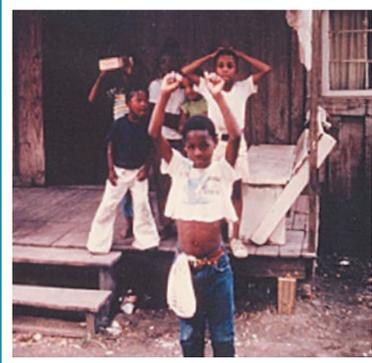


through partnership... **Progress**

35 YEARS OF BUILDING RURAL COMMUNITIES



THE HOUSING ASSISTANCE COUNCIL LOAN FUND 1971-2006

HAC



HAC

**HOUSING
ASSISTANCE
COUNCIL
LOAN FUND
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through partnership... progress

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Photograph by Tom Levine

Dear Friends,

The Housing Assistance Council (HAC) is marking 35 years of working to create improved housing conditions across rural America. HAC was created to address deplorable and often overlooked housing conditions in rural areas. Since our founding, the HAC Loan Fund has provided much needed financial resources to advance that mission. HAC loans are often used for up-front development purposes that many conventional lenders shy away from. And, while HAC has remained committed to its mission, the Loan Fund has evolved over time to meet the changing needs of our local partners.

Over the past three and a half decades, the social, economic, and demographic landscape of rural America has changed. Likewise, new housing issues have arisen while other housing concerns have remained constant. As these trends have transformed the face of affordable housing, the HAC Loan Fund has adapted. During the 1970s and 1980s, significant federal resources helped local organizations develop a wide array of housing initiatives and HAC resources supported these endeavors, including rental housing and infrastructure development. In the 1990s, the HAC Loan Fund increasingly supported self-help housing and homeownership activities.

Starting from a \$2 million War on Poverty grant in 1971, the HAC Loan Fund has now committed over \$200 million in loans and funded more than 46,000 affordable housing units. The HAC Loan Fund has had a broad reach across rural America supporting the development of affordable homes in 49 states, Puerto Rico, and the U.S. Virgin Islands. HAC borrowers have all shared a common goal – to create affordable housing for low-income rural households. HAC is proud to have worked in partnership with these groups. Together, we have made significant progress towards meeting the housing needs of low-income rural residents.

For the past 35 years, the HAC Loan Fund has helped to improve housing and living conditions for tens of thousands of low- and very low-income families in rural communities across the nation. While much progress has been made, still more remains to be done. The HAC Loan Fund continues to grow and adapt to this ever changing environment while keeping focus on what is most important, affordable housing for millions of low-income rural Americans.


Gideon Anders
Chair


Arturo Lopez
President


Moises Loza
Executive Director

OUR MISSION



THE HOUSING ASSISTANCE COUNCIL

The Housing Assistance Council (HAC), a nonprofit corporation, has been helping local organizations build affordable homes in rural America since 1971. Headquartered in Washington, D.C., with offices in Georgia, New Mexico, California, and Missouri, HAC's mission is to improve housing conditions for the rural poor, with an emphasis on the poorest of the poor in the most rural places. HAC is an equal opportunity lender.

HAC's programs focus on local solutions, empowerment of the poor, reduced dependence, and self-help strategies. HAC offers services to public, nonprofit, and private organizations throughout the United States. HAC also maintains a special focus on high-need groups and regions: Indian Country, the Mississippi Delta, farmworkers, the Southwest border colonias, and Appalachia.

OUR SERVICES

LOANS

Since 1971, HAC has committed over \$201 million in loans for project start-up costs to community-based housing sponsors. These loans have helped to create more than 46,000 housing units and 14,000 water/sewer connections in 49 states, the Virgin Islands, and Puerto Rico.

TECHNICAL ASSISTANCE

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

TRAINING

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

RESEARCH AND INFORMATION

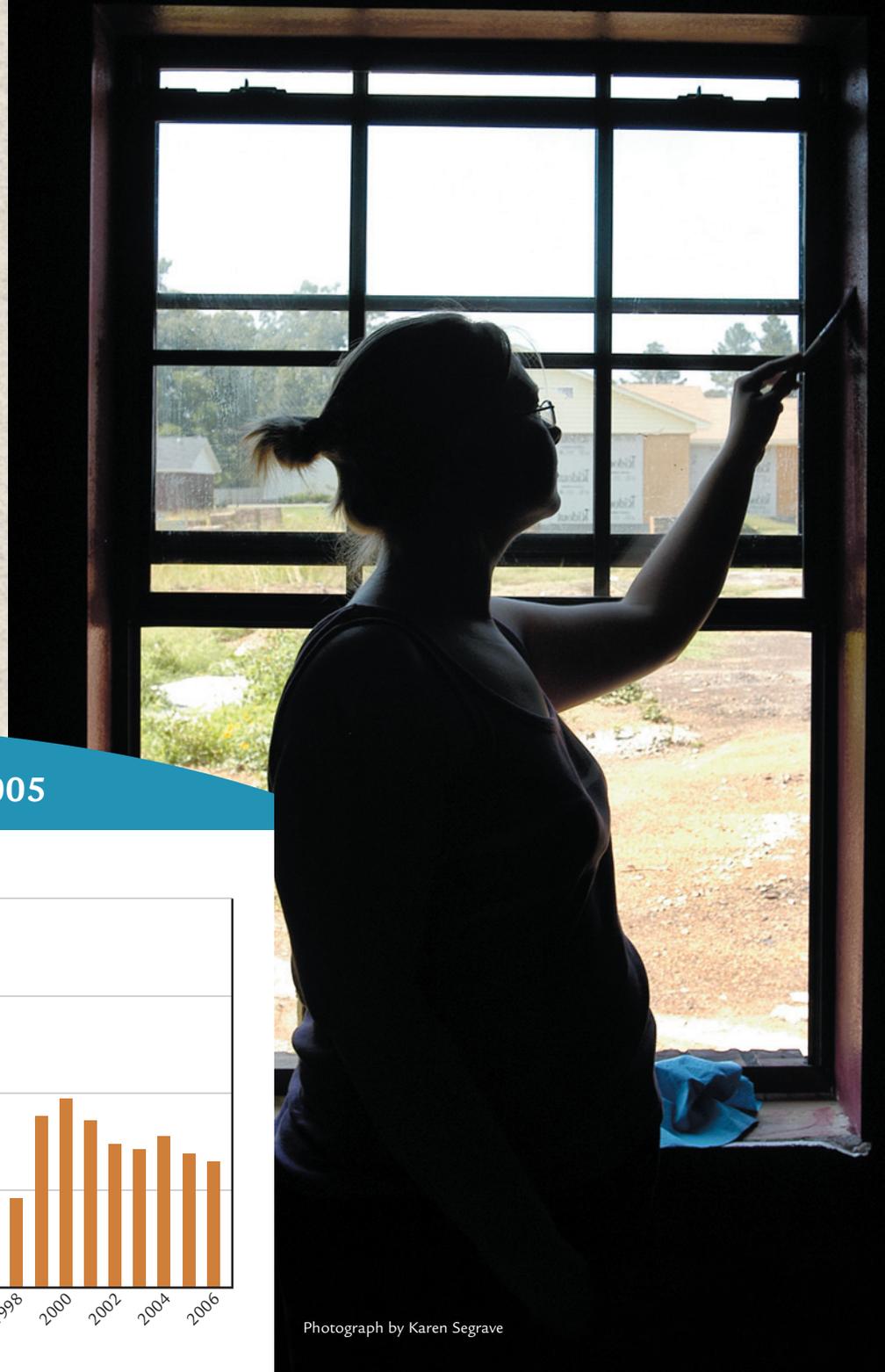
HAC collects and analyzes information on a range of rural housing and poverty topics; this information is shared through HAC's biweekly newsletter, *HAC News*, a quarterly magazine, *Rural Voices*, research reports and technical manuals, and the HAC website, www.ruralhome.org.

RURAL HOUSING SERVICES, INC.

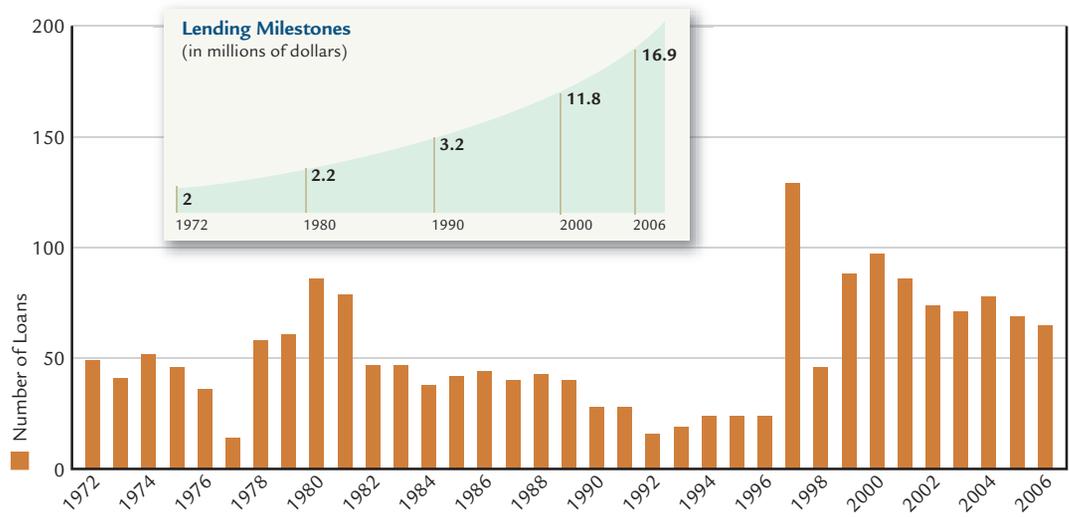
A HAC subsidiary created in 1982, Rural Housing Service helped develop and co-owns low-income housing tax credit rental projects providing affordable housing units in several states.

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

Statement of Activities
 — Housing Assistance Council, 1972



HAC Lending Activity, 1971-2005



our history

35 YEARS OF THE HAC LOAN FUND

Since 1971, the ability to lend funds in support of affordable housing development has been the centerpiece of the Housing Assistance Council's (HAC's) rural housing mission. Over the past three and a half decades, the HAC Loan Fund has helped local groups improve housing and living standards for tens of thousands of low- and very low-income residents in rural communities across the nation.

In many ways, the HAC Loan Fund continues to play the same critical role in 2006 as it did 35 years ago. HAC loans provide much needed gap financing for affordable housing development in rural areas. Whereas traditional housing programs finance construction or long-term mortgages, many often will not support the up-front development costs needed to bring a project from concept to construction. Additionally, some rural areas are underserved by conventional banks and lending institutions and nonprofit housing developers often have needs that may be considered high risk by local banks.

The HAC Loan Fund was created and continues to fill the pre-development finance gaps that limit the creation of affordable housing in rural areas. The Loan Fund provides much-needed capital in the early stages of rural housing development. HAC provides short-term loans at below-market interest rates; borrowers can use these funds to engage in pre-development activities, including land acquisition and site development.

Since inception, HAC has made more than 1,800 loan commitments totaling over \$201 million for rural housing development.¹ These loan commitments have funded more than 46,000 units of affordable housing and over 14,000 water and waste water connections in rural areas. HAC borrowers can be found across the nation in rural communities of various sizes and types. Wherever local organizations have the capacity to develop affordable rural housing, HAC partners to make loans and create housing. Where there is no capacity, HAC tries to help create it.

Over the past 35 years, the Housing Assistance Council has remained true to its mission of improving housing conditions for the rural poor, with an emphasis on the poorest of the poor in the most rural places. In order to accomplish these results, HAC has had to respond to a changing community development landscape. The HAC Loan Fund has evolved over the decades as the needs of HAC's local partners have called for new products and new ways of creating and sustaining affordable housing.

1971–
2006

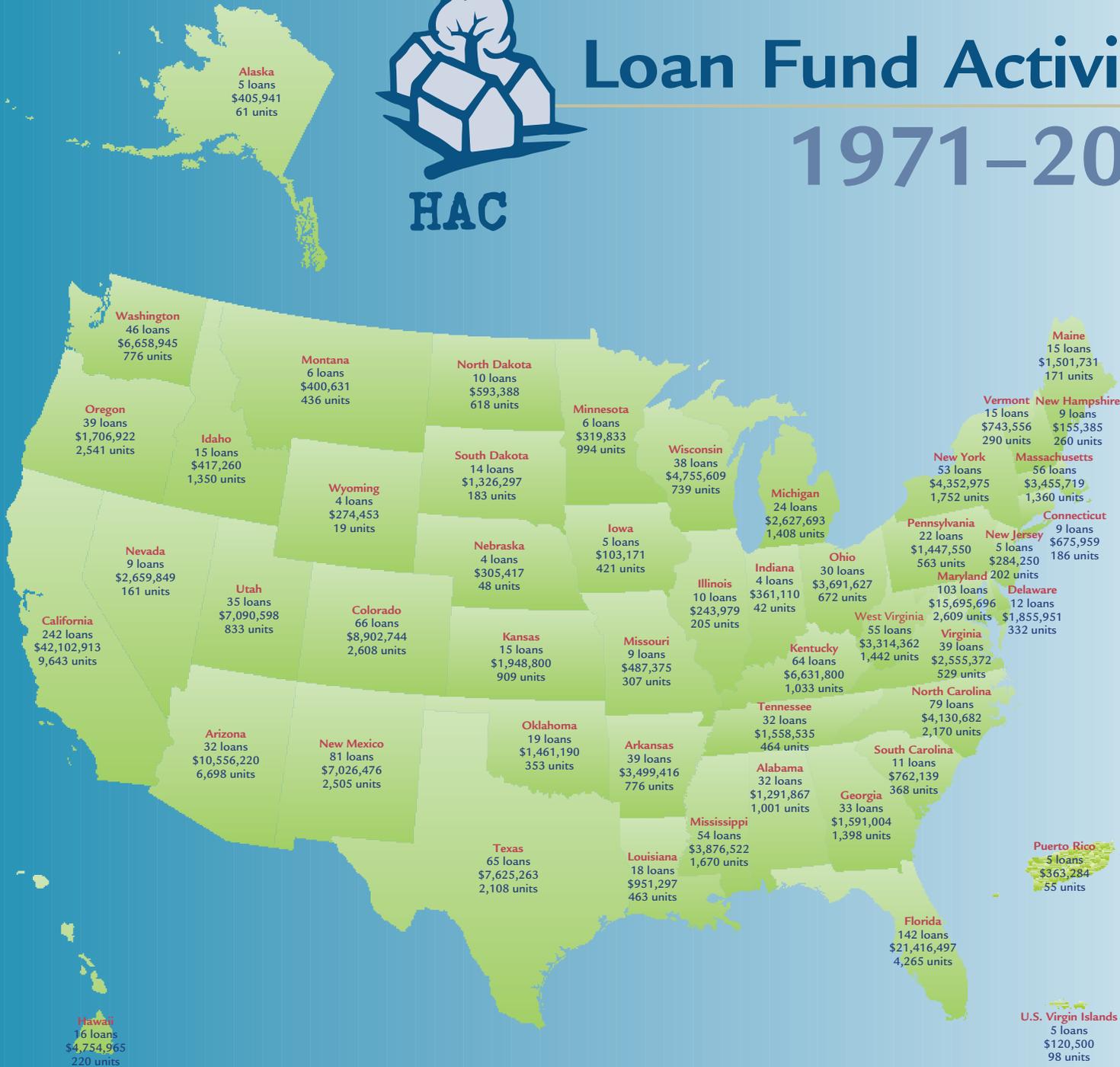
HAC LOAN FUND ACTIVITY

Loans Committed	1,821
Amount Committed	\$201,362,329
Housing Units Funded	46,259
Water/Waste Connections	14,148
Borrowers	707
States/Territories	51*
Counties	534

*Includes Puerto Rico and the U.S. Virgin Islands



Loan Fund Activities 1971-2006



PRE-DEVELOPMENT

SITE ACQUISITION

SITE DEVELOPMENT

CONSTRUCTION

SELF-HELP HOUSING

LAND BANKING

PRESERVATION
REVOLVING
LOAN FUND

our products

HAC RURAL SEED MONEY LOAN PRODUCTS

Loan funds are available for **pre-development expenses** associated with the development of affordable housing. Eligible uses are: land options, down payments, architectural and engineering fees, site surveys, soil test borings, market studies, appraisals, environmental engineering studies, archeological clearances, and legal expenses related to site acquisition.

Loan funds are available for **acquisition** and related costs for the development of affordable housing. Eligible uses are: land options, escrow payments, land purchase, legal expenses associated with site acquisition, and other reasonable closing costs.

HAC loan funds may finance **site development** expenses associated with affordable single-family and multifamily development including self-help housing. Eligible expenses are: impact and permit fees, engineering surveys/fees, clearing and grading, wells, septic/water, sewer installation, utility hook-ups, streets, curbs, sidewalks, and legal expenses for site development.

Loan funds may finance **construction** costs of affordable housing developments. Eligible expenses are: construction materials and labor, construction bonds, construction inspection fees, legal costs, and title and recording fees. The maximum loan amount for construction loans is currently \$750,000 and limited to single-family development. All fees incurred by HAC, including legal costs, hiring of a local construction inspector, title and recording fees, will be charged to the borrower and, if necessary, financed by the HAC loan. The term of the loan will be determined by the needs of the project, pending underwriting review.

HAC provides loan funds through the HUD Self-Help Homeownership Opportunity Program (SHOP) to **self-help housing** providers for land acquisition and infrastructure improvement for the development of self-help units. The homebuyer families must contribute a significant amount of sweat-equity towards the construction of the dwellings. Loan funds are made available through a competitive application process and cannot exceed \$15,000 per lot. Up to 80 percent of the SHOP loan may be forgiven when the borrower has satisfied the conditions of the loan agreement. The forgivable portion may become a grant for the group to establish its own revolving loan fund for future site acquisition and development of self-help housing or to provide direct subsidies to participating homebuyer families.

HAC has developed its Land Banking product to meet the needs of HAC borrowers who are faced with escalating land prices in high growth markets and have difficulty competing with for-profit, market rate housing developers. The **land banking** loan product assists organizations in securing essential land for affordable housing. Specified Site loans allow groups to purchase identified sites prior to having a fully developed project plan. Unspecified Site loans allow borrowers access to a line of credit to secure options on land not yet identified at the time of application.

HAC's Preservation Revolving Loan Fund (PRLF) provides borrowers needed capital to **preserve and rehabilitate** existing United States Department of Agriculture, Rural Housing Service (USDA RHS) Section 515 multi-family rental housing units. PRLF proceeds are for short- or long-term costs of preservation, repayment and rehabilitation of USDA RHS Section 515 properties.

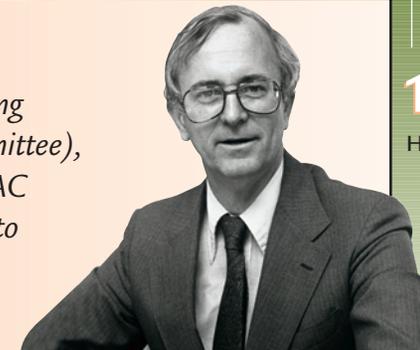


1970s



STEADFAST PARTNERS...

Of the ten original HAC borrowers in 1972, three – Southeastern Wisconsin Housing Corporation, SATAV (now Southern Maryland Tri-County Community Action Committee), and Self-Help Enterprises – are current HAC borrowers today. For 35 years, the HAC Loan Fund has repeatedly provided these organizations with the resources they need to make affordable housing a reality in their rural communities.



1971

HAC incorporated

Gordon Cavanaugh
named HAC's first
Executive Director
in November 1971

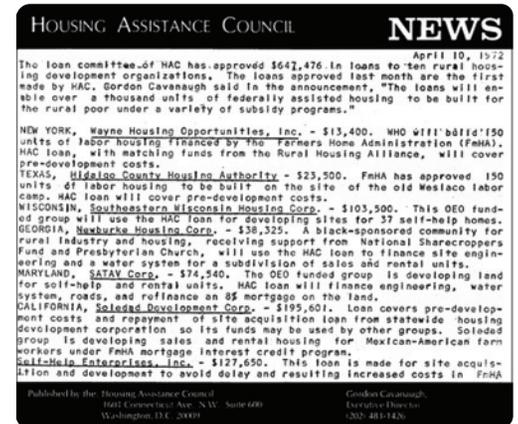
starting out

The Housing Assistance Council was created in 1971 to help address the deplorable and often overlooked housing conditions in rural areas of the United States. In 1970, over 2 million rural households lacked adequate plumbing, and substandard housing conditions were particularly pervasive among rural racial minorities and in parts of the Southern United States.² Additionally, there were few local housing organizations developing affordable housing to meet these needs and few financial institutions to fund this sort of development.

The HAC Loan Fund was initially developed as a “tool” to help local organizations fight poverty and poor housing conditions in their communities. A \$2 million War on Poverty grant from the federal Office of Economic Opportunity (OEO) provided the initial capital for the HAC Loan Fund. In March 1972, HAC committed its first rural housing loans to 10 local organizations across rural America. A total of \$647,476 was committed to produce 368 units of affordable housing. These first projects were a mix of single-family, multifamily, self-help, and housing rehabilitation development.

As evidenced by early demand for the HAC Loan Fund, the need for rural housing development capital was great. However, early challenges would dictate the need for new resources. The now infamous Nixon moratorium on housing programs in 1973 was a wake up call for early architects of this new anti-poverty tool. While the rural housing program moratorium was ultimately averted, realization of waning or unpredictable support for the Loan Fund forced HAC to think outside the federal funding paradigm. In the latter 1970s the Loan Fund began to diversify to include additional sources of capital, including banks and foundations.

After some early hurdles the Loan Fund gained momentum, ultimately committing over 350 loans and funding more than 15,000 units of much needed quality and affordable housing for the rural poor in its first decade.



in
the
70s

HAC LOAN FUND ACTIVITY

Loans Committed	357
Amount Committed	\$15,145,070
Housing Units Funded	15,143
Water/Waste Connections	160
Borrowers	213
States/Territories	43
Counties	183

1972

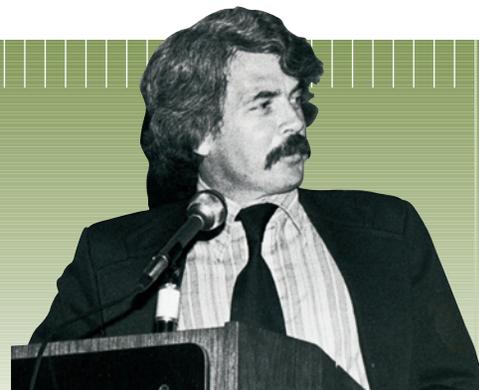
First HAC loans approved.
First HAC News published.

1973

Nixon Administration suspends all housing subsidy programs.
HAC opens Southwest and Southeast offices.

1974

Housing and Community Development Act creates CDBG, Section 8, and 521 Rental Assistance.

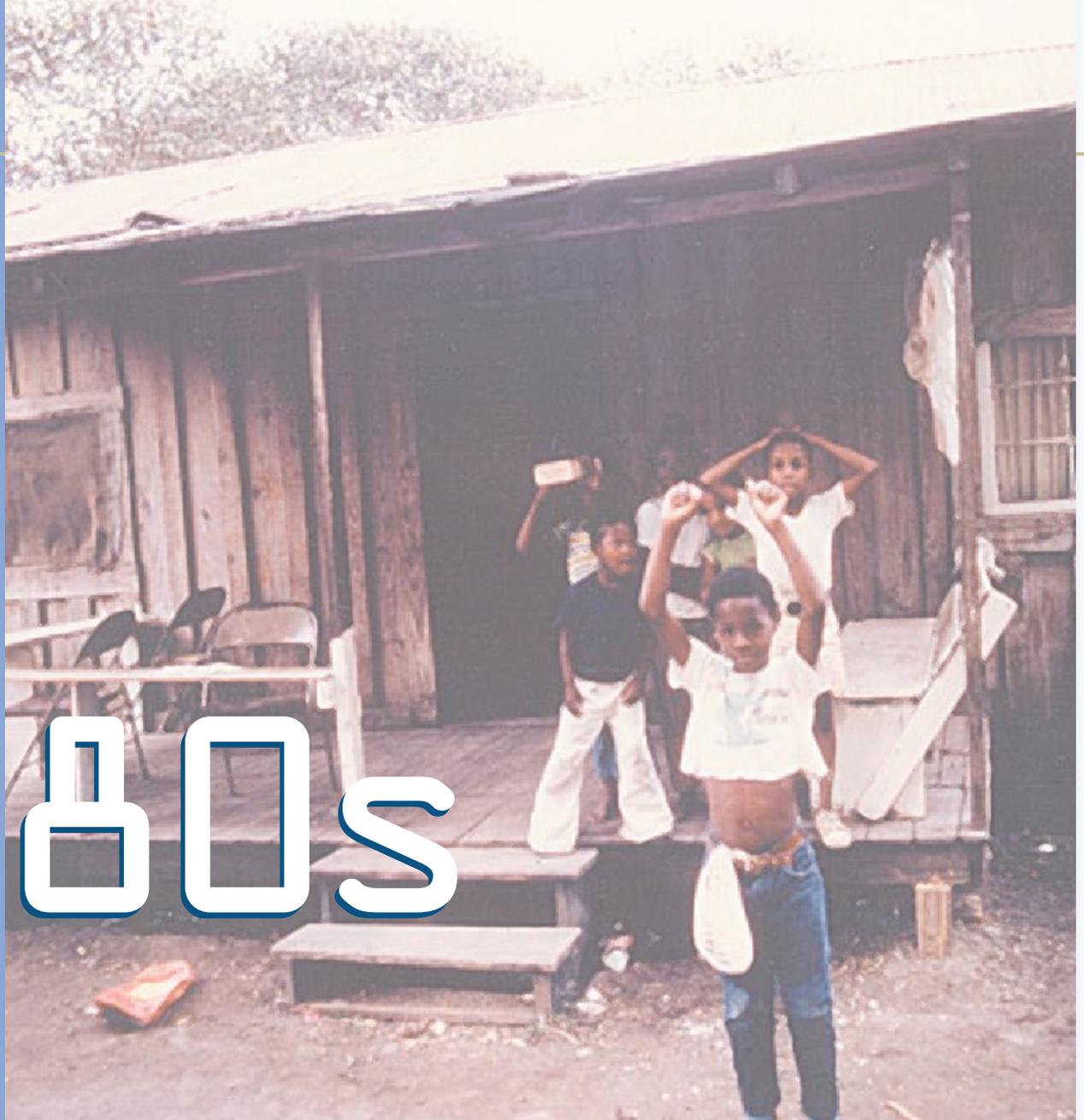


1977

Community Reinvestment Act passed.
Hal Wilson becomes HAC's second Executive Director.



1980s



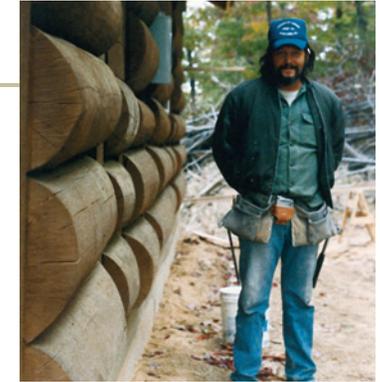
Taking Stock

Issued in 1984, Taking Stock was one of the first comprehensive research reports to highlight rural poverty and housing conditions.

1982

HAC creates Rural Housing Services, Inc. subsidiary.

making connections



As HAC's Loan Fund moved into its second decade, the nation was in the midst of difficult economic times and growing housing concerns. Interest rates were at an all time high and an economic recession had impacted all segments of the housing market. Many social and anti-poverty programs were dramatically cut or outright eliminated. The farm crisis of the early 1980s devastated rural economies across the country and forever changed the system of small family farming.

The HAC Loan Fund portfolio grew larger and more diverse in response to the varied housing needs in rural communities and the growing network of resources. Tax credits were introduced into the housing lexicon in the 1980s, creating a monumental shift in federal housing policy that also reached the HAC Loan Fund. In 1982, HAC created a subsidiary, Rural Housing Services, to develop affordable rental housing in partnership with local organizations using tax credits.

HAC committed more than \$23 million over this decade, a significant portion of which was used to construct rental housing and provide safe water. Responding to the critical infrastructure needs that existed, HAC created specific loan products used to support the development of nearly 13,000 water and wastewater connections in the 1980s. More than 40 percent of HAC loan commitments over the decade were for multifamily housing starts. This is consistent with multifamily production using United States Department of Agriculture Section 515 development; over 40 percent of all Section 515 projects and almost 50 percent of all 515 units were developed in this same time period.

HAC's ability to partner with other funding sources to improve housing conditions is one of the strengths of its lending strategy. HAC loan funds have been used to leverage a range of other funding sources and often set the stage for other partnerships. In the 1980s, many state legislatures began to create semi-public state housing finance agencies, providing an additional layer of housing assistance. These agencies represent an often critical source of funding and are an important partner in many HAC financed housing developments.

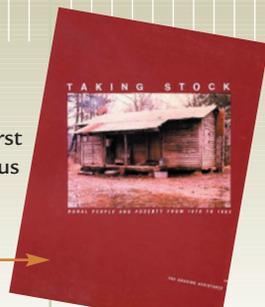
*in
the
80s*

HAC LOAN FUND ACTIVITY

Loans Committed	506
Amount Committed	\$23,439,345
Housing Units Funded	11,767
Water/Waste Connections	12,992
Borrowers	283
States/Territories	44
Counties	195

1984

HAC publishes first *Taking Stock* Census data analysis.



1986

Tax Reform Act creates the Low Income Housing Tax Credit.

1988

Emergency Low Income Housing Preservation Act and Housing Act amendments enacted.

1989

Moises Loza becomes HAC's third Executive Director.





1990s



Doubling Our Effort

The HAC Loan Fund moved to scale as dollar commitments more than doubled from the previous decade, totaling over \$59 million in the 1990s. The growth was partly a reflection of programmatic shifts in the affordable housing landscape. As rural needs and resources change, HAC's Loan Fund adapts to meet their needs.

1990

National Affordable Housing Act creates HOME and Section 502 Guaranteed Loans.

moving to scale

The 1990s ushered in an era of a booming national economy. Unemployment was low, incomes were on the rise, and homeownership was at a record high. Yet many low-income, rural families were left out of this prosperity. Dramatic improvements in rural housing quality over the 1980s were overshadowed by the growing inability of rural people to afford decent housing in the 1990s. In the public arena, this decade was also the era of new federal approaches to social programs and issues. Landmark legislation like welfare reform and the overall “reinvention” of government dramatically reduced the federal government’s role and footprint. The Farmers Home Administration (FmHA), which was the centerpiece of affordable rural housing programs, was restructured into the Rural Housing Service (RHS) and many of the longstanding FmHA direct lending programs were significantly scaled back in favor of loan guarantees.

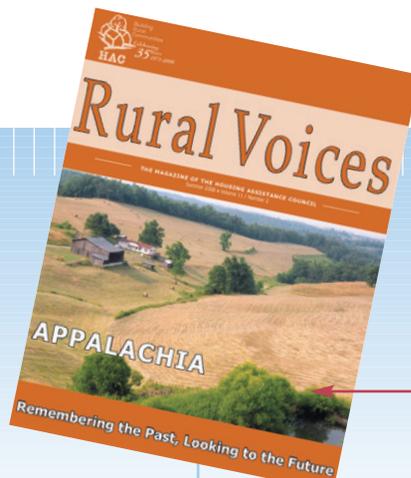
The decade also brought new players onto the rural community development field. In the 1970s HAC was one of the few lenders working in rural communities. However, by the 1990s many more financial organizations were willing to lend in rural America. The Community Reinvestment Act (CRA) helped to persuade many local banks to work with affordable housing organizations in rural areas and Community Development Financial Institutions (CDFIs) also proliferated at this time, providing additional lending capital to the affordable housing arena.

The introduction of the Self-Help Homeownership Opportunity Program (SHOP) in the late 1990s led to possibly the largest single development of the HAC Loan Fund since its inception. In October 1996, HAC was awarded \$13.5 million in SHOP funds from the U.S. Department of Housing and Urban Development (HUD) to support the development of self-help housing. HAC’s SHOP provides no-interest loans to local housing developers for land acquisition and site infrastructure improvements associated with self-help housing. HAC received subsequent SHOP awards in the 1990s totaling \$24.3 million, funding 3,034 new affordable self-help housing units in rural areas nationwide.

HAC LOAN FUND ACTIVITY

Loans Committed	426
Amount Committed	\$59,393,930
Housing Units Funded	8,778
Water/Waste Connections	616
Borrowers	193
States/Territories	42
Counties	170

in
the
90s



1994

USDA reorganized, Farmers Home Administration is eliminated.

1995

HAC introduces *Rural Voices* Magazine.

1996

HUD Self-Help Homeownership Opportunity Program (SHOP) created.
HAC certified as a CDFI.
NAHASDA enacted.

1997

HAC Loan Committee approves its first SHOP loans.

1998

HUD’s Rural Housing and Economic Development program and Section 8 homeownership program created.



2000s

Rural Housing on the Mall

To highlight the need for affordable housing development in rural areas, HAC, Proyecto Azteca, and a small army of volunteers teamed up to build a self-help home on the National Mall in 2000 as part of the Smithsonian Institution's annual Folk Life Festival.

meeting needs

As the HAC Loan Fund entered its fourth decade, it continued to address old challenges while also in the midst of transformation and change. Societal and economic trends like globalism, immigration, and the information revolution are radically restructuring the rural economy and its demographics. While some conditions have improved, others have remained intractable. Substandard housing is still a significant problem in many rural communities, and housing affordability is an even larger housing concern nationally and in rural America. Today, it is estimated that over 7 million rural households experience problems affording their homes. These housing challenges are further compounded by ever declining federal resources for affordable housing and supportive services, and a dwindling stock of affordable housing for low-income residents.

HAC's Loan Fund continues to rise to these new challenges and lending activity has grown dramatically. In fact, the HAC Loan Fund has committed more resources between 2000 and 2006 than in the previous 30 years combined. Much of this growth is directly attributable to HAC's continued administration of the SHOP program. HAC has been awarded SHOP funds in every year they have been available since the program's creation in 1996, totaling more than \$68 million and assisting in the development of 6,209 affordable housing units. SHOP has not only allowed many local rural organizations to improve affordable housing for thousands of low-income families; it has also enhanced the financial position of many of these local organizations because HAC enables them to convert SHOP loans to grants they can use to establish revolving loan funds of their own.

By listening to its local partners, HAC has been able to develop new loan products and services to meet current and expanding needs in rural areas. As escalating land prices have made it difficult for housing developers to find affordable parcels of land, HAC has introduced a land banking product that enables borrowers to purchase land in anticipation of future development. Many local communities are in jeopardy of losing affordable rental units as owners are opting to pre-pay subsidized loans and convert these units to market rate. HAC has secured additional funding to assist nonprofit developers in the purchase of these projects and maintain the units in the affordable housing stock.

As in 1971, the HAC Loan Fund is today a valuable tool for developers building affordable housing in rural America. In many ways, the job is different and the tool box is much bigger. But the same spirit, determination, and partnerships that have created over 50,000 homes and water connections in rural America remain to this day.



Photograph by Danny Kimnetz

HAC LOAN FUND ACTIVITY

Loans Committed	532
Amount Committed	\$104,253,983
Housing Units Funded	10,571
Water/Waste Connections	380
Borrowers	187
States/Territories	43
Counties	188

in
the
00s

Sweat Equity

Sweat equity, also known as "self-help," is a building method in which families contribute actual labor towards the construction of their homes in order to gain equity and reduce the overall cost of the units. Homebuyers help to build their own homes and often work together in groups also constructing their neighbors' houses at the same time. Families assisted by HAC SHOP loans contributed on average a total of 1,093 sweat equity hours building their homes.

2005

HAC starts land banking initiative.

2006

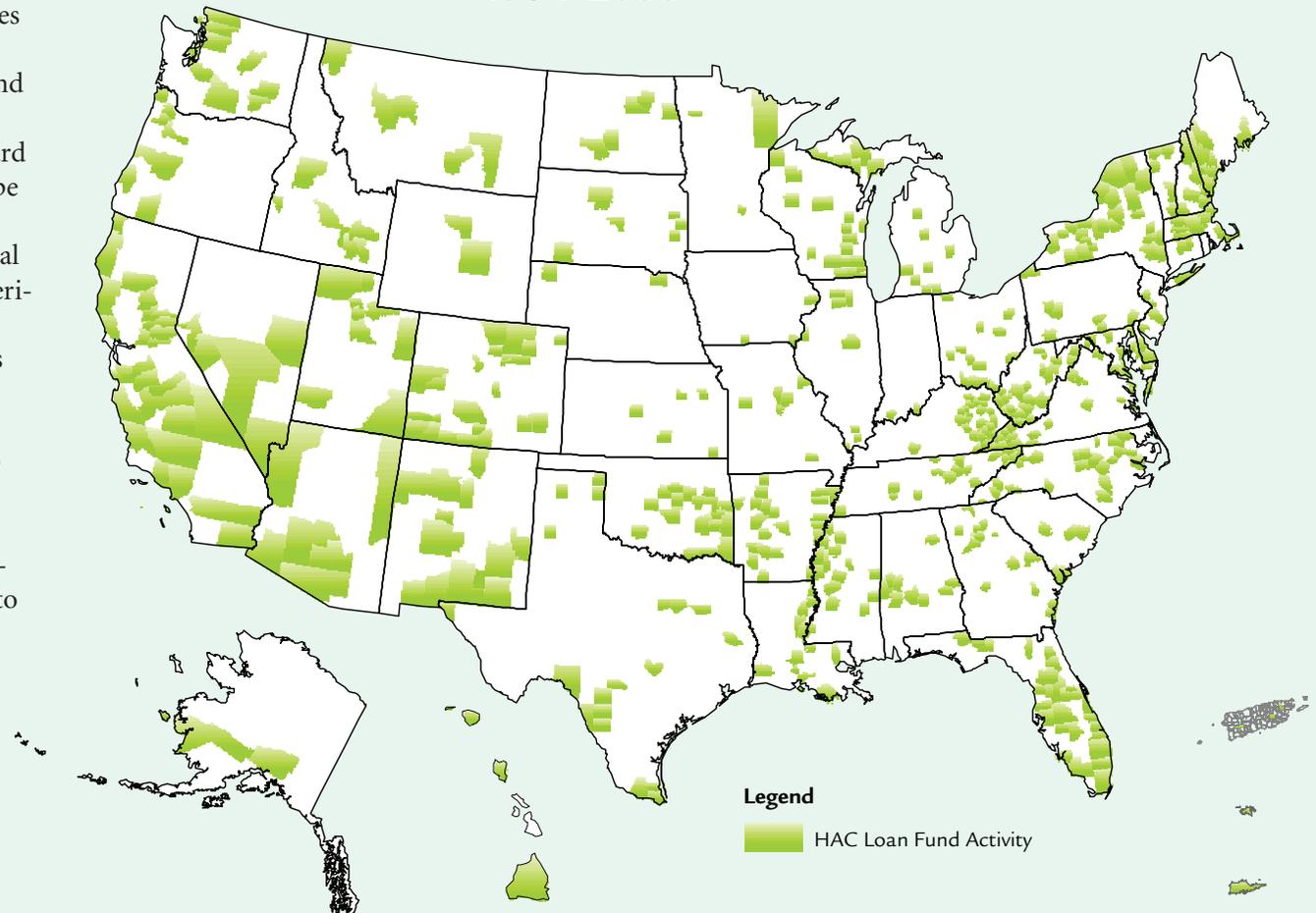
HAC initiates Rental Preservation Loan Fund.



where we help across Rural America

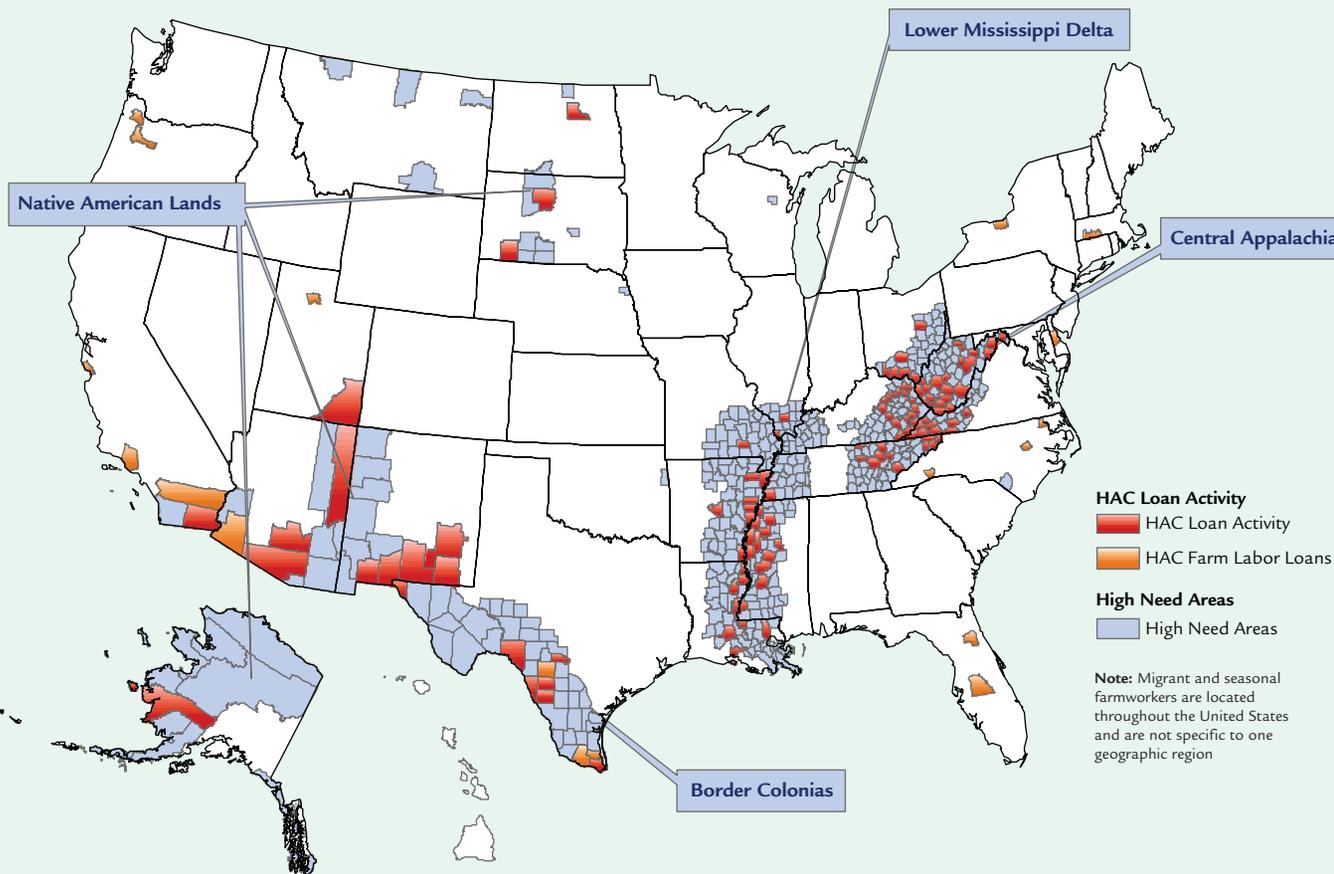
HAC Loan Fund Activity by County, 1971-2006

In some respects the United States is less rural today than it was in 1971. Shifts in the agricultural and manufacturing economies have resulted in a national trend toward urbanization. Our rural landscape is much more diverse than three decades ago, and while some rural areas are waning, others are experiencing dynamic growth and change. Today, as in 1971, HAC's Loan Fund reaches broadly throughout rural America. HAC has committed loans in over 500 counties throughout 49 states, Puerto Rico, and the U.S. Virgin Islands. HAC continues to recognize the importance of housing to millions of Americans across a large and vastly diverse country.



“poorest of the poor”

HAC Loans in High Need Areas



Poverty and substandard housing are particularly pervasive in several areas of rural America. Central Appalachia, the Lower Mississippi Delta, the colonias along the U.S.-Mexico border, Native American lands, and migrant and seasonal farmworkers all have high rates of poverty and substandard housing. These rural areas and populations have experienced decades of poor social and economic conditions. High and persistent poverty is the most notable characteristic shared by these communities.

Many of the conditions in these high need areas originate from historical patterns of exploitation, including unsustainable use of land and natural resources and a lack of capital investment. These systemic problems have been further exacerbated by decades of neglect and continued disinvestment, which produce a cycle of poverty that is extremely hard to break.

Over the past 35 years HAC’s Loan Fund has been especially important to local organizations and rural families living in these high need areas. HAC has committed nearly \$50 million in high need areas helping fund over 17,000 units of much needed affordable housing. While HAC’s mission is to improve rural housing conditions nationwide, the organization gives a special focus to these communities that face greater obstacles in providing affordable housing.

how we help on the ground

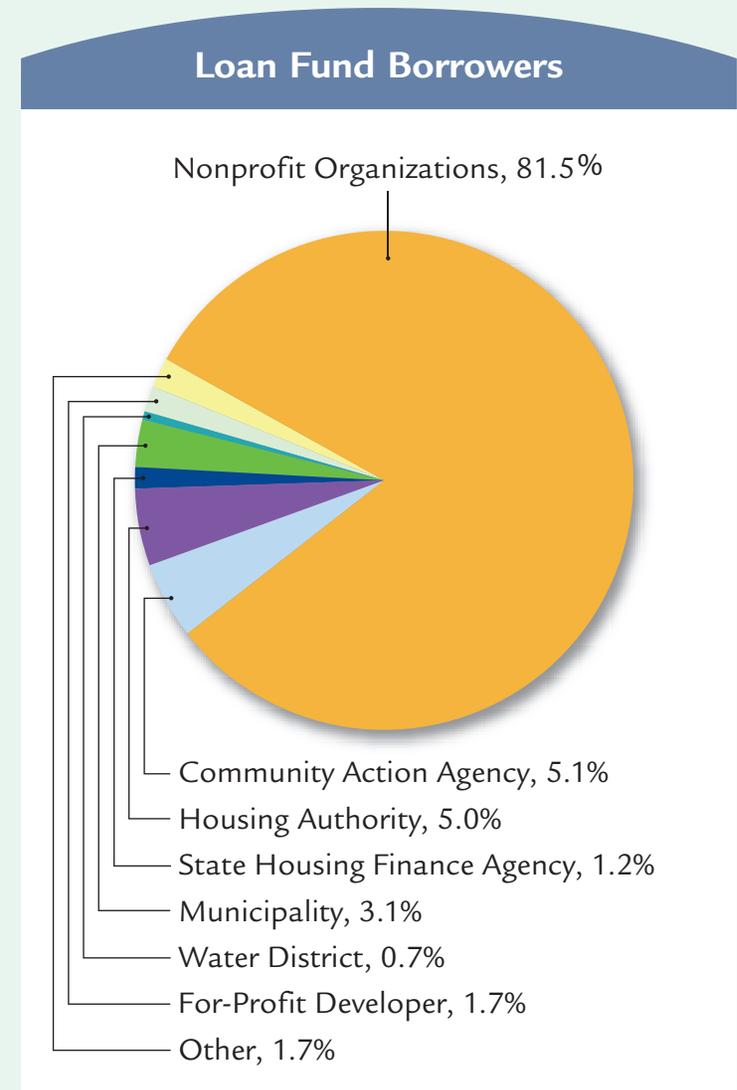
HAC BORROWERS

Community-based organizations are the essential connection that transforms HAC loan funds into affordable homes. The Loan Fund is utilized by a wide array of local entities including community-based nonprofit organizations, self-help housing sponsors, farmworker organizations, cooperatives, Indian tribes, local government agencies, and others. HAC has made loan commitments to over 700 local, state, and regional organizations. HAC strives to design and implement lending programs that will work well at the local level.

HAC's Loan Fund is most often utilized by local nonprofit organizations. These local nonprofit providers range from experienced organizations that build thousands of units annually to some who have yet to produce a single housing unit when they apply to HAC. Some nonprofits administer statewide or even regional development programs while others serve a single community. In many instances, these local nonprofit organizations are the only entities providing affordable housing for low-income people in their rural communities.

Rural housing developers often face difficult problems that may not be as prevalent in urban areas. Inadequate or non-existent water and sewer systems, a lack of financial institutions, and limited access to labor markets and construction materials can hinder the development of affordable housing in rural areas.

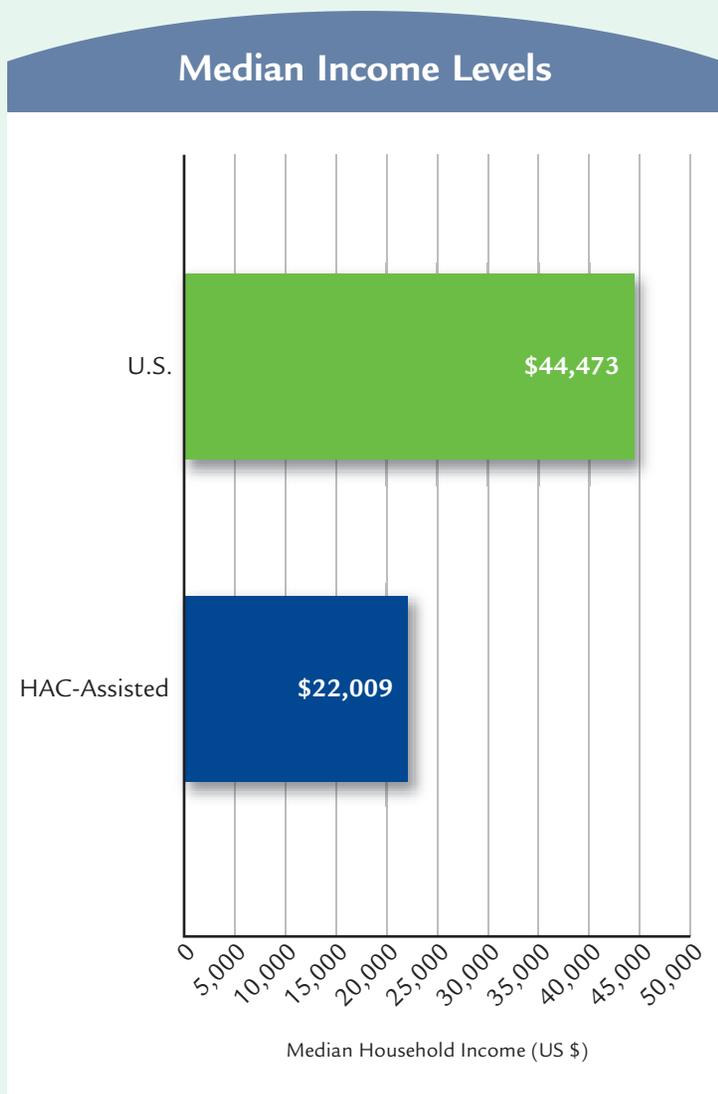
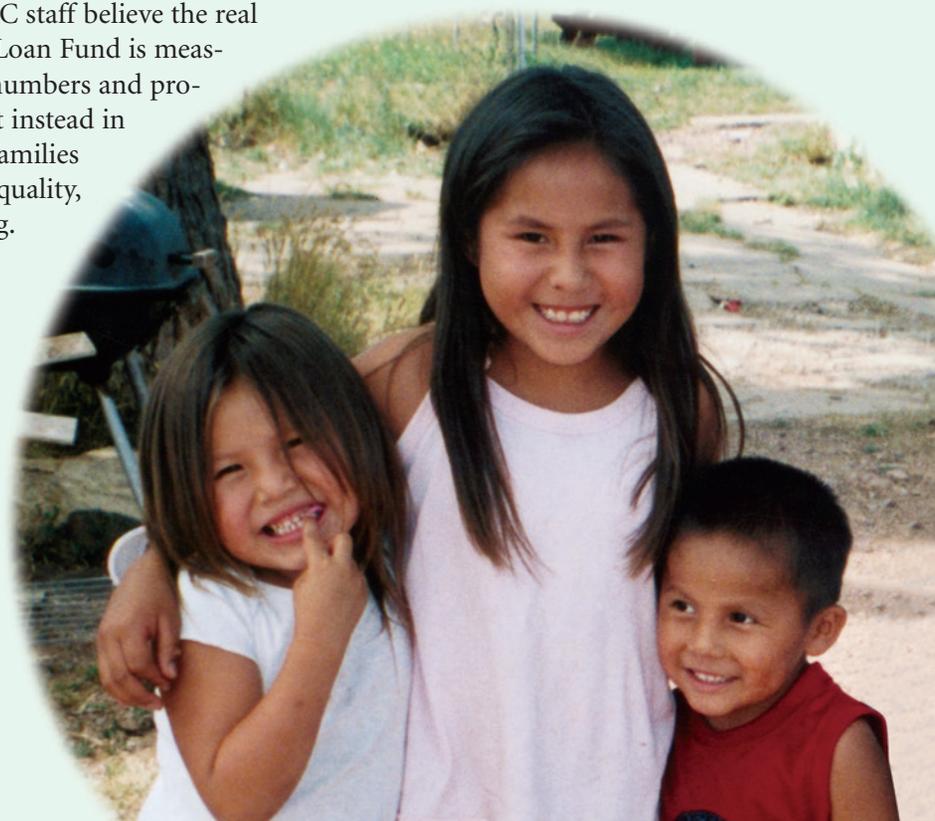
Technical assistance is a special component that makes HAC's Loan Fund work. HAC's larger technical assistance program helps local organizations gain the knowledge, skills, and resources they need to meet their communities' housing needs, and HAC puts that expertise to use for its borrowers. HAC's staff helps borrowers analyze project feasibility, select and coordinate appropriate financing sources, prepare loan and grant applications, and conduct environmental reviews.



the faces of change

FAMILIES AND HOUSEHOLDS WHO BENEFIT FROM HAC LOANS

For many Americans, a decent home that promotes safety, security, and family well-being is often taken for granted. But for entirely too many rural residents, the basic essentials of a decent, habitable, and affordable home have not yet been realized. The HAC Loan Fund has helped thousands of low-income rural residents obtain safe, decent housing at an affordable cost, and in doing so ultimately providing well-being and a better quality of life. HAC staff believe the real impact of HAC's Loan Fund is measured best not by numbers and production levels, but instead in the lives of rural families who now occupy quality, affordable housing.



snapshot:

HOUSEHOLDS ASSISTED WITH THE HAC LOAN FUND

HAC's Loan Fund is designed to provide flexible financing to allow housing organizations at the local level to assist low-income families in rural areas. HAC supported households tend to be:³

VERY LOW-INCOME

The median income of households recently assisted with HAC funds is \$22,009, which is approximately half the national median income of \$44,473.⁴ Nearly two-thirds of HAC-assisted households are very low-income, having incomes at or below 50 percent of the median incomes in their areas.

MINORITY

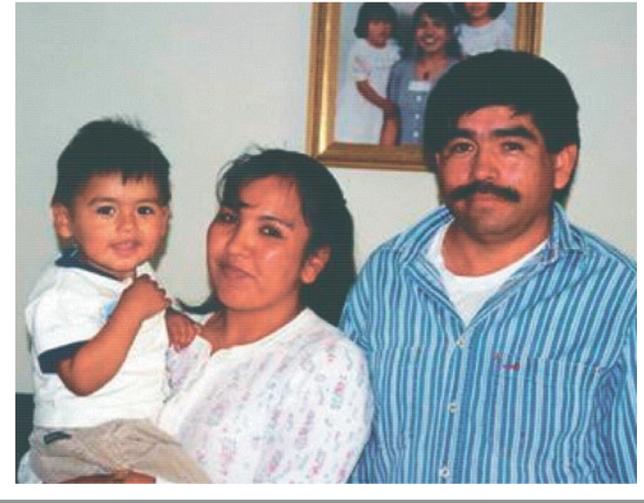
Racial and ethnic minorities in rural areas are among the poorest and worst housed groups in the entire nation. Non-white and Hispanic rural households are three times more likely to live in sub-standard housing than are white rural residents.⁵ Minorities are also more likely to live in inadequate housing in rural areas than in metro areas. Nearly 60 percent of the households recently assisted with HAC Loan Fund resources are headed by minorities.

HOUSEHOLDS WITH CHILDREN

Nearly three-quarters of homes recently built with HAC loans have children present. By supporting the construction of safe and secure structures for children to grow up in, HAC's Loan Fund helps to create nurturing positive environments for children. This is critical in addressing the cycle of poverty experienced by many rural households.

LARGE FAMILIES

Large families that also have low incomes often have a particularly difficult time finding affordable housing. Many government-assisted units and market rate units have too few bedrooms for larger families. HAC-assisted households tend to be slightly larger than U.S. low-income rural households as a whole. While the average household size in the United States is 2.5,⁶ HAC-assisted units have on average 3.3 persons per unit.



AFFORDABLE

The cost of housing has become one of the largest and most significant problems facing low-income households. Between 2000 and 2005 the median purchase price of a newly constructed home in the U.S. was \$237,774.⁷ Among HAC-assisted households who recently purchased their homes, the median sales price was \$103,975. The median monthly housing cost for HAC-assisted renters was \$120.50. Overall, households assisted with HAC loan funds spent approximately 26 percent of their monthly income on housing, well below the 30 percent of income level used by the federal government to define housing cost burden.

Looking ahead

The HAC Loan Fund has accomplished a great deal in the past 35 years, yet much remains to be done. Too many Americans still live in housing that is inadequate, unaffordable, or both. Local rural organizations around the country are continually striving to improve their communities. And as in the past three and a half decades, HAC will be there to help. In partnership with our investors and borrowers, HAC will continue to work “to improve housing conditions for the rural poor, with an emphasis on the poorest of the poor in the most rural places” by:

- Building the capacity of local communities to create and sustain affordable housing in rural areas
- Identifying new sources of funding and resources
- Creating new products to meet changing needs in rural communities



appendix

Table 1. THE HAC LOAN FUND, 1971 to 2006 (by decade)

	1970s	1980s	1990s	2000s	1971-2006 Total
Loans Committed	357	506	426	532	1,821
Amount Committed	\$14,275,070	\$23,439,345	\$59,393,930	104,253,983	\$201,362,329
<i>Median (per loan)</i>	\$30,970	\$25,000	\$100,000	\$131,312	\$58,673
Housing Units Funded	15,143	11,767	8,778	10,571	46,259
<i>Median (per loan)</i>	28	24	20	12	20
Water/Waste Connections	160	12,992	616	380	14,148
Borrowers	213	283	193	187	707
States/Territories	43	44	42	43	*51
Counties	183	195	170	188	534
PROJECT					
Single-Family					
Regular Single-Family	26.4%	25.2%	8.8%	3.8%	16.2%
Self-Help Single-Family	27.2%	13.1%	66.8%	94.5%	49.4%
Multifamily					
Regular Multifamily	24.4%	23.7%	14.0%	1.0%	15.7%
Elderly	7.7%	11.9%	1.6%	0.0%	5.6%
Farm Labor	4.3%	4.0%	4.9%	0.2%	3.3%
Rehabilitation	6.0%	5.0%	1.6%	0.0%	3.2%
Water/Waste	1.1%	16.2%	1.6%	0.5%	5.6%
Other	2.9%	1.0%	0.5%	0.0%	1.1%
Project totals	100.0%	100.0%	100.0%	100.0%	100.0%
BORROWER					
Nonprofit Organization	77.5%	73.1%	83.0%	90.5%	81.5%
Community Action Agency	4.5%	4.6%	7.7%	4.0%	5.1%
Housing Authority	12.3%	3.3%	3.3%	3.1%	5.0%
State Housing Finance Agency	2.7%	0.4%	1.8%	0.6%	1.2%
Municipality	0.6%	9.0%	1.5%	0.6%	3.1%
Water District	0.0%	2.5%	0.0%	0.0%	0.7%
For-Profit Developer	0.0%	4.8%	1.0%	0.6%	1.7%
Other	2.4%	2.3%	1.5%	0.8%	1.7%
Borrower Totals	100.0%	100.0%	100.0%	100.0%	100.0%

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

Table 2. HAC LOAN FUND ACTIVITY BY STATE, 1971 to 2006

State	Loan Commitments	Dollars Committed	Units Funded	State	Loan Commitments	Dollars Committed	Units Funded
Alabama	32	\$1,291,867	1,001	Nebraska	4	\$305,417	48
Alaska	5	\$405,941	61	Nevada	9	\$2,659,849	161
Arizona	62	\$10,556,220	6,698	New Hampshire	9	\$155,385	260
Arkansas	39	\$3,499,416	776	New Jersey	5	\$284,250	202
California	242	\$42,102,913	9,643	New Mexico	81	\$7,026,476	2,505
Colorado	66	\$8,902,744	2,608	New York	83	\$4,352,975	1,752
Connecticut	9	\$675,959	186	North Carolina	79	\$4,130,682	2,170
Delaware	12	\$1,855,951	332	North Dakota	10	\$593,388	618
Florida	142	\$21,416,497	4,265	Ohio	30	\$3,691,627	672
Georgia	33	\$1,591,004	1,398	Oklahoma	19	\$1,461,190	353
Hawaii	16	\$4,754,965	220	Oregon	39	\$1,706,922	2,541
Idaho	15	\$417,260	1,350	Pennsylvania	22	\$1,447,550	563
Illinois	10	\$243,979	205	South Carolina	11	\$762,139	368
Indiana	4	\$361,110	42	South Dakota	14	\$1,326,297	183
Iowa	5	\$103,171	421	Tennessee	32	\$1,558,535	464
Kansas	15	\$1,948,800	909	Texas	65	\$7,625,263	2,108
Kentucky	64	\$6,631,800	1,033	Utah	35	\$7,090,598	833
Louisiana	18	\$951,297	463	Vermont	15	\$743,556	290
Maine	15	\$1,501,731	171	Virginia	39	\$2,555,372	529
Maryland	103	\$15,695,696	2,609	Washington	46	\$6,658,945	776
Massachusetts	56	\$3,455,719	1,360	West Virginia	55	\$3,314,362	1,442
Michigan	24	\$2,627,693	1,408	Wisconsin	38	\$4,755,609	739
Minnesota	6	\$319,833	994	Wyoming	4	\$274,453	18
Mississippi	54	\$3,876,522	1,670	Puerto Rico	5	\$363,284	55
Missouri	9	\$487,375	307	U.S. Virgin Islands	5	\$120,500	98
Montana	6	\$400,631	436	Multi-State / Other	5	\$321,609	93
				TOTAL	1,821	\$201,362,329	60,407

appendix

Table 3. HAC LOAN FUNDS, 1971 to 2006

Loan Fund	Loan Commitments	Dollars Committed	Units Funded
Rural Housing Loan Fund (RHLF)	1,003	\$97,829,172	32,673
Self-Help Homeownership Opportunity Program (SHOP)	541	\$89,321,414	8,849
Water/Waste Water Loan Fund (W/WWLF)	86	\$1,339,600	13,988
Rural Development Loan Fund (RDLF)	73	\$5,403,644	1,983
Intermediary Relending Program (IRP)	38	\$4,927,461	191
HUD Colonias Initiative (HCI)	5	\$274,747	16
High Impact Loan Fund (HILF)	3	\$67,111	0
Other	72	\$2,199,180	2,707
TOTAL	1,821	\$201,362,329	60,407

Note: Total units funded include housing units and water/waste water connections.

NOTES

1. Loan totals represent HAC Loan Fund activity between March 1972 and March 2006. Dollars and units funded indicate initial loan commitments, not funds disbursed. Dollars are in nominal values and not adjusted for inflation.
2. Housing Assistance Council. *Taking Stock: Rural People, Poverty, and Housing at the Turn of the 21st Century*. (Washington, DC, 2002).
3. Data on households assisted with HAC loan funds derive from a survey of borrowers who have outstanding loans with HAC as of March 2006. Information was solicited from each active HAC borrower regarding various housing and socioeconomic characteristics of households that were assisted with HAC loan funds. The survey sample was drawn from a universe of 178 borrowers. Exactly 62 cases (or approximately 1/3 of all active loans) were randomly selected to receive the survey. Seventy-three percent of the surveyed borrowers responded, yielding data on 895 HAC assisted households (n=895).
4. U.S. Department of Commerce, Bureau of the Census, Three Year Average Median Household Income by State 2002-2004. Current Population Reports.
5. Most of the housing and demographic comparisons in this report derive from the 2003 American Housing Survey (AHS). The AHS is conducted every two years by the Bureau of the Census for the Department of Housing and Urban Development (HUD). In 2003, interviewers obtained information for a nationwide sample of almost 40,000 housing units occupied year-round. For an extensive discussion of AHS methodology and possible errors, see the appendices to the published American Housing Survey book: U.S. Department of Commerce, Bureau of the Census, and U.S. Department of Housing and Urban Development, *American Housing Survey for the United States: 2003*, Current Housing Reports H150/03 (Washington, DC: U.S. Government Printing Office, September 2004).
6. American Housing Survey 2003.
7. U.S. Bureau of the Census. Construction Statistics, New Residential Sales, Median Sales Price 1963-2005.



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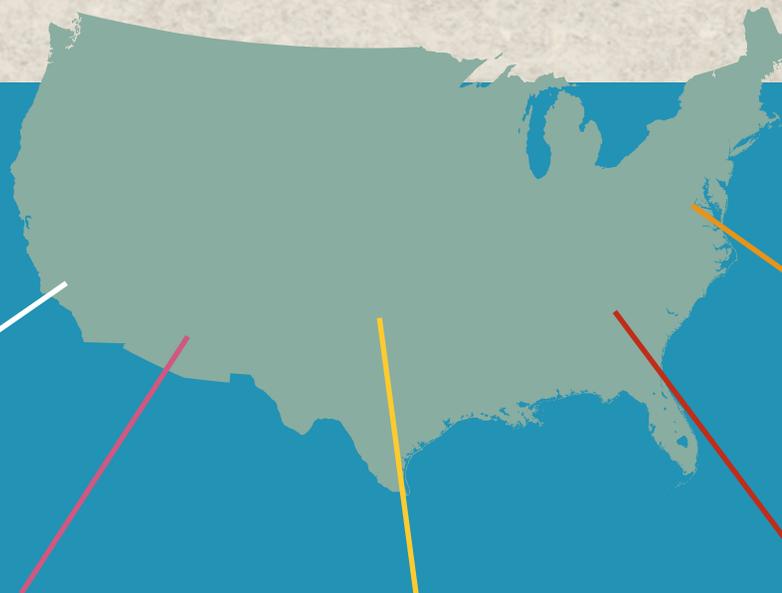
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