IMPROVEMENT OF HOUSING AND INFRASTRUCTURE CONDITIONS IN THE LOWER MISSISSIPPI DELTA

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Housing Assistance Council

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Housing Assistance Council
1025 Vermont Avenue, N.W.
Suite 606
Washington, DC 20005
202-842-8600 (voice)
202-347-3441 (fax)
hac@ruralhome.org (e-mail)
http://www.ruralhome.org (world wide web)

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HAC, founded in 1971, is a nonprofit corporation which supports the development of rural low-income housing nationwide. HAC provides technical housing services, loans from a revolving fund, housing program and policy assistance, research and demonstration projects, and training and information services.

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EXECUTIVE SUMMARY

The Lower Mississippi Delta region[1] is one of the poorest areas in the United States, with an overwhelming need for the development of decent, affordable housing. The region has had high, even extreme rates of poverty for decades. Poverty is particularly prevalent among African Americans; over 50 percent of the African Americans in the Delta live in poverty. The Delta is also characterized by a sluggish economy, high unemployment rates and problems arising from its legacy of segregation. Efforts to address the problems in these communities have faced significant barriers including insufficient local capacity to undertake development efforts, the absence of adequate resources and financing mechanisms, and the lack of collaboration between ongoing efforts in the region.

Despite the numerous challenges encountered, many local organizations have devised creative ways to work in partnership with the public and private sectors to develop innovative projects to assist Delta residents. This report focuses on documenting some of the different approaches to improving housing and infrastructure conditions in the Delta. Four case studies highlight the stories behind successful ventures to create alternatives for Delta residents. They discuss the obstacles overcome by local entities and include lessons for other organizations interested in replicating these successes. In addition, each case study represents a unique approach to addressing problems in the Delta.

For instance, Southern Mutual Help Association's Rural Home Loan Partnership (RHLP) illustrates how a nonprofit organization can benefit from participating in a nationwide partnership effort for revitalizing rural America. This group has successfully utilized the RHLP to leverage resources for creating affordable housing options for low-income families in Southern Louisiana.

Sacred Heart Southern Mission's Dehon Village project in Walls, Mississippi demonstrates how a nonprofit organization can overcome numerous obstacles and build capacity to undertake the development and maintenance of complex affordable housing projects.

Delta Housing Development Corporation's development of self-help housing in Sunflower County, Mississippi demonstrates how the contribution of sweat equity can help families obtain decent affordable housing.

Southern Development Bancorporation's rental housing project in Clarendon, Arkansas, depicts how collaborating at the local level can provide creative opportunities for meeting the affordable housing needs of Delta residents.

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[1] For the purposes of this study the Lower Mississippi Delta region includes the nonmetro counties identified by the Delta Commission as forming the Lower Mississippi Delta in the three states of Arkansas, Louisiana, and Mississippi. The Lower Mississippi Delta Development Commission was established under Public Law 100-460 in October 1988 through legislation introduced by a bipartisan group of senators and representatives. The Commission was created to study and make recommendations regarding economic needs and problems in a region comprised of 219 counties in Arkansas, Louisiana, Mississippi, Missouri, Illinois, Tennessee, and Kentucky.

INTRODUCTION

The Lower Mississippi Delta (LMD) region is one of the poorest areas in the United States, with nearly a third of the population in Arkansas, Louisiana, and Mississippi living in poverty.[2] These high, even extreme, rates of poverty have persisted in this region for decades. As far back as 1970, the Mississippi Delta region (then identified as 43 counties within the flatland delta areas of Arkansas, Louisiana, Mississippi, and Missouri) was considered to have the largest number of poor people in the country.[3] In 1988, Congress established the Lower Mississippi Delta Development Commission, which expanded the region's geographic definition to include a total of 219 nonmetro counties in portions of seven states: Arkansas, Louisiana, Mississippi, Missouri, Illinois, Tennessee, and Kentucky. The 1989 poverty rate of the Delta's approximately 8.4 million inhabitants from these seven states was 23 percent. The Delta Commission published a comprehensive report in 1990 focusing on developing proposals and strategies for solving the Delta's worst economic development needs, including related housing issues. Since then several entities and individuals have studied the Delta and published reports with recommendations for tackling some of the pervasive problems of the region. Despite this, the region continues to have an overwhelming need for the development of decent affordable housing and related infrastructure. In recent years increased public attention has once again been focused on the Delta region. A number of special initiatives targeting the Delta have been commissioned at the national and regional level.[4] There is also renewed commitment on the part of local nonprofits, and the public and private sectors, to jointly tackle the problems in the Delta.

For the purposes of this study the Lower Mississippi Delta region will include the nonmetro counties identified by the Delta Commission as forming the Lower Mississippi Delta in the three states of Arkansas, Louisiana, and Mississippi. (Appendix A provides a map and list of these counties.)

Population

The LMD has a total nonmetro population of 2,996,920. A large proportion of each state's nonmetro population resides in rural areas (generally, open country and places with fewer than 2,500 residents). LMD inhabitants are more likely than the rest of the U.S. population to live in nonmetro counties. The LMD population is also generally more rural than the total U.S.

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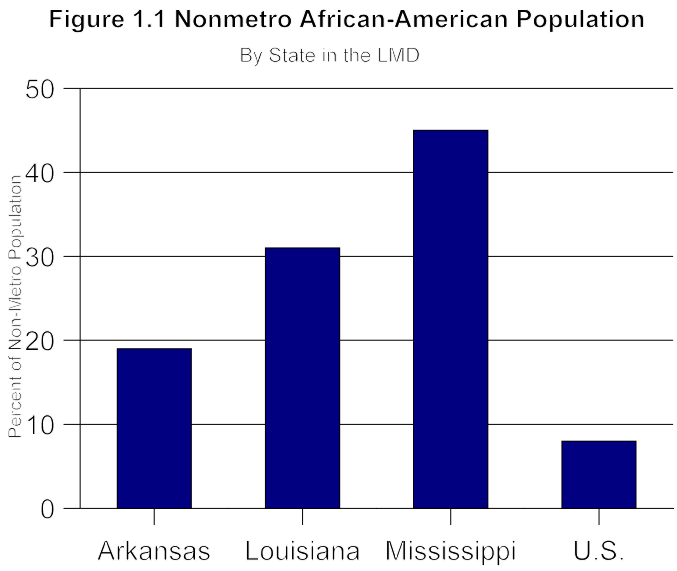
[2] Housing Assistance Council, *Taking Stock of Rural Housing and Poverty for the 1990s, Washington, DC, 1994.* (Unless otherwise noted, all of the data in this report is from the 1990 decennial Census of Population and Housing.)

[3] U.S. Department of Agriculture Economic Research Service, *Human Resources in the Rural Mississippi Delta* (1970), p.1.

[4] Some of the new initiatives targeting the Delta include: Building Communities in the Lower Mississippi Delta - co-convened by the Housing Assistance Council (HAC) and the U.S. Department of Agriculture(USDA); Kellogg Foundation's Delta initiative; HouseMississippi - Fannie Mae's housing investment strategy for the state of Mississippi; Mississippi Project - convened by the Black Congress on Health, Law, and Economics; Southern Empowerment Zone/Enterprise Community (EZ/EC)Forum; Delta 2000 - convened by the U.S. Department of Transportation.



population. The Delta region has a higher proportion of African Americans than the United States as a whole, with 34 percent of the total combined population of Arkansas, Louisiana and Mississippi African-American. This contrasts with a nationwide African-American population of 12 percent.

African-Americans also make up a relatively large percentage of the Delta region's nonmetro population. (See Figure 1.1.)

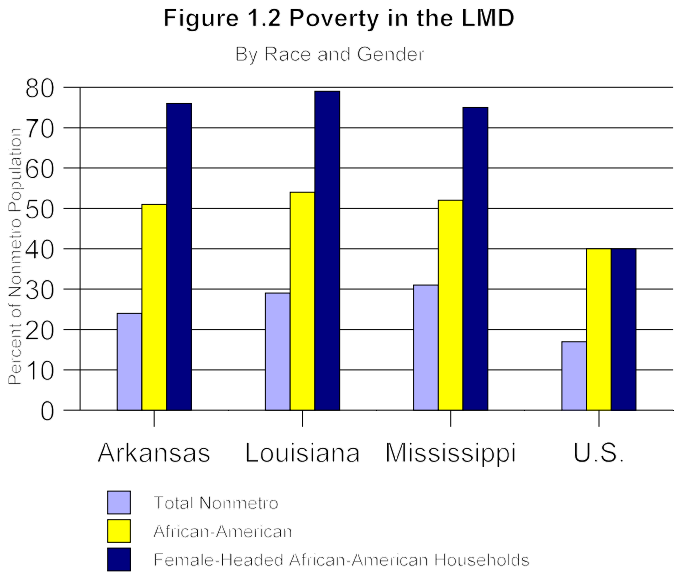
Householders in the Delta region are more likely to be elderly than householders nationwide. Elderly households (headed by a person 65 years and older) make up 29 percent of the nonmetro population in Arkansas, 23 percent of Louisiana's nonmetro population, and 26 percent of Mississippi's nonmetro residents.

Poverty

As is true for other regions in the United States, persons living in nonmetro areas of the LMD are more likely to live below the poverty line than are metro area residents. These high rates of nonmetro poverty nonetheless mask staggering rates of poverty among vulnerable subpopulations, with poverty rates for children under five years old running from 34 percent to 42 percent among the three states, and poverty rates for elderly persons 75 years or older falling within the same range.

Poverty is also particularly prevalent among African-American residents of the Delta region. It should also be noted that African-American children under five have very high rates of poverty in the Delta region, ranging from 65 to 67 percent across the three states.

Among all races, single-parent families with children are the most likely to be poor. Female-headed families in nonmetro areas of the LMD experience poverty rates ranging from 62 to 68 percent across the three states. (See Figure 1.2 for chart on poverty in the LMD by race and gender.) Married couples, both those with and without



children, have much lower rates of poverty. Married couples with children have nonmetro poverty rates around 17 percent in the three LMD states selected for this study, while couples without children had rates between 11 and 12 percent. African-American, female-headed households face even greater rates of poverty in the nonmetro areas of the Delta region, with a poverty rate of nearly 75 percent in all three states. Generally, among all family types combined, poverty rates are between 6 and 9 percentage points higher in nonmetro areas of the Delta region than in the region's metro areas. (See Figure 1.3 for map showing poverty in the Delta.)

Housing and Infrastructure

The housing problems of the region result from the fact that the social, political, and economic agenda of the region was historically created, sanctioned, and nurtured on the economic exploitation and social isolation of the African-American population.[5]

There are a total of 1,185,505 housing units in nonmetro areas of the LMD. There is an overall vacancy rate among the three states of 11 percent, which is comparable to the 1990 U.S. vacancy rate of 10 percent. Among the three states, between 71 and 73 percent of units are owner-occupied, while between 27 and 29 percent are renter-occupied. It should be noted that minority householders in the Delta region are less likely to be owners than white householders, as is true nationally.

Housing units in nonmetro areas of the Lower Mississippi Delta are more likely to be on public or private water systems than nonmetro units throughout the country. The higher incidence of water systems is due primarily to soil conditions in the region that do not allow for drilling of safe, adequate wells. In its 1990 report, the Lower Mississippi Delta Development Commission noted that development of water and sewage facilities in rural areas of the region is very costly.

Among all nonmetro households, 2 percent lack complete kitchens in each state. Each state also shows between 2 and 3 percent of units lacking plumbing. However, African-American households in each state lack plumbing at much greater rates ranging between 4 to 5 percent across the three states.

Generally, nonmetro households are more overcrowded than are metro households in the Delta region, with overcrowding defined as more than one person per room. Overcrowding rates average at nearly 5 percent for owner-occupied units across the three states and are even higher for renter-occupied units. (See Figure 1.4 for map showing areas with substandard housing in the three Delta states.)

The Lower Mississippi Delta has very high rates of cost burden among nonmetro households, with cost burden defined as paying greater than 30 percent of monthly income for shelter costs. Between 17 and 22 percent of nonmetro owners are cost burdened in the three states, which corresponds exactly to the range for metro areas in the region. Cost burden rates are higher for renter households. Finally, elderly households are more likely to have cost burden problems

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[5] *Housing Problems in the Lower Mississippi Delta: Report to the Lower Mississippi Delta Commission*, University of Arkansas at Pine Bluff. (Date unknown)

than non-elderly households. Approximately 58 percent of nonmetro elderly renters in each LMD state is cost burdened, and approximately 25 percent of nonmetro elderly owners also face housing cost burden. (See Figure 1.5 for a map showing areas with high cost burden in the three Delta states.)

Key Challenges to Effective Community Development

Legacy of Racial Segregation

Delta communities continue to struggle with overcoming the legacy of segregation. Since the poor tend to be politically disenfranchised, Delta communities also have to overcome the lack of political will on the part of the government to deal with problems facing Delta residents. Consequently organizations serving distressed rural communities in the region are forced to compete with more established groups in other parts of the Delta states for allocation of resources. There is still a "rewards and retribution" system in place in many areas, which results in nonprofits being hesitant to voice grievances because it may endanger future funding.

The Mississippi Delta has always been based on inequality. The fortunes of the region's planters and white working class were supported for most of its history by the labor of black slaves, then of black sharecroppers. Until integration, whites controlled most of the Delta towns. However, particularly after the integration of the schools in the 1960s, young whites began to leave for big cities like Memphis or Jackson or for the larger towns in the region. No whites moved in to replace them and the population began to dwindle. This decline was further exacerbated by the migration of the ablest members of the black population as well. Those left behind are disproportionately very old or very young and are mired in poverty. Consequently, there is a low general level of skills and abilities among the Delta population. Ownership of the land is concentrated in the hands of a few, and extremes of wealth and poverty continue to prevail.[6]

The Delta's plantation economy has created within the Delta conditions similar to that of a developing nation. In addition, entrenched racism continues to stymie efforts at progress in the region. For instance, new industries, especially those with better paying jobs, tend to locate in areas with the lowest proportion of blacks in the population. This is known as the 30 percent rule. In other words, if an area is 30 percent or more black, companies tend not to locate there.[7] Effecting change under these conditions poses a tremendous obstacle.

Lending Issues

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[6] These conclusions are excerpted from social science reports published by the Mississippi State University:
Cosby, Arthur G. *A Social and Economic Portrait of the Mississippi Delta,* Social Science Research Center, Mississippi State University, 1992.
Doolittle, Larry and Davis, Jerry. *Social and Economic Change in the Mississippi Delta*: *An Update of the "Portrait" Data*, Social Science Research Center, Mississippi State University, 1996.

[7] Gray, Phyllis A. *Economic Development and African Americans in the Mississippi Delta*, Social Science Research Center, Mississippi State University, 1991.

Conventional lending mechanisms are often inappropriate for use in the Delta. The target population's income level, and the levels of risk perceived in serving this population, have prevented many private lending institutions from financing housing and community development activities in the Delta. Clearly, any credit mechanisms for serving Delta residents would have to be creatively designed. Private sector institutions are generally motivated by profit margins, precluding their intensive involvement in the Delta.

A 1995 report by the Federal Reserve Bank of St. Louis asserts that small banks remain an integral part of rural communities in the Delta.[8] Since April 1995 through 1998, three major banks and a number of smaller banks serving the Delta have merged or been acquired by larger banks outside of the region. This trend reduces the number of institutions with primary interest in the rural Delta. Local Delta banks that remain have limited capacity to assess risks and make loans outside of commodity-based agriculture. They also tend to have conservative loan to deposit ratios, and are also perceived as conservative by the community. These banks are unlikely to become acquisition targets because they are too small and because their markets are not seen as profitable.[9] The challenge is to engage these institutions in participating in the development of affordable housing in the region and encourage them to create new partnerships with nonprofits.

Inadequate Capacity

Related to the lack of available resources is the lack of sufficient local capacity to solve the problems in the Delta. Capacity needs include access to funding, organizational development, technical assistance, training, and the creation of new local groups to undertake the task of improving conditions in the Delta.

The number of nonprofit organizations undertaking housing and community development activities in the Delta is limited, especially in Louisiana. Even when organizations do exist, they tend to be concentrated in certain areas. For instance, an analysis of Community Development Corporations (CDCs) in the area by Mid South Delta LISC in 1995 found 15 of 21 CDCs in Arkansas located within 40 miles of Forrest City. Similarly, 10 of the 19 CDCs identified in Mississippi are located in the North Central counties of Tallahatchie, Quitman, Coahoma, and Bolivar.

The most sophisticated groups often lack the technical skills to initiate a comprehensive program of housing or economic development. Most that own or have developed housing have relied on consultants to package their projects. Experts needed for developing housing projects such as appraisers, real estate attorneys, and other specialists are often not available. In fact, it is often impossible to locate licensed contractors to undertake construction of proposed housing projects. This lack of human capital is perhaps the most serious impediment to development in the Delta.

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[8] Federal Reserve Bank of St. Louis, *Rural Economic Development: A Profile of Eight Rural Areas Located in the Lower Mississippi Delta Region,* St. Louis, Mo., February 1995.

[9] Mid South Delta LISC's 1995 analysis on the Delta.

Lack of Collaboration

Limited resources have resulted in dividing even those groups that seek to mitigate problems in the Delta. Scarce funding sources have caused some measure of tension among Delta advocates as they struggle to establish priorities among needs that are equally critical, such as housing, economic development, and education. Often groups are forced to compete for the same pool of resources, hindering attempts at coordination and collaboration. In addition, several national level entities are leading efforts to examine and address the problems in the Delta, without much consultation with each other.

Based on these challenges, there are several potential approaches for rebuilding and revitalizing rural communities in the Delta. A number of local organizations, with strong roots in the community, have taken on the formidable task of addressing the problems faced by these communities.

METHODOLOGY

This report focuses on documenting some of the different approaches to improving housing and infrastructure conditions in the Lower Mississippi Delta. For the purposes of this study the Lower Mississippi Delta region will include the nonmetro counties identified by the Delta Commission

as forming the Lower Mississippi Delta in the three states of Arkansas, Louisiana, and Mississippi. The rationale for this choice is threefold. First, the Delta portions of these three states represent areas with perhaps the most extreme conditions of poverty and distress to be seen anywhere in the country. Second, despite a focus on these states, the potential solutions to problems in the Delta highlighted here are equally relevant all across the Delta region. Finally, these are the three states targeted by HAC and the U.S. Department of Agriculture (USDA) for a strategic technical assistance initiative, *Building Communities in the Lower Mississippi Delta,* that aims at developing an action strategy for improving conditions in the Delta through a collaborative process that involves a broad range of Delta stakeholders. By focusing on the same region as the Delta initiative, this study was able to both benefit and build upon the work already undertaken by HAC in the Delta. The projects documented here will eventually help formulate an action strategy for the Delta by presenting model approaches that may be fully or partially replicable in other communities in the Delta.

In order to identify suitable projects for the purposes of this study, HAC conducted background research on the Delta. This research built upon the information and data previously gathered for the *Building Communities* initiative. It included a review of existing literature on the Delta, and the discussions and recommendations generated by the strategy sessions convened for the Delta initiative. A series of informal interviews and discussions with several Delta organizations and experts supplemented this background work. These interviews and HAC's own experience and knowledge of the region helped identify a range of successful projects and prospective strategies for addressing the housing and infrastructure problems in the Delta.

Based on the background research conducted, HAC identified four projects for inclusion in this report. These projects were selected based on several criteria including the feasibility of developing similar projects in other parts of the Delta. Three of the projects have been successfully implemented and have produced concrete results that afford valuable lessons to other groups seeking to improve conditions in the Delta. The fourth project is in the process of being implemented and already offers several insights into effectively addressing the housing needs of remote Delta communities. An effort was made to identify projects that addressed some of the key challenges enumerated by Delta stakeholders during Delta initiative strategy sessions. The selected projects are also geographically dispersed. Two are located in very diverse counties in Mississippi, highlighting both the differences inherent in their location, and the commonalities of the conditions each seeks to ameliorate. One project is located in Southern Louisiana and one in the heart of the Arkansas Delta region.

Once selected, each existing project was visited by a HAC researcher in order to collect on-site information. During the site visit HAC collected details on the benefits generated by the project, both for the targeted Delta community and the local nonprofits involved. Special attention was given to understanding how obstacles were overcome and how new partnerships were formed in order to effectively address the needs in the Delta. HAC researchers held conversations and conducted informal interviews with a cross-section of participants involved in the project. Most of these interviews were conducted over the telephone. Where possible, conversations during the site visits supplemented this information. HAC researchers also collected maps, plans, and other documents relevant to the project, and photographed each of the projects.

In addition to collecting information specific to each of the projects selected, HAC sought

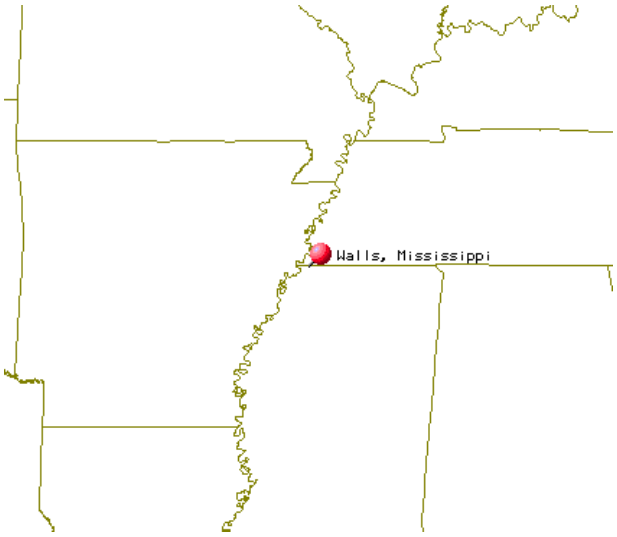
responses to the following general questions:

How was this particular project conceived? What were the goals of the project?
What sort of financing arrangement enabled the project to be implemented?
How were any difficulties or obstacles overcome?
Did the project foster new partnerships or coalitions?
What lessons does this project have for other groups working in the Delta?
What were the results and benefits of the project? Can these be replicated in other Delta communities?

Each case study includes an analysis of the lessons learned from these projects. It also includes a discussion of how a particular project addresses some of the major challenges identified by participants in the Delta initiative. Where relevant, an attempt has been made to describe how the local players have struggled to overcome the problems arising from the legacy of segregation that continue to plague the Delta.

This research about innovative strategies is intended to share stories about the experiences local groups have had in tackling the problems in the Delta, in particular with other groups struggling to implement solutions in the region. New development efforts in the region will ideally build upon existing successes. These case studies form the first step toward identifying successful models that can perhaps be replicated in some form in other communities with similar needs. The documentation of their stories is intended as encouragement and inspiration to other groups aspiring to effect change in the Delta.

SACRED HEART SOUTHERN MISSIONS HOUSING CORPORATION: DEHON VILLAGE PLANNED DEVELOPMENT IN WALLS, MISSISSIPPI



Sacred Heart Southern Missions Housing Corporation is a ministry of Sacred Heart Southern Missions, Inc., a nonprofit Catholic organization that has served the nine northern counties of Mississippi since 1942. Since its establishment in 1992, Sacred Heart Southern Missions has been working holistically to promote and develop affordable housing for low- and moderate-income families in its service area.

One such project is Dehon Village Planned Development. A complex of 38 detached single-family rental units, a community center, and a playground, Dehon Village provides needed affordable housing for many low-income families in Walls, Mississippi. Dehon Village is the first project undertaken by Sacred Heart and was responsible in part for spurring the creation of the housing ministry. This housing was initially developed to rescue near destitute families living at the edge of a cotton plantation from becoming homeless. While the project has had several challenges to overcome, it has helped Sacred Heart learn from these experiences and grow into a successful housing nonprofit. It is highlighted here as a model project for precisely this reason. The Sacred Heart story provides many lessons for small, new nonprofits in the Delta on how to overcome myriad obstacles and develop the necessary capacity to become a successful low-income housing developer in this region. It also highlights the importance of taking a holistic approach to helping families and building a community rather than just housing units and to creating new programs in response to the needs identified rather than trying to fit families into one established housing development program.

Overview of Target Area[11]

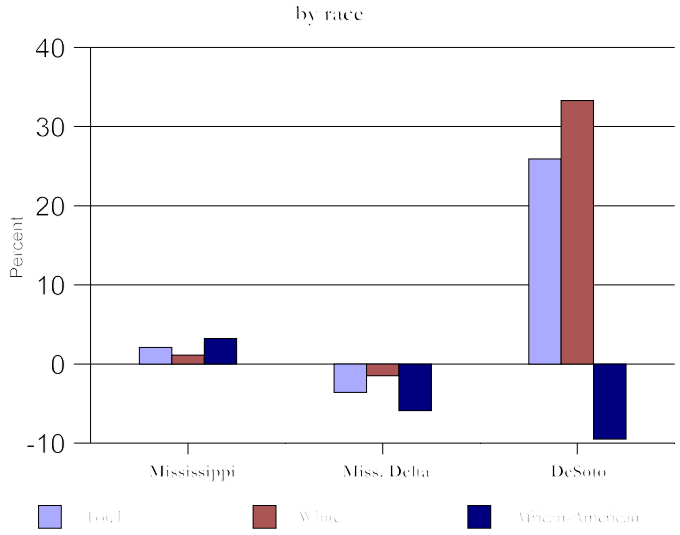
DeSoto County is the fastest growing county in Mississippi and the Memphis metropolitan area. Memphis, Tennessee is the nation's fifteenth largest city and has grown to become the center of culture and commerce for the Mid-South area. A strategic location has helped Memphis become the distribution center for multi-regional markets located in the Southeast, Southwest and Midwest. In fact, as of 1999 over 200 of the Fortune 500 companies were located in Memphis. With its close proximity to Memphis, DeSoto County too is experiencing rapid growth in the residential, commercial, and industrial sectors. DeSoto County's population increased over 50 percent from 1970 to 1980, and 25.9 percent from 1980 to 1990, when it grew from 53,930 to

[11] Most of the data reported in this section was provided by Mississippi Home Corporation.

67,910. The Census reports that the county's population grew to 83,567 in 1995.[12] Mississippi Power and Light officials estimate that three families per day move into DeSoto County, adding that it sets more utility meters in DeSoto County than in any of the 45 counties it serves. Interestingly, this growth is not reflected among the black population in the county. The black population has actually declined by 9.5 percent between 1980 and 1990. (See Figure 2.1.) As in other Delta counties, the dependency ratio is high for the black population and is nearly twice that for the white population according to 1993 Census calculations.[13] (See Figure 2.2.)

The substantial population growth of DeSoto County has been further encouraged by the widening of major highways and new road construction projects by the State of Mississippi. DeSoto has also been affected by the construction work and new jobs created by the casino industry in Tunica County, which is located directly to the south. A lack of housing and shopping in Tunica County forces many of the casino industry employees to commute from DeSoto. In fact, some studies on the Delta prefer to exclude DeSoto from their analysis because it is atypical. These studies argue that despite DeSoto's status as a Mississippi county, it is linked to Tennessee rather than Mississippi, to metropolitan Memphis, rather than the rural Delta.[14]

Figure 2.1: Population Decline from 1980 to 1990



The median household income is $41,241, which is extremely high owing to the economic growth in the area and the influx of people commuting to Memphis and Tunica County for employment. Poor DeSoto County residents live against this background of economic prosperity. A significant number of people have been left out of the benefits afforded by this new growth. They are often remnants of the victimization perpetuated by the system of segregation, sharecropping, and lack of

[12] This growth in population is in direct contrast to other, more remote counties in the Delta. For a comparison with data on the various social indicators from another Delta county in Mississippi, see the case study based in Sunflower County on page 19.

[13] The dependency ratio is the number of persons under 15 and over 64 for every 100 persons aged 15 to 64.

[14] Cosby, Arthur G. *A Social and Economic Portrait of the Mississippi Delta*. Social Science Research Center, Mississippi Agricultural and Forestry Experiment Station. Mississippi State University, December 1992.

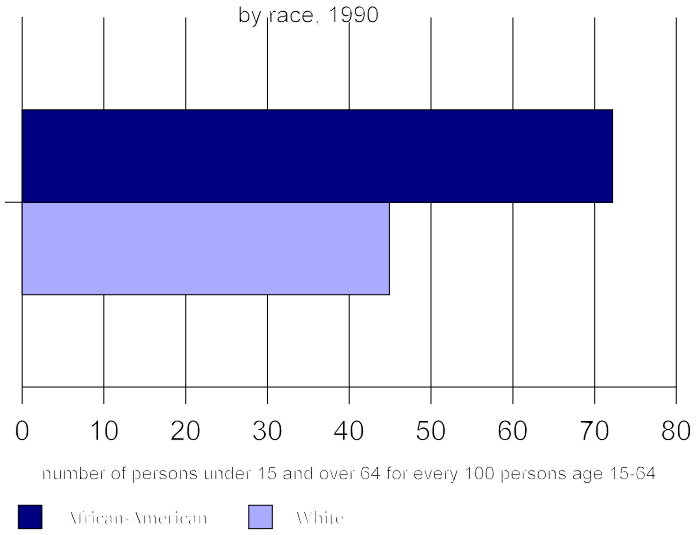
opportunity. Census estimates for 1995 report that 8.8 percent of the population in DeSoto County lives below the poverty line. This figure is consistently higher for the black population. This section of the population earns less than half the median income for the county, and is adversely affected by the rising prices of housing, land, and construction. Sacred Heart focuses on serving these very low- and low-income people by striving to improve their housing conditions.

The Dehon Village project is located in Walls, a small unincorporated community near U.S. Highway 61 in the northwest portion of DeSoto County. The backdrop for this project is comprised primarily of wooded pasture land and agricultural row cropland. A few residential projects are located nearby. U.S. Highway 61 provides direct access to Memphis in the north and the Mississippi Delta agricultural region to the south. State highways intersect this road, providing linkage to the growing communities of Horn Lake, Southhaven, and Olive Branch to the east. The majority of traffic to and from Tunica, located approximately eight miles south of Walls, utilizes either Highway 61 or the state highway.

Launching Dehon Village

The concept for developing Dehon Village grew out of an urgent need in the community. A group of seven sharecropper homes located at the edge of a cotton field behind the administrative offices of Sacred Heart Southern Missions were condemned by the Mississippi Health Department. These homes were in fact shacks with dirt floors, no running water or sewer facilities, and no electricity. However, their residents had occupied them for years. The Health department decreed that these homes were not fit for habitation and decided to evict their occupants without any plans for their relocation. This act would render the near-destitute families homeless. Sacred Heart could not watch this happen literally in its back yard, so it decided to intervene and help the families. This was the beginning of Sacred Heart Southern Missions Housing Corporation (SHSM) and the launching pad for its housing program.

Figure 2.2: Dependency Ratios in DeSoto County



The first step involved getting the Health Department to delay its eviction proceedings against the seven families. Next, Sacred Heart purchased the land the families currently lived on by offering the owner a generous sum of money. Often in rural parts of the Delta where land ownership is concentrated in the hands of a few, obtaining land for the development of affordable housing for low-income people is a near impossible venture. Wealthy farmers, sometimes clinging to an idea of the "old South," refuse to sell land

they own for the development of low-income housing, particularly since the low-income populace is often African American.[15] In this instance Sacred Heart was fortunate to obtain cooperation from the landowner.

Sacred Heart then proceeded to get permission from the County Commission[16] to install seven mobile homes on the site. These mobile homes needed to be hooked up to water and sewer services. There was no municipal water or sewer facility in Walls at that time. Sacred Heart solved the immediate crisis by connecting the trailers to its own water tank and septic system on a temporary basis. The next step involved creating a water authority. Sacred Heart simultaneously began working on securing permission to build decent houses for these families. This presented another hurdle. The County Supervisors refused to grant permission for the construction of "multifamily" housing. It was unclear whether the Supervisors objected to the rental housing itself or the potential occupants of this housing, according to nonprofit staff interviewed for this case study. Ultimately, a private developer sought and managed to secure permission to construct market-rate rental housing in the county. Once the Supervisors sanctioned the private development, they could no longer legitimately block Sacred Heart's development proposal. The County gave its approval with the caveat that the housing constructed would be single-family detached units. With approval in hand, Sacred Heart began the process of developing eight housing units. An unexpected advantage of having the beneficiary families living on the site in mobile homes was their ability to serve as security guards for Sacred Heart. Watching the process of housing development unfold helped the families cultivate a tremendous pride of place and they were extremely diligent about protecting the property.

An essential part of this process was preparing the families for the new homes they would occupy. Sacred Heart staff worked closely with the families, focusing on community building. An effort was made to involve each family in as many decisions as feasible. Sacred Heart conducted classes on housekeeping and home maintenance and provided in-depth budget counseling. In fact, Sacred Heart staff worked on every small detail with the families. They even helped the families select and purchase furnishingss to prevent them from accumulating debt and injuring their credit. This process took several years. It began in 1989 and the families eventually moved into their homes in 1995.

As a result of this process, Sacred Heart Missions came to realize that housing was a very important issue for the people it served. Housing needs in the area could not be effectively addressed as an outreach project of the social ministry. Consequently, Sacred Heart Southern Missions Housing Corporation was created in 1992 as a subsidiary corporation of the larger mission and a housing coordinator was hired. Sacred Heart wanted to take a proactive rather than reactive approach to addressing the housing needs in its region. The housing corporation decided to build an additional 30 detached rental units adjacent to the original eight. The project

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[15] Comments by participants during strategy meeting of the Delta initiative co-convened by HAC and USDA on October 6, 1996.

[16] The County Commission is the local planning entity.

was funded through a complex mixture of tax credits and private bank loans, typical of a tax credit project. (See Figure 2.3 for an outline of the project's financing.) A local bank, Union Planters Bank, purchased the tax credits and along with a housing consultant helped package the deal.

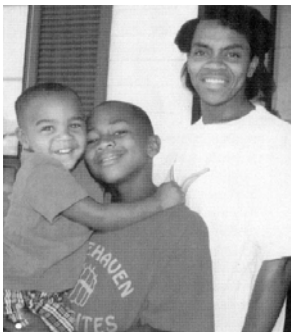
Dehon Village grew to be a 38-unit planned development made up of a mixture of two-, three-, and four-bedroom units with a playground and a community learning center.

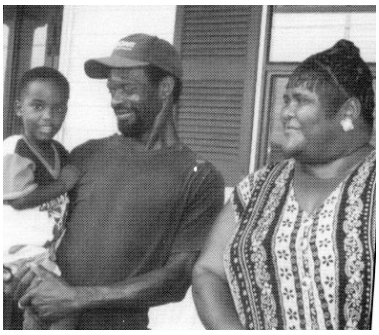
All the units in the complex are reserved for low-income families. In fact, many of the families in this complex actually earn 10 to 15 percent of the median income for the county. A number of the tenants have minimum wage jobs or receive public assistance. Market rents in the area are very high because of the recent housing boom: a two-bedroom unit costs almost $600. Average rent collected by Sacred Heart from Dehon Village residents is $175. The difference is made up by subsidy from the federal HOME program and private donors.

Beneficiary families are required to participate in education programs at the community/learning center. Some amount of community service is also required, such as weeding. This helps Sacred Heart defray some of its maintenance costs and builds a sense of community among the residents. The educational programs conducted at the learning center help steer families towards greater self-sufficiency. Sacred Heart has hired a full-time director for this center in order to focus energy on helping resident families develop marketable skills.

Another critical ingredient of the success of this project is that in addition to a property manager, Sacred Heart also has a full-time social worker at Dehon Village. The social worker helps at-risk families, works on conflict resolution, and is able to address issues as they arise before they attain crisis proportions. For instance, some of the families residing in the project have never had neighbors before. The social worker helps these families adjust to a neighborhood setting and prevents friction from occurring between families over something as innocuous as loud music.

Sacred Heart is a firm believer in this holistic approach to housing. The executive director sums up its philosophy: "When we provide a home for our families, we want families to have all of the responsibility that comes with this, and all of the opportunity."





Proud residents of Dehon Village Planned Development.

Figure 2.3: Some of the Favorable Financing Obtained for the Dehon Village Project

	Source	Interest Rate	Amount	Term
1	Mississippi Home Corp.	3%	$300,000	7 years
2	HOME funds	0% for 10 years, 1% for next 50 years	$800,000	No payments for 10 years, complete amortization over following 50 years
3	Sacred Heart Missions	0% for 10 years, 1% for next 50 years	$129,000	No payments for 10 years, complete amortization over following 50 years
4	FHLB funds	0% for 10 years, 1% for the next 50 years	$150,000	No payments for 10 years, complete amortization over following 50 years
5	Mississippi Home Corp. tax credit equity		$1,159,188	

Lessons Learned and Replicability

Securing rental assistance for the area's families poses a major challenge. Northern Mississippi has very few Section 8 certificates: in early 1999 there were a total of eight certificates available for use in all of DeSoto County. Mississippi has its own tenant-based assistance program through the U.S. Department of Housing and Urban Development's HOME Investment Partnership program (HOME) funds. However, there is a two-year limit to obtaining assistance through this program. At the time this study was conducted, approximately 40 percent of the units were receiving tenant-based assistance. The rest had exceeded the two-year limit.

One of the challenges faced by Sacred Heart was maintaining high levels of occupancy in the Dehon Village units. At one point, several units were vacant. Applications for Mississippi's tenant-based assistance program are processed by the Mississippi regional authority on a yearly basis. Families that missed signing up for a cycle of funding had to wait almost six months before they could get on the waiting list for the program. Often families lost interest or found other alternatives to meet their housing needs. Consequently, the regional authority's bureaucratic process caused a vacancy rate as high as 33 percent in Dehon Village. As a result, Sacred Heart was incurring a deficit of $4,000 to $5,000 monthly. In addition, it was turning away needy families. This situation prompted Sacred Heart to institute some policy changes.

It decided to accept families that would pay 30 percent of income for their units and forego the tenant-based assistance. Sacred Heart then worked hard to identify donors that could help make up the difference. Its efforts paid off and it managed to find a donor that would help cover costs for five years. Sacred Heart will have to find another alternative to assist with costs after the five-year period. While Sacred Heart managed to solve its immediate problem, it does not feel this is

an ideal alternative because it absolves the government of what Sacred Heart staff believe is its responsibility. More recently, at the time this study was conducted, Sacred Heart has received notification that the tenant-based assistance program is going to be terminated, adding to the challenges it faces.

Another lesson Sacred Heart learned was to pay greater attention to location. The project is currently located near a railroad track and is almost seven miles from any amenity. Dehon Village residents would have preferred better access to amenities.

Conclusion

Experience developing Dehon Village has led Sacred Heart to identify other housing needs within the community they serve. In response to these needs, Sacred Heart has created a housing counseling program and a revolving loan fund to provide mortgages to families that do not qualify for standard bank loans. Sacred Heart's housing counselor works with the families and prepares them for obtaining a loan from Sacred Heart. This low-interest loan covers downpayment and closing costs and has to be paid back through a balloon payment in two to five years depending on when the family is eligible for a conventional loan. The housing counselor continues to work with the families throughout this period and helps them secure conventional loans.

The loan fund is capitalized through alternative investments made by religious communities. The investment funds are provided interest-free for the first five years and then at a 5 percent interest rate over the next ten years with principal payments made every five years. The first investor in this fund has recently renewed its commitment, so Sacred Heart is confident of maintaining its program. At the time this study was conducted, Sacred Heart had $450,000 in outstanding loans to families and only one default during the four years this program has been operational.

Sacred Heart staff firmly believe that intensive housing counseling is an essential component of a successful affordable housing program. Helping families address credit issues and guiding them through budgeting and home maintenance has helped Sacred Heart maintain low default rates on its loan program. More importantly, it has helped families adjust to their new roles as renter or homeowner. In order to implement the level of counseling activity required, Sacred Heart applied for and was granted $35,000 from the Department of Housing and Urban Development in 1997. The following year HUD cut their funding by 85 percent to only $5,000. Despite this, Sacred Heart did not reduce its services. Instead it identified other funding sources to continue its counseling program. This demonstrates the importance the organization accords this aspect of its housing service delivery.

Sacred Heart also stresses the importance of building and nurturing relationships in the community. Over time, the organization has built up credibility and name recognition among organizations that can assist Sacred Heart deliver its services, such as state agencies and local banks.

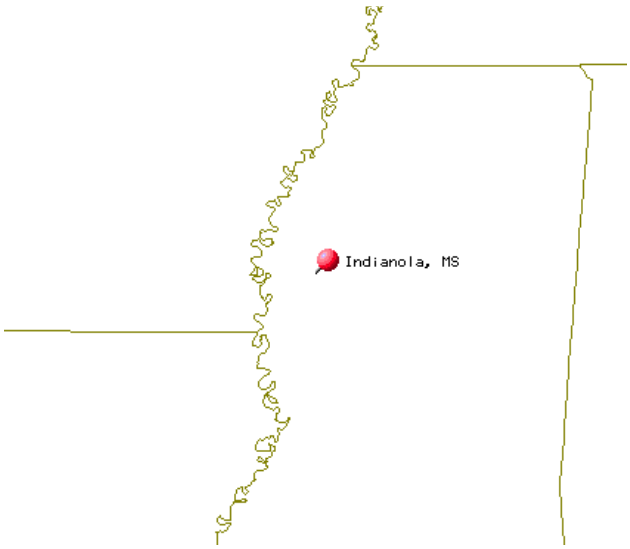
Projects like Dehon Village are feasible to replicate in other parts of the Delta. The challenges vary depending on the area picked as a site for locating such a project, but they can be

surmounted. The biggest challenge remains identifying adequate subsidy dollars to effectively serve a very low-income population. Clearly, it is not possible to serve the poorest of the poor if the nonprofit has to rely on rent income to cover its expenses. Targeting a population earning as low as 10 percent of median income requires creative planning, partnerships, and sources of grant funds.

Sacred Heart Southern Missions Housing Corporation creates alternatives to substandard housing.

How to develop capacity is probably the biggest lesson Sacred Heart has to offer other fledgling nonprofits in the Delta. Sacred Heart's story demonstrates how it is important to start with a small manageable project and see it through by tackling each obstacle as it arises. There will always be hurdles to cross. Overcoming these obstacles helps the nonprofit develop capacity and skills, and solidifies its strength to continue work in the face of severe difficulties and even outright opposition. Personal counseling for the beneficiary families is a crucial ingredient to ensuring the success of a low-income housing project. Overcoming past credit problems and teaching families to budget their resources effectively, particularly when there is no spare income, is a tremendous challenge that can take several years to address. There are no short cuts. Sacred Heart's staff asserts that change happens slowly and developing capacity takes persistence and time.

DELTA HOUSING DEVELOPMENT CORPORATION: SELF-HELP HOUSING PROJECT IN THE HENRY ROSSER SUBDIVISION IN SUNFLOWER COUNTY, MISSISSIPPI



The Delta Housing Development Corporation is a nonprofit housing developer that provides single-family and multifamily homes to qualified low-income families throughout Sunflower County. The organization, incorporated since 1971, is an experienced housing developer. It has developed or rehabilitated over 450 single-family homes, built and managed 181 units of rental housing, and helped more than 3,000 families with weatherization aid. The organization utilizes a variety of funding sources for its housing activity: it works with area banks for site acquisition and construction financing; state and federal funds are used to subsidize rental property and home mortgages. One of the most successful programs it has undertaken is the provision of housing through Rural Development's self-help housing program. This program requires the family who will occupy the house to perform most of the labor to construct the unit. This contribution of sweat equity helps bring down the cost of the house, making it affordable to low-income families. Delta Housing is one of the largest producers and oldest self-help housing developers in the region.

One of the newer self-help projects undertaken by Delta Housing is the construction of 32 single-family units as part of a 58-lots in the Henry Rosser subdivision in Sunflower County. Financing for site development comes through the Department of Housing and Urban Development's new Self-Help Homeownership Opportunity Program (SHOP). The special feature of this program is that 75 percent of the SHOP loan is forgivable, providing the requirements of the program are fully met. This forgivable portion will enable Delta Housing to set up its own revolving fund to undertake additional self-help housing development in the area. This project illustrates an innovative approach to addressing the financing challenges faced by nonprofit housing developers in the Delta.

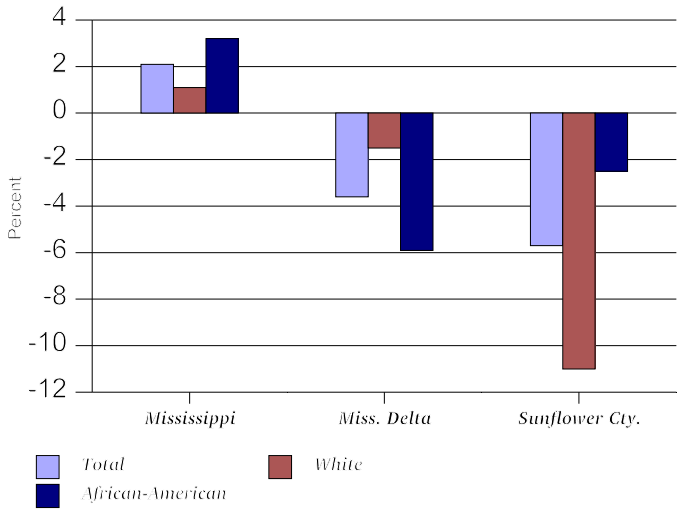
Overview of Sunflower County

Sunflower County reflects the population and poverty characteristics observed in most parts of the Delta. The population decline that began in the Delta in the 1940s continued through the 1980s.[17] Sunflower County reflects this trend as well. The county's population dropped by 5.7 percent from 34,844 in 1980 to 32,867 in 1990. As in other counties of the Delta, the greatest decline, 11 percent, was among the white population. In contrast, the black population declined

[17] Mississippi State University, Social Science Research Center, *Social and Economic Change in the Mississippi Delta: An Update of Portrait Data*, May 1996.

Figure 3.1: Population Decline from 1980 to 1990

by race

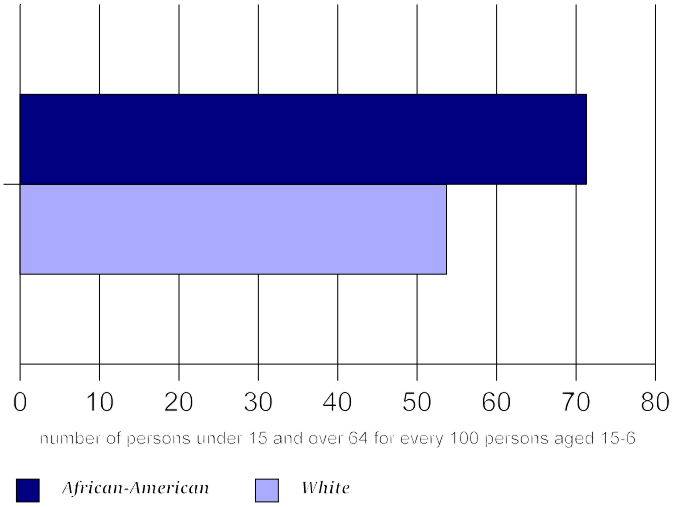


by 2.5 percent. This decline continued through 1995 with the Census Bureau reporting a population of 10,374 in 1995. The population decline in Sunflower County is even more dramatic when compared to the overall population change in all the Delta counties in Mississippi and the state as a whole. (See Figure 3.1.) As in many other parts of the Delta, this out-migration has left behind a population largely comprised of female-headed households, children, and the elderly. Consequently, Sunflower County had high dependency ratios according to 1993 Census figures: 53.7 for the white population and 71.3 for the black population.[18] These ratios, while comparable to the rest of the Delta counties, are significantly higher than the state as a whole. (See Figure 3.2.)

Only about a third of the county's population had completed high school education according to the 1990 Census, with the education rate for blacks half that for whites. Median household income was $14,431 according to 1990 Census figures. Families in the Delta earn an average weekly salary of about $339 according to calculations made by the Mississippi Employment Security Commission in 1995. Sunflower County also had an unemployment rate at 13.1 in 1995, one of the highest in among all the Delta counties in the state.[19] This rate, at 15.6, is even higher among women.

Figure 3.2: Dependency Ratio in Sunflower County

by race, 1990.



Census data from 1990 revealed that 37.3 percent of the county's population lived below the poverty level. This was a slight increase from the level reported in 1980, despite the decline in overall population. Census figures from 1995 report 41.6 percent of the population living in poverty, also an increase from previous levels. The percent of black people below poverty was even higher at 52.5 percent in 1990, representing almost no change from 1980 Census figures. The number of female-headed families below poverty was a staggering 62 percent in 1990. Extreme levels of poverty were also reflected among other vulnerable sections of the population such as the elderly and children.

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[18] The dependency ratio indicates the number of persons under 15 and over 64 for every 100 persons aged 15 to 64.

[19] The unemployment rate is the number of unemployed divided by the number in the labor force. This rate is calculated by the Mississippi Employment Security Commission.

Agriculture has long been part of the economic engine in Sunflower County. Visitors to the county are often greeted by the quintessential Delta vista of a panoply of white undulating cotton fields dotted with the bright red of mechanical cottonpickers. One has to look closely to pick out the other world that persists and contrasts with this. This other world is one of abject poverty, gross undereducation, extreme unemployment, of dilapidated housing and nonexistent sewage systems, and of dirt roads alongside new highways. Between these extremes is a reality that Delta Housing has helped to build through its diligent efforts over the past 28 years: a world of modest but decent housing, built by the labor of the homeowners that now proudly reside in it.

Creating a Self-Help Housing Program

In 1970, 10 miles from the town of Indianola, seat of Sunflower County, a tornado touched down and destroyed everything in its path, leaving people homeless and with nowhere to go for assistance or shelter. Delta Housing Development Corporation was born out of the need to help these people rebuild their lives. The organization began to develop affordable housing in 1972. In order to make the houses affordable for the low-income population in the county, Delta Housing adopted the mutual self-help housing program administered by the Rural Housing Service (RHS), formerly known as the Farmers Home Administration.

RHS's mutual self-help program is modeled on the old "barn raising" concept, involving neighbors helping each other to build their homes. Six to ten families form a workgroup that performs volunteer, unskilled labor, coupled with licensed contractors and supervision by Delta Housing to complete the homes. This process truly serves to empower the poor through homeownership. The beneficiary families contribute a fair amount of sweat equity to the project and receive home loans from RHS, the lender of last resort, since they are not able to access traditional financing. The units constructed by Delta Housing are standard wood-frame units with brick veneer, and are nearly 1,100 square feet in area.

Delta Housing began with the construction of 12 houses to accommodate some of the tornado victims. Since then it has never looked back. Delta Housing has successfully facilitated the construction of a number of self-help housing subdivisions in Sunflower County. Delta Housing has overcome a number of obstacles along the way, forged key relationships with the county government, and become one of the most prolific and reliable producers of affordable housing in the region. The Housing Assistance Council has often been a partner in helping build affordable housing, including for the first project the organization worked on, through low interest pre-development loans. Other partners include local banks such as Planters Bank.

The typical new, single-family, three-bedroom self-help house in Sunflower County costs $55,000. This housing cost is best appreciated when placed in the context of the prevalent local housing market. Local realtors report that the lowest priced home of comparable quality sold in a comparable location typically costs $68,000. This would be unaffordable to families with annual incomes between $12,000 and $15,000. Consequently, participating in the self-help construction program with Delta Housing offers these families a unique opportunity to own their homes. As part of the project, Delta Housing combines administration of the self-help program with family credit counseling, preconstruction training, and homeownership counseling. The training and counseling efforts are a crucial ingredient to the success of the housing developments completed by Delta Housing over the years.

Groups of six to ten families contribute sweat equity to lower the cost of their homes in the Henry Rosser subdivision.

Counseling ensures that the families participating in the program are truly committed and ready for the hard labor they are required to contribute. Counseling also helps prevent families from becoming delinquent and losing their homes. In addition, the construction training provides families with the skills necessary to maintain their homes in good condition. The total package offered by Delta Housing promotes real self-sufficiency for low-income families that is beyond the mere dollar value.

At the time this study was conducted, Delta Housing's counseling was offered only to self-help housing beneficiaries as part of the required training for participation in this program. Expenses related to this training were covered by the Section 523 Technical Assistance grant received by the organization from RHS. Delta Housing is in the process of establishing a more comprehensive counseling program because it believes counseling can play a pivotal role in the success of its housing programs.

The SHOP Program

One of Delta Housing's more recent projects, is the 58-lot Henry Rosser subdivision in Indianola. This subdivision will be completed in two phases. The first phase involves the construction of 26 units and work on this phase was underway at the time of this study. Delta Housing was in the process of developing the site for the next phase of 32 lots. It had requested a loan of $241,500 from the Housing Assistance Council's SHOP funds to cover the cost of site development. It had simultaneously identified 16 families that were interested in participating in the self-help program. These families were in the process of obtaining Section 502 loan approvals from RHS through their local Rural Development offices to provide the permanent mortgages for the units. It is important for these different aspects of a project to proceed simultaneously in order to avoid cost overruns associated with delays in construction and final closing of loans to the families. The 16 families will work in two groups of eight each to build their homes through the mutual self-help program. Each completed three-bedroom house will cost approximately $62,000. This project is expected to proceed like all the other projects previously undertaken by Delta Housing. The only difference is the potential SHOP loan through HAC.

HAC's SHOP fund, established with funding of $4,822,125 from the Department of Housing and Urban Development (HUD), provides capital to nonprofit housing developers for land and infrastructure costs to a maximum amount of $10,000 per unit. The funds are to be used to develop decent housing for low-income households, using the self-help and/or volunteer labor

approach. The SHOP loans are at zero percent interest with a 1 percent service fee charged to cover closing costs. Where the loan amount does not exceed $200,000, only 25 percent of the loan must be repaid if production goals are met. The remaining 75 percent may be forgiven and be used by the group to establish its own revolving loan fund for future site acquisition and development or as a grant to subsidize the site cost to participating families.

Delta Housing is excited at the prospect of keeping 75 percent of the SHOP loan for future use. It plans to set up its own revolving loan fund with this money and will use the funds to cover costs of obtaining and developing land for other subdivisions. Having ready money will help the organization to move rapidly when it identifies a suitable tract of land for development and will help reduce the cost of future developments. Delta Housing plans to pass this reduction on to homebuyers.

Lessons Learned and Replicability

When Delta Housing first began, it had to overcome entrenched prejudice on many fronts as it attempted to provide decent housing for the poor, most of whom were African-American. At that time it was very difficult to get an all white city or county government to support housing development for the predominantly black low-income population. Then things changed. Clanton Beamon, the executive director of Delta Housing, ran for and got elected to the County Commission in 1988. He was the first African American on the county board. Another staff member then got a seat on the City Council, after contesting the seat three times. Having African-American representation in these key decision-making bodies helped tip the balance in favor of Delta Housing and the population it served. When interviewed for this study, Clanton Beamon acknowledges that his elected post does assist in the work of the organization he heads. As County Supervisor he has been able to encourage the construction of critically needed water systems in the rural parts of his county. However, he adds that it was this very work that served as a springboard to help him get elected in the first place. This illustrates how closely intertwined politics can be with addressing the needs of the poor. Sometimes it takes more than identifying financing sources to get a project built in remote parts of the Delta. Beamon also serves as an example to encourage other locally elected black officials to engage the resources of their office more actively in alleviating the problems of their community.

Delta Housing claims it also often had to dig in its heels to fight racial prejudice within RHS. After years of establishing a stellar track record and building strong relationships within the agency, Delta Housing was able to overcome this barrier. It enjoyed many years of a good working relationship with Rural Development. However, at the time this study was conducted, matters seemed to have come full circle. The agency had undergone some staff changes. Delta Housing was once again experiencing problems with getting the local Rural Development office to approve the loans it had packaged, and according to the nonprofit, racial bias seemed to be at the root of these problems. At the time of this study, the group had submitted 16 applications to the local Rural Development office but only three had been approved. The housing group has filed a formal complaint with the agency to address its grievance.[20] The lesson here is to keep fighting.

Similarly, even on the latest project undertaken by Delta Housing, the Henry Rosser subdivision, the organization has had to resolve disputes with the city on zoning issues. It has been battling with a seller for over three years about title issues on another piece of property purchased for affordable housing development. Delta Housing's experiences demonstrate that there is never room for complacency. There are always new challenges to overcome with each new project. However, an organization that has developed experience and capacity is able to weather these challenges with relative ease. Unfortunately, a smaller, less experienced group may find not have the resources to survive the developmental delays each new obstacle can pose.

[20] As of March 3, 2000 Delta Housing's complaint is still pending resolution.

In the years since Delta Housing first began working in the field of affordable housing, it has added the development of rental housing (using RHS's Section 515 program) and the rehabilitation of existing housing to its portfolio of achievements. This range of programs helps Delta Housing serve the needs of a broad spectrum of clientele, including those who are not yet ready for homeownership.

Finally, Delta Housing's housing development efforts effectively demonstrate how sweat equity can contribute towards lowering the cost of housing to make it affordable to low-income families. Sweat equity is a creative form of financing for developing affordable housing in the Delta where alternate sources of credit are hard to obtain. Rural Development's self-help housing program is used effectively all over rural America. Its replicability is well documented. Despite this, only a few groups in the Delta have developed a self-help housing program to serve their target area. More groups could explore the feasibility of utilizing the concepts embodied in this program to meet the Delta's affordable housing needs.

SOUTHERN MUTUAL HELP
ASSOCIATION, INC.:
SOUTHERN LOUISIANA
RURAL HOME LOAN PARTNERSHIP IN
IBERIA, ST. LANDRY,
ST. MARTIN, ST. MARY, AND
VERMILION PARISHES, LOUISIANA

From a quaint and historic planter's home on the outskirts of New Iberia, Louisiana, Southern Mutual Help Association, Inc. (SMHA) directs its now 30-year-old campaign to improve social and economic conditions of low-wealth families in lower Louisiana. Formed in 1969, SMHA focuses on distressed rural communities in this region whose livelihood is interdependent with land and water. The organization works primarily with pervasively poor agricultural communities, women and people of color. SMHA is nationally known for employing asset-building strategies to build wealth in extremely poor isolated communities of Southern Louisiana.[20]

As a multi-faceted organization, SMHA has developed programs for rural homeownership, self-help development, and quality of life among indigenous farmworkers and fishers. In its early years, SMHA was instrumental in advocating for the rights and well-being of local sugar cane workers. They organized one of Southern Louisiana's first self-help housing programs and has developed numerous housing preservation and homeownership initiatives since then. SMHA have also been active in local environmental and sustainable agricultural ventures. The organization's most recent efforts have concentrated on helping displaced sugarcane workers and fishers find economic alternatives and obtain better housing. In 1997, SMHA created a wholly owned housing subsidiary, Southern Mutual Housing Development Cooperation (SMHDC). The subsidiary has over $2 million available to it through investments made by socially responsible entities. SMHA is a licensed contractor in the state of Louisiana and serves as the general contractor on all of its own development projects. In 1998, the Fannie Mae Foundation named SMHA on of only ten national Sustained Excellence Award winners for a decade of continued excellence in housing.

One of SMHA's most monumental ventures is its pioneering role in the Rural Home Loan Partnership (RHLP). The RHLP is a nationwide multi-million dollar initiative for revitalizing rural America. SMHA was one of only nine community development groups selected to be a pilot participant in the now nationwide programs. The RHLP creates leveraging opportunities between local nonprofit organizations, local lenders, and the United States Department of Agriculture's

[20]Rural LISC, Profiles of Community Partners. www.rurallisc.org/profiles/southern_mutual_help_association.htm June 28, 1999

Rural Housing Service, the Federal Home Loan Bank and other partners. Southern Mutual has utilized the program's flexible and leveraging resources to provide affordable homeownership options for low-wealth families in the Delta.

The case study demonstrates how effective collaboration between a range of partners can impact housing production at the local level.

Overview of the Region

In the southernmost portion of the Delta, the mighty Mississippi River runs into the Gulf of Mexico depositing much of its contents along the rich alluvial plains and swamps of the Louisiana bayou. Southern Louisiana has distinct economies, cultures, and even languages, which set it apart from much of mainstream America. In some ways it appears to be a place frozen in time. Antebellum mansions are set amidst endless acres of sugar canes, surrounded by massive trees embellished with hanging Spanish moss. Hamlets of dilapidated shotgun shacks, although more secluded, are equally common. Both are legacies of a fading agriculture economy and the race-based system which drove it. However, change and modernization have also come to this area. Strip malls, new ranch homes, and other trappings of middle class life are increasingly emerging. Yet lower Louisiana, much like the rest of the Delta, endures a systemic and long-term economic depression which stifles the quality of life for many of its inhabitants.

Flanked by the gulf of Mexico to the South and the Mississippi River tho the East, and encircled by swamps, South Central Louisiana has traditionally been a place connected to land and water. Agriculture and fishing are two of the area's primary industries. Yet both have undergone drastic changes in recent years which have had profound impacts on the local economy. The most significant of these was the rapid mechanization of the sugar cane industry. During the 1970s and 1980s thousands of farmworkers and their families were displaced. More recently, actions by the Louisiana state legislature have dramatically impacted the local fishing industry. A 1995 law which restricted commercial fishing displaced over 17,000 local fisher families practically overnight.

These recent transitions have only exacerbated the poor economic conditions of the area. In the five South Central Louisiana parishes served by SMHA, the average poverty rate is over three times the National average at 26.9 percent.[21] A legacy of racism and economic control by large landholders is inextricably linked to the area's social and economic predicament. Over half (52 percent) of African Americans in these same five parishes live in poverty. The Parishes' unemployment rate is twice the national average and 43 percent of the local population does not have a high school diploma.

In addition to poor social and economic conditions, decent, affordable housing also continues to be a problem. The rate of substandard housing in these five parishes is nearly twice the national average.[22] Much of the housing stock occupied by low-income families is old and deteriorating. Some homes and even entire communities are remnants of old plantation-owned housing. Several factors indigenous to the region exacerbate these housing problems. One in particular is land availability. Much of Southern Louisiana is covered with uninhibited swamp land. Further, a significant portion of land that is not under water has traditionally been held by large landholders for agricultural production. Therefore, available land in this area is at a premium and often out of the price range for affordable housing production.

The Rural Home Loan Partnership Program Mechanics

The Rural Home Loan Partnership is a collaborative program between the Federal Home Loan Bank (FHLB) system, Rural Local Initiatives Support Corporation(LISC), and USDA's Rural Housing Service (RHS). The national partners work with local nonprofit partners to effectively utilize RHS Section 502 leveraging loans to provide housing for qualified low-income families. The partnership creates leveraging opportunities between RHS, local nonprofit organizations. Local lenders. And the FHLB. In this partnership the nonprofit organization is responsible for packaging the housing applications, providing home ownership counseling, and helping families

[21]Most of the information reported here was provided by Southern Mutual Help Association and reflects 1990 Census figures.

[21]Housing Assistance Council, State Data Sheets: An Overview of Poverty and Housing Data from the 1990 Census, HAC: Washington D.C., 1994. Substandard housing units are commonly defined as those units that are overcrowded and/or lack complete plumbing facilities. This definition is extremely narrow because it is limited to the very few housing variables collected in the census.

find a home or find a developer to build a home. The local lender and RHS underwrite the loan and provide long-term mortgage financing. The FHLB extends money to the local lender, which are FHLB member institutions. Through their Affordable Housing Program (AHP) or Community Investment Program (CIP) at lower than market interest rates.

The Southern Louisiana Rural Home Loan Partnership (RHLP) serves households at or below 80 percent of the area median income on the five south central parishes of Iberia, St. Landry, St. Mary, St. Martin and Vermilion. There are five major players in the partnership. Their roles and contributions are discussed below (See Figure 4.1):

1) *Southern Mutual Help Association*: SMHA plays an integral role in the local RHLP. Serves as the developer, packager, and intermediary between all of the partners and homeowners, it is the "glue" that holds the project together. Initially, SMHA identifies and counsels potential homebuyers, and then coordinates the financing. One of SMHA's most important activities is the underwriting and packaging of all loan documents. This process has been streamlined by SMHA so that no replication occurs throughout the packaging process. For example, all parties accept the same appraisals, contracts, and loan documents. Local Partners universally agreed that reciprocity in the underwriting process is the key ingredient that makes leverage packaging work. SMHA also serves as the general contractor, coordinating and overseeing all subcontracts work during the development and construction phase.

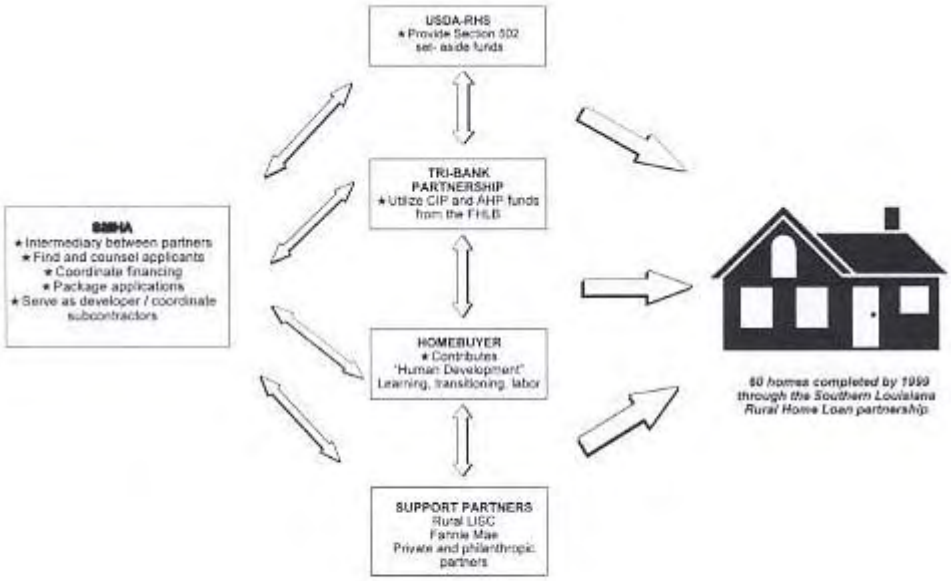
2) *USDA Rural Housing Service*: The Southern Louisiana RHLP has generated a blended mortgage product through innovative partnerships with local banks, RHS, Rural LISC, and others. The cornerstone of this lending product is the RHS Section 502 leveraged loan. The Section 502 direct loan program has traditionally been a significant source of federally subsidized financing for low-income home ownership in rural areas. The Section 502 leverage funds used in the RHLP have special components which make them more conducive for the collaborative nature of the program. First and most significant is the provision for a set-aside of Section 502 dollars to be exclusively utilized by the local CDC in the partnership. SMHA's set-aside is approximately $2 million, which is a combination of both state and federal allocations. A second major provision of the special RHLP 502 funds is a clause which subordinates RHS's lien position to a secondary lender. Typically, RHS is the primary lender contributing somewhere between 60 and 70 percent of the entire loan package. The subordination clause was implemented to provide and additional incentive for private institutions to enter into the partnership with relatively little risk.

3) *Tri-Bank Partnership*: Bolstered by the subordination clause, SMHA has cultivated an innovative tri-bank partnership with three local banks. The banks, Iberia Bank, Mid-South Bank, and Teche Federal Savings Bank, help cover the programs entire five parish service area. In each RHLP loan, on of the three banks provides between 30 and 40 percent of the financing at below-market interest rates. Funds for the banks. portion originate from the Federal Home Loan Bank (FHLB) of Dallas, of which all three banks are members. Typically the banks utilize the FHLB's Community Investment Program

(CIP). CIP funds are loaned to the banks at below market rates to then be re-loaned for low-income community development purposes. In addition, the tri-bank partnership also provides much needed grants to cover "up front costs" such as down payments and closing fees. Funds for this gap financing also come from the FHLB through its Affordable Housing Program (AHP). Currently the partnership has $240,000 in AHP funds to be distributed for principal reduction grants of $8,000 per loan package.

4) *Support Partners*: Other intermediaries such as Rural LISC, The Fannie Mae Foundation, and private, religious, and philanthropic organizations are vital partners in the implementation of the local RHLP. These organizations provide much needed training, technical assistance, pre-development capital, and monetary contributions toward implementation of the partnership.

Figure 4.1 Southern Louisiana Rural Home Loan Partnership



5) *Homebuyer*: The home buyer also plays an active role in the development process. Each participating household contributes a minimum of 300 hours of what SMHA terms "Human Development" toward the homeownership process. Such activities include contributing sweat equity, attending homeownership and budget counseling, and skill training sessions. Homebuyers in the partnership acquire their own permits and licenses, and are encouraged to provide input in the plans and design of their home. Further, each household is eligible for a small educational scholarship provided by a philanthropic charity. SMHA describes the input process by homeowners as part learning, part transitioning, and part labor.

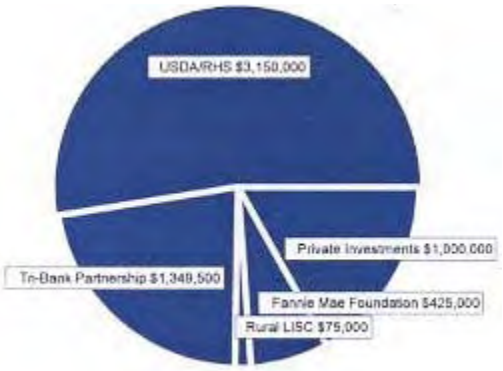
Outcomes

In 1997, the pilot year of the partnership, six homes were constructed through the Southern Louisiana RHLP. The following year that number increased to 21. In 1999 the partnership is slated to build approximately 35 homes. Most homes in the partnership range from 1,000 to 1,100 square feet in size, and average somewhere between $75,000 and $85,000 per unit in development costs, including land acquisition. The majority of new homes have been purchased by very low-income households below 50 percent of the area median income. Most are headed by single women and almost all have children present.

The partnership expects to leverage approximately $6 million from RHS, FHLB, and other private capital by the end of 1999. (See Figure 4.2.)

Figure 4.2 Project Financing

Southern Louisiana Rural Home Loan Partnership



The Southern Louisiana Rural Home Loan Partnership is an ongoing project and the partners expect to increase production annually. Currently SMHA is in the process of developing several subdivisions through the partnership. One particular project, "Caribbean Winds," in West St. Mary parish will use the RHLP to finance 12 mixed-income (moderate, low and very low) units of housing. In the spirit of the project's name, the homes in the subdivision are designed in a traditional Caribbean theme. Each brightly colored home is set on piers and adorned with decorative trim. These design enhancements are not solely for aesthetic purposes. For relatively minor cost, SMHA designed an attractive community that helps instill pride in homeowners and defies the misconception that affordable housing has to be purely functional and dull (See Figure 4.3.)

Figure 4.3 An elevation drawing of The Claire I, one of the home designs featured in SMHA's Caribbean Winds Subdivision.© 1999 Southern Mutual Help Assn., Inc.

Lessons Learned and Replicability

The Southern Louisiana Rural Home Loan Partnership is significant because it was one of the first experimental sites of a new national initiative. Virtually no precedent for a housing development collaboration among such varied partners existed. The road was not always smooth. One primary obstacle identified by all partners was the coordination of efforts between groups. Each partner was accustomed to its own style and rate of production. The effects of adjusting schedules and styles produced friction between some groups. However, this obstacle was remedied through a process of increased communication between the partners. This included weekly meetings between the primary partners to discuss problems and brainstorm for solutions. All partners stated that each entity had a learning curve, and that each had to change its mind set on how to provide their services together. But through persistence and a willingness to communicate, most of the obstacles have been remedied and the program is running smoothly.

Another impediment, particularly for SMHA, was the challenge of underwriting and coordinating the development process with several different funding sources. Leveraging is generally popular but it presents many challenges for the coordinating partner. All of the different funding programs have different regulations, guidelines and timelines, which require significant amounts of time, effort, and cost to coordinate. This problem was in part remedied by SMHA's ability to obtain additional administrative financing and technical assistance to coordinate the complexities of leveraging. SMHA maintains this venture would not have been successful if it were not for large amounts of financial and technical support from organizations such as the Fannie Mae Foundation, Rural LISC, and private donors who bolstered their administrative capacity.

SMHA credits four major factors for the success of the Southern Louisiana RHLP. First was the assigning of a set-aside of 502 dollars to the community development organization. This was greatly beneficial for SMHA from a management standpoint. It allowed them to know their parameters and plan according to an established level of resources. Secondly, the provision that

gave banks first position on the loan was a great incentive to get them involved. With this enticement the local banks encounter minimal risk with a relatively small investment. SMHA also credits USDA for its willingness to send high level authorities to help transition state and local RHS offices into the new program. The final component was the vital administrative and capacity building support of groups like the Fannie Mae Foundation, Rural LISC and other private and religious organizations.

Both RHS and the tri-bank partnership equally praised SMHA for their hard work in streamlining the application and packaging process. They maintain that each package received was impeccably complete and flawless. As one bank official noted, "They [SMHA] provide a perfect package... In fact every one we´ve sent to FHLB has been approved." RHS and the tri-bank partnership also agreed that SMHA's role with the homebuyer was important. For example, the partners noted that some of the homebuyers had never been in a bank before. "Naturally they felt intimidated," said one bank official. SMHA's ability to work with each homebuyer helps them feel comfortable with the process and facilitates each partner's role.

Representatives from the tri-bank partnership note that the RHLP has also opened up new markets for them. It is common practice for many low-income residents of the community to patronize sub-prime lending agencies, such as finance companies, for their lending needs. "However, if they become customers with the bank they will find that they can typically get better rates and deals with us [conventional bank], sentiments were offered by RHS officials who maintained that without the partnership and in particular the FHLB principal reduction grants, they would have been unable to assist many of the very low-income applicants who became homeowners. Further, they also pointed out that they were able to build more homes with less subsidy and fewer overall dollars.

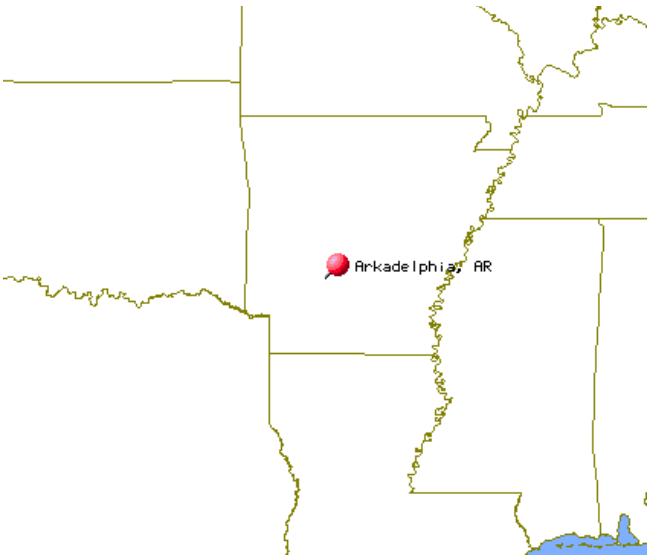
In addition to the 60 homes for low-income families in need of decent housing, the Southern Louisiana RHLP accomplishes other less tangible, but equally important outcomes. One of the most significant benefits is the partnership's ability to build community both literally and figuratively. It is a perfect example of nonprofit, government, and private groups working together toward a common goal. The partnerships created have forged strong relationships in the community which will serve to foster future positive relations. The homebuyers are principal beneficiaries in the partnership's community building efforts. With a new home they are assimilated into the local economy and have a greater stake in the community. Furthermore, the partnership's inclusion of private partners reduces the stigma of government hand-outs. Partnership homebuyers now make a payment at the bank like other homeowners in the community.

The success of the local RHLP extends beyond the Southern Louisiana Bayou region. Nationwide the partnership has become politically popular for its infusion of private capital and decreased reliance on federal subsidy. Thus, more homes are being built with fewer taxpayer dollars. The Southern Louisiana RHLP's hard work and persistence was instrumental in the program's nationwide success. As one of the pilot programs, it encountered and worked through the early logistics and unforeseen problems. In just four years the national RHLP has grown from nine community development corporations (CDCs) in nine states to 78 CDCs in 35 states. Those initial sites built 37 homes in 1996. In fiscal year 1999 the partnership is slated to build 633 homes.

Throughout the nationwide partnership, banks have invested over $10.6 million which has been leveraged with over $22 million from RHS.23

The RHLP has proved itself replicable throughout the nation. Yet its success in the Delta may not be as easily reproduced. The Partnership is designed to be very flexible and conform to each community's particular needs and resources. However, the aspect of nonprofit resources may be of concern for many Delta communities. SMHA is one of the oldest and most established nonprofit housing organizations in South Louisiana, if not the Delta itself. They have accumulated years of experience and more importantly significant financial capacity from reliable funders. These factors are essential to make a program such as the RHLP work, particularly with the program's reliance on leveraging. Typically the role of coordinator and financing facility rests with the local CDC in the partnership. Therefore, as SMHA staff pointed out, significant amounts of funds are needed to finance the large administrative costs associated with putting together a leverage package. Overall local CDCs operating the Lower Mississippi Delta are underdeveloped in administrative and funding capacity. If the success of the Southern Louisiana RHLP are to be replicated throughout the Delta they must also include increased capacity building among the local nonprofit sponsors to which the burden of work in this leverage partnership falls.

SOUTHERN DEVELOPMENT BANCORPORATION: DELTA ACRES RENTAL HOUSING PROJECT IN CLARENDON, ARKANSAS



Southern Development Bancorporation (Southern) is a bank holding company with five subsidiaries that became operational in May 1988 with the acquisition of Elk Horn Bank and Trust Company in Arkadelphia, Arkansas. Three of these subsidiaries are tax-exempt entities created to focus on generating economic development in targeted Arkansas regions suffering from high rates of poverty and unemployment. Southern is also certified as a Community Development Financial Institution (CDFI) by the U.S. Treasury Department. The development concept of creating an institution like Southern can be traced to an invitation from the Winthrop Rockefeller Foundation to South Shore Bank of Chicago to come to Arkansas and assist in adapting the bank holding company concept for stimulating economic development in rural Arkansas. Southern used private capital to establish itself and its subsidiaries as a permanent, self-sustaining institution, while fostering the development of economically disadvantaged areas.

One of the projects undertaken recently by Southern is the development of 25 units of rental housing in Clarendon, Arkansas using Rural Housing Service's Section 515 program. This project helps highlight how Southern's organizational structure is advantageous to tackling community development problems in the Delta. It also illustrates how collaboration and partnerships at the local level can foster effective development within Delta communities.

Overview of Clarendon, Arkansas[24]

The proposed project will be located in the City of Clarendon, the county seat of Monroe County. Clarendon is almost a dormant community, where no real development or change has occurred in a long time. It suffers from the poverty and unemployment conditions typical of many Delta counties. There has been no new construction in this community for years. In fact, there has been a 9.1 percent loss in housing stock between 1980 and 1990. Much of this loss has been in owner-occupied single-family units. The years since 1990 have probably seen an even greater decline in available housing stock.

Clarendon experienced a decrease of 13 percent in population over the 1980-1990 decade. Monroe County had a decrease of 19.3 percent. A significant proportion of this decrease occurred in the under 34 age group. Census Bureau estimates for 1995 indicate that a over a third of the county's population lives below the poverty line. This level is even higher among the

[24] Most of the information reported in this section has been taken from a market study prepared by Connie L. Morton for Southern in 1998.

more vulnerable sections of the population such as the elderly and children.

During the 1980s, Monroe County had a 15.5 percent decrease in employment. This decrease has slowed down since that time. At the time this study was conducted, employment in Clarendon was provided by only three factories. The unemployment rate is at 13 percent according to 1990 census figures. Census Bureau estimates for 1995 indicate a median income of $18,815.

A 1998 market study conducted to assess the feasibility of developing rental housing in Clarendon financed by the Low Income Housing Tax Credit (LIHTC) indicates that there are four multifamily complexes in the city. They are all at 100 percent occupancy, with substantial waiting lists. Sixty-four percent of the rental households have an income of less than $12,500. These tenants would require rental assistance in order to afford the proposed rental complex. Approximately 17.5 percent of the rental households earn between $12,500 and $20,000, and constitute the group that could pay basic rent in the proposed complex while remaining within the income limits required by the Section 515 and tax credit program s. The market study projected a need for 24 units with rental assistance and six units at basic rent. In addition, the study projected a need for 13 elderly rental housing units, with 10 of these requiring rental assistance.

The Structure of Southern Development Bancorporation[25]

Southern is an unusual institution in that it seeks to accomplish a public purpose mission through the structure of a private profit-making business. Southern owns and operates the Elk Horn Bank and Trust Company, a state-chartered, full-service bank organized in Arkansas in 1884, First National Bank of Phillips County located in Helena, and Delta State Bank of Elaine, Arkansas. Although Southern's development efforts begin with its banking operations through the accumulation of development credits, Southern feels that it is much more than a community development banking operation. Southern's holdings also include two other operating companies: a real estate development subsidiary, Opportunity Lands Corporation (OLC), and a nonprofit small business development affiliate, Arkansas Enterprise Group (AEG). Together these operating companies offer a spectrum of products and services: bank credit, real property development and management, small business assistance and higher risk "non-bank" business lending. In 1998 the U.S. Small Business Administration recognized Southern for "most loans to underserved markets" for the Arkansas district. (See Figure 5.1 for a chart explaining Southern's structure and the relationship between its various affiliates.)

One of the critical components of AEG is the Good Faith Fund (GFF). GFF's mission is to increase the incomes and assets of low- and moderate-income residents of the Arkansas Delta through the development of entrepreneurial skills, and the provision of credit, training, and other support services. It began as a self-employment loan fund. Since 1988, GFF has provided need-based technical assistance and training for over 763 emerging entrepreneurs and made $2 million in loans. More than 85 percent of the people assisted are women and approximately 90 percent are

[25] Information reported here was provided by staff of Southern and obtained from its 1998 annual report.

African Americans. GFF has also been branching out into a new role as an advocate and policy advisor for the population it serves.

More recently, in 1998 and 1999, Southern has begun focusing its efforts on creating homeownership opportunities within its target area in the Delta. In the past, Southern pursued homeownership development through OLC. OLC is a for-profit subsidiary that builds new startups, acquires and renovates distressed commercial and residential properties for use as low-income rental housing and affordable office space for small businesses. According to Southern's 1998 annual report, OLC has completed 36,900 square feet of commercial space for small businesses and 72 housing units with another 25 in construction near tornado-ravaged Arkadelphia.

Figure 5.1: Southern Development Bancorporation

Organization Chart

Southern has also organized a nonprofit real estate affiliate, Southern Community Development Corporation (SCDC). This organization will work parallel to OLC. Southern has concluded that markets in the Delta are too weak to support unsubsidized affordable housing development. A nonprofit organization generally has greater access to programs that underwrite low- and moderate-income housing. The creation of SCDC gives Southern two vehicles for developing housing in the Delta.

Southern has the ability to undertake comprehensive development efforts in the Arkansas Delta because of its unusual structure. It has the vehicles in place to stimulate affordable housing

development coupled with encouraging economic development through small business and self-employment lending. It also has the foresight to combine all of these endeavors with technical assistance and training, both of which are crucial to the long term success of any venture in the Delta. In addition, Southern has an image of permanence and other benefits of an institutional presence in the Delta through its banks.

Rental Housing Development in Clarendon

Two factors led Southern Development Bancorporation to consider developing rental housing in Clarendon. First, the stage was set and the timing was right to attempt a housing project in the city. Southern was familiar with conditions in the community because its affiliate, Opportunity Lands Corporation, owned some lots in the city. After years of no new construction, clearly some development would be welcome and would perhaps have a ripple effect and spur more development. Second, Southern had a reasonable entree into the community. It had connections with a local banker affiliated with Merchants and Planters Bank in Clarendon. Southern's modus operandi, when feasible, involves approaching a community through a local contact that can help it build a partnership with key players in the community.

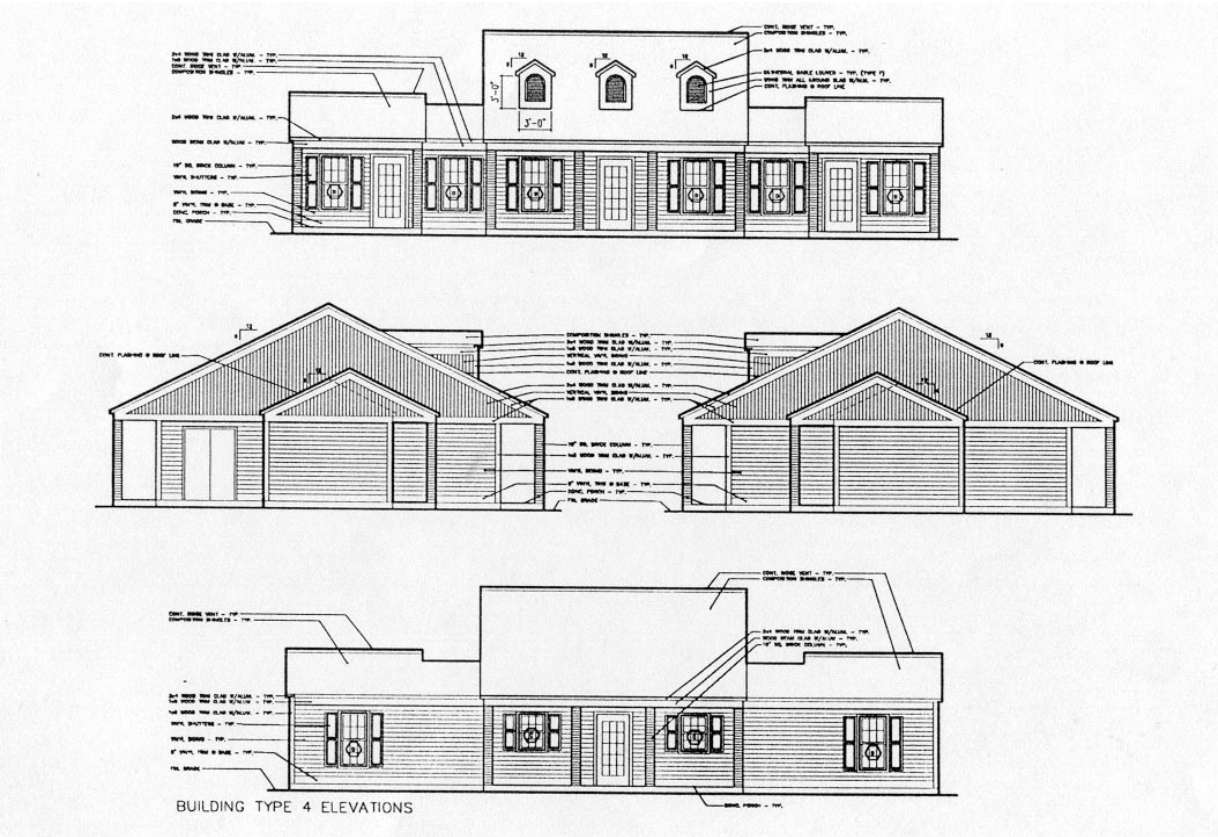
In this instance, the local banker introduced Southern to the city and its mayor and helped explain the proposed rental project to the community. OLC, Southern's for-profit real estate affiliate, would be the vehicle for undertaking this development. OLC would serve as the managing general partner of the limited partnership to be formed in 1999.

OLC planned to utilize Rural Housing Service's Section 515 rental housing program. The City donated 3.78 acres of land for this project, helping OLC to score the highest in the state on its 515 application. At the time this study was conducted, OLC was in the process of applying to Arkansas Development Finance Authority for HOME program funds to provide a match for Rural Development's 515 project loan. It was also planning to compete for credits from the Low Income Housing Tax Credit program. The tax credits, if awarded, will pay the allowable developer's fee and provide needed equity for the projects hard costs. (See Figure 5.2

Figure 5.2: Sources and Uses of Funds for Delta Acres

Sources		Uses	
Rural Development	$540,000	Construction	$1,042,732
HOME	$360,000	Architect	$50,054
Owner Contribution	$60,489	General Oper. Res.	$24,196
Donated Land	$50,000	Development Fee	$200,063
Tax Credit Proceeds	$349,360	Interest/Finance Fees	$47,000
Owner's Oper. Res.	$24,196	Other Soft Costs	$20,000
Total	$1,384,045	Total	$1,384,045

Figure 5.3: Delta Acres Sample Elevations



The proposed housing, Delta Acres, will be comprised of 24 units with one-, two- and three-bedroom houses. (See Figure 5.3) It will also have a manager's unit. The units will be conventional stick frame, with brick veneer and vinyl siding. In an attempt to create a spirit of community, the detached cluster type units will be arranged around a common courtyard area with a community center. The community center will provide a place for the residents to meet and use for education including classes for improving job skills. Other facilities will include a fenced tot-lot, laundry, a walking trail, and common outdoor picnic area with family gardens. The site immediately to the east of the project is a community ball field, an important asset. The outdoor facilities of the project will be carefully designed to link it to this recreational space. (See Figure 5.4.)

The project will proceed as any other tax credit project undertaken by Southern. Southern's size and expertise perhaps make it easier than it would be for a small nonprofit to undertake the complex partnership and financing arrangements that are routine for tax credit projects. What is special about this project are the spin-off benefits that will accrue for the community.

As in many other rural areas, there are no local contractors are available in Clarendon. OLC will work with a contractor from Little Rock with whom it has an ongoing relationship. The Little Rock contractor will transport his crew to Clarendon for this project. While they are available in the area, OLC will utilize their skills to build new affordable single-family units on the lots it

already owns in the City. These units will help meet the housing needs of the population earning 50 to 60 percent of the area's median income.

In addition, OLC is in the process of negotiating the involvement of local manufacturing industry in the provision of housing for its employees. At the time this study was conducted, the owner of the local shoe factory had expressed an interest in instituting a matched savings program, or Independent Development Account (IDA) program, for its employees to save money for downpayments and closing costs. Most of its employees were commuting from other areas and the factory owner was hoping to encourage the employees to relocate to Clarendon.

Finally, through participation in the rental housing deal, local bankers have developed a level of comfort with OLC and enthusiasm for its goals. They have expressed interest in instituting a counseling program for first-time homebuyers. They are also committed to providing the mortgage financing for these families.

Lessons Learned and Replicability

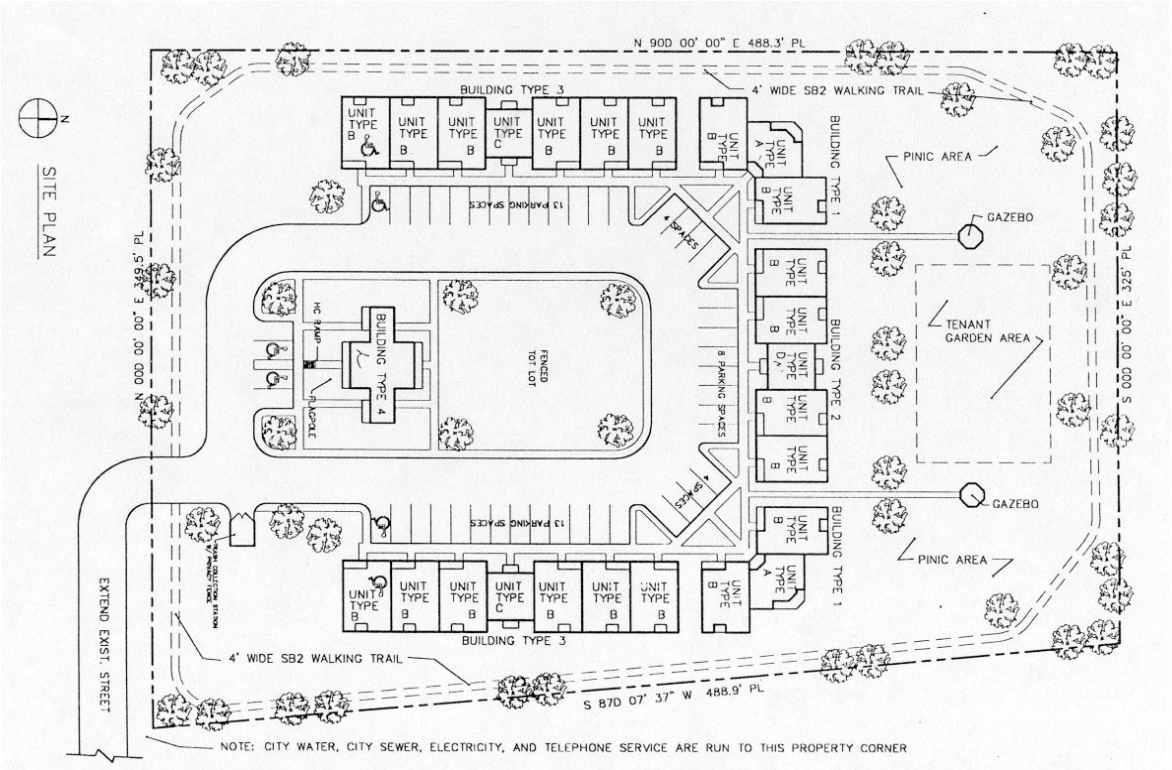
An entity with Southern's resources and skills does not experience many obstacles in putting together housing deals in the Delta. It has the ability to influence parties that may otherwise have proved adversarial, such as local government. It has the ability to encourage local banks to participate in the provision of affordable housing. While recreating an institution of this magnitude may not be feasible in all parts of the Delta, it is possible to replicate some of the approaches institutionalized by Southern.

For instance, it is worthwhile for local groups interested in developing affordable housing in a community to identify a local leader that is interested in facilitating the development of the community. By building a relationship and gaining the support of this leader, local groups may be able to open a number of doors within the targeted community.

Similarly, during the process of building affordable housing, it is useful for local groups to identify related opportunities for spurring additional development within the community. Local groups may find opportunities for creating other programs that help address the needs of the community they serve.

Finally, Southern itself is in the process of expanding the area it serves into contiguous counties in Mississippi. This will be the first step in serving a greater portion of the Delta, and more areas will benefit from Southern's expertise and commitment.

Figure 5.4: Delta Acres Proposed Layout Plan



CONCLUSIONS AND RECOMMENDATIONS

Each of the case studies described in this report highlights a different approaches to addressing the problems faced by residents of the Lower Mississippi Delta. While each case study represents a response to very specific needs identified in a particular geographical area, several common themes emerge.

The case studies indicate that several critical ingredients are necessary for putting together a successful project to address the needs in the Delta. Local groups need determination and persistence to overcome various barriers including those resulting from the Delta's legacy of segregation. The creation of partnerships and collaborations is often helpful for implementing housing development projects in remote parts of the Delta. Partners bring new resources and skills that help add to the capacity of the local group. They can also secure community support for a project and circumvent problems that may arise as a result of the NIMBY (Not In My Backyard) syndrome.

Local groups should also capitalize on the opportunity to engage the participation and support of locally elected officials in the development process. African-American elected officials, as beneficiaries of the voting rights battles fought and won, have a vested interest and commitment to supporting development in the community they represent.

Much of the success of a housing project in the Delta is also dependent upon strong community outreach and the personal relationships cultivated with participating families. Careful counseling prevents delinquencies and helps families maintain their houses in good condition. Familiarity with participating families helps facilitate early intervention in the event of a crisis.

Finally, effecting change in the Delta requires long term commitment. Local groups and other interested entities need to accept this reality, and not be disheartened when they do not see immediate results, or are faced with obstructions and delays.

Each of the case studies also indicates that there is a dire need for capacity development in the Delta. Many areas require the creation of local nonprofits to undertake development work. In addition, existing nonprofit organizations are always in search of operating support, flexible funding sources, and training and technical assistance. While these needs are echoed by groups everywhere in rural America, in the Delta they are compounded by the magnitude of the problems and a long history of neglect.

Based on prior experience and intimate knowledge of the Delta, participants in the Delta initiative co-convened by HAC and USDA have developed several recommendations for addressing the problems in the Delta. The experiences and needs highlighted by the case studies serve to support and endorse these suggestions. The proposed recommendations are intended to strengthen existing development efforts and suggest a broad framework for designing a comprehensive assistance strategy for the Delta. They are grouped under two categories:

Initiating Structural Change in the Delta

The problems and needs prevalent in Delta counties from Arkansas, Mississippi and Louisiana indicate that these areas have more in common with each other than with the rest of their states. Though the Delta is widely acknowledged as a geographic region, this identity of place is not often considered in the development of public policies and programs. This is compounded by the fact that most assistance providers and resource groups break up the region by states into categories that suit their administrative requirements. A potential approach to shaping a regional perspective for the Delta would be the creation of a Delta Rural Development Council. Council membership would include representatives of federal, state, local and tribal governments from each of the three states, as well as members of for-profit and nonprofit organizations. These groups would be expected to voluntarily join together to improve and ultimately direct the way rural development activities within the Delta are conducted. Participation in the council would not be driven by access to program dollars; rather, the council would aim to use existing resources more effectively. The governance structure of the council would evolve as members move forward in trying to implement priorities. However, it would certainly institute greater local control over the allocation of resources in the Delta. Once created, the Delta council could undertake a number of initiatives that involve information and resource sharing between the Delta regions of the three states including policy and planning issues, communication and outreach activities, and undertaking demonstration projects. This approach would help make strides in affecting the way change and development occurs in the Delta.

Facilitating Resource and Capital Development for the Delta

Persistent poverty and uneven distribution and underutilization of available resources restrict the ability of distressed rural communities to create positive change in the Delta. Systematic disinvestment and lack of new resource delivery to the Delta were cited by Delta initiative participants as major obstacles. The creation of partnerships and collaborations between religious, philanthropic, government, and corporate interests, and local community groups would facilitate new development efforts in the Delta. Collaboration would enable local entities to explore cost-sharing approaches to meeting local needs, improve coordination between organizations, and help local groups transcend boundaries of policy making and program implementation. Other recommendations include the design and creation of special lending and credit enhancement mechanisms such as community development financial institutions, community development loan funds, and community credit unions to help address some of the credit need of the Delta. Finally, targeted set-asides of key public and private programs would help leverage additional investment for community development in the Delta.

APPENDIX A

Nonmetro Counties And Parishes of The Lower Mississippi Delta

Arkansas
Arkansas
Ashely
Baxter
Bradley
Calhoun
Chicot
Clay
Cleveland
Craighead
Crittenden
Cross
Dallas
Desha
Drew
Fulton
Grant
Greene
Independence
Izard
Jackson
Lawrence
Lee
Lincoln
Lonoke
Marion
Mississippi
Monroe
Ouachita
Phillips
Poinsett
Prairie
Pulaski
Randolph
St. Francis
Searcy
Sharp
Stone
Union
VanBuren
White
Woodruff

Louisiana
Acadia
Allen
Ascension
Assumption
Avoyelles
Caldwell
Catahoula
Concordia
East Baton Rouge
East Carroll
East Feliciana
Evangeline
Franklin
Grant
Iberia
Iberville
Jackson
Jefferson
Lafourche
La Salle
Lincoln
Madison
Morehouse
Ouachita
Plaquemines
Pointe Coupee
Richland
St. Bernard
St. Charles
St. Helena
St. James
St. John the Baptist
St. Landry
St. Martin
Tangipahoa
Tensas
Union
Washington
West Baton Rouge
West Carroll
West Feliciana
Winn

Mississippi
Adams
Amite
Attala
Benton
Bolivar
Carroll
Claiborne
Coahoma
Copiah
Covington
DeSoto
Grenada
Franklin
Grenada
Hinds
Holmes
Humphreys
Issaquena
Jefferson
Jefferson Davis
Lafayette
Lawrence
Leflore
Lincoln
Madison
Marion
Marshall
Montgomery
Panola
Pike
Quitman
Rankin
Sharkey
Simpson
Sunflower
Tallahatchie
Tate
Tippah
Tunica
Union
Walthall
Warren
Washington
Wilkinson
Yalobusha
Yazoo

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The Lower Mississippi delta region is one of the poorest areas in the United States, with an overwhelming need for the development of decent, affordable housing. The Delta is also characterized by a sluggish economy, high unemployment rates and problems arising from its legacy of segregation. Despite the numerous challenges, many local groups have devised creative ways to develop affordable housing projects in the region. This report focuses on documenting some of the different approaches to improving housing and infrastructure conditions in the Delta. Four case studies highlight the stories behind successful ventures to create alternatives for Delta residents. They discuss the obstacles overcome by local entities and include lessons for other organizations interested in replicating these successes.

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