, recreational land, natural areas and historic properties in Vermont. Polly Nichol was a 1994 recipient of the Skip Jason Community Service Award.

Q. *What are the major economic conditions impacting the communities you serve?*

Vermont has a very retail-based economy; however, there has been a major lack of consumer spending recently. As a result, there are fewer taxes, which has led to a decrease in state and local service provision. This has led to significant job loss across the state. Although Vermont's unemployment rate is below the national average, figures are misleading as

wages in the state are very low and most people need to work two jobs. Many people have been fired from at least one job, and although these individuals are still technically employed, they are not making enough money to sustain themselves. Numerous state jobs have been lost as well. These job losses are significant in a small state like Vermont, as the state is a large employer. Manufacturing jobs have decreased as well, and although the industry was never Vermont's largest, the figures are still relevant.

Vermont has experienced some foreclosures; however, the numbers have not been nearly as high as elsewhere in the United States. The foreclosure rate is about half of what the national average is. As a result, housing prices have declined less than in other regions in the United States. Vermont has also seen a rise in rental vacancies. Though foreclosed homeowners are becoming renters, previous renters now have to move out of their rentals and double up in the homes of friends or family.

Q. *How have these economic issues impacted your organization and its ability to develop or sustain affordable housing opportunities for low-income residents?*

The Vermont Housing and Conservation Board (VHCB) is the state's housing trust fund and acts as a funder to other organizations through revenue gained from the Vermont real estate transfer tax. Tax revenues are considerably lower than before, as many houses on the market are not selling due to the economic climate. As such, the ability to provide funding has been greatly reduced.

VHCB has been forced to make cuts in staff, placing greater stress on those remaining. VHCB no longer has the capacity to pursue resources outside of state funds (federal funds, foundation money, etc.) because the staff is overextended as is. VHCB has reduced the number of capacity grants to regional affordable housing providers, placing greater stress on these local organizations. Vermont's tax credit equity has decreased as well, meaning that VHCB now sees less equity for the same amount of product previously produced. Lastly, higher-than-normal rental vacancies affect the sustainability

of housing providers as income from rent is needed for property management and upkeep.

Q. *What strategies would you, or have you, employed to begin addressing these new challenges?*

The federal stimulus money has been incredibly important to help keep the organization moving in the right direction. Money from the Department of Energy has also allowed VHCB to provide energy upgrades to keep down the cost of building management at established sites. Energy upgrades have brought significant cost savings as most of Vermont relies on oil for heating, which is very expensive. Reduced energy costs lead to more financial stability for building managers. Due to funding constraints, VHCB has needed to cut staff and streamline processes. As a result, the organization has had to rely upon closer collaborations with other organizations to provide needed services.

Q. *What recommendations would you offer to other organizations working on affordable housing in rural communities facing similar issues?*

Organizations need to look hard for ways to increase efficiency. Bring services in-house to save money, and streamline provisions in order to cut costs. Streamline processes through technology for property management, waiting lists, finances, and so forth to make the organization run more efficiently with fewer staff. Focus on the existing housing portfolio to find ways to make it stronger. Improvements are always beneficial, even if new units are not created (and in Vermont's case, new units are not always beneficial due to the higher-than-normal vacancy rates).

Organizations should look carefully at costs before starting new programs and ensure that a program is financially viable for the organization at all points of its execution. Taking a loss on some highly needed programs is OK, especially when dealing with high-need clients, as long as that loss can be accounted for elsewhere to ensure financial sustainability.

~For more information about the Vermont Housing and Conservation Board visit <http://www.vhcb.org/>.

Steve Kirk, *Continued from page 11*

leaders but might just be good for organizations. They provide an opportunity for the team to catch up, refine costs, build corporate infrastructure, and prepare a strategic plan. For Rural Neighborhoods, they are a chance to look at new lines of business like disaster relief, Community Development Financial Institution (CDFI) activities, and economic development. It is difficult to turn our attention elsewhere when just a few years ago housing financing seemed so winnable left and right. If RD 515 monies were available, we could build and fill 150 units of elderly housing a year. Every rural community we serve has such strong demand, and every local elected official wants it built, but Congress does not.

Q. *What recommendations would you offer to other nonprofit organizations working on affordable housing issues in rural communities facing similar issues?*

It is a good time to redouble advocacy efforts and talk with constituents. It does not cost much money; it is reinvigorating; and it reminds us, hopefully, that this is a calling, not simply a job.

It is also a good time to find a few like-minded peers, and some not so like-minded too, and ask tough questions. At Rural Neighborhoods, we often ask if we have changed agriculture. Our usual answer is no, not much. Sure, we have changed the lives of a handful of men and women who are engaged in agriculture, and that is good too. But the fields still depend on new immigrants, crew leaders, piece rates, and our safety net.

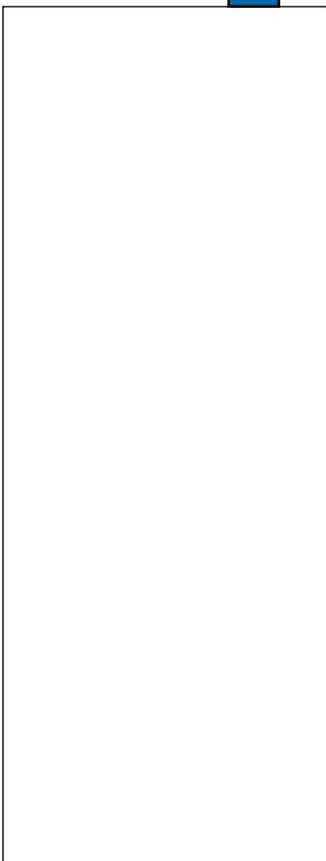
Then, as the economic downturn eases, take some thoughtful risk. Risk is a good thing.

~For more information about Rural Neighborhoods, Inc., call (305) 242-2142.

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