

HOME, CDBG, AND FARMWORKER HOUSING DEVELOPMENT

HOUSING ASSISTANCE COUNCIL

**HOME, CDBG, AND FARMWORKER
HOUSING DEVELOPMENT**

Housing Assistance Council

1997

\$3.50
July 1997

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ISBN 1-58064-001-X

This report was prepared by Christopher Holden of the Housing Assistance Council (HAC). The work that provided the basis for this publication was supported by funding under Cooperative Agreement H-5971 CA with the U.S. Department of Housing and Urban Development (HUD). Ndeye Jackson served as Government Technical Representative. The substance and findings of that work are dedicated to the public. HAC is solely responsible for the accuracy of the statements and interpretations contained in this publication and such interpretations do not necessarily reflect the views of the United States Government.

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

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INTRODUCTION

The Community Development Block Grant program (CDBG) and the HOME Investment Partnership program (HOME) provide federal block grant funds for local community and housing development that serves the needs of low- and moderate-income households. CDBG and HOME have been used to meet the housing needs of seasonal and migrant farmworkers. Since in rural areas these programs are administered primarily by the states, understanding the strengths and limits of their use should prove instructive for rural housing developers seeking to produce farmworker housing. This study will examine the primary uses of these funds in the development process, outline the political linkages necessary to secure CDBG and HOME funding at the state level, and identify productive strategies for overcoming obstacles to the use of these funds in constructing farmworker housing.

Background

The CDBG program for small cities was created through the Housing and Community Development Act of 1974, and is administered by the Office of Community Planning and Development (CPD) of the Department of Housing and Urban Development (HUD). The purpose of the Small Cities CDBG program is to help smaller communities develop by providing decent housing, a suitable living environment, and economic opportunities principally for low- and moderate-income persons. At least 70 percent of each CDBG grant must benefit these populations. Units of general local government with populations under 50,000, which are not named cities of a MSA or a participating community in an Urban County (a county with participating jurisdictions with a population of at least 200,000 excluding entitlement communities within the county's borders), are eligible to compete for funds administered by the state. Each state administering the program develops its own plan, which includes the rules and regulations for use of CDBG locally and a system for allocating funds. Allocation may be done through a formula or through a rating and ranking system. CDBG proposals must be consistent with the community development and housing goals set out in each state's Consolidated Plan (ConPlan).

The HOME program was established in the 1990 National Affordable Housing Act, and it is also administered by HUD's CPD office. HOME is also a block grant program, and provides funds to states and local governments for housing rehabilitation, tenant-based rental assistance, assistance to first time homebuyers, and new construction. Housing developed with HOME funds must serve low- and very low-income families. At least 90 percent of HOME funds used for rental housing must be invested in affordable units that are occupied by families whose incomes are at or below 60 percent of area median income. The remaining 10 percent must be invested in units occupied by families at or below 80 percent of area median income. Homeowners assisted with HOME funds must have incomes at or below 80 percent of the area median.

Local administrators of the HOME program are called Participating Jurisdictions (PJs), and state governments most often perform this role for rural, nonmetropolitan areas. They certify and

fund the local organizations which may receive and use HOME funds, which are called Community Housing Development Organizations (CHDOs), although virtually any type of qualified group may be funded by the PJ. CHDOs are special nonprofit housing groups that are community-based with a demonstrated capacity to meet local housing needs. Because of this special status, 15 percent of HOME funding is reserved for their use. They may also compete for the remaining 85 percent of HOME funds.

Both CDBG and HOME funds may be used in conjunction with other federal funding sources in the construction of farmworker housing, most often the Section 514/516 Farmworker Housing programs of the Rural Housing Service (RHS) of the U.S. Department of Agriculture (USDA).

Migrant and seasonal farmworkers comprise one of the poorest groups in the United States. There are an estimated 1.5 million farmworkers in the United States, including perhaps 600,000 migrant farmworkers.¹ Many of them support families, and those who migrate need housing in more than one place during the course of each year. Their incomes are extremely low: half earn less than poverty level. Migrant workers' incomes are even lower; their median income each year from 1989 through 1991 was \$5,000. Their limited disposable income means that subsidized housing is the only viable way to assure them decent, affordable living conditions.

Farmworkers have a variety of housing needs. Seasonal workers who have settled out of the migrant stream often require housing suitable for families. Many have accumulated some savings, and may benefit greatly from homeownership opportunities. At the opposite extreme would be single migrants who do not require long term housing. Privately run farm labor camps around the country have a reputation for providing very poor quality housing and unsafe living conditions. High quality, affordable dormitories or studio apartments best meet this group's housing needs for short stays during a harvest.

Case Selection

The cases examined in this study detail the various obstacles that may arise in accessing HOME and CDBG funds. The cases also illustrate innovative approaches to meeting the various housing needs of seasonal and migrant farmworkers. The projects selected represent a variety of housing unit types, encompassing dormitory housing for single migrants, multifamily rental projects, and self-help homeownership projects. Each project also has a different blend of funding sources. Each project is located in a different state, allowing comparison of state innovations in administering the programs and meeting farmworker housing needs. Finally,

¹It is very difficult to estimate reliably the size of the farmworker population, and available figures vary widely. The figure used here is a July 1994 estimate from the National Agricultural Statistics Service of the U.S. Department of Agriculture. The U.S. Department of Labor's National Agricultural Workers Survey has estimated that 40 percent of the farmworker population are migrants, and has reported the income levels stated here. For a full discussion of the available data, see *Fitting the Pieces Together: An Examination of Data Sources Related to Farmworker Housing* (Washington, DC: Housing Assistance Council, 1996).

every project has tenants and has received positive reviews from its residents.

These case studies offer valuable insights concerning the most common challenges involved in utilizing HOME and CDBG. They also provide suggestions for better utilizing these programs to develop farmworker housing. Local initiatives to enlist the support of city and county government are prominent in many of the cases. State agency innovations in program administration provide models for other states that may wish to better target their housing resources. Finally, initiatives at the federal level are discussed by some case study participants that may improve program performance, particularly program service to the housing needs of farmworkers. While each project was developed to meet unique local needs, as a group these farmworker housing developments offer valuable lessons in building the partnerships necessary to house the nation's farmworking population adequately.

OFFICE OF RURAL AND FARMWORKER HOUSING, WASHINGTON: THE LINDA VISTA DEVELOPMENT

Introduction

The Linda Vista housing development in Toppenish was developed by the Office of Rural and Farmworker Housing (ORFH) in conjunction with the Yakima Housing Authority. Linda Vista is a multi-site project consisting of duplex, triplex and fourplex structures scattered on five lots throughout Toppenish. One of the sites includes a daycare center, which is also used for meetings of the Tenants Council. Linda Vista encompasses 30 units of housing in addition to the daycare center, serves 150 individuals, and has been occupied since 1993. The development's principal financing source is Rural Housing Service (RHS) Section 514/516 Farm Labor Housing grants and loans, with funds from the HOME program used as gap financing on the project. Agricultural workers in the Yakima Valley have great need of affordable rental housing. Linda Vista is one of many ORFH developments produced to alleviate this need.

The Yakima Valley in Washington attracts a great number of migrant farmworkers. This is due to the availability of agricultural work throughout much of the year and proximity to other agricultural regions in the state. Labor-intensive crops dominate Yakima Valley agriculture, primarily apples, asparagus, cherries, hops, peaches, apricots, pears, plums and prunes. The peak number of seasonal agricultural workers was estimated at 14,597 in 1989. In 1993, seasonal employment exceeded 5,000 for every month from April through October. The state's 1995 ConPlan estimates a state total of 563,122 agricultural workers at peak season. Citing a 1993 study on the need for farmworker housing, the ConPlan notes a need for 58,020 additional housing units to meet the demand of agricultural workers and their families at peak periods of employment.² This same study lists Yakima County as one of the eight counties in Washington State with the greatest need for more farmworker housing.

The majority of farmworkers in the Yakima Valley are seasonal workers, although a significant number of migrants stay in the area during the peak apple and cherry harvests. Most farmworkers in the area have families, and many "settle out" and make the Yakima Valley their home base. Quality housing affordable to farmworkers is scarce, especially housing that may be occupied on a year-round basis. This means that investment in single-family housing or multi-family rental developments is preferred to dormitory-style housing or single-room occupancy (SRO) units for single migrant workers.

According to ORFH staff, farmworker families typically find themselves in poor housing. Local rental housing occupied by farmworker families is described as very substandard in quality. Families also frequently have to double up or triple up to meet their expenses. In 1988 and 1989, ORFH conducted a housing needs assessment, which highlighted a sample of 93 farmworker

²Washington State 1995 Consolidated Plan, Washington State Community, Trade and Economic Development, 13.

families in Toppenish eligible for Section 514/516 housing. The survey revealed that 67 percent of the families were living in housing in need of repair. Among these households, 40 percent had repeated plumbing problems, 56 percent had drafty homes, and 50 percent had regular infestations of insects or rodents. Additionally, 65 percent of surveyed households were living in overcrowded housing (more than one person per room), and 33 percent were living doubled up with other families. Finally, a significant portion of survey households had housing cost burden, with 65 percent of these farmworker families paying more than 30 percent of their monthly income for housing costs.

Toppenish is southeast of Yakima along Interstate 82, and is surrounded by the Yakima Nation reservation. Toppenish has a population of approximately 7,400. According to the survey done by ORFH, the median length of residency for farmworker families in Toppenish is six years, and over 17 percent of surveyed households report living in the area for over 20 years. The median income in 1989 for the families surveyed was \$8,000, whereas the median income for Yakima County was \$26,833 at that time.

The need for affordable housing in the area is acute. In addition to the ORFH survey data, a separate field survey of rental housing in the Toppenish area shows the need for more affordable rentals. The rental survey found that in the late 1980s only about 14 percent of 199 unsubsidized multi-family rentals had more than one bedroom, and 25 percent did not allow children. The Toppenish Building Inspector found 70 percent of 204 multifamily units to be in need of some kind of rehabilitation in 1987, with 20 percent severely deteriorated. Vacancy rates are very low around Toppenish. The vacancy rate in the late 1980s was 2.9 percent. According to ORFH, these figures are consistent with present realities in the Toppenish housing market. In 1992 a total of 141 households on waiting lists for 113 occupied units in subsidized developments in Toppenish, another indication of farmworkers' need for affordable rental housing.

ORFH is a private, statewide nonprofit corporation that develops housing for farmworkers and other rural, low-income residents of Washington. ORFH provides direct development services to municipalities, local housing authorities, nonprofit corporations and other organizations and individuals interested in the development of farmworker housing. The organization's focus has been on developing multifamily rental housing and related facilities. ORFH has developed 611 housing units on 78 sites throughout Washington. Their housing developments serve up to a 3,282 individuals. An additional 310 housing units for ten communities are currently in development and planning, and will serve approximately 1,772 additional farmworkers and their dependents.

In addition to its development activities, ORFH provides local assistance in developing Community Development Block Grant (CDBG) proposals, subdivision planning, water and sewer development, daycare centers, Section 8 housing programs, homeownership rehabilitation and other services. ORFH does not own or manage the housing units it produces, emphasizing local ownership and control of publicly financed housing. ORFH charges sponsoring organizations no direct fee for its services. ORFH provides funds from an interest-free \$500,000 Revolving Loan Fund for front-end development costs. The loan funds have been used for

architectural and engineering services, land options and purchases, legal costs and other items that are required as part of applications for federal construction funds. Permanent financing for ORFH-supported projects has come from RHS Section 514, Section 515 and Section 516 programs. To date, every development proposal submitted by ORFH has received a funding commitment from RHS.

HOME and CDBG in Washington

Washington's state legislature and state agencies have become more supportive of organizations addressing farmworker housing needs. Until ORFH's inception in 1971, only one farmworker housing project had been developed using federal grant funds, although these grants had been available for 20 years. However, in recent years the state has established a housing trust fund and set aside a portion of the trust fund for farmworker housing development and rehabilitation. In addition, the Washington State Department of Community Development has set aside \$750,000 for affordable housing efforts from its Small Cities Community Development Block Grant (CDBG) program. This money is available in addition to applications to the general CDBG pool by local political jurisdictions. While Linda Vista did not utilize CDBG, ORFH is applying to this CDBG set-aside for other projects currently under development.

The state has simplified the process of accessing HOME, CDBG and other state-run funding sources for affordable housing development. ORFH staff describe the application process as "one-stop shopping," where a single application serves for all funding programs. ORFH staff feel that the state maintains high standards in approving projects and acting on applications quickly and professionally. Local solutions to locally identified needs are given priority in the allocation of HOME and CDBG. Additionally, the state is flexible in its guidelines for using administrative funds, and in tailoring funding to the unique circumstances of individual projects.

ORFH and other groups working with the state's farmworking population have participated in each revision of the state's ConPlan. Their efforts have led to the designation of farmworkers as a special needs population in the ConPlan. As such, the housing needs of farmworkers have been highlighted in the management of the state's HOME allocations. Projects serving special needs populations receive points in Washington's application review for HOME funds.

The HOME program is administered by the Washington State Community, Trade and Economic Development agency (WSCTED). It also manages the state's Housing Trust Fund. WSCTED has offered strong support to organizations developing farmworker housing. It has been innovative in making the Trust Fund and HOME accessible to organizations like ORFH.

The HOME program guidelines require a project sponsor to match a HOME allocation with financing from another source. However, Washington has incorporated its HOME allocation into its total state Housing Trust Fund. Local funding matches are not required of nonprofit developers. In managing the Trust Fund portfolio, the state ensures that the total pool of HOME funds is matched, rather than doing so on a project-by-project basis. This makes HOME very easy to use for nonprofit developers, particularly those in rural areas where securing matching

funds from local lenders or foundations may be more difficult. The Housing Trust Fund even has staff overseeing a portion of funds in the Housing Trust specifically for farmworker-related projects.

Since 1992, WSCTED has disbursed \$22,146,389 in HOME funds to fund 47 projects. This translates to 1,144 units of affordable housing. Among these projects, 21 are new construction, and many are located in areas with heavy concentrations of farmworkers.

HOME allocations are made in accordance with three geographic priorities to ensure that underserved areas receive some priority in disbursing funds. First priority is given to jurisdictions that do not receive funds through entitlement. Second priority is given to CDBG entitlement jurisdictions that do not receive HOME through entitlement. A maximum of 20 percent of the state's HOME funds will be allocated to HOME regional participating jurisdictions with oversight of disbursement in different regions of the state. The state follows federal guidelines and sets aside 15 percent of HOME funds for projects developed by Community Housing Development Organizations (CHDOs).

At least 15 percent of HOME is mandated to fund a Tenant-Based Rental Assistance Program. At least 15 percent of HOME is used to fund a Minor Home Repair Program, which funds rehabilitation work.³ These are both significant needs identified in the state's ConPlan. The remaining HOME funds are accessed through a competitive application that serves HOME and a number of other programs. The state allocates awards from different funding streams according to local project eligibility and needs.

The single application simplifies paperwork for nonprofit developers. It also may provide access to funding sources the developer may not have thought available for the project under application. This, in conjunction with incorporating HOME into the State Housing Trust Fund, encourages more local initiatives to meet local challenges. Under this system, nonprofit developers are able to spend less time pursuing funding sources and focus more of their time and energy on solving development problems.

The Linda Vista Development

All of the Linda Vista residents are seasonal agricultural workers who use the Yakima Valley as their home base. Most move from one agricultural job to another around the Yakima Valley between April and October, with many also traveling to other parts of Washington to take part in apple and cherry harvests. Yakima is within a day's travel of the state's other major growing areas, making the Valley an attractive place for farmworkers and their families to settle out. Many of the farmworkers who have settled out supplement their agricultural income with odd jobs in the off season between November and March. Construction, driving, and mechanical

³When HOME funds are used for repair and rehabilitation, the units must meet local codes or standards upon completion of the rehabilitation. This is the case with the Washington Minor Home Repair program.

work are common off season occupations.

In Yakima County, an annual income at or below 50 percent of the area median would be \$15,000 or less. An annual income at or below 30 percent of area median would be \$9,000 or less. Among the Toppenish families surveyed and found eligible for occupancy in Linda Vista, the median income was \$7,050 in 1993. The median annual income for Yakima County at that time was \$26,833. Linda Vista thus serves farmworker families with incomes generally at or below 30 percent of the area median.

Linda Vista encompasses 30 units of housing and one daycare center scattered across five sites in Toppenish. Scattered sites were selected due to land availability, tenant preference and the desire to avoid occupational and ethnic segregation. The sites hold four, two, fifteen, seven and two units respectively. There are two one-bedroom units, fourteen two-bedroom units, twelve three-bedroom units and one each of four-bedroom and five bedroom units. Two of the units are designed for handicapped residents. All of the units have RHS rental assistance, which means that tenants pay 30 percent of their monthly income for rent. The difference between the tenant contribution and the unit's listed rent is covered by the rental assistance. The gross monthly rent for the one-bedroom units is \$242, and the rent for the two-bedroom units is \$317. Three-bedroom units rent for \$373, the four-bedroom unit for \$446, and the five-bedroom for \$506. With rental assistance in place, tenant contributions toward rent average \$176.

Linda Vista units are arranged in duplexes, triplexes and fourplexes, and all but one site have off-street parking. Linda Vista units also have external storage sheds for each unit, a feature shared by all ORFH housing developments. ORFH incorporated this design feature as a response to potential complaints from neighbors concerning cluttered yards. Staff jokingly refer to these sheds as "ORFH outhouses." ORFH housing developments around Yakima and Toppenish are generally kept up better than many neighboring lots. The director of ORFH also noted Linda Vista's single-story floor plan. Only a couple of ORFH housing developments are two-story projects, due to the character of the rural neighborhoods and since they are not generally popular with farmworker families. In many cases, it is difficult locating lots large enough for a number of single-story units. If smaller lots are available, it becomes more cost-effective to build multi-story structures. However, most of the farmworker families in the Yakima Valley are of Mexican descent, with large numbers having grown up in Mexico. According to surveys of tenants in ORFH developments, many farmworker families have expressed a preference that the bedrooms of parents and children be located near one another on the same floor. ORFH's design emphasis on single-story construction thus addresses this preference among its farmworker clients.

Linda Vista's financing consists primarily of RHS funding sources. Capital construction financing amounts to \$2,292,960 from the Section 514 loan and the Section 516 grant programs. Of this amount, 86 percent is grant money, and 14 percent is a loan at 1 percent interest over 33 years. In addition, there is \$282,605 in rental assistance from RHS for the first five years, with the rental assistance grant renewable in five year contracts. Over the 33-year term of the mortgage, rental assistance should amount to \$1,865,193 in current dollars.

ORFH covered pre-development financing from the ORFH Revolving Loan Fund, drawing a zero percent interest loan of \$217,228 for front-end financing. Pre-development costs covered with this financing include land option and land purchase expenses, architectural and engineering costs, surveys, soil tests, permits and other front-end expenses. The loan from the ORFH Revolving Loan Fund also served as a loan guarantee to RHS while ORFH pursued HOME funds as gap financing for completion of the project.

ORFH also received funding from the U.S. Department of Labor (DOL) and the Washington State Department of Community Development (WSDCD) to cover technical assistance costs. The U.S. DOL contributed \$53,600 and WSDCD contributed \$74,650 to offset the costs of ORFH's technical assistance in developing Linda Vista. The Yakima County Housing Authority also provided a contribution of staff time in preparing and monitoring the loan applications and project development, which as an in-kind contribution amounted to the equivalent of \$61,519. Finally, HOME funds were secured from the Washington State Housing Trust Fund as gap financing, and amounted to \$224,958. Of this amount, \$207,911 was earmarked for construction costs, while \$17,047 was set aside as part of the project contingency fund.

The daycare/tenant meeting facility's development was very important to the Yakima County Housing Authority.⁴ The housing authority has a strong commitment to tenant involvement in management. Tenants are hired whenever possible for maintenance and caretaking positions, and the housing authority also runs a construction apprenticeship program for tenants not engaged full-time in farm work. Children of tenants receive first priority for participation in the daycare program, but children from other housing developments run by the Yakima County Housing Authority also participate. Low-income children not living in the housing authority's developments are also eligible for the daycare center's services. The housing authority contracts with an independent service provider to manage the daycare facility. The center was designed to serve 38 children. There are approximately 350 children on the waiting list. In addition to serving as a meeting space for the Tenant Council and providing daycare space, the facility is also used for classes in English as a Second Language (ESL). Not only does the daycare center have a play area for children, but so do all the other Linda Vista sites. The daycare facility is 2,000 square feet, and had construction costs amounting to \$97,752. Site development costs covering landscaping the daycare facility and building play areas totaled \$20,056. This cost was included in the total cost of construction, and represents a very small portion of the total financing for the project.

The Linda Vista development is integrated into a number of neighborhoods located near essential services, such as churches, schools and grocery stores. Tenants take great pride in their housing, with yards kept neat, cars parked off the street, and well-maintained flower beds and vegetable gardens. Especially when compared to private rental housing in the vicinity of Linda Vista lots, these units truly upgrade the housing opportunities available to Yakima Valley

⁴HOME funds cannot be used for construction of a separate building for services, such as the daycare center. In the case of Linda Vista, the construction of the daycare center was financed through the other funding sources secured for the project, primarily the RHS funds.

farmworker families.

Accessing HOME

Although ORFH often encounters NIMBY problems with its developments, none arose in the process of building Linda Vista. Over the years, ORFH has cultivated contacts with city officials in Yakima Valley communities. As more ORFH projects were completed and managed successfully, local governments and area residents have shown continued support for ORFH housing developments. Since ORFH works primarily by providing technical assistance to local organizations, local governments often become invested in these housing initiatives and gain familiarity with ORFH staff and programs. ORFH's director notes that developing these kinds of partnerships with local governments and housing authorities "smooths the way for subsequent developments." Ultimately, these local partners can then be relied upon to support ORFH housing initiatives that may fall outside of their jurisdictions. They have spoken on behalf of ORFH or sent letters of testimony to state agencies. ORFH's director also notes that there are currently more requests from local government for ORFH assistance than the organization can act upon. Since accessing HOME requires contact with a PJ, most often a state housing finance or community development agency, strong references from local governments and housing authorities strengthen an organization's links to the community in the eyes of state administrators.

ORFH staff noted only two obstacles in accessing HOME funds. ORFH staff observed that the amount of paperwork required for making a successful HOME application was burdensome, even in Washington State where paperwork requirements have been streamlined. Since ORFH staff repeatedly noted the state's support of farmworker housing initiatives, the burden of excessive paperwork was seen as the most significant obstacle for groups that might want to access HOME. This obstacle is likely to be more troublesome for nonprofit developers with less experience using federal programs. Such groups might find the staff hours required to comply with paperwork requirements prohibitive. Nonprofit organizations with small staffs and limited administrative budgets may often feel that paperwork poses a burden, even if the application or monitoring process in question has been simplified and streamlined. From the perspective of these types of organizations, ongoing efforts by federal, state and local agencies to further streamline the program application process will promote the most efficient use of limited housing resources.

The less significant, procedural obstacle encountered by ORFH involved having to justify the use of RHS environmental review materials in place of HUD's environmental review. ORFH had already committed staff time and funds to an environmental review in order to secure the Section 514/516 grants and loans from RHS. ORFH argued that it would be a duplication of effort to do the review over again to comply with HUD's framework, especially since both environmental standards are very similar. This obstacle did not become a major problem because the PJ accepted the earlier review with little argument.

When asked for suggestions on making HOME more accessible for farm labor housing

development, ORFH's director said simply that "[other states] should administer the programs like Washington State does." More specifically, he said that having a single application for multiple financing sources, flexibility in the disbursement and use of administrative funds, and tailoring funding sources to local needs make the HOME program very accessible in Washington. Perhaps the most innovative and useful measure taken by the state is its incorporation of its HOME allocation into the State Housing Trust Fund. It eliminates the need to search for HOME match funds and ties the HOME program more closely to state housing resources. Since the state has made efforts to become more attuned to local initiatives targeting local needs, nonprofit groups like ORFH have had more success using HOME to serve low-income farmworkers and their families.

EXHIBIT A

Exhibit A: State of Washington: HOME Allocations 1992-1996

Contractor	Contract No.	Project Name	FFY	Contr.	Contract Completion Date	Activity	Units	Award Amount	Project Balance
Space Foundation	95-419-3A	McMurray Park	95	N		New Const.	100	\$500,000.00	\$500,000.00
Spokane Housing Authority	5-92-416-1A	Newark	92	Y	9/15/93	MOD Rehab	6	\$160,000.00	\$0.00
Spokane Housing Ventures	95-419-008	Scattered Site	95	Y		Acquisition	9	\$302,950.00	\$0.00
	5-94-418-6A	Wilton Apts.	93	Y	9/30/95	Subts Rehab	55	\$475,239.00	\$0.00
St. Andrews Housing Group	95-419-4A	Klahanie Apts.	95	Y	9/30/97	New Const.	55	\$500,000.00	\$270,974.38
Thurston County, Housing Authority of	5-95-416-12B	Horizons West	92	Y	12/31/95	Subts Rehab	24	\$651,590.00	\$0.00
Whatcom Counseling and Psychiatric Clinic	5-94-418-B2	Supported Housing	94	Y	12/31/96	MOD Rehab	7	\$138,000.00	\$24,225.71
Whatcom County Housing Authority	5-95-419-0008		95	Y			50	\$1,350,000.00	\$1,350,000.00
Yakima County Coalition for the Homeless	5-93-417-A	Restoration Project	93	Y	7/31/96	Subts Rehab	15	\$500,000.00	\$59,432.48

HFU- HOME: Contract Status Report-Summary

Contractor	Contract No.	Project Name	FFY	Contr.	Contract Completion Date	Activity	Units	Award Amount	Project Balance
Lopez Community Land Trust	5-92-416-B10	Project II	92	Y	3/31/95	New Const.	7	\$325,999.99	\$0.00
Low Income Housing Institute	5-94-416-9B	Fleetwood Apts.	94	N		Subts Rehab	43	\$555,000.00	\$555,000.00
	5-92-416-9B	Glen Hotel	92	Y	12/31/96	Subts Rehab	37	\$650,000.00	\$9,967.67
Lower Columbia CAC	5-94-418-3B	Highlands	94	N		First Time Homebuyer	48	\$550,326.00	\$550,326.00
Multi-Service Centers of North and East King	5-94-418-3B	MSC 4-Plex II	94	Y	8/30/95	MOD Rehab	4	\$115,832.00	\$0.00
Opportunity Council, the	5-94-418-2A	Rural Home Rehab	94	Y	12/31/96	MOD Rehab	70	\$350,000.00	\$274,213.81
Richland, City of	5-93-419-3A	Richland In-Fill	93	Y	9/30/96	New Const.	14	\$258,000.00	\$794,039.71
Serenity House	5-94-418-4A	Evergreen Family	94	Y	3/31/97	New Const.	16	\$652,986.00	\$624,993.09
Skagit County Housing Solutions	95-419-0007	Southfield	95				18	\$981,857.00	\$891,857.00

HFU- HOME: Contract Status Report-Summary

Contractor	Contract No.	Project Name	FFY	Contr.	Contract Completion Date	Activity	Units	Award Amount	Project Balance
Intercommunity Housing	96-420-0003 (Combo)	Lincoln Highway	96	Y	4/30/94	New Const.	50	\$600,000.00	\$600,000.00
Jefferson Community Counseling Center	5-92-416-b8	Hastings House	92	Y	6/30/95	Subts Rehab	4	\$150,000.00	\$0.00
	5-93-419-b1	Pfeiffer Apts.	93	Y	6/30/94	Subts Rehab	6	\$268,761.00	\$0.00
	5-93-417-A5	Lodge II	93	Y	12/31/94	Subts Rehab	3	\$115,050.00	\$0.00
Kitsap Community Action Program	5-92-416-5A	Transitional Duplex	92	Y	6/30/96	New Const.	2	\$118,520.62	\$0.00
Kitsap Community Consolidated Housing	5-93-417-6A	Golden Tides II	93	Y	12/31/96	New Const.	45	\$1,354,136.00	\$0.00
La Clinica Migrant Heath Center	5-92-416-15B	Self-Help Housing	92	Y	12/31/96	New Const.	31	\$180,000.00	\$32,209.58
Leighton Association	5-92-416-11B	Caryla/Dayton	92	Y	12/31/93	Subts Rehab	8	\$188,437.92	\$0.00
Longview Housing Authority	5-92-416-17B	Columbia Theater	92	Y	12/31/95	Subts Rehab	36	\$1,565,717.00	\$0.00

HFU- HOME: Contract Status Report-Summary

Contractor	Contract No.	Project Name	FFY	Contr.	Contract Completion Date	Activity	Units	Award Amount	Project Balance
Chelan-Douglas CAC	96-420-0001	Sunset Ridge	95			New Const.	50	\$900,000.00	\$900,000.00
	5-92-416-18B	Crescent Village	92	Y	6/30/95	New Const.	18	\$987,843.00	\$0.00
Clallam County, Housing Authority of	95-419-1A	Sunbelt Apts.	95	Y	6/30/98	Subts Rehab	17	\$473,231.00	\$99,816.78
Clallam-Jefferson CAC	5-94-418-1A	Northwest Passage	94	Y	8/31/96	New Const.	18	\$817,576.00	\$13,211.66
CMHC Residential Properties, Inc.	5-92-416-13B	Tumwater Cove	92	Y	12/31/95	New Const.	8	\$380,473.61	\$0.00
Columbia Non-Profit Housing	5-93-417-4A	CMI Triplex	93	Y	3/31/96	New Const.	6	\$250,806.00	\$81,353.16
Evergreen Counseling Center	5-92-416-A3	CMI Housing	92	Y	12/31/94	Subts Rehab	10	\$268,033.99	\$0.00
Homes First	5-92-416-4A	Neighborhood	92	Y	6/30/94	Subts Rehab	8	\$350,000.00	\$0.00
Homestead Alternatives	95-419-2A	Bridgecreek II	95	Y	9/30/97	New Const.	30	\$900,000.00	\$477,373.33

HFU- HOME: Contract Status Report-Summary

Contractor	Contract No.	Project Name	FFY	Contr.	Contract Completion Date	Activity	Units	Award Amount	Project Balance
Agape Unlimited	5-92-416-14B	Sisyphus II	92	Y	9/30/96	MOD Rehab	10	\$219,000.00	\$16,286.66
Archdiocesan Housing Authority	94-418-1C	Wash. Grocery	94	Y	7/31/97	Subts Rehab	37	\$350,000.00	\$0.00
	96-420-0004 (Combo)	Downtown Renton	96	Y	6/30/96	New Const.	29	\$0.00	\$320,379.00
	5-93-417-1A	Elks Bldg.	93	Y	6/30/94	Subts Rehab	53	\$1,050,000.00	\$0.00
Asotin County Mental Health Center Assoc.	5-92-416-7A	Asotin/Garfield	92	Y	1/31/96	New Const.	4	\$203,599.00	\$0.00
Banchemo Friends Services	94-418-2C	Loya House	94	Y		MOD Rehab	4	\$52,375.00	\$0.00
Bellingham Housing Authority	94-418-4C	Willow Creek	94	N		New Const.	16	\$358,400.00	\$358,400.00
Benton-Franklin CAC	5-94-416-1B	Enrichment 2000	94	Y	10/31/98	FirstTime Homebuyer	18	\$314,820.00	\$53,590.78
Blue Mountain Action Council	94-418-3C	Walla Walla Co.	94	Y		New Const.	16	\$151,071.00	\$151,071.00
Catholic Charities	96-420-0002	The Rhodena	96			New Const.	6	\$361,000.00	\$361,000.00
Yakima Housing Authority	5-92-416-7B	Linda Vista	92	Y	3/31/94	New Const.	23	\$224,958.00	\$0.00
							1144	\$22,171,589.13	\$9,369,721.80

IDAHO MIGRANT COUNCIL: EL MILAGRO HOUSING

Introduction

El Milagro (“The Miracle”) is located in Twin Falls, Idaho. It was formerly known as the “Twin Falls Labor Center,” a farm labor camp owned and operated by a local growers association. The Idaho Migrant Council (IMC) took over the camp in 1988, and transformed it from a site in serious disrepair into a model of housing service provision for farmworkers and their families. El Milagro won an award in April 1996 from the Idaho Department of Commerce as an outstanding model of community development. The site incorporates detached, single-family homes, duplex and triplex rental units, SRO studio apartments, and a homeless shelter. There are a total of 101 units housing 540 individuals on the site. In addition, El Milagro has a Migrant Head Start program and a community center. Before IMC took over El Milagro, the labor camp had a bad reputation as a place where slum conditions and blight were rampant. Today, El Milagro is regarded in the community of Twin Falls as a safe, decent place to live, and a cornerstone of the community’s efforts to continue improving its housing stock and improve its economic development.

El Milagro’s development was financed from a variety of sources. HOME dollars funded the construction of 20 two- and three-bedroom apartments. One Community Development Block Grant was used to replace and extend water and sewer lines, while another CDBG award paid for paving the roads and driveways at the site. El Milagro’s rehabilitation and new construction have also been funded by contributions from Twin Falls City, McKinney funds, HUD SRO funding, Idaho Housing Agency loan funds, the McAuley Institute, and a variety of regional organizations and local private lenders. In addition, numerous organizations have donated materials and services towards the improvement of this housing development.

Twin Falls is about two hours east of Boise, with a population of 53,580. The primary crops in the area are potatoes, beets and onions. Twin Falls County is one of eight counties in the state’s Region Four Development Area. The economies of these counties are heavily dependent on agriculture. Among the Region Four counties, Twin Falls County is the most urbanized. Only 35.6 percent of the county is classified as rural by the state, meaning that it is “open country” and farmland. Nonetheless, the county is home to a larger proportion of farmworkers than the more rural counties nearby. Twin Falls County functions as a regional home base for farm laborers working across the Region Four counties.

The Twin Falls area attracts a sizable migrant population during the growing season, and larger numbers of farmworkers are “settling out” in the region and making it their home base. IMC staff estimate that there are 5,000 seasonal agricultural workers and 3,000 migrant farmworkers in Twin Falls County from May through early November. IMC staff note that almost all seasonal farmworkers live with their families, and that approximately 70 percent of the migrant farmworkers passing through the area travel with families. Idaho’s 1995 ConPlan notes that statewide approximately 28 percent of all seasonal agricultural workers are single, 29 percent are

married but unaccompanied by their spouse, and 43 percent are married and accompanied by their spouse. These survey results support the observations made by IMC staff. Region Four has the second largest population of seasonal and migrant farmworkers in the state. The 1995 ConPlan figures show a total of 32,190 farmworkers in the eight counties, of which 11,832 are migrant workers and 20,358 are seasonal. This means that approximately 25 percent of Region Four's farmworker population resides in Twin Falls County. Indeed, Twin Falls County has the fourth greatest number of seasonal and migrant farmworkers among Idaho's counties. This large population of farmworkers requires a wide variety of housing options to adequately meet their diverse needs.

Idaho's ConPlan notes that the state's farm labor camps "often consist of older, substandard dwellings which were originally intended to shelter single adult men during the summer months. These may be unheated, lack running water, and may be overcrowded prior to and during peak seasons."⁵ Labor camps house 58,429 of Idaho's seasonal and migrant farmworkers, with 32,195 farmworkers living in private rentals. Only 4,770 farmworkers live in employer-provided housing. The remainder of the state's farmworkers (23,849) are classified as having "Other" housing arrangements, which range from occupying subsidized rentals to being homeless. The ConPlan's housing survey found that only 68 percent of renters in Region Four counties feel their units are in good condition, the second lowest score in the state. Before IMC transformed the Twin Falls Labor Center into El Milagro, conditions at the site mirrored those described in the ConPlan. Barracks arranged like horse stalls had sagging roofs and no insulation. These "horse stall" barracks also had broken stoves, ventilation pipes and heaters. Cottages had rotting floors, drainage and sewers were clogged, and fixtures were old and broken.

Survey responses in the ConPlan's housing survey indicate that significant problems with overcrowding and housing cost burden persist in the Twin Falls region. Among very low-income respondents, 81 percent paid more than 30 percent of their monthly household income for housing costs, while 44 percent of low-income respondents were similarly cost burdened. The ConPlan also shows that rents across the state have risen dramatically, in many counties by at least one third, and in a couple of counties almost doubling.⁶ The median rent for Twin Falls County was \$158 in 1980, but had risen by almost 50 percent to \$235 in 1990. Rents have continued to rise at similar rates since 1990. Idaho is also experiencing sharp population growth, which both IMC staff and state officials consider one of the most significant factors putting pressure on the rental market.

The average income for El Milagro residents reflects the low incomes of farmworkers in the area. The average annual income for all residents is between \$6,000 and \$7,000. Individuals in the SRO units have lower incomes, averaging \$5,000 annually. Households in the HOME-financed rental units average \$10,000 in annual income, slightly higher than most other El Milagro residents.

⁵State of Idaho 1995 Consolidated Plan, The Idaho Housing Agency, 39.

⁶ConPlan, 127.

According to IMC staff, area housing affordable to farmworkers is of very poor quality. Except for a few good quality affordable units developed by organizations like IMC or the local housing authority, much of the affordable housing stock is old and dilapidated. The rental market statewide is very tight, resulting in rising rents and less incentive for landlords to maintain their properties. The vacancy rate for rental units statewide is less than 5 percent, and average rents in Twin Falls County range from about \$400 to \$500 a month for a two-bedroom unit. Migrants have greater difficulty competing for vacant units. Their low incomes price them out of the range of quality rentals, and their seasonal mobility leaves them searching for housing on short notice. Fewer growers are providing housing, leaving more farmworkers to search for housing in the private market or at labor camps, which are often in poor condition.

The Idaho Migrant Council has done excellent work rehabilitating a dilapidated labor camp into the model development that is El Milagro. The IMC was incorporated in 1971, and it has focused on housing concerns as part of its efforts to promote the well-being of low-income, minority and farmworker populations. The organization is devoted to providing these populations with housing, employment and educational opportunities. The work of the organization emphasizes service provision to meet immediate needs and providing resources to promote the long-term self-sufficiency of its clients. In addition to its housing division, the IMC also runs a Migrant Head Start program around the state and an employment and training program.

The IMC's housing work has included self-help housing development, weatherization assistance, housing preservation efforts and the development and rehabilitation of multifamily rental housing. The IMC has produced 135 self-help, owner-occupied single-family homes. The organization owns and manages six low-income multifamily housing projects, including El Milagro. Several more projects are in their development stages. IMC's weatherization program has improved over 2,300 homes, and their housing preservation program has rehabilitated over 250 homes.

The IMC has been aggressive in pursuing financing for its housing work. They have utilized HUD's SRO Mod-Rehab and Emergency Shelter grants. They have also built housing with RHS Section 514/516 Farm Labor Housing funds, and used RHS Section 523 Technical Assistance funds. The IMC has received funding from the Department of Health and Human Services and the Department of Energy. Foundation money, corporate donations and loans from private lenders have also contributed to the IMC's housing work. The IMC Housing Division staff have been very creative in blending and leveraging different financing sources to complete their developments.

HOME and CDBG in Idaho

In the last few years, Idaho's state legislature and state agencies have become more responsive to low-income and farmworker housing needs. The state legislature authorized the creation of a state housing trust fund a couple of years ago, but has not yet authorized funds for it. The Idaho

Housing and Finance Association has been very active in disbursing its HOME funds, but its allocation is relatively small at \$3.8 million for 1996. Finally, the Idaho Department of Commerce has invested CDBG in much needed infrastructure development around the state, but has only recently begun revising its application process to give housing projects greater funding priority.

Only city or county governments may apply for CDBG awards. The local government may go to a regional authority established by the Commerce Department for technical assistance in making its application. The Commerce Department runs grant application workshops in August each year, so that local governments will better meet the November pre-application deadline. Projects surviving the pre-application screening are evaluated by the state's Economic Advisory Council, which does its final analysis of applications by February. By March, each group makes a public presentation concerning their project to the Economic Advisory Council, which makes recommendations for project funding to the governor. The governor presents CDBG awards in late March or early April.

The Idaho Department of Commerce has funded only eight housing-related projects since 1990, with one more application pending. Two of these grants went to El Milagro. Housing projects to date comprise only about 6 percent of the projects receiving block grants since 1994. However, the Commerce Department has an economic development technical assistance program that might serve housing development efforts as well. The Gem Community Program provides funding to underserved communities, for intensive community planning and provides the technical assistance required for these communities to apply successfully for CDBG and other funding. Communities are designated as Gem Communities through a competitive application process. Presumably, if housing organizations play a strong role in a Gem Community's planning and application process, more CDBG dollars will go towards housing rehabilitation initiatives. CDBG applications made by Gem Communities also receive bonus points in the application process.

The Commerce Department provides technical assistance apart from the Gem Communities program to communities hoping to access CDBG for affordable housing activities. While this service has been available for some time, the Commerce Department is beginning to publicize it more widely with brochures and personal contacts with local officials. The Commerce Department also participates in a roundtable called The Housing Club, which brings together nonprofit, private sector and government entities engaged in the funding and development of affordable housing projects. They also contribute to the formulation of the state's Fair Housing Plan and ConPlan. Finally, Commerce Department staff note that they are in the process of revising their evaluations of housing applications for CDBG funds. The application section concerning local housing needs and project impact compares local housing conditions to statewide averages on indicators like age of housing, vacancy rates, overcrowding and number of substandard units. This allows underserved areas with great need to receive bonus points in the application for CDBG awards.

The HOME program is administered by the Idaho Housing and Finance Association (IHFA),

formerly the Idaho Housing Agency. IHFA has three rounds of funding each year, so that projects not ready to apply early in the year may still access HOME later in the year. Bonus points are given to projects with a high benefit-to-cost ratio. Projects which are likely to repay all or a large portion of HOME funds in a timely fashion also receive bonus points. If a project's goals are consistent with the regional needs outlined in the ConPlan, it receives bonus points as well. If a project serves a special needs population outlined in the ConPlan, it receives a higher priority. Farmworkers are listed in the ConPlan as having special housing needs, and testimony to this fact is presented by the IMC in the ConPlan's Appendices. Active organizational involvement in the ConPlan revision process at the local level made farmworker housing needs a priority. In addition, HOME applications receive points for strong planning, maintaining a project schedule, and meeting national criteria for serving low-income residents. These are all features shared by the state's CDBG application process.

Projects which have another primary financing source with which to leverage HOME dollars receive a great deal of attention in the application process. If a project has a primary financing source in excess of the minimum match requirements called for by the HOME guidelines, it is more likely to be funded. The IHFA prefers to stretch its HOME allocation across as many projects as it can. Ultimately, a developer's prospects for receiving HOME improve significantly if outside funding commitments have been secured prior to making an application. This may prove problematic if local lenders or other government agencies want to see a HOME commitment before committing their own resources to a project.

Each round of funding sees almost twice as many applications as the IHFA is able to fund through HOME. In the first round of 1996, IHFA received 12 applications and was only able to fund five. To date, 30 projects have been completed using HOME, with 19 of these new construction of multifamily rental units. Five projects have involved the rehabilitation of rental units. Since the program's inception, IHFA has disbursed over \$12.9 million and helped produce 523 housing units.

Unlike CDBG, HOME applications do not have to come from city or county governments. Nonetheless, gaining the support of local government contributes greatly to a nonprofit developer's application success. Local governments may write letters to the IHFA on behalf of the nonprofit, may support the inclusion of farmworkers as a special needs group in the state's ConPlan, and may provide technical assistance and data required as part of the application for HOME funding. Since the state has a limited HOME allocation, competition is fierce for HOME dollars. Building local and regional coalitions in support of a project is one way to enhance the project's success in the HOME application process.

The IMC noted no difficulties in blending HOME with other financing sources at El Milagro. Given the wide variety of financing sources in the project's development, it is significant that no conflict of tenant eligibility criteria occurred. However, since the incomes of El Milagro residents are so low, there has not been any problem in meeting the strictest income eligibility requirements among the different funding sources. Also, with so many financing sources, it was not difficult to meet the match requirements for the HOME program. IMC staff expressed the

hope that IHFA could give greater attention to farmworker housing needs in its disbursement of HOME funds. To date, El Milagro is the only Idaho housing project supported by HOME that specifically serves farmworkers. The IMC is currently developing a project using HOME funds in conjunction with the RHS Section 515 Rental Housing program, which will increase the investment of Idaho's HOME funds in housing accessible to farmworkers.

While the IHFA has been described as very supportive of farmworker housing initiatives, obstacles still exist to accessing HOME for this purpose. First, the state's emphasis placed on leveraging HOME with other financing may become an obstacle when financing has not been committed by the deadline for the HOME application. Also, having to make the HOME match may pose an obstacle for a smaller developer who lacks strong connections with statewide or local funding sources. Nonetheless, there appears to be more potential for farmworker housing developments to access HOME in coming years.

El Milagro Housing

El Milagro's rehabilitation was accomplished through a 12 phase planned unit development. As of July 1996, nine phases have been completed. The development has 45 two-bedroom cottages, 24 SRO studio units, 20 two- and three-bedroom rental units, eight two-bedroom and two three-bedroom rental rehabilitation units, and a homeless shelter. The site also includes an office, a Migrant Head Start facility, a laundry facility, and a community center. The Migrant Head Start facility has a play area, and play areas are also present near other units in the development. The property manager and maintenance staff live on the premises.

The rents at El Milagro range from \$175 to \$319 a month. The single-family cottages have rents between \$175 and \$225. The rental rehabilitation units rent for \$225. SRO studios have rents of \$250. The SRO studios have a higher gross rent than the single-family cottages, and a relatively high rent in relation to the HOME-funded apartments, because the cost of rehabilitation was much greater for the studios than the cost to rehabilitate the cottages and build the HOME units. The HOME-funded two-bedroom units rent for \$277, while the three-bedroom HOME units are \$319 a month. The SRO studios and the HOME units all have rental assistance, so tenants in these units only pay 30 percent of their gross monthly income for rent. The rental assistance for the SRO studios is supplied through the Section 8 Moderate Rehabilitation program, while tenants in the HOME units have received HOME-funded, tenant-based rental assistance. Most tenants in these units thus pay considerably less than the market rent for the units.

The single-family cottages once had rusting pipes, rotting floors, sagging roofs, and a host of other defects. The rehabilitation of these units essentially replaced everything on them but the basic structure. Many current occupants helped with the rehabilitation of the cottages. They were trained by staff from the College of Southern Idaho, who developed a construction trades apprenticeship program tailored to the needs of El Milagro residents. Many of these tenants have used the construction skills gained from this program either to supplement their farm incomes with construction work or to take full-time jobs in the construction industry. The HOME units and rental rehabilitation units are long, ranch-style structures arranged as duplexes

and triplexes. While the entire structures of the HOME units are essentially new construction, they are classified as a rehabilitation project because the IMC used the original foundation slabs. The homeless shelter is designed in the same style as the HOME units, and is placed in the midst of the rentals. The SRO studio apartments are perhaps the most architecturally innovative units at the site. They are only 300 square feet, but each has a kitchen, bathroom, sleeping area, living area and storage space. More remarkable is the fact that they were once “horse stall” type barracks in serious disrepair. One barracks remains unrenovated, and it is being used as a storage shed. It provides such inadequate shelter that it is hard to imagine that these types of units sheltered people less than ten years ago.

When HUD and IHFA staff saw the original condition of the barracks, they recommended demolition followed by new construction. However, the renovation project has proved successful, and the single migrants who occupy the units find them far preferable to living in the dormitories that are typical of private farm labor camps. IMC preferred to pursue rehabilitation over new construction mainly because of the dislocation of tenants occupying the dilapidated units, and because of the availability of rehabilitation funding.

El Milagro’s community center will soon be completed. IMC staff envision that the community center will serve a variety of purposes. It will likely serve as a place for seniors to pursue activities during the day, and for tenants to hold meetings. It will also serve as the social center of the El Milagro community, with social events and dinners bringing residents together.

The Migrant Head Start program serves children ranging in age from six months to six years. Between mid-May and mid-October 1996, El Milagro’s Head Start will serve 74 children. The program promotes educational development, provides social service referrals, and evaluates children for special educational or developmental needs. Parents of children in the program also qualify for employment training offered at another IMC housing site, food and rent supplements, and medical cash assistance. Children receive diapers, food, formula and other necessities as needed.

El Milagro’s rehabilitation and development are being financed by an incredibly complex array of funding sources. The McAuley Institute provided \$125,000 in acquisition loan funding. The Region Four Development Association and Mountain States Savings Bank made a loan of over \$150,000 for initial project purchase funding. Health and Human Services funding comes to more than \$750,000 in grant money. This money was used to rehabilitate the single-family cottages. The water and sewer improvements were made with a CDBG award of \$366,418. A second CDBG award of \$248,859 paid for repaving the streets at the development. The HOME units were constructed with a HOME loan of \$904,638. A McKinney Act Emergency Shelter Grant of \$35,000 contributed to development of the homeless shelter, while the HUD SRO program contributed \$277,000 to the transformation of the barracks into studio apartments. Twin Falls City contributed \$75,000 to site improvements and development of CDBG applications. As work begins on the final phases of El Milagro’s development plan, doubtless more financing sources will be added to this variety of funding.

Match funds for the HOME award were raised through income and project resources generated at El Milagro, and through a land value contribution. Since the McAuley loan was used to refinance the original purchase of the site through a local lender, McAuley had a lien on the property. The IMC and McAuley Institute made arrangements to donate the value of the lien back to IMC, even though there were still a couple of years left for repayment of the McAuley loan. The value of the property thus served as a portion of the HOME matching funds. The HOME funds and project resources were used as leverage as part of the CDBG application, although a match was not required in order to obtain and use CDBG funds.

The most interesting observation concerning El Milagro's financing is that success breeds success. When the IMC first decided to acquire the property, even the IMC board of directors were skeptical as to its success. The property was in such bad shape that few who saw it could envision any future for the site other than bulldozing. As the IMC's Housing Division Director noted, "We did not want to become slumlords." While the 12 phase development plan was conceived soon after acquisition of the property, funding sources were not settled upon at the outset of the planning process. Many agencies and organizations were reluctant to provide funds for site acquisition and the early rehabilitation efforts. However, as the early rehabilitation work proved successful, and the IMC gained more funding for upcoming phases of the planned unit development, even more funders saw the potential in the project. It seems that funders are more willing to invest in a project which has a wide variety of supporters and a proven development record. The City of Twin Falls has also been very supportive of El Milagro's development, which enhances the security of the project in the eyes of possible funders. After initial skepticism over the project's potential, El Milagro has brought together a wide range of local, state and national actors to turn around a blighted camp that once was a disgrace.

El Milagro serves a range of needs among area farmworkers. It provides high quality, affordable housing for families and services for children. It has efficient apartments available for single migrants. It also has a homeless shelter that serves homeless individuals from throughout the county. El Milagro has succeeded in bringing together individuals and families with diverse housing needs and allowed them to foster a cohesive community.

Accessing HOME and CDBG

The IMC, like many organizations developing farm labor housing, has encountered local resistance to its projects. IMC staff observed that NIMBY problems exist throughout Idaho. However, they note that El Milagro encountered very little opposition, and only in the early stages of its rehabilitation.

IMC staff feel that newly constructed facilities typically meet stronger local resistance than the rehabilitation of existing facilities. Because the Twin Falls Labor Center had existed since the 1940s, it was a familiar part of the city. Even more important is the fact that the Labor Center was run down and a magnet for local disturbances. According to IMC staff, any effort to improve this site would eventually have gained local support.

Local resistance to El Milagro's development was also eased by the support of the city government. As civic leaders and urban planners incorporated the El Milagro site into their plans for the area's economic development, local residents began to accept El Milagro as an integral part of the Twin Falls community.

The city wanted to extend public water and sewer service past El Milagro. By identifying this interest of the city, IMC staff were able to enlist the support of the city for a CDBG application. The city applied for water and sewer funds on behalf of El Milagro, and was then able to extend its water system past the site along the new lines. Nonprofit developers who take the time to adjust their project plans to city or county development priorities are more likely to generate local support for their housing initiatives.

In the case of El Milagro, the initial cooperative work extending water and sewer lines grew into a longer term partnership. The city sponsored El Milagro's CDBG request for street paving. The city also began supporting more of the IMC's work around the state, with the mayor testifying on the IMC's behalf in other localities with pending farmworker housing projects.

IMC staff suggested that the CDBG program could better meet the housing needs of farmworkers if it continued to make its application process more "user friendly" to housing proposals by giving more priority for the direct benefit to low-income households of housing development, as opposed to the "area benefit" scored on infrastructure development projects. Infrastructure and economic revitalization projects serve the whole area as an "area benefit" activity, but housing development has a more intense benefit to those people who are served by the project. Because housing rehabilitation is highly targeted to specific persons, the cost per recipient tends to be much higher than public facilities projects. IMC staff also suggested setting guidelines each year for investment in affordable housing initiatives. As of July 1996, the Idaho Department of Commerce was considering ways to improve the competitive standing of housing-related applications for CDBG funds.

IMC staff suggested a number of measures to improve the use of HOME for farmworker housing. One measure that would make HOME funds more accessible in Idaho is for the state to appropriate money to activate its Housing Trust Fund. An active Trust Fund would give nonprofit developers a ready source of match funds for their HOME applications. It would also provide an accessible source of gap financing in cases of cost overruns.

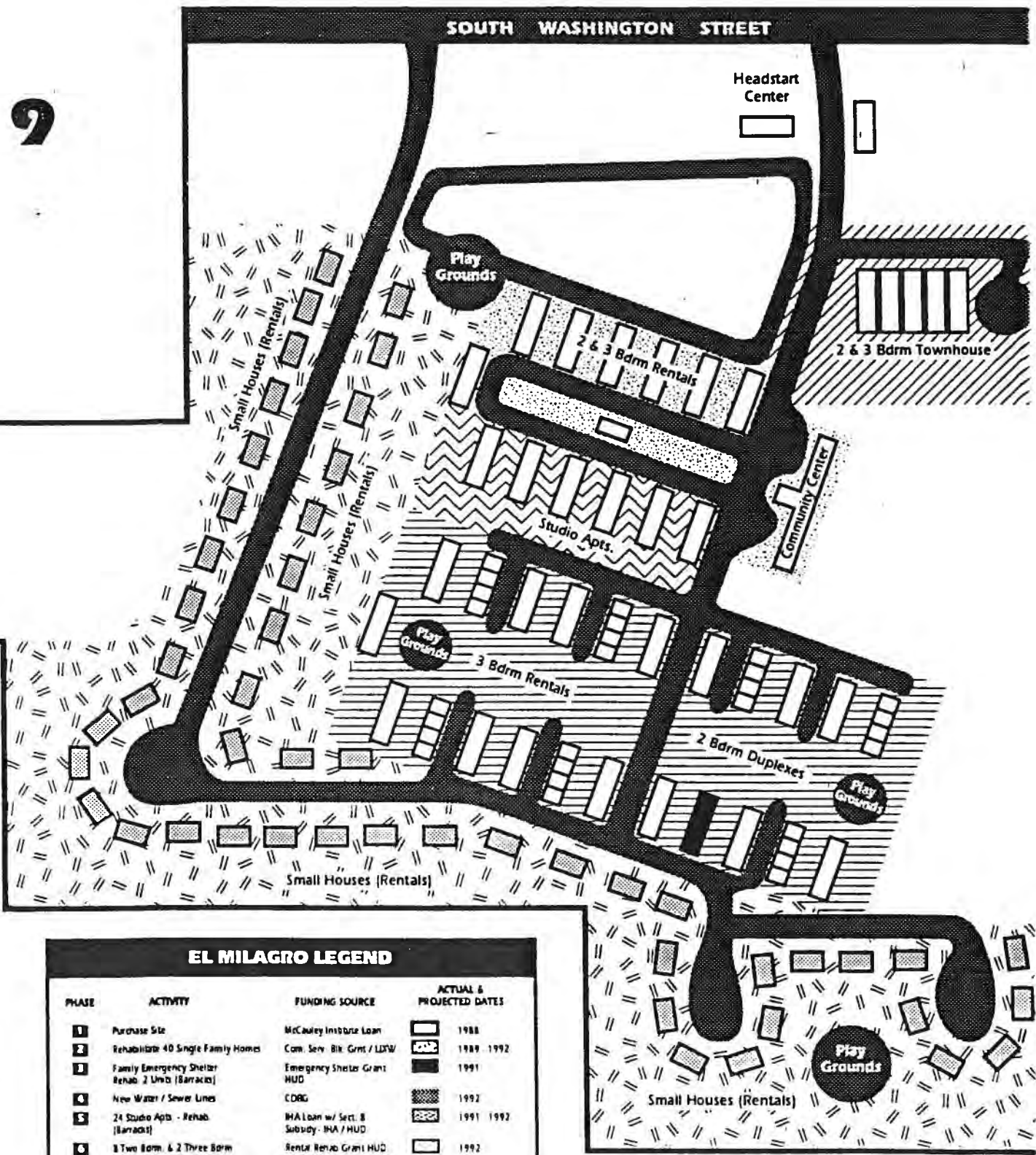
Even though farmworkers are listed in Idaho's ConPlan as a special needs population, they are still underserved. This is true in many states. IMC staff proposed that the HOME program statute be changed to establish a special populations set-aside of HOME funds. This measure would target at least a small portion of HOME funds to farmworker needs around the nation. It would ensure that at least a small portion of the funds would be available to groups in states where farmworker housing must compete against other pressing needs for funding through state agencies. A small demonstration program might illustrate the effectiveness of this measure. These measures would require statutory changes by the U.S. Congress, so HUD could not pursue them through regulatory revisions.

El Milagro has overcome enormous community barriers. It is no longer referred to as “the old labor camp.” El Milagro is now respected in the Twin Falls area and seen as a strong, stable community. El Milagro’s rehabilitation provides a lesson in how developing strong community relations and being creative in leveraging financing may increase the housing opportunities available to farmworker families.

EXHIBIT B

EL MILAGRO

A Planned Community of the Idaho Migrant Council, Inc.



EL MILAGRO LEGEND

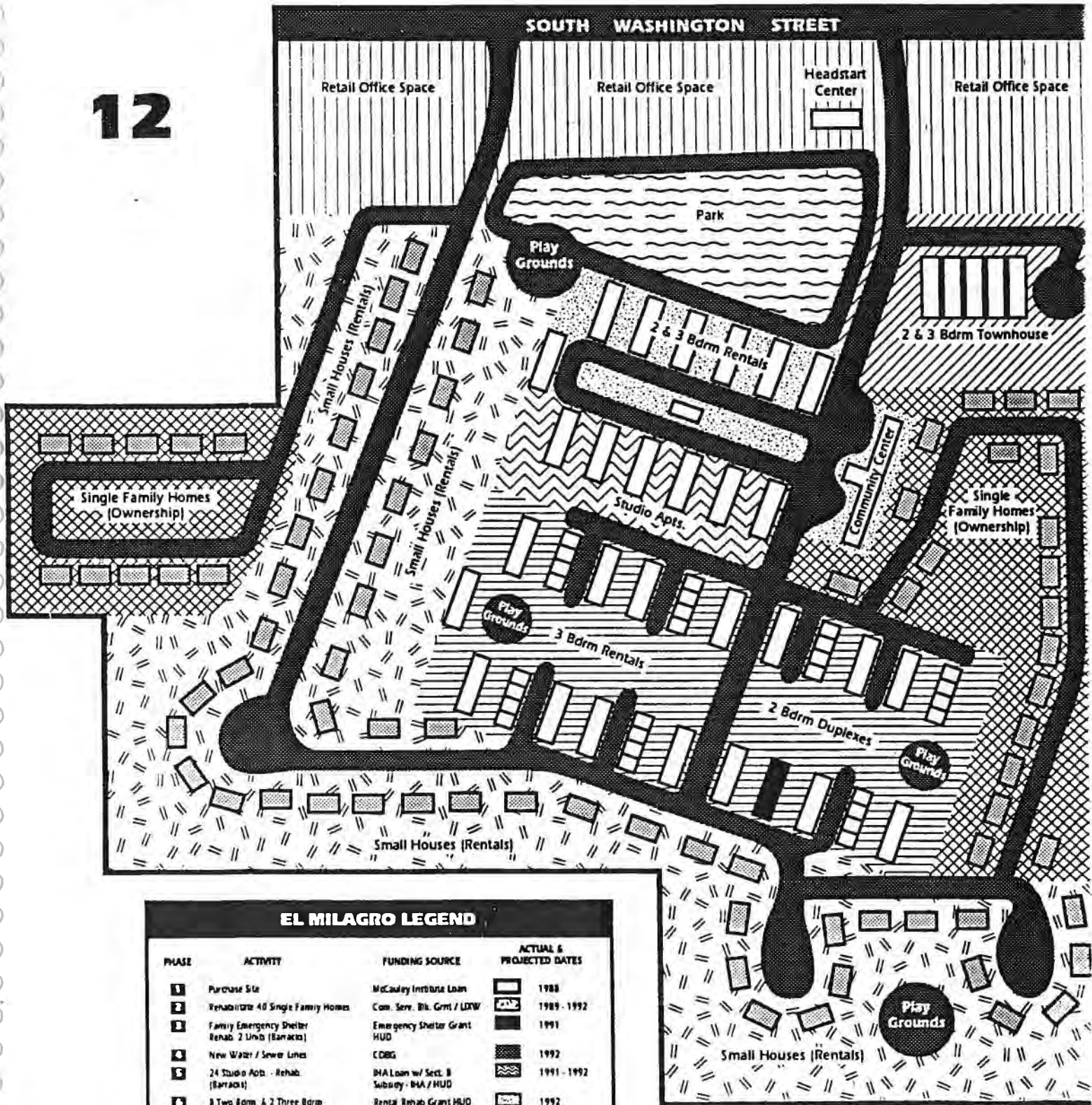
PHASE	ACTIVITY	FUNDING SOURCE	ACTUAL & PROJECTED DATES
1	Purchase Site	McCaughey Institute Loan	1988
2	Rehabilitate 40 Single Family Homes	Com. Serv. Blk. Grnt / LIXW	1989-1992
3	Family Emergency Shelter Rehab. 2 Units (Barracks)	Emergency Shelter Grnt HUD	1991
4	New Water / Sewer Lines	CDRC	1992
5	24 Studio Apts. - Rehab. (Barracks)	IHA Loan w/ Sect. 8 Subsidy - IHA / HUD	1991-1992
6	8 Two Bdrm. & 2 Three Bdrm Rehab. (Barracks) @ Com. Ctr	Rental Rehab. Grnt HUD OCS Grnt - H&W	1992
7	20 Units (12 - 2 Bdrm & 8 - 3 Bdrm) Rehab. (Barracks Pads)	HUD-HOME	1993
8	Pave Roads, Landscape, Create Park / Playground	CDRC	1993-1994
9	20 - 2 & 3 Bdrm. Townhouse Apts New Construction	Tax Credits / HOME / Priv. Finance (Sames CRA \$)	1993

Total Residential Units: 125

EL MILAGRO

A Planned Community of the Idaho Migrant Council, Inc.

12



EL MILAGRO LEGEND

PHASE	ACTIVITY	FUNDING SOURCE	ACTUAL & PROJECTED DATES
1	Purchase Site	McCauley Institute Loan	1988
2	Rehabilitate 40 Single Family Homes	Com. Serv. Bk. Grnt / LIXW	1989 - 1992
3	Family Emergency Shelter Rehab. 2 Units (Barracks)	Emergency Shelter Grant HUD	1991
4	New Water / Sewer Lines	CDBG	1992
5	24 Studio Apts. - Rehab. (Barracks)	BHA Loan w/ Sect. 8 Subsidy - BHA / HUD	1991 - 1992
6	8 Two Bdrm. & 2 Three Bdrm Rehab. (Barracks) @ Com. Cr.	Rental Rehab Grant HUD OCS Grant - H&W	1992
7	20 Units (12 - 2 Bdrm & 8 - 3 Bdrm.) Rehab. (Barracks Pads)	HUD-HOME	1993
8	Pave Roads, Landscape, Create Park / Playgrounds	CDBG	1993 - 1994
9	20 - 2 & 3 Bdrm Townhouse Apts New Construction	Tax Credits / HOME / Pmt Finance (Barras CRA 5)	1993
10	Cont. to Develop a City Park by HWY 74 (Washington St)	City and Other Sources yet to Identify	1994 - 1995
11	Create Business Center on HWY 74	CDBG & Econ. Dev. SS	1994 - 1995
12	30 - 2 & 3 Bdrm. House: Self-nc. Ownership	Farm Home, PCAC, HOME CRA & Sweat Equity	1995 - 1996

Total Residential Units - 144

STATE OF IDAHO: HOME PROJECTS COMPLETED AND UNDER DEVELOPMENT

	Sponsor	Project	Location	HOME Units	HOME Funds	State Match Funds
1.	St. Vincent de Paul	Trans. Hsg.	Coeur d'Alene	16	\$676,552	NA
2.	WICAP	Valley One	McCall	8	\$487,500	NA
3.	IMC	El Millagro	Twin Falls	20	\$904,638	\$34,800
4.	Housing Company	Cedarview	Pocatello	8	\$405,000	NA
5.	Housing Company	Chaparral Meadows I	Blackfoot	4	\$184,602	\$26,398
6.	SEICAA	Station 1938	Pocatello	12	\$379,900	NA
7.	CAA-Lewiston	Six Pines	Lewiston	6	\$378,000	\$80,900
8.	Turning Point	Marble Front	Caldwell	10	\$370,000	\$90,000
9.	Dav Id Cordes	Sunnyridge Apts.	Blackfoot	6	\$160,307	\$40,077
10.	Housing Company	Chaparral Meadows II	Blackfoot	24	\$1,000,000	\$250,000
11.	SEICAA	Fountain Courts	Pocatello	8	\$506,400	NA
12.	Housing Company	Oak Street Apts.	Sandpoint	8	\$404,000	\$101,000
13.	IMC	Colonia Cesar Chavez	Blackfoot	20	\$784,300	\$198,575
14.	Mercy Housing	New Hope	Nampa	6	\$403,000	NA
Totals				156	\$7,054,199	\$821,750

HOME PROJECTS UNDER CONSTRUCTION

	Sponsor	Project	Location	Units	HOME Funds	State Match Funds
1.	CAA-Lewiston	Homeowner Rehab	Lewiston	10	\$75,000	\$18,750
2.	CAA-Lewiston	Alder Street Apts	Lewiston	12	\$792,000	\$178,200
3.	Turnberry Ltd Part.	Turnberry Apts.	Lewiston	15	\$650,000	\$0
4.	NICAA	Lake Wood Ranch	Coeur d'Alene	10	\$280,000	\$70,000
5.	CHOICE, Inc.	Develop. Disabled	Idaho Falls	7	\$352,000	\$88,000
6.	City of Pocatello	Homeowner Rehab	Pocatello	10	\$70,000	\$15,750
Totals				64	\$2,219,000	\$370,700

HOME PROJECTS IN PRE- DEVELOPMENT

	Sponsor	Project	Location	Units	HOME Funds	State Match Funds
1.	CAA-Lewiston	Rental Project #3	Lewiston	10	\$536,000	\$114,200
2.	Brittas Ltd Partn.	Brittas Bay	Welser	7	\$361,335	\$0
3.	Donegal Ltd. Partn.	Donegal	Rexburg	8	\$360,351	\$0
4.	Caldwell Hsg. Auth.	Farmway Village	Caldwell	40	\$495,100	\$0
5.	Housing Company	Diamond Court	Chubbuck	10	\$440,000	\$0
6.	KOA Development	Rock Creek Vista Apts.	Twin Falls	11	\$524,000	\$0
7.	NICAA	Homeowner Rehab	Region I	20	\$50,000	\$0
9.	Valley Vista Care	Senior Aparments	St. Maries	4	\$191,000	\$0
8.	ICDD	Home of Your Own Home Buyer Assist.	Statewide	26	\$250,000	\$0
9.	Boise NHS	Homeowner Rehab	Nampa	97	\$285,000	\$0
10.	IHFA	Down Payment/ Closing Costs Assist.	Statewide	70	\$150,000	\$0
Totals				303	\$3,642,786	\$114,200

STATE OF IDAHO: CDBG AWARDS, 1994 & 1995

FY 94

FY	Grantee	ICDBG Amt	Type	Description
94	ADA COUNTY/STAR	500000	PF	Water system improvements.
94	ASHTON	0	ED	Contract terminated
94	BASALT	109875	PF	Waste water transmission line. Projected closeout 6/30/96 Need FY 96 audit
94	BENEWAH COUNTY	144333	PF	Elevator project provides LMI access to county services of the courthouse. Project overbid -rebid 3/12/96 Monitoring 7/96
94	BLAINE CO./CAREY	242000	PF	2 new firestations; one in Carey, one in Picabo. Construction 100% complete. Monitored for closeout
94	BNDRY CO./BNNRS FRRY	100000	SR	Senior Center improvements, Improvements underway. Complete monitoring schd. for 4/4/95. Civ Grant Administ
94	BONNER CO./SANDPOINT	0	SR	Expansion of 896 sq.ft. to senior center, including adult day care. Budget/Scope of work being resolved so contract delayed. Project was to be terminated by 8/29/94. No response from county.
94	BOVILL	119263	PF	Line replacement for water system improvements. Construction to begin - 10/6/94
94	CARIBOU CO.	110000	PF	Handicapped access courthouse elevator. Projected closeout 12/30 Need FY 96 Audit
94	CARIBOU CO./SODA SPR	85016	SR	Electric wiring, ADA access restrooms, & renovate senior center. Monitoring 4/95. Closeout pending audit 2/5/96 Need 96 audit
94	CASCADE	500000	PF	Water improvements; 2 wells, one storage reservoir & waterlines. Closed pending FY 96 Audit
94	CRAIGMONT	50998	PF	300,000 gallon reservoir, well pumps, & 8 hydrants. Close out by 10/95.
94	DAYTON	200000	PF	Closed Pending 96 Audit DC = Primary Grant Admin
94	DONNELLY	405000	PF	Water system & sewer system improvements.
94	DOWNNEY	272246	PF	Well, 261 water meters. Installation of meters taking longer than expected. Projected closeout 6
94	DRIGGS	500000	PF	Water system improvements, supply, & fire protection and Sewer improvements. Project on hold pending decision on regional sewer system.
94	EDEN	227801	PF	Construct of a second waste water lagoon. Construction complete, Monitored for close out. Closed out 5/2/95. 95 audit pending. 95 Audit approved 3/12/96
94	FORT HALL/BINGHAM	93500	IM	Construct a building to house water filter. Projected closeout 7/95.
94	FRANKLIN CITY	160650	PF	2 wells, pump houses, and connectors. Projected closeout 7/96. Final phase over bid.

FY	Grantee	ICDBG Amt	Type	Description
94	GOODING	35600	SR	Contract emergency exit, improvements to kitchen, & remove arch. barriers in the center. Monitored for closeout 6/8/95. Closeout scheduled 10/1/95. Need FY 95 Audit
94	HAYDEN	15000	TA	Comprehensive plan to manage high growth.
94	IDAHO CITY	24761	SR	Pave parking lot to improve access to the senior center. Construction complete. Closed pending receipt of audit. PM was primary specialist
94	IONA	94930	PF	Rehab old church for community center with handicapped access. Close out 10/95 Need FY 95 Audit. Audit approved 3/12/96
94	KAMIAH	111000	PF	Chlorine contact tank for water system.
94	LATAH CO./HARVARD	100000	IM	Develop a new well. - Grant Terminated
94	MELBA	25000	SR	Pave parking lot at the senior center.
94	OAKLEY	34300	SR	Construct emergency exit, new roof, & remove arch. barriers in the center. Monitored for closeout 6/9/95. Need FY 95 Audit Audit approved 3/12/96
94	PAYETTE	100000	SR	Remodel senior center to incorporate adjacent building, and handicapped access. Closeout pending.
94	PLUMMER	15000	TA	Scope of work underway. Final report and closeout pending
94	POCATELLO	450000	H	Rehab housing Homeless shelter and LMI apts & handicapped access. Construction 100% complete.
94	REXBURG	500000	ED	Artco industrial park 56 jobs retained 18 new jobs. Construction progressing; job creation will c
94	RIGBY	500000	ED	Installing storm drains, paving alleys, and acquisition of abandon buildings.
94	RIRIE	100000	IM	Drill new water well. Projected closeout 10/95 Need FY96 audit
94	RUPERT	500000	PF	Downtown street, drainage, and sewer improvements. Construction 80% complete.
94	SHOSHONE CO./OSBURN	100000	SR	Purchase & renovate a facility for the Silver Valley Senior Center. Final review schd. for 4/4/95. Schedule dto close 8/95
94	SHOSHONE CO/PAGE	58700	IM	Purchase and installation of a 75,000 gallon tank to alleviate IM-threat. Project almost complete. Need fy 95 audit
94	SMELTERVILLE	13770	TA	Update, review, and restructure the comprehensive plan. Desk monitor 1/96 requesting status report for 4/96
94	SPIRIT LAKE	500000	PF	Closed pending approval of FY 96 audit.

FY	Grantee	ICDBG Amt	Type	Description
94	SUGAR CITY	500000	PF	Wastewater treatment improvements & replace wastewater collection system. Close out by 12/95
94	TWIN FALLS	296535	ED	Construction of water/sewer lines, and access roads for Seastrom's Manufacturing. Contract signed 9/13/94. Construction 100% complete. Monitored for closeout 5/17/95. Closeout scheduled for 10/1/95. Need FY 96 audit
94	TWIN FALLS	248859	H	Construction of roadway, parking bays & area, and drive around community building. Construction 100% complete. Monitored for closeout
94	WINCHESTER	149257	PF	Construct a new fire station & refurbishing water storage tank. Final monitoring schd. for 4/12/95 needed.
94	WINCHESTER	97662	SR	Provide handicapped access to senior center & install heating system. Final monitoring schd. for

FY	Grantee	ICDBG Amt	Type	Description
95	ASHTON	300000	PF	Construct 10,000 sq' Fire Station and EMS. Will schedule monitoring 11/95
95	ATHOL	309075	PF	Construct 300,000 gal water storage & mains; city is doing acquisition soon. Monitored 6/19/96
95	BUHL	63820	SR	Roofimprovements, h/c accessible door, curbs. Construction 65% complete
95	BUTTE CO.	227000	PF	Acquire land and buildings for business development center. Acquisition complete. Bids over budget. See
95	COUNCIL	7000	TA	Assist area governmental entities, City of Council, Adams CO, school and hospital districts develop strg telecommunications infrastructure and economic adjustment strategies.
95	DEARY	347540	PF	Construct 400,000 gal water tank & replace apprx. 6300' of water dist. line.
95	DECLO	425000	PF	New well& pump, chlor. equip., new dist lines, booster pump facil. Construction 100% complete.
95	DOVER	500000	PF	Construction of a replacement wastewater treatment facility to replace the City's existing use of a fai
95	GLENN'S FERRY	150000	SR	Construct new facility. Construction start 4/96
95	GOODING CO./BLISS	201490	PF	Construct fire station, purchase of 3000 gal water tank, personal protection gear. Construction 100% complete. Monitored for closeout Closed pending 96 Audit PM=Project Spec.
95	HEYBURN	260000	ED	Project consists of providing water and wastewater facilities. Water system improvements include: new well, storage reservoir, booster station, chlorine disinfection system, pump building, and waterlines. Wastewater improvements include: pump station and pressure lines. LMI 51% met. Construction 20% complete
95	HORSESHOE BEND	360000	PF	Water project, comply with fed. drinking regs. repair 2 storage tanks.
95	IDAHO FALLS	94000	PF	Rehab Paramount Theatre, h/c access improvements.
95	JEROME CO	0	TA	Support the creation of a Jerome County Joint Agency Plan along with individual plans for each membr school districts and the cities of Eden, Hazelton, and Jerome.
95	KAMIAH	100000	SR	Expand toilet facilities, resilient floor cov., carpet, A/C add 1 room.
95	KIMBERLY	500000	PF	New 600,000gal stor. tank, well, pumphouse, chlirtn sys, & dist: lines Construction 15% complete.

FY	Grantee	ICDBG Amt	Type	Description
95	KOOTENAI	290000	ED	Roadway improvement to Highway 200/McGhee Road to accommodate new traffic from the new Coldwater expansion. Project includes new turn lanes, acceleration/deceleration lanes, road overlay, widening, traffic control and conduit for future traffic signalization. LMI 51% met. 9.7 million from Coldwater.
95	KUNA	500000	PF	(Contingent)- New 10" pipeline between pumping station and sewage treatment facil.
95	MACKAY	400000	PF	Water system improvements and new well. Project monitored, closeout pending.
95	MALAD	193207	PF	Reconstruct curb, gutter,&sidewalk; add lighting, sidewalk brick pavers, & landscaping. Interim monitoring late 10/95; projected closeout 12/30/95
95	MCCALL	0	ED	The construction of 12" waterline to an industrial park thus, facilitating the industrial park's expansion. Construction underway 6/96
95	MERIDIAN	52000	SR	Install fire sprinklers, alarm, h/c accessible entrance.
95	MOUNTAIN HOME	200000	ED	Merrick's water, sewer,street, curb, gutter, sidewalk, rail spur. Contact signed 8/10/95. Const. str
95	NEW MEADOWS	350000	PF	New well, well rehab., booster pump&water main replacement. Will be executed 6/28/95. Will go to bid spring 1996
95	PIERCE	125950	PF	PART#1 Handicapped asseccibility to City Hall. PART#2 Construct partially underground concrete chlorine contact tank and settling basin.
95	POCATELLO	250000	ED	Downtown revitalization including curb, gutter, sidewalk, lighting, street scaping and parking improvements
95	POCATELLO	500000	ED	Expansion of City's secondary waste water treatment system so as to accomodate expansion of weight watchers food processing facility. Environmental release 5/31/96
95	POST FALLS	95095	SR	Expansion of dinnig facilities, add h/c bathrooms and access. Will monitor 1/96.
95	RIRIE	500000	PF	Water system improvements. Projected closeout 8/96
95	SALMON	215615	PF	Replace waste water collection line. Will rebid spring 96 due to a lack of bidders at 9/26/95 opening.
95	SPIRIT LAKE	500000	PF	Storm water system and street paving. 6/96 project on hold for revisions.
95	SPIRIT LAKE	139085	SR	Constuct new senior center - projected construction start spring 96 Bids Out 6/18/96

FY	Grantee	ICDBG Amt	Type	Description
95	TROY	100000	IM	Project is to stabilize the city reservoir dam which was breached by snow melt runoff. construction will complete a sheet piling curtain wall to close the breach.
95	TROY	495009	PF	Install 16,212' of 10" PVC water transmission line.
95	VICTOR	500000	ED	Reconstruction of curbing, sidewalks, street lighting, two blocks of street reconstruction, and construction of a parking lot.
95	WEISER	0	PF	Reconstruction of manholes and sewer lines. Grant contract pending.
95	WILDER	500000	PF	Construct 500gpm well, 278,000 gal reservoir, replace 20,000' of water main line.

MONTROSE COUNTY HOUSING AUTHORITY AND COLORADO RURAL HOUSING DEVELOPMENT CORPORATION: OLATHE FARM LABOR DORMITORY AND FAMILY RENTAL UNITS

Introduction

The Colorado Rural Housing Development Corporation (CRHDC) helped the Montrose County Housing Authority (MCHA) develop farmworker housing in Olathe, Colorado. In 1993, MCHA opened a 72-bed dormitory for migrant farmworkers and finished development of 24 family rental units on scattered sites around the town. The rental units are three-bedroom and four-bedroom duplexes, while the dormitory sleeps two persons in each room.

Project funding primarily consists of RHS Section 514/516 Farm Labor Housing funds, with HOME used as gap financing. There is very little quality rental housing accessible to farmworkers around Olathe. This led MCHA to undertake the project, even though the housing authority had limited development experience. CRHDC played a crucial role in the success of the project, performing needs assessments, providing technical assistance, and securing the HOME funds.

Montrose County has a population of 27,310. Olathe is one of the smaller towns in the county, with a year-round population of only about 600. Olathe's population swells during the peak harvest months as migrant farmworkers move into the area. Montrose County relies heavily on agriculture for employment. Lettuce is the major crop, but sweet corn is picked between the lettuce harvests that occur in spring and at the end of summer. Olathe also has a packing plant for boxing and shipping sweet corn. Agricultural employees make up over 10 percent of Montrose County's workforce. Only sales and service work are more common sources of employment.⁷

According to a survey performed by CRHDC in 1990-1991, there are approximately 735 local seasonal farmworker families in the county on a year-round basis. An additional 500 to 700 migrant farmworkers arrive during the peak season. Between lettuce harvests, a large portion of the migrants move up the west coast migrant stream to pick crops in other locales. Most, however, return for the second lettuce harvest. According to the 1996 Colorado ConPlan, there are approximately 12,705 seasonal agricultural workers statewide. They are concentrated in Northern Colorado, the San Luis Valley, Montrose/Delta, and Baca, Bent, Kiowa and Prowers counties. About 48 percent of these workers are migrant farmworkers. About half travel with their families.⁸

CRHDC's farmworker housing needs study highlights the poverty and housing problems faced by Montrose County's farmworkers. Farmworker families earn only \$5,600 annually. Migrant

⁷Montrose Chamber of Commerce, Montrose Community Profile 1995.

⁸1996 Colorado Consolidated Action Plan, Colorado Division of Housing, 2.

farmworkers frequently earn even less. Although there are fewer farmworkers in Montrose County than in places like the San Joaquin or Yakima valleys, county growers are very dependent on the influx of migrants to harvest the lettuce crop. There is not enough affordable rental housing in the county to meet the housing demand of even this modest influx of migrant workers.

Montrose County has a relatively low rental vacancy rate of 5 percent. Vacancy rates around Olathe are between 1 and 2 percent. Average monthly rents are between \$500 and \$750 for houses, and between \$375 and \$500 for apartments.⁹ CRHDC's survey found farmworker families paying an average of \$290 a month for a two-bedroom apartment. These families average between four and five members. The CRHDC data indicate that Montrose County farmworker families are severely cost burdened and living in overcrowded conditions. These families are paying 60 percent of their monthly income for housing costs. Three-bedroom and four-bedroom units are hard to find, so these larger families are generally crowding into the smaller two-bedroom rentals available.

The ConPlan notes that migrants have more difficulty locating decent, affordable rental housing than do low-income households in general. The ConPlan states that "the lack of affordable rental housing is a major factor in the overcrowding of units and the use of unhealthy and unusable structures. Most farm labor camp units are inadequate because they are apartments or sleeping rooms with limited kitchens, poor ventilation, outdated mechanical systems, and bath facilities which must be shared and are too small for large families."¹⁰ Labor camps around the state are not only an unattractive housing option for families, but also for single migrants who seek higher quality, more affordable housing. Given Olathe's tight rental market, single migrants have even fewer housing opportunities than do seasonal farmworker families. Many migrants suffer from overcrowding in the area, as a number of them may share a small unit in order to afford the rent. Some must camp out for lack of affordable rental housing available on a short-term basis. In this housing environment, MCHA's dormitory and family rentals serve pressing farmworker housing needs.

The Montrose County Housing Authority was established by the County Board of Commissioners in 1980. MCHA's service area covers all of Montrose County, including the cities of Montrose, Naturita, Olathe, and Nucla. MCHA's first development was a rental project in Olathe for seniors. The housing authority also administers Section 8 rental assistance across the county. MCHA is beginning planning for a mixed-income development in Olathe. It will serve low-income and moderate-income households. Even though MCHA has only been involved in housing development since 1980, its Director and staff are ambitious in pursuing new housing options for the area's working poor and elderly.

The Colorado Rural Housing Development Corporation is a nonprofit rural housing development

⁹Montrose Community Profile.

¹⁰ConPlan, 6.

organization that produces and manages rural housing programs throughout the state. CRHDC has sponsored self-help housing initiatives, produced rural rental housing, and done weatherization and rehabilitation work. CRHDC also has a water and sewer development program. The organization has also pursued innovations in construction techniques and the development and use of innovative, energy-saving technology. They not only develop housing and infrastructure, but also offer technical assistance to local sponsors of affordable housing projects. CRHDC has a reputation within the state and among other western state nonprofits as a strong and effective supporter of affordable housing initiatives. MCHA's Director credits CRHDC assistance for making possible completion of Olathe's farmworker housing projects.

HOME in Colorado

According CRHDC staff, Colorado's Division of Housing has been supportive of farmworker housing efforts. Farmworker housing needs are highlighted in one of the action plan strategies in the state's ConPlan. Groups like CRHDC which have developed or assisted farmworker housing projects have good relationships with the Department of Local Affairs, which administers the HOME program within the Division of Housing. The Division of Housing cites an increase in the adequacy of seasonal worker housing of between 78 and 83 percent over the past year.¹¹ This improvement means that there has been a reduction of substandard units and camp facilities failing to meet health and safety codes.

Colorado's principal innovation in the administration of HOME is its single application covering funding from a variety of programs. Emergency Shelter Grants, Community Development Block Grants and HOME all share a common application. However, the state will not grant funds from a source other than the one specified in the application. If a project applies only for HOME, it will not receive CDBG in conjunction with HOME, as is the case in some other states like Washington where administrators may blend awards according to project needs and funding availability. However, having a single application for all of these community development programs reduces paperwork for applicants. It also encourages familiarity with the application process, so that groups know what documentation is required for every application to the Housing Division, regardless of the program funding sought.

HOME applications are reviewed under a competitive process. Applications must reflect local needs and be consistent with the goals specified in the state's ConPlan. Applications are considered under a staff review, and are then forwarded to the Executive Director of the Department of Local Affairs for approval.

During the staff review, applications are evaluated for the project's impact on local need, project feasibility, local public and private commitments, applicant management capacity, HOME eligibility, required HOME matching funds, and other general requirements. In addition, the Division of Housing seeks to ensure a fair geographic distribution of the funds, and the staff

¹¹1996 ConPlan, 6.

review examines whether a project is being proposed in an underserved area or one where many HOME projects have been developed. Projects which target a special needs population, such as farmworkers, also receive additional consideration.

Colorado has a HOME allocation of \$5,712,000 for fiscal year 1996. The state sets aside 15 percent of the allocation for Community Housing Development Organizations (CHDOs). CHDOs may apply to the set-aside fund on a competitive basis, although they may also apply for support from the general HOME allocation. For any project, whether it is developed by a CHDO or some other organization, the Department of Local Affairs may choose to administer HOME funds directly if it determines that a specific project would benefit from such administration. Matching funds must be secured by the organization sponsoring the application.

Since 1993, Colorado's HOME program has disbursed a total of \$10,901,478 in project funds. Seventy-five projects have received HOME funding, although some of these projects received funding to perform studies or cover CHDO operating expenses. The HOME program has supported the development, acquisition or rehabilitation of 1,374 housing units. The majority of HOME projects in the state have been rehabilitation projects, with only 15 new construction projects funded to date. Only three farmworker housing projects have been funded. Two of these are new construction, including the project in Olathe. The other project involved the acquisition and rehabilitation of existing rental units. A total of 72 units of farmworker housing have been supported through HOME funding. Farmworker projects represent a very small fraction of HOME awards, despite the fact that agriculture plays a strong role in the state's economy.

MCHA Farmworker Housing Development

MCHA's dormitory for single migrants has 36 dorm rooms with a capacity of two persons for each room. Each bathroom is shared by two dorm rooms. The dormitory has wings meeting at the center in a common area. The common area houses the dormitory's office, a large open lounge area for residents, and vending machines. A dining hall is accessed just off the common area. Dorm tenants may pay an additional fee for dining hall services. Dining hall service includes breakfast and dinner served at the dining hall, with a lunch packed for the worker to take out on the job. The site has picnic tables around the property for use by the tenants, and a basketball court in back of the facility.

MCHA's family rental units are scattered on lots around Olathe. The scattered site approach was selected in order to integrate the housing into the community, and due to the availability of affordable lots. The units are constructed as duplexes, with each unit having a paved off street parking area, an external storage shed, and a clothesline in the backyard. There are 20 three-bedroom units and four four-bedroom units. Each duplex has a very large backyard, and the sites are developed so that they blend in with the character of surrounding homes in the neighborhood. The dormitory and all of the rental units have RHS rental assistance. This means that tenants pay 30 percent of their monthly income for rent. Rental assistance covers the gap between the unit or room base rent and the tenant contribution. The base monthly rent for the

three-bedroom rental units is \$350, and \$375 for the four-bedroom units. The base monthly rent for the dormitory rooms is \$500, which is based on a two-person occupancy. The dormitory rooms have a higher base rent than the duplex units primarily because the cost of a year-round onsite manager and other staff must be factored into the operating costs of the dormitory. Also, the dormitory has a greater amount of tenant turnover than is the case with the duplex units, with vacancy rates fluctuating significantly between peak season and off-season periods. With rental assistance, single migrants living in the dormitory pay between \$20 and \$31.25 a week for rent.

The permanent financing for this project is an RHS Section 514 loan and Section 516 grant. The grant comprises 72 percent of the total RHS funding for the project. The State of Colorado also contributed a grant from HOME funds to cover primary financing. The Colorado grant amounted to \$80,000. RHS Section 514 loan funding totaled \$541,120. The Section 516 grant was \$1,588,830. The permanent financing sources thus totaled \$2,209,950. Including predevelopment costs and other fees, total cost for the dormitory and duplexes combined reached \$2,166,621. Further HOME financing had to be sought because project costs outstripped the RHS and State of Colorado financing commitments.

MCHA, with the assistance of CRHDC, applied for a HOME loan to be used as gap financing. The total for the HOME bridge loan came to \$1,819,338. Once the RHS funds were received, they were used to pay off the HOME loan. The initial HOME grant of \$80,000 was deducted from MCHA's repayment obligation on the HOME loan. Including the interest charges by the Colorado Division of Housing, this left MCHA with a repayment obligation of \$169,878.

HOME made the difference in completion of MCHA's farmworker housing project in Olathe. The gap between incurring construction costs and disbursement of RHS funds could have been disastrous without the bridge loan. The HOME funds also covered the financing shortfall as construction costs rose. HOME proved in this case to be an accessible financing source that ultimately closed the deal on this development. The units compare in quality to the private housing in their neighborhoods. The resulting rental units and dormitory offer the highest quality, most affordable rental housing available to farmworkers in the Olathe area.

Accessing HOME

MCHA staff noted no significant NIMBY problems in developing their farmworker housing project. In fact, the need for farmworker housing in the area is so great that Olathe's city government was very supportive. The city even donated \$12,000 towards completion of the project. MCHA has had strong relations with the city since its inception, with its early development of high quality rental units for seniors very popular in the community. Additionally, MCHA's director is a longstanding member of the community who was once a building inspector. He has worked with county and city officials, as well as many of the business operators and growers around Olathe. He is held in high regard by many whose support was necessary for the project's success, which certainly helped avoid any strong opposition that might have arisen.

MCHA staff encountered no significant obstacles accessing HOME. The only exception they cited was the significant amount of paperwork and documentation required to make their HOME application and meet the monitoring requirement of the Colorado Division of Housing. This problem was alleviated by the technical assistance offered by CRHDC. Also, the paperwork and “red tape” burden was not as great as some other states where multiple applications are required for funding sources. Colorado’s single application for block grant programs certainly streamlined the documentation process. Nonetheless, especially for smaller rural housing authorities with fewer staff and less development experience, a simpler application process would make HOME more accessible for local housing initiatives.

Developing good working relationships with local and state officials smoothed the HOME application process. Having an experienced intermediary like CRHDC established contacts with state and county RHS personnel and facilitated the use of HOME in conjunction with the Section 514/516 funds. As in so many cases where local resources are limited, networking between development and financing partners promoted the development of quality housing that meets the most pressing needs of low-income farmworkers and their families.

EXHIBIT C

HOME INVESTMENT PARTNERSHIP PROGRAM PROJECTS

Proj #	Grantee	Contract Dates	Award		Total Units
			Amount	Project Type	
93-002	TOWN OF FOWLER	11/4/92-2/15/94	\$352,000	Rehab/SFOO	10
93-003	CITY OF ARVADA	3/1/93-1/31/94	\$445,400	Rehab/Rental	27
93-004	CITY OF ARVADA	1/13-93-9/30/94	\$75,000	Rehab/Rental	25
93-005	CITY OF ARVADA	11/13/92-3/31/93	\$68,608	Rehab/Rental	7
93-007	CITY OF DELTA	10/1/93-12/31/94	\$737,400	ACQ/REHAB	18
93-008	MONTROSE HOUSING AUTHORIT	11/16/92-12/31/93	\$1,819,338	NC-Farmworkers	60
93-009	CITY OF GRAND JUNCTION	4/1/93-1/31/94	\$198,000	Rehab/SFOO	13
93-014	MONTEZUMA COUNTY	1/1/93-12/31/93	\$250,232	Rehab/SFOO	7
93-015	KIT CARSON COUNTY	4/26/93-1/31/94	\$196,958	Rehab/SFOO	10
93-017	TRAC	5/20/94-4/30/95	\$260,000	NC/Special Needs	10
93-019	CITY OF GREELEY	3/5/93-7/31/94	\$100,000	NC/Rental	16
93-022	LAS ANIMAS COUNTY	3/1/93-2/28/94	\$316,746	Rehab/SFOO	23
93-023	THISTLE COMMUNITY HOUSING	12/15/93-12/15/94	\$289,000	Rehab/Rental	34
93-024	CARE HOUSING, INC.	7/30/93-7/31/94	\$337,000	NC/Rental	20
93-025	CITY OF DENVER	9/10/93-9/30/94	\$500,000	Rehab/SFOO	90
93-027	PATIENT ADVOCACY TEAM	8/31/93-7/31/94	\$400,000	NC-Rehab/Rental	20
93-028	COMMERCE CITY	3/31/95-1/31/94	\$165,600	Rehab/SFOO	8
93-031	LOGAN COUNTY	7/12/94-10/31/94	\$372,000	Rehab/SFOO	23
93-038	CHAFFEE COUNTY	7/1/93-9/30/94	\$270,400	Rehab/SFOO	14
93-043	WELD COUNTY	9/10/93-12/31/94	\$343,400	Rehab/SFOO	15
93-046	LOUISVILLE HOUSING AUTHORIT	10/3/93-1/15/95	\$120,000	ACQ	12
93-048	GARFIELD CNTY H.A.	10/15/93-10/15/94	\$40,000	Rehab/SFOO	1
93-052	BETH HAVEN	2/11/94-2/28/95	\$85,500	Rehab/Rental	14
93-055	NE DENVER HOUSING	10/10/93-9/30/94	\$23,265	OPERATING	0
93-069	SLV HOUSING COALITION	1/1/94-12/31/94	\$52,050	OPERATING	0
93-074	FT. COLLINS HOUSING AUTHORI	1/31/94-1/31/95	\$423,200	Rehab/Rental	24
93-075	THE PHOENIX CONCEPT	2/11/94-2/28/95	\$250,000	Rehab/Transitional	19
93-077	CARE HOUSING, INC.	4/30/94-3/31/95	\$387,000	NC/Rental	20
93-080	LAS ANIMAS/BENT COUNTY HA	4/11/94-3/31/95	\$260,980	Acq-Rehab/Rental	14
94-001	CO HOMELESS FAMILIES	3/30/94-3/31/95	\$100,000	ACQ	5
94-003	LOVELAND HSG AUTHORITY	5/20/94-4/3/95	\$350,000	Rehab/SFOO	24
94-008	LOVELAND HOUSING AUTHORIT	12/94-12/95	\$675,000	NC/Rental	60
94-010	BOULDER GRAY PANTHERS	9/1/94-8/31/95	\$127,000	NC/Elderly	12
94-011	CITY OF PUEBLO HSG AUTHORI	7/25/94-6/30/95	\$120,463	NC/Farmworkers	19
94-012	CITY OF ARVADA	9/1/94-5/31/94	\$100,000	NC/Rental	54
94-027	HABITAT FOR HUMANITY	11/17/94-11/30/95	\$375,000	NC/SF	30
94-028	LOGAN COUNTY	7/1/96-7/1/97	\$398,000	Rental Rehab/SFOO Reh	26
94-031	STERLING HSG AUTHORITY	7/1/96-7/1/97	\$372,570	NC/Rental	32
94-034	UPPER ARKANSAS AREA COG	6/15/95-5/31/96	\$331,416	Rehab/SFOO	13
94-035	LAS ANIMAS COUNTY	3/1/95-2/29/96	\$329,049	Rehab/SFOO	19
94-037	CITY OF FORT COLLINS	3/1/96-2/28/97	\$613,000	NC/Rental	116
94-041	COLORADO HOMELESS FAMILIE	5/1/95-5/15/96	\$497,000	Acq/Rehab/Rental-TH	11
94-042	WELD COUNTY	5/15/95-5/15/96	\$73,800	Rehab/Rental	4
		5/15/95-5/15/96	\$71,556	Rehab/SFOO	10

Proj #	Grantee	Contract Dates	Award	Project Type	Total
			Amount		Units
95-002	SLV HOUSING COALITION	5/31/95-5/31/96	\$296,800	Rehab/SFOO	16
95-003	SLV HOUSING COALITION	5/31/95-5/31/96	\$34,915	CHDO Operating	0
95-005	GRAND JUNCTION HSG AUTHOR	3/1/96-3/15/97	\$531,000	Acq/Rental	40
95-006	MERCY HOUSING	3/1/96-3/31/97	\$340,000	NC/Rental	63
95-007	TOWN OF FOWLER	5/31/95-5/31/96	\$321,075	Rehab/SFOO	24
95-008	CITY OF WESTMINSTER	8/15/95-6/15/96	\$100,000	Rehab/SFOO	19
95-010	LOVERLAND HOUSING AUTHORI	5/15/95-5/31/96	\$281,982	Rehab/SFOO	33
95-012	SENIOR HOUSING OPTIONS	9/01/95-9/15/96	\$175,000	Acq/Rental-Elderly	36
95-013	CITY OF DELTA	5/1/95-4/30/96	\$314,531	Rehab/SFOO	16
95-014	NORTH AVENUE APARTMENTS	9/15/95-8/31/96	\$300,000	NC/Rental	24
95-021	CARE HOUSING INC	1/1/96-1/15/97	\$200,000	NC/Rental	40
95-022	WELD COUNTY FARM LABOR LS	9/1/95-9/15/96	\$265,344	Acq/Rental	12
95-023	COMACT HOUSING CORP	9/1/95-9/30/96	\$187,500	DwnPmt Assistance	20
95-106	ADAMS CNTY HA	4/10/96-3/31/97	\$300,000	Acq/Rental	166
96-001	FORT COLLINS HSG CORP	1/15/96-1/31/97	\$390,000	NC/Rental	44
96-002	THE ENERGY OFFICE	8/26/95-8/31/96	\$335,575	Rehab/SFOO	16
96-004	THE ENERGY OFFICE	8/26/95-8/31/96	\$10,000	CHDO Operating	0
96-005	CITY OF LONGMONT	1/15/96-1/31/97	\$100,000	DwnPmt Assistance/Stud	20
		1/15/96-1/31/97	\$20,000	Housing Study	0
96-006	PARTNERS IN HOUSING	10/31/95-10/31/96	\$80,000	Acq/Rental	5
96-012	COLO ECON/MGMT ASSOC.	9/8/95-6/30/96	\$24,999	Rental Survey	0
96-013	GRECCIO HSG UNLIMITED	12/15/95-12/31/96	\$38,000	Acq/Rental	4
96-022	THISLTLE COMMUNITY HSG	2/1/96-2/15/97	\$112,100	Acq/SF	8
96-023	PEAK PROPERTIES	7/1/96-7/1/97	\$325,000	NC/Rental	160
96-033	CRHDC-SLV HSG COALITION	1/31/96-1/31/97	\$40,000	Acq/Rehab/Rental	2
96-035	TOWN OF YUMA HA	7/1/96-7/1/97	\$350,000	NC/Rental	0
96-036	KIT CARSON COUNTY	4/1/96-3/31/97	\$172,000	DwnPmt Assistance	8
		4/1/96-3/31/97	\$200,280	Rehab/SFOO	16
		4/1/96-3/31/97	\$80,000	Acq/Rehab/SF	5
96-038	SLV HSG COALITION	4/22/96-12/31/96	\$45,448	CHDO Operating	0
96-041	CITY OF ARVADA	4/30/96-4/30/97	\$75,000	Rehab/SFOO	10
96-047	TOWN OF FOWLER	5/1/96-4/30/97	\$321,075	Rehab/SFOO	32
		TOTAL	\$10,901,478		1274

SELF-HELP ENTERPRISES, CALIFORNIA: SUNRISE TERRACE II SUBDIVISION

Introduction

The Sunrise Terrace II self-help housing project was developed by Self-Help Enterprises (SHE). The project is a large subdivision with single-family homes located in Planada, California. There are 107 lots in the subdivision, with each single-family home built by program participants. Financing for the construction consists of RHS Section 502 homeownership loans. HOME funds were used as second mortgages for 24 households in the subdivision. Planada is in California's San Joaquin Valley, which is one of the most productive agricultural regions in the world. Farmworkers make up a large portion of residents in the Valley. The need for quality housing among Valley farmworkers is tremendous. SHE has long contributed to efforts to improve the housing conditions among farmworkers in this region.

As one of the most productive agricultural regions in the world, and with a harvest season that extends from March through November, the San Joaquin Valley has large numbers of both migrant and seasonal farmworkers. SHE staff estimate that approximately 400,000 farmworkers live in the eight counties that encompass most of the Valley. There is great variety in the crops grown in the Valley, but almost all are labor-intensive. Strawberries, oranges, and tomatoes are prominent agricultural products of the San Joaquin Valley.

A California Senate Committee hearing report notes that, while the state's farmworker housing conditions have improved since the early 20th century, there has been little overall progress in the last decade.¹² The background paper prepared for the committee hearing found that demand for quality housing among farmworker families across the state far outstrips supply. Growers provide fewer housing units than was the case 20 years ago, putting greater pressure on the private rental market. The staff report cites a reduction in grower-provided housing from 5,000 units in 1968 to 1,100 units in 1988. The report observes that "many migrant farmworkers resort to temporary camps of their own making, lacking clean water, toilets, showers, and other basic facilities."¹³ The report adds that substandard housing conditions are prevalent in areas with significant seasonal agricultural production, and that the majority of migratory farmworkers not living in government-sponsored labor camps or nonprofit-sponsored housing live in seriously substandard conditions. SHE staff note that "the needs of the San Joaquin Valley's rural communities are profound. Low-income people are still scattered throughout the rural areas of the Valley living in cars, packing boxes and drainage culverts."¹⁴

¹²California Legislature, *Farmworker Housing: A Summary Report from the Interim Hearing of the Senate Committee on Housing and Land Use*, October 23, 1995.

¹³California Legislature, *Farmworker Housing: A Background Staff Paper for the Interim Hearing of the Senate Committee on Housing and Land Use*, October 23, 1995.

¹⁴Self-Help Enterprises, *Building the Dream: Twenty-Five Years of Self-Help Enterprises*, 1990.

The distribution of seasonal and migrant farmworkers in the San Joaquin Valley reflects the overall demographics of farmworkers throughout the state. Only 40 percent of farmworkers still migrate in California. Of these, three-quarters go back to Mexico during the off season and one-quarter are California residents who follow the crops. While only about 40 percent of the Valley's farmworkers are migrants, this still translates into approximately 160,000 migrant workers seeking housing in the area each year. The remaining 60 percent of agricultural workers are seasonal workers residing in California communities.¹⁵ While migrants benefit greatly from state and federal efforts to improve conditions in farm labor camps, the large number of seasonal farmworkers with families makes homeownership initiatives an attractive housing option in the Valley.

Planada is in Merced County, which has a population of 178,403. Planada is a small community, with 3,531 residents. According to the 1990 Census, Merced County's poverty rate is approximately 20 percent. SHE staff assessed the quality of housing typically occupied by farmworkers in the area as "terrible." They described private rental housing and farm labor camps as overcrowded, dilapidated and expensive. In the more rural areas of the San Joaquin Valley, many older units were never built in accordance with a uniform building code. This impression of Valley housing conditions is supported by 1990 Census data which shows that a large percentage of Merced County housing lacks complete plumbing or is overcrowded. In Merced County, 15.7 percent of housing meets this definition of substandard housing.

Housing cost is also a significant problem for area farmworkers and their families. In the area around Planada, SHE staff estimate rents in the range of \$400 to \$600 a month for a two-bedroom unit, not including utilities. According to SHE, their farmworker clients have very low household incomes. Households typically earn between \$11,000 and \$12,000 annually if they receive unemployment benefits when not doing farm work during the winter months. However, these households only earn about \$7,000 or \$8,000 annually if they do not receive unemployment benefits in the off season. Households with a spouse or older child working part-time may have an additional \$4,000 to \$5,000 in additional earnings annually. The 1990 Census shows that 32 percent of households in California's rural areas have housing cost burden, which means that they pay more than 30 percent of their monthly income for housing costs. A household earning \$12,000 a year in Merced County and paying \$500 for rent and utilities would be paying 50 percent of their income for housing. Many farmworker households earn significantly less than \$12,000 in Merced County, and so housing cost is a significant obstacle to securing adequate shelter.

Self-Help Enterprises is an outgrowth of an early 1960s American Friends Service Committee farm labor housing project. Early Quaker activists were determined to improve the living conditions of the San Joaquin Valley's poor, and their efforts led to the building of the first homes in Goshen in 1963. In 1965, SHE was incorporated and continued the self-help housing work begun by the American Friends Service Committee. SHE has a large self-help housing

¹⁵*Farmworker Housing: Background Paper, 5.*

program, but it also administers programs meeting other housing and infrastructure needs in Valley communities. SHE runs a rehabilitation program that has rehabilitated over 3,900 homes, and a weatherization program that has assisted more than 28,900 families. SHE has also constructed or assisted in the development of over 600 rental housing units. However, using the self-help method to construct single-family homes remains the core of SHE's housing work. SHE has assisted over 4,000 families to attain homeownership through the mutual self-help model of housing development. SHE is a relatively large nonprofit developer, with about 60 active staff. Approximately 20 are construction field staff.

Given the tremendous need for quality housing in the San Joaquin Valley, SHE's efforts are notable. Farmworkers, like almost any other group in America, desire to own homes of their own. SHE's self-help housing program provides these hardworking families the means to realize a dream they may have thought beyond their reach.

HOME in California

California not only administers HOME and CDBG, but it also has a number of state programs which may be used to support the rehabilitation or development of farmworker housing. The state has a Farmworker Housing Grant Program, which by 1992 had disbursed 14 grants totaling \$2.9 million. The Farmworker Grants are most often used in conjunction with single-family housing initiatives. California has a Trust Fund for farmworker housing needs, which is often used in conjunction with the Section 514/516 program to develop multifamily rental housing. California has also established an Office of Migrant Services, which bids contracts to run 26 migrant centers that provide shelter and services during the peak harvest season. In addition, the state issues bonds to raise funds for building or replacing migrant housing.¹⁶ Despite the fact that California has invested millions of dollars in farmworker housing improvement, federal sources like RHS programs, HOME and CDBG still provide the majority of funds for farmworker housing rehabilitation and construction.

California's Department of Housing and Community Development is the state's PJ, administering the HOME allocation received from the federal government. The state has designated smaller PJs to disburse HOME funds on a county-by-county basis. HOME applications may be made to either the Department of Housing and Community Development or to a county PJ in a county served by the project sponsor. For example, SHE has received HOME funds from five PJs as of January 1996. SHE is also certified as a CHDO. In addition to HOME applications to state and county PJs, SHE may also apply to the state set-aside for CHDOs. SHE has obtained CHDO operating funds in this manner.

One of the goals of dispersing HOME allocations under this system is to ensure access to HOME in different regions around the state. By having local and county governments more involved in the allocation of HOME funds, local housing needs may be targeted more precisely. Also, this

¹⁶*Farmworker Housing: Background Paper*, 3.

might make it easier for smaller, rural organizations with less experience applying for grants and loans to have access to HOME administrators.

Of the 36 HOME awards made by the state PJ in 1994, 29 went to cities and counties, and seven went to CHDOs. The state made HOME allocations totaling \$28,728,860 in 1994. CHDOs received \$5,449,399 in allocations, or 19 percent of the total HOME disbursements. In 1995, the state PJ made 38 HOME awards. Cities and counties received 23 funding awards, while CHDOs received 15 of the awards. HOME allocations in 1995 totaled \$32,816,128. CHDO awards totaled \$12,035,631. CHDO allocations were 37 percent of all HOME awards in 1995, a substantial increase over 1994.

In addition to its own applications for HOME funding, SHE has also made HOME applications on behalf of other entities, such as local governments. Since 1992, SHE has received \$9,162,500 in direct HOME awards. SHE has obtained \$2,210,000 in HOME funding for other entities in that same time. SHE's HOME funding has allowed them to assist 501 families. The HOME program has allowed SHE to serve families who otherwise might not ever be able to afford a home of their own.

Sunrise Terrace II Self-Help Subdivision

The Sunrise Terrace II subdivision is like most SHE self-help housing developments. Almost all of the program participants are seasonal farmworkers who have made the San Joaquin Valley their home base. These are highly motivated households who have built their homes in addition to holding full-time jobs, predominantly in the fields or in packing plants. Many gain construction skills from their homebuilding experience and find new jobs in the construction industry, or go on to vocational school to be certified in electrical work or other construction trades.

The development itself looks like a quiet suburban neighborhood. Streets wind through the subdivision past neat ranch-style homes. Residents have planted flower beds, built decorative fences or created play areas for their children. Neighbors sit on porches visiting with one another, or are out in their backyards helping each other hang washing on clotheslines. The subdivision has a total of 107 lots. There are two-bedroom units, 83 three-bedroom units, and 18 four-bedroom units. Despite the large number of homes in the subdivision, its arrangement around a series of *cul de sacs* brings groups of homes closer together into small neighborhoods within the larger subdivision.

Sunrise Terrace II was developed through SHE's New Housing program, which uses the mutual self-help method of housing development to make homeownership accessible to low-income and very low-income households. SHE's mutual self-help development method establishes building groups of 10 or 12 families. Each building group elects leaders, and a SHE construction supervisor is assigned to oversee the group's work. Each participating household goes through extensive homebuyer and construction training prior to beginning work on the site. Once the site is ready for construction, for the next eight months families participate in all phases of the

construction process. They dig and form the foundations, pour and finish concrete. They frame the houses and install doors, windows, electrical wiring and cabinets. They also lay floor tiles and paint the exteriors and interiors of their homes. The only work performed by an outside contractor is the plumbing.

Participating households contribute at least 1,300 hours of labor building their homes. No family may move into its house until all of the building group's homes are completed. The "sweat equity" of their labor contribution lowers the cost of the home and covers the down payment. Many of the families in the Sunrise Terrace II subdivision have already begun renovation work, using their new construction skills to personalize their homes. Back patios and sun decks are being added, extensions to front porches are common, and at least one resident has converted a garage into a family room.

The average annual income for households in the subdivision is \$15,600. The average Section 502 mortgage loan is for \$62,500 on a 33-year term. The average monthly payment for a three-bedroom home for a very low-income family is between \$175 and \$250, while the average monthly payment for a low-income family is between \$280 and \$300. The monthly payments vary so much because the Section 502 homeownership program provides interest subsidy based in part on household income. Interest subsidy can lower the interest rate on a Section 502 loan to as low as 1 percent.

The financing for the project includes Section 502 homeownership loans, HOME funds and California Farmworker Grant funds. The HOME funds were used as secondary loans on 24 units in the subdivision, and the Farmworker Grants were used as second mortgages on five units. Only one household used a second mortgage which combined HOME and a Farmworker Grant. Section 502 funds used for permanent financing on the subdivision totaled \$6,227,130. HOME funds used as secondary financing totaled \$296,290. In addition, five households received Farmworker Grant Funds totaling \$99,540.

Even the interest subsidy available through the Section 502 program did not make the homes affordable to some very low-income households in the subdivision. The second mortgage loans funded through HOME and the Farmworker Grants were used to lower monthly payments for residents whose incomes were too low to afford the Section 502 mortgage. The HOME loans and Farmworker Grants¹⁷ are zero percent interest deferred payment loans. These "soft second" mortgages have a use restriction which requires the borrowers to remain in the house for ten years. In the tenth through the twentieth years of the mortgage, the loans are forgiven by 10 percent per year. If the borrower sells the house before the tenth year of occupancy, he or she must pay back the entire amount of the second mortgage loan. If the borrower sells the house between the tenth and twentieth year of the mortgage, he or she pays back the second mortgage less the amount that has been forgiven. For example, if a house with one of these second

¹⁷The Farmworker Housing Grant program has a somewhat misleading title. The state gives the funds to SHE in the form of a grant, to be passed through to clients as deferred payment loans which are forgiven if borrowers remain in their homes for a specified period of occupancy.

mortgages was sold after 25 years, then the borrower would be required to pay back 50 percent of the value of the second mortgage upon sale of the house. The lack of interest carried on these funds reduced the overall cost of the primary loan, and the long-term prospects of having the loan forgiven made it possible for very low-income households to become homeowners.

RHS requires households participating in Section 502 to develop household budgets. The one household receiving both HOME and a Farmworker Grant had an annual income of only \$13,000. This household could not meet its family budget and still make the payments on the Section 502 mortgage. Combining the Grant and HOME funds created a large enough second mortgage that the family was able to meet both its household budget and mortgage payment obligations. By combining financing sources in this fashion, SHE was able to help a very low-income family realize the dream of homeownership.

Accessing HOME

SHE staff noted a number of obstacles to using the HOME program, and made suggestions for improving access to the funds. The first difficulty noted by SHE staff concerned oversight by the state PJ. The state PJ requires a substantial amount of reporting on the part of developers as part of the state's monitoring of program performance. However, in the case of SHE's New Housing program, HOME has only been used for secondary financing, while the bulk of the funds providing permanent financing are obtained through the RHS Section 502 program. Extensive oversight of the small HOME component of the New Housing program adds to already significant reporting to RHS on the use of Section 502 funds. This ties up staff time and increases the cost of using HOME funds for self-help housing projects.

The state PJ has also pushed for SHE to standardize its loan products in order to secure HOME funds. While this certainly reduces the time it takes state administrators to examine HOME applications, it is difficult for organizations like SHE to accomplish. Since the participants in SHE's self-help developments have low incomes and varied circumstances, the organization must work very hard to ensure the affordability of its projects. This means obtaining funding from a variety of sources, including HOME, in order to provide the secondary loans that allow lower monthly mortgage payments for self-help homeowners. The different primary lenders involved also request adjustments to SHE loan packages. This is common because primary lenders often sell the loans on the secondary market, since secondary market actors like Fannie Mae have standardized requirements for the loans they purchase. SHE must therefore adjust the terms of its loans to address the needs of both primary lenders and the state PJ. This adds another layer of complexity to the process of developing self-help housing.

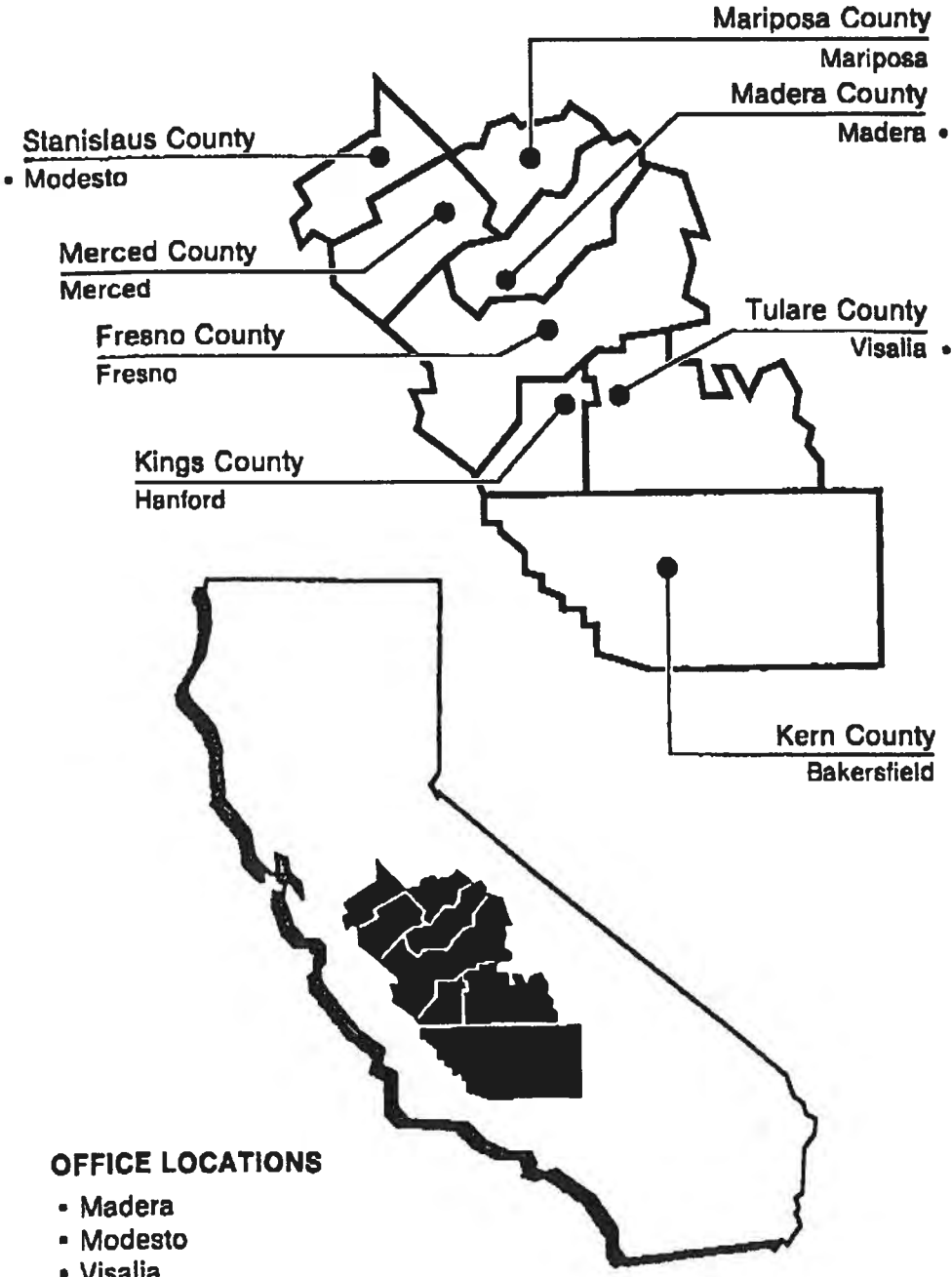
The state PJ has also insisted that project sponsors complete an environmental review in order to secure HOME funds. However, in the case of SHE's New Housing program, environmental reviews must be performed in order to secure Section 502 funding. One suggestion for improving HOME program responsiveness to developer concerns in this area is for the PJ to accept an RHS environmental review for HOME applications.

Conflicts in the state time frame for using HOME and Section 502 pose the most significant obstacle to accessing HOME for self-help housing development. HOME funds must be used within six months of qualification for an award. This usually means households are qualified within six months of moving into a completed project. However, self-help homeownership projects must qualify for Section 502 funds before construction begins. If a very low-income household cannot meet the payments of a Section 502 mortgage, they do not qualify for the self-help program. Therefore, the household must qualify for the HOME funds that will lower its Section 502 mortgage payments before construction begins. The problem with this arrangement is that construction usually takes between eight and nine months for each building group. SHE has had to seek extensions from the state PJ so that the qualifying households will not lose their HOME-funded secondary loans.

While a number of state administrative obstacles have complicated the use of HOME for self-help housing initiatives in the San Joaquin Valley, the program has made it possible for farmworker families with extremely low incomes to build and own their own homes. State program officials should seek to reduce the transaction costs of accessing HOME funds, and increase developers' flexibility in disbursing the funds as secondary loans. In the end, farmworker families are the primary beneficiaries of program improvements along these lines.

EXHIBIT D

SERVICE AREAS



STATE OF CALIFORNIA
FISCAL YEAR 1994 HOME INVESTMENT PARTNERSHIPS PROGRAM AWARDS
 September 1994

	COUNTY	COMMUNITY HOUSING DEVELOPMENT ORGANIZATION	AWARD
Calexico			\$ 548,625
Capitola			\$ 920,708
Chico			\$ 403,500
		Community Housing Improvement Program	\$ 966,999
Chowchilla			\$ 759,318
Corcoran			\$ 997,500
El Centro			\$ 399,000
Fairfield			\$ 346,500
		Housing Association for Napa Development	\$ 426,500
		Humboldt Bay Housing Development Corporation	\$ 627,900
	Lake		\$ 999,600
Lancaster			\$1,000,000
	Lassen		\$1,000,000
Lindsay			\$ 997,500
Mammoth Lakes			\$1,000,000
	Monterey		\$ 700,000
Oroville			\$ 707,665
		Pajaro Valley Housing Corporation	\$ 997,500
Porterville			\$1,000,000
		Project Go, Inc.	\$1,000,000
		Redwood Community Action Agency	\$ 430,500

STATE OF CALIFORNIA
FISCAL YEAR 1994 HOME INVESTMENT PARTNERSHIPS PROGRAM AWARDS
 September 1994

CITY	COUNTY	COMMENTARY/ESTIMATED PROPERTY SUBJECT ORGANIZATION	AWARD AMOUNT
Redding			\$ 997,500
Roseville			\$1,000,000
	San Benito		\$ 420,000
	Shasta		\$1,000,000
		Self-Help Enterprises	\$1,000,000
Simi Valley			\$ 630,000
South Lake Tahoe			\$ 299,250
Suisun City			\$ 534,766
Thousand Oaks			\$1,000,000
Upland			\$1,000,000
Vacaville			\$1,000,000
West Sacramento			\$1,000,000
Woodlake			\$ 999,500
Woodland			\$1,000,000
Yuba City			\$ 618,529

1995 HOME AWARDS

CHDOs	CITIES	COUNTIES	AWARD
Self-Help Enterprises			1000000
Rural California Housing Corporation			997500
	Redding		997500
Soledad Local Development Corporation			676250
	Lindsay		1000000
	Mammoth Lakes		866250
		San Benito	420000
		Shasta County	1000000
	Lancaster		1000000
	Turlock		1000000
	South Lake Tahoe		1000000
		Yuba County	1000000
Jamboree			999600
Family Apartments			183851
		Lake County	1000000
	Anderson		1000000
	Vacaville		1000000
Housing Association for Napa Development			1000000
Orange County Community Housing Corporation			1000000
	Yuba City		400000
Lake Tahoe AIDS Task Force			325000
	Exeter		1000000
	Corcoran		992000
Humboldt Bay Housing Development Corporation			945000
Peoples' Self-Help Housing Corporation			1000000
	Arcata		1000000
	Taft		945000
	Hanford		209747
	Watsonville		1000000
Ford Street Project			553573
	West Sacramento		950000
	Davis		1000000
	Clearlake		1000000
South County Housing			535857
Project Go			1000000
Many Mansions			1000000
	Woodlake		1000000
Redwood Community Action Agency			818000
TOTAL			32816128

SUMMARY OBSERVATIONS

These case studies have highlighted very different projects developed in regions with very different demographic and political environments. Nonetheless, each one has revealed some problems in common and solutions applicable across cases. Staff at each organization voiced many of the same concerns in using HOME or CDBG to meet farmworker housing needs. In some cases, state and local organizations pursued similar responses to overcome common challenges in accessing HOME or CDBG. In other cases, one state's or organization's solution may very well address the concerns voiced by other organizations. The following presents a summary of obstacles encountered in using HOME and CDBG in farmworker housing development, and a discussion of suggested measures likely to make these funding sources more accessible to nonprofit developers.

Financing Choices

With the exception of El Milagro, all of the cases examined have used RHS funding sources for permanent financing. HOME was sought in each case as gap financing. There are a number of reasons for project sponsors to use HOME as supplementary financing rather than as the primary source of permanent financing. It appears to be more difficult to receive a HOME award large enough to cover the full cost of construction than to receive a smaller award to cover shortfalls in RHS financing. In most states, HOME will not cover the entire cost of development. The project sponsor must obtain matching funds in order to secure HOME for the development. Very few states match their HOME funds at the state level as Washington does with its Housing Trust Fund. Until recently, Section 514/516 often covered the entire cost of construction for projects. Making only one funding application lowers the transaction costs for local project sponsors. Now that RHS is providing a priority to Section 514/516 applications that have leveraged other funds, HOME also makes an attractive supplement to 514/516 proposals.

Another reason for seeking Section 514/516 funds to cover permanent financing involves the nature of the competition in the HOME application process. Farmworker housing proposals must compete for limited HOME funding with housing developments serving other low-income populations. The Section 514/516 programs are the only federal programs that specifically target farmworker housing needs.

The HOME program does not include project-based rental assistance. However, Section 514/516 projects qualify for project-based rental assistance from RHS. This is very important to nonprofit developers who serve the farmworker population. Since farmworkers have such low incomes, it is very difficult to build units affordable to migrants and farmworker families without substantial subsidy. Rental assistance allows project sponsors to build high quality housing, while offering rents within reach of the poorest farmworkers. In some states, like Washington, tenant-based rental assistance may be obtained through HOME. However, obtaining this assistance does not guarantee that a new tenant will receive assistance once an assisted tenant moves out. Tenant-based rental assistance does not assure the continued affordability of the project to all residents who may qualify to live there. HUD has considered the issue of allowing

HOME funds to be used for project-based rental assistance. HUD feels that using tenant-based rental assistance or promoting the use of zero-interest grants to write down the construction costs of a project are preferable options in making units affordable to very low-income tenants.

Another factor which encourages developers to use RHS programs for permanent financing and HOME for gap financing is RHS concern with cost overruns. In a number of cases, RHS has expressed concern to project sponsors about additional features that drive up project costs. Daycare centers, additional infrastructure improvements or storage sheds are all design features that go beyond the immediate construction of housing units. If a project sponsor feels these items are necessary for a successful development, then RHS concerns about cost may be eased if these items are covered by HOME funding. HOME allows project sponsors to make design improvements enhancing the quality of life for tenants, as long as these improvements are integrated into the housing structure itself, without jeopardizing an RHS allocation.

National Initiatives

Both the HOME and CDBG programs are designed for maximum state and local flexibility in their use. Nonetheless, special populations such as farmworkers or the homeless still find themselves underserved in many states. The reasons for this are varied. In some cases, states have given priority to other housing or economic development needs in documents such as their Consolidated Plans. In other cases, states have not refined the application process to give weight to housing applications. In still other cases, state programs that may complement HOME or CDBG funding may not have appropriations or may be poorly funded by the state legislature.

The federal government could establish a set-aside of HOME and CDBG funds for special populations through statutory changes in the law. Just as CHDOs receive a set-aside to support and strengthen nonprofit housing development, the goal of ensuring support for special population housing initiatives might be furthered with a similar set-aside arrangement. If a state had more need for farmworker housing resources than could be met through the set-aside formula, groups developing farmworker housing could then compete with other types of housing projects for funds from the general HOME allocation. Again, this statutory set-aside has strengthened the response of CHDOs to local housing needs by increasing their development capacity. It has done so by ensuring a minimal funding stream for their work. As their experience with the program increased, they can apply competitively for funds from the general pool.

A related note concerns the award of CDBG funds in particular. Many states have pressing infrastructure needs, particularly in underdeveloped rural areas. Economic development is also a high priority in many communities, especially those whose economies are dependent upon agriculture or extractive industries such as mining. If a community's dominant industry begins to falter, it becomes imperative to generate new sources of employment and diversify the local economy. The majority of Small Cities CDBG funds in most states have gone to serve these two purposes. But when the program was initiated, housing improvement for low- and moderate-income residents was also a stated priority. This may suggest a need for a change in the

allocation of HOME funds, in order to target more housing funds to non-entitled CDBG recipients and rural communities generally. More study of this issue seems needed.

State Initiatives

While the federal government allocates the funds for HOME and CDBG, state agencies administer them. If a state has not listed farmworkers as a population with special housing needs in its ConPlan, it is more difficult to secure HOME or CDBG funding for projects. One of the findings of this study is that this system basically works as intended. With varying degrees of success, the states covered in this study have made efforts to respond to the special housing needs prioritized in their ConPlans. The ConPlans are prepared by each state's division of housing, but the ConPlans do reflect local preferences. When ConPlans are revised, a process of public participation and comment allows feedback on the housing and development priorities being set by the state. Housing initiatives given greater priority in the ConPlan are generally more likely to receive HOME and CDBG awards around the state. Farmworker advocates therefore need to focus their attention on the public participation process so that farmworker housing receives greater weight in HOME and CDBG applications. Public participation in ConPlan revision also allows nonprofit developers to cultivate relationships with state HOME and CDBG administrators, and it allows the state administrators to gain better knowledge of local players and their housing initiatives.

The application process can be daunting, especially for small rural organizations who are new to housing development. Many of these organizations have limited experience accessing federal programs. Most of these small rural groups and housing authorities have small staffs. Paperwork can be burdensome, especially with limited staff and cash resources. However, small local developers and housing authorities are frequently more attuned to the housing needs of their communities than is possible for a state or regional agency. Having a single application for multiple funding pools is one step that appears to streamline the application process. It also allows local organizations access to funding sources for which they are eligible but which they may not have thought to seek. These organizations also benefit tremendously from expert technical assistance. Technical assistance from a regional, state or national organization helps ease the burden of doing needs assessments, predevelopment work, and loan packaging. Technical assistance may thus help an enthusiastic but small organization make the kind of application that stands out when reviewed by state administrators.

The innovation which promises the most impact on funding delivery to farmworker housing projects is incorporating HOME allocations into a state's Housing Trust Fund. Many small rural housing developers find it difficult to secure the matching funds required in the HOME program. By matching HOME funds with assets in the Housing Trust Fund portfolio, states increase the potential for rural areas to receive HOME-funded projects. Smaller developers do not need to engage in the paperwork and expense of pursuing alternative funding sources. In addition, it increases the Trust Fund assets in the short term, allowing the state more flexibility in using this housing resource. This arrangement has had immense success in Washington. It is a measure that can be replicated in any state with an active Housing Trust Fund. States without an active

Housing Trust Fund may find this approach more difficult to implement, but as the Washington example illustrates, the benefits of such a move are significant.

Local Initiatives

The measure that most improves access to HOME and CDBG from the local perspective is simply the cultivation of strong partnerships with local civic leaders. City and county governments are the only entities that may apply for CDBG awards, and so their support is a prerequisite to accessing this program. HOME funds are more likely to be awarded with evidence of strong local support for the project. If local residents have reservations about a proposed project, the support of respected civic leaders in government and the business community may reduce opposition. Finally, cultivating good working relationships with local government may promote “mutual advocacy.” This translates into support from local leaders for projects in other parts of the state. Examples would include the testimonial of a mayor as to the success of a farmworker housing project in his or her city, or a letter to a state or federal agency whose programs may fund a new project in town.

Strong local partnerships may be fostered by sensitivity to the city and county economic development and planning process. Adjusting a project’s plans to dovetail with a community’s development plans integrates the project into the community’s pattern of growth. This arrangement is often mutually beneficial. A city that wishes to apply for funds to extend its infrastructure may give more weight to its application by citing the benefits the project will bring directly to low-income farmworker families. In addition, the city lays the groundwork for the expansion of commercial and residential areas along the new water and sewer lines. At the same time, the developer does not have to cover the cost of extending water and sewer lines. Identifying common interests of this sort provide the greatest boost to local governments and local developers hoping to access CDBG or HOME.

All of these measures at the national, state and local levels have one thing in common. These approaches all promote networking and foster cooperation among all the players with an interest in housing development. In a climate of diminishing budgetary resources, sharing expertise enhances the prospects for linking HOME and CDBG to farmworker housing development. As organizations increase their flexibility in working with other groups and agencies, they will establish lasting partnerships that will allow them to better serve farmworkers and their families.

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