

# Rural Voices

Spring 1999, Vol. 4, No. 2

The Magazine of the Housing Assistance Council



A Place For  
**Everyone**

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Awards and Art Contest

Affordable Homeownership Alliance

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*I Am Reminded*



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The Housing Assistance Council (HAC) is a national nonprofit corporation founded in 1971 and dedicated to increasing the availability of decent housing for low-income people in rural areas.

HAC strives to accomplish its goals through providing seed money loans, technical assistance, training, research and information to local producers of affordable rural housing. HAC maintains a revolving loan fund providing vital seed money at below-market interest rates to rural housing developers. Developers can use these funds for site acquisition, development, rehabilitation or new construction of rural, low- and very low-income housing. HAC has a highly qualified staff of housing specialists who provide valuable technical assistance and training, and research and information associates who provide program and policy analysis and evaluation plus research and information services to public, nonprofit, and private organizations. HAC's subsidiary, Rural Housing Services, Inc. (RHS), syndicates rural housing developed with the Low Income Housing Tax Credit.

*Editor: Leslie R. Strauss*

*Layout: Duane Cregger Graphic Design*

*ISSN 1903-8044*

## Dear Friends

“A Place for Everyone” — the theme of the recent National Rural Housing Conference — could serve as the motto for much of the rural housing community’s work. Every day, through many different activities, we try to ensure a decent, affordable place for those most often forgotten in our national housing efforts.

This issue of *Rural Voices* highlights some of the rural housing community’s successes in providing a place for everyone. It reviews the December 1998 conference, including the awards HAC presented to five outstanding individuals for their rural housing work, and the winners of the children’s art contest held at the conference. Also, an article describes a collaboration between Freddie Mac, Rural Opportunities, Inc., and others to help create a place for everyone by providing mortgages for families who could not obtain conventional loans. Another piece explains how local rural housing developers can use Community 2020 mapping software to illustrate housing conditions and needs. Other recent developments and activities are summarized in the HAC Facts and View From Washington departments.

We look forward to continuing to work with you to provide a place for everyone.

Sincerely,



Richard W. Lincoln  
Chairman



Peggy R. Wright  
President



Moises Loza  
Executive Director

## HAC Facts

*Notes about some of the many recent activities, loans, and publications of the Housing Assistance Council*

### Self-Help Units Increasing Nationwide, Thanks to SHOP Funding

The first round continues while the second begins. “SHOP 1996,” which consists of \$13.5 million in Self-Help Homeownership Opportunity Program funds administered by HAC for HUD, will continue through March 2000, while loan commitments have yet to be issued for \$4.8 million in “SHOP 1998” funds. SHOP provides loans to local rural housing developers nationwide to purchase and develop lots where low-income homebuyers will contribute sweat equity to help build their own and their neighbors’ houses. HAC’s loan committee has committed \$15.6 million from SHOP 1996 for production of over 1,900 homes. (Commitments exceed total funds because some loans are repaid and then re-loaned, and because some developments cannot be completed if other funds do not become available. Any shortfall will be covered by other

HAC loan funds.) At a meeting on March 26, the loan committee will review 55 applications from 23 states for a total of just over \$7.3 million in “SHOP 1998” funding, although only just over \$4.8 million is available.

### Self-Help Plus Leases Lead to Ownership in Rural Colorado

An innovative combination of sweat equity and lease-to-own financing will enable 61 low-income families in rural Colorado to own their own homes. Development funding will include loans from HAC, Low Income Housing Tax Credits (LIHTC), the Affordable Housing Program (AHP), and a bank construction loan. Under the lease-purchase program to be used, the homeowners will gain equitable title upon the closing of the Self-Help Homeownership Opportunity Program (SHOP) loan from HAC, and will benefit from low payments

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# A Place For Everyone



1998  
National Rural  
Housing Conference

*Sponsored by the Housing Assistance Council*

## 1998 National Rural Housing Conference Draws Good Reviews



HAC board member Nancy Neuman and former board member Rep. Eva Clayton (D.-N.C.), who spoke at the conference, talked with other participants at a reception.

The 1998 National Rural Housing Conference sponsored by HAC was an all around gathering of rural housing supporters and professionals. It was an occasion to make meaningful affiliations and broaden one's knowledge in a conference setting.

One of the major issues facing rural America is "resources," whether in housing, infrastructure or capacity building. The HAC conference offered a wide range of workshops, which included possible solutions to everyone's situation. With Rural Development's funds becoming limited, obtaining other financing is a must. Workshops on Fannie Mae, Federal Loan Home Bank, HOME and CDBG provided a wealth of knowledge.

Finally, I appreciate that HAC invited speakers and national personages who can hear the problems first hand and are in a position to make decisions on workable solutions. I commend HAC for a job well done.

— *Lauretta Stephens, Florida Non-Profit Housing, Sebring, Florida.*  
*FNPH's mission is to provide technical assistance and training to agencies in the deliverance of affordable housing for low-income people.*

I have been to several conferences recently, and this one was the most optimistic, enthusiastic and pro-active crowd of them all.

— *An evaluation form from an attendee*

This was the best, most informative HAC meeting I have attended.

— *An evaluation form from an attendee*

The HAC staff is very knowledgeable and committed and did an excellent job.

— *An evaluation form from an attendee*



At conference roundtables participants shared ideas and developed recommendations on 15 different topics such as economic development, media strategies, the Mississippi Delta, and homeownership for women.

Great opportunity to meet others throughout the country doing the same type of work and learn what their challenges are.

— *An evaluation form from an attendee*

Good info, good networking, good national contacts.

— *An evaluation form from an attendee*



Bruce Morrison, Chairman of the Federal Housing Finance Board, speaking at a conference lunch hosted by the National Rural Housing Coalition, encouraged rural housing developers to be creative and aggressive with bankers.



USDA Undersecretary for Rural Development Jill Long Thompson helped to kick off the conference at a reception sponsored by Freddie Mac. Secretary Dan Glickman addressed the conference at a different session, emphasizing the important role of self-help housing.

The roundtables and reports and comments from the participants have been the best parts of the last two HAC conferences.

— *An evaluation form from an attendee*

I always find HAC conferences to be an excellent opportunity to network and to find new ideas for projects — this was no exception.

— *An evaluation form from an attendee*

Good job. This is my first. I will be back.

— *An evaluation form from an attendee*

The conference sponsored by HAC in December 1998 gave us a very unique opportunity to gather and share experiences with a diverse group who had a common vision. For both of us, this was the first time we had ever participated in a HAC conference. This gathering not only reaffirmed the participants' commitment to provide adequate housing throughout rural America, but it also broadened each of our horizons by establishing new contacts and learning, sharing new initiatives and approaches.

Personally, we were pleasantly surprised to hear Agriculture Secretary Dan Glickman's luncheon remarks recognizing a very successful Rural Home Loan Partnership in Hawaii to a national audience.

This bi-annual event no doubt builds strong coalition(s) of hundreds of organizations and individuals working to improve housing conditions for rural Americans. Participants benefited from over 100 speakers and workshop presenters. Attendance at a HAC National Rural Housing Conference is a must for people working in rural development.

— *Francis J. Blanco, State Director, and Thao Khamoui, Rural Housing Service Single Family Housing and Community Facilities Program Director, USDA Rural Development, Hawaii.*

*The USDA Rural Development Hawaii State Office services the State of Hawaii, American Samoa, the Pacific Basin Area (Western Pacific Region) covering Guam, Commonwealth of the Northern Mariana Islands (Saipan), Republic of Palau, Federated States of Micronesia and the Republic of Marshall Islands.*



In his keynote address Saúl Ramírez, HUD Deputy Secretary, spoke of HUD's commitment to rural areas and HAC's leadership in the rural housing field. HUD Secretary Andrew Cuomo spoke also, by videotape because he could not attend in person.



The National Rural Housing Awards Banquet, sponsored by the Fannie Mae Foundation, began with a welcome by Jim Carr of the Foundation, and continued with awards and entertainment.

This is always a great gathering of people.

— *An evaluation form from an attendee*

Good kick in the ass. Going home with new ideas. I want to explore transitional housing — my head is exploding with new ideas. Thank you.

— *An evaluation form from an attendee*

Excellent conference as usual.

— *An evaluation form from an attendee*

*Photos by Sean Bennett, Neighborhood Reinvestment Corporation.*

## Awards Honor Rural Housers

At the National Rural Housing Conference in December 1998, the Housing Assistance Council presented awards to five outstanding individuals honoring their contributions to improving housing conditions for low-income rural residents. Arnold Sternberg received the Clay Cochran Award for Distinguished Service in Housing for the Rural Poor. Three individuals were honored with the Skip Jason Community Service Award: Guillermo Castañeda, Dwayne Yost, and John Zippert. A Special Lifetime Achievement Award was bestowed on Art Collings.

The Clay Cochran award honors individuals who have provided outstanding and enduring service, with national impact, for the betterment of housing conditions for the rural poor. The award is named after Dr. Clay Cochran (1915-1982), who has often been credited as the founder of the rural housing movement. Among other accomplishments, Cochran served as the first director of the International Self-Help Housing Association and founded the Rural Housing Alliance and Rural America.

The Skip Jason Community Service Award recognizes individuals whose efforts have improved the housing conditions of the rural poor in their communities. HAC wants to honor individuals who work "in the trenches" and usually go unrecognized outside their communities. The award is named after Robert "Skip" Jason (1939-1982), a long-time housing activist with considerable community experience, who worked as HAC's Government Services Director.



### Arnold Sternberg

Arnold Sternberg accepted the Clay Cochran Award for Distinguished Service in Housing for the Rural Poor from Representative Lynn Woolsey (D.-Calif.). Sternberg has long been an advocate for affordable rural housing at the national, state and local levels.

He served as HAC's General Counsel from 1971 to 1975, when he became Director of the California Department of Housing and Community Development. He recently retired as Executive Director of Burbank Housing Development Corporation in Santa Rosa, Calif.



### Guillermo Castañeda

Guillermo Castañeda, recipient of the Skip Jason Community Service Award, has been Executive Director of Community Health Center La Clinica in Pasco, Wash., since 1983. He has expanded the mission of La Clinica to provid-

ing housing, medical, dental, mental health, preventive health education, and social services to farmworkers and other low-income rural people. La Clinica has grown into one of the most effective self-help housing producers in the Northwest.



### M. Dwayne Yost

M. Dwayne Yost was honored by the Skip Jason Community Service Award. He was the founding Executive Director of Kentucky Mountain Housing Development Corporation, a 25-year-old nonprofit that has constructed over 500 new homes for families with

incomes averaging \$8,000, and completed 365 major rehabilitations. He also was one of the founders of the Federation of Appalachian Housing Enterprises, now a model for regional community development financial institutions and intermediaries.



### John Zippert

John Zippert, Program Director of the Federation of Southern Cooperatives, based in Epes, Ala., received the Skip Jason Community Service Award. Under his leadership, the Federation has developed 126 apartments in four innovative and highly successful rental

housing projects for very low-income seniors and families in rural Alabama. These developments have been some of the most successful nonprofit uses of the Low Income Housing Tax Credit in rural areas. For decades, Mr. Zippert has also been a leader and advocate for African-American farmers, environmental

justice, fair housing, voting rights, and the creation of rural credit unions.



**Art Collings**

Special awards were presented to Art Collings for his life-long dedication to rural housing, particularly in the field of legislation and regulations governing federal rural housing programs. As a long-time Farmers Home Administration employee and as

Senior Housing Specialist at HAC for more than two decades, Collings has provided expert advice, training, counsel, and program information to thousands of groups and individuals. Administrator Jan Shadburn and Associate Administrator Eileen Fitzgerald presented Art with an award on behalf of the Rural Housing Service. Moises Loza presented him HAC's Special Lifetime Achievement Award, as well as an "affordable, rural" house from HAC's staff — made of gingerbread.

*Photos by Sean Bennett, Neighborhood Reinvestment Corporation.*



## Art Contest Winners Illustrate "A Place for Everyone"

The 1998 National Rural Housing Conference included an art contest for children living in housing developed with the assistance of HAC's subsidiary Rural Housing Services, Inc. Children were invited to create something reflecting what the statement "A Place for Everyone" means to them. Entries were displayed at the conference, and attendees voted for winners in three age categories. Each winner was awarded a \$200 savings bond. Three or four Honorable Mentions in each category earned \$50 savings bonds, and all entrants received certificates of appreciation.

The winners, whose entries are reproduced on the next page, were Shaquille Griffin, age 4, Bay Pointe Apts., Winter Garden, Fla. (age 1-6), Samuel M. Roesel,



age 8, Ellijay East Apts., Ellijay, Ga. (age 7-11), and Taudalaya Swann, age 14, Diggs Circle, La Plata, Md. (age 12-17).

Honorable Mentions in the age 1-6 category were Briana Davenport and Briana Lindsey, Adairsville Arms, Adairsville, Ga.; Michelle Gordon, Bay Pointe Apts., Winter Garden, Fla.; and Bria Greenfield, Diggs Circle, LaPlata, Md. In the age 7-11 category Honorable Mentions went to Cody Baggett and Jessica Patterson, Adairsville Arms, Adairsville, Ga.; and Yilene Jackson, Bay Pointe Apts., Winter Garden, Fla. Honorable Mention recipients in the age 12-17 group were Joel Higdon and Adam Stahl, Ellijay East Apts., Ellijay, Ga.; and Jacob Patterson, Diggs Circle, La Plata, Md.

Certificates of appreciation were awarded to Tyquanna Battle, Desedra Dudley, Yaprece Gordon, Brandon Griffin, Cassandra Hakins, L. Harris, Yuri Jackson, Shawilla Johnson, Albert Major, Cherelle Major, Shonta Major, Whitney McClendon, Marshaye Pollard, Gotheria L. Scott, Ellesia Sigler, Glenda Sigler, James Smith and Felisha Williams from Bay Pointe Apts., Winter Garden, Fla.; Megan Mulkey and Blake Smith from Adairsville Arms, Adairsville, Ga.; and Samantha Cates, Katrina Gunther, Tyler Stahl,



**Shaquille Griffin**  
Age 4



**Samuel M. Roesel**  
Age 8



**Taudalaya Swann**  
Age 14

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CONTINUED FROM PAGE 5

Drug-free is the way to be in our neighborhood.  
 Our neighborhood is Immaculate.  
 The Goblins were out on Halloween.  
 The Grass is always neat.  
 Our neighborhood is a Safe place.

Everyone is Courteous.  
 We have Interesting neighbors.  
 Relationships are never forgotten.  
 Chrysanthemums in bloom help brighten our neighborhood.  
 Neighbors Look out for each other.  
 The children here are Energetic.



Taudalaya Swann created the winning entry in the age 12-17 category.



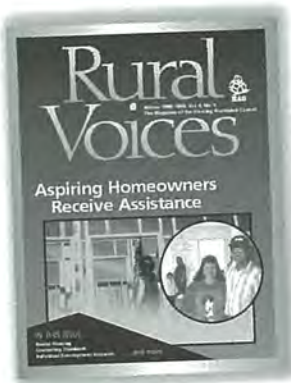
Shaquille Griffin designed the prize-winning art in the age 1-6 category.



Samuel M. Roesel's poster captured first place in the age 7-11 category.

Miranda Thweatt and Joseph Wyant from Ellijay East Apts., Ellijay, Ga. Some additional entries did not show the artists' complete names.

HAC extends special thanks to the apartment managers who conducted the art contest on site in each complex and sent in the entries.



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# Freddie Mac, ROI and Others Create Rural Affordable Housing Alliance

by Craig Nickerson

Through a regional alliance Freddie Mac, Rural Opportunities, Inc. (ROI), and a variety of other housing-related resources are working together to create new rural homeownership opportunities. Our shared goal is to help families who would not normally seek mortgage financing through traditional channels or who would not immediately qualify for a loan from a financial institution. In our first year and a half, we can count our alliance successes: 32 families who have actually purchased homes.

Freddie Mac is a stockholder-owned corporation chartered by Congress in 1970 to create a continuous flow of funds to mortgage lenders in support of homeownership and rental housing. Our Community Development Lending approach is based on using sound business practices to create self-sustaining affordable housing programs. This strategy is working in rural America today through Freddie Mac's regional alliance with ROI, a nonprofit community development organization founded in 1969 and dedicated to serving farmworkers and other poor rural residents. ROI provides services to over 20,000 people annually. Its Division of Housing and Economic Development fosters such alliances to develop affordable housing and

small business assistance programs across a six-state area.

The objective of this Freddie Mac/ROI Affordable Housing Alliance is to better serve more modest-income rural borrowers. The nationally recognized ROI is bringing its efforts to the six states where it has an already established presence: Michigan, Ohio, Indiana, Pennsylvania, New York and New Jersey.

Formulated in fall 1997, this alliance

comprises local nonprofits, local and state governments, local developers, home builders, real estate brokers and founding charter members who are all doing what we do best. The alliance charter members provide support as outlined below.

## ■ Freddie Mac

*Capacity building assistance, linkages to responsive lenders and flexible loan products that allow down payments as low as zero to \$1,000*

These loans are designed to meet the needs of rural homebuyers. Detailed descriptions are given in the sidebar on page 9.

## ■ Rural Opportunities, Inc. (ROI)

*Comprehensive pre- and post-purchase counseling, homeownership education, outreach to the rural community and coordination of all phases of the financing process to provide a smooth path to homeownership*

ROI uses NeighborWorks' Full Cycle Lending® comprehensive education to help borrowers succeed with flexible underwriting guidelines.

## ■ PAC Processing Service, Inc.

*Loan processing*

## ■ Mortgage Guarantee Insurance Corp. (MGIC)

*Contract underwriting and capacity building assistance*  
MGIC is a leading provider of mortgage insurance.

## ■ Participating Lenders

*Mortgage loans for purchasing families*

Lenders currently include First National Bank of Rochester, Bank of Castile, Fleet Mortgage Corp., Citicorp Mortgage, Inc., and First Union Mortgage Corp.

## ■ U.S. Department of Agriculture's Rural Housing Service

*Section 502 Guaranteed Rural Housing Loan Program and Rural Leveraged Loan Program*



ROI helped Domenic and Jennifer Garofalo of Batavia, N.Y. buy a home with space for sons Treese and Nicholas.

Photo by Jason Cohn.



ROI assisted Sue McCarthy and her son to buy their own home in Batavia, N.Y., using many of the elements that make the Affordable Housing Alliance successful: homebuyer education, a down payment and closing cost assistance grant, and a matched savings individual development account program.

Photo by Jason Cohn.

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The approach works for real people. One purchasing family has eight children ranging from toddler to teen. This one-income, two-parent family of ten had suffered through bouts of unemployment and job changes, but with the help of the Affordable Housing Alliance participants, they were able to buy a new home with enough space for them all to live comfortably. In addition, the flexible financing reduced their total housing costs by more than \$100 per month.

Another alliance success is being lived by a single mother who was once on public assistance. Even after having achieved a new level of personal and financial growth, she still did not have the money for the down payment and closing costs on a home in the community where she wanted to live. Through an ROI-approved homeownership education program, she became eligible for a mortgage on the home of her choice where her child was already enrolled in school — a home she could not have afforded otherwise.

The alliance is helping remove two of the main obstacles to homeownership — cash for the down payment and closing costs and credit issues, using the low-down-payment loans described in the sidebar. Our mortgage products, combined with early credit education, are important. However, they do not begin to tell the whole story of what makes this regional alliance so effective. The benefits being enjoyed by rural families are a result of the collaborative local efforts adding up to a sum that is much greater than its parts. The sum brings mortgage industry efficiencies to potential homebuyers through targeted outreach efforts.

The success of the alliance is based on what may be



Dean Pierce, his daughters Kennedy and Kaylynn, and his wife Teresa (not pictured) are purchasing a home in Leroy, N.Y., with assistance from ROI and a leveraged loan from the Bank of Castile and Rural Housing Service/Rural Development, all participants in the regional alliance.

Photo by Jenn Wideawake.

best described as a “funnel approach.” At the broad top of the funnel, the local ROI office spreads into the community, communicating about homeownership as a viable option and promoting the services that will help families become homebuyers. Interested people are screened and counseled in preparation for homeownership. As the funnel narrows toward the center, depending on

## Self-sustaining, encouraging and effective, the Freddie Mac/ROI alliance can be a model for similar efforts to impact housing in other rural areas.

the potential homebuyers’ level of readiness for homeownership, next steps may include months of in-depth credit counseling, or simply pointing the homebuyer toward the appropriate mortgage financing that matches their circumstances.

At the funnel’s narrowest point, PAC Processing Service conducts loan processing and MGIC thoroughly underwrites the application and prepares the borrowers’ documentation, all coordinated by ROI. The funnel then expands, delivering loans of consistent quality to the participating lenders, ready to close. Thus the funnel streamlines the actual financing process for lenders and homebuyers alike, and allows faster, more efficient property purchases and a constant flow of home financing to strengthen and widen the foundation of the funnel — community.

To start the funnel, formal outreach efforts were implemented last year as residents in targeted rural areas saw and heard television and radio ads, sponsored by Freddie Mac, about homeownership opportunities available through ROI. The ads’ message touched upon the benefits of the alliance — help, hope and a more secure future for the family — and was targeted at adults 25-44 years of age, with a household income of approximately \$30,000. The goal was to reach those who truly believed that they could not qualify for a mortgage, or did not know where to begin. Consumers were encouraged to call ROI for free services and to learn how they could make homeownership a reality, and it worked. Thousands



Kaylynn Pierce, age 8, and her sister Kennedy, 2, got their own bedrooms and a yard when their parents bought a house for the first time.

Photo by Jenn Wideawake.

## Mortgage Products Being Offered Through the Freddie Mac/ROI Alliance

**Guaranteed Rural Housing:** a no-down-payment loan that works for moderate-income rural borrowers who may have the necessary income and credit history, but not the down payment required to qualify for a conventional mortgage. Guaranteed by the Rural Housing Service, GRH offers first-mortgage financing at a 100 percent loan-to-value (LTV) ratio.

**Affordable Gold® 97:** ideal for low- to moderate-income borrowers with incomes up to 100 percent of area median. Homebuyers can use their savings and matching grant funds for the down payment. This Freddie Mac mortgage allows a down payment of 3 percent of the value of the home, and allows individual development accounts — borrowers' savings matched by foundation grant funds — as borrowers' personal cash for use toward the down payment and closing costs.

**Community Gold<sup>SM</sup>:** developed to help first-time homebuyers, low- and moderate-income, minority and underserved borrowers. This mortgage can be used to finance purchases, refinances and rehabilitation of one- to four-unit properties. Total LTVs can be up to 105 percent for purchase and 120 percent for purchase-and-rehabilitation properties. Individual development accounts can be used as borrowers' personal

cash for use toward the down payment and closing costs. The down payment can be the lesser of 2 percent or \$1,000 for property valued at less than \$80,000 or 2 percent for property valued at \$80,000 or more. The participating community organization offers comprehensive homeownership counseling.

**Alt 97<sup>SM</sup>:** designed for borrowers with a good credit record who will pay less for mortgage insurance coverage while having the advantage of a 97 percent LTV. Alt 97 also offers a variety of sources for the 3 percent down payment which can come from any combination of borrowers' own funds — including secured borrowings, such as a 401(k) loan, a gift or unsecured loan from a relative, a grant or unsecured loan from a municipality or nonprofit, Freddie Mac approved secondary financing known as Affordable Seconds, or employer-assisted housing funds — in the form of an unsecured loan or a grant.

Freddie  
Mac

 RURAL  
OPPORTUNITIES, Inc.

responded, and hundreds have participated in the ROI homeownership education program, beginning the process of becoming homeowners.

ROI uses the NeighborWorks Full Cycle® lending approach to homeownership education, which includes helping would-be owners to repair a blemished credit reputation or establish credit references. Homeownership education also lets borrowers know how they can be rewarded for their good credit. In addition, the long-term success of these rural homebuyers is enhanced by post-purchase follow-up and future credit maintenance.

Self-sustaining, encouraging and effective, the Freddie Mac/ROI alliance can be a model for similar efforts to impact housing in other rural areas. As the alliance grows, Freddie Mac is actively reaching out to and looking for other communities in which to replicate or create new Community Development Lending initiatives and alliances. We believe that through strategic collaborations, we are meeting the challenges of

down payment, credit, and complex financing issues to increase rural homeownership. We are committed to having rural America continue to be an important part of the good news in growing homeownership rates, and welcome the opportunity to help rural communities benefit from the strong, innovative, creative and flexible solutions available. There is a place for everyone.

Organizations like ROI need resources to continue and build on their successes. Freddie Mac's efforts to reach across the nation with financing efficiencies have the potential to make a real difference. We appreciate the efforts of ROI and the opportunity to work with them and others who are providing a nurturing environment for affordable lending in rural communities. We promise to match your efforts with our commitment.

*Craig Nickerson is Vice President, Community Development Lending at Freddie Mac.*



# Mapping Help Available for Nonprofits

## CL-ICD and Community 2020 Make Mapping Easier, Clearer

by Darren Allen

For Self-Help Enterprises, a California group that provides technical assistance for rural housing and community development projects, creating maps for grant applications has always been a crucial but exceedingly difficult task.

But with help from the Coalition for Low-Income Community Development (CL-ICD) and HUD's Community 2020 mapping software, the nonprofit housing organization was able to create maps that are persuasive, informative and easy to read.

"The maps were clearer than we'd been able to produce in the past," said Christi Nelson from SHE in Southern California. "CL-ICD gave us the resources and tools to use Community 2020 effectively."

SHE is one of 50 organizations the coalition has trained to use Community 2020 over the last year. CL-ICD has one of the most extensive track records with the software and has been training governmental and nonprofit agencies how to use it for more than two years. In SHE's case, the training gave them the resources to create maps that showed them target areas and project sites for eight cities and counties.

### Difficult Software Made Easier

For Nelson and others CL-ICD has trained on the software, persuasive, informative maps come only after considerable practice and instruction on Community 2020, according to CL-ICD Executive Director Karen Stokes. HUD hired CL-ICD to evaluate the mapping software through work with a group of community-based organizations. And while CL-ICD's staff determined that Community 2020 can be a valuable tool for housing and community development, it is complex.

"Our evaluation of the software is mixed," Stokes said. "It isn't immediately easy to use, it takes training, it takes a staff person motivated to learn it, it probably

### CONCENTRATION OF HOUSING UNITS IN TEXAS WITH INCOMPLETE PLUMBING



#### Map Layers

Counties Border Counties

#### % of Housing Units with Incomplete Plumbing

0 - 5% 5 - 20%

The counties that border Mexico have a significantly higher rate of poverty, substandard housing and housing cost burden than the United States as a whole. Studies suggest that a high proportion of the border's problems are concentrated in "colonias." This map shows that for Texas the percentage of households with incomplete plumbing is concentrated in the border areas. Incomplete plumbing is one indicator of substandard housing.

Housing units are classified as lacking complete plumbing facilities when piped water, a flush toilet or a bathtub or shower are not present.

Map prepared by CL-ICD, using Community 2020.

takes an intern to help with data entry problems, and most of all it takes some vision of why your organization should even bother with the difficulties." At the same time, however, Stokes said nonprofits cannot afford to ignore this new technology and should be aware of the opportunities the software creates.

The software — available from HUD for under \$300 — combines a rich store of demographic, economic, social and geographic information. Once nonprofits learn how to manipulate the software, they can create maps that communicate clearly and vividly. A map can show the presence of abundance and

poverty, the location of substandard housing, or the lack of bank branches and ATMs.

In short, according to Stokes, the software can help groups define a problem and illustrate it to funders, government, and the public. The software also can help groups learn how federal housing money is being spent, and target their needs and projects around existing programs.

"We need to be smart about where federal housing funds are currently going in the community and where needs are the greatest," Stokes said.

CL-ICD helped Nelson's organization in that identification process in a much more comprehensive and sophisticated way than SHE had been able to do in the past. The nonprofit had previously found that the cities and counties it works with had a hard time creating maps that would pass muster for a grant application. Often, SHE staff were forced to use whatever base maps the cities and counties could provide, and then add graphic tape to create the necessary boundaries. The final product came about through the use of scissors and tape. "It was hardly a sophisticated process," Nelson said.

### Painting Data Pictures

As SHE learned, creating maps with Community 2020 could be the difference in getting a message across to the audience — whether that audience is funders or the public, according to Susan Aceti, Director of Training and Technical Assistance for CL-ICD.

"Showing data as a picture rather than as numbers on a page is an exciting new tool for housing and development organizations," Aceti said, calling the ability to use maps as a visual tool an integral element of the software.

CL-ICD does more than training, however. The



coalition can help groups obtain the software --and follow up with constant technical support. CL-ICD also offers a mapping service, where professional geographic information specialists will create clear, colorful, informative maps for an organization.

### Spreading the Word

CL-ICD looks forward to bringing Community 2020 expertise to many staff members at governmental and nonprofit agencies in the next two years with the help of a \$1.3 million grant from HUD. The technical assistance award, announced at the end of 1998, will allow the coalition to nearly double its training staff and devote more energy to giving community groups and local governments the ability to target funding appropriately.

Stokes said the funding positions CL-ICD to make Community 2020 more accessible. "Our primary purpose is to help make sure that low-income people benefit from the programs meant to help them," she said. "Community 2020 allows us to give grassroots and national groups a say in how HUD money is spent."

*Darren Allen is Communications Coordinator at CL-ICD. For more information, contact CL-ICD at 410-945-2835 or [clcd@clcd.org](mailto:clcd@clcd.org).*



## HAC Analysis of FY 2000 Budget Proposal Available

The Clinton administration's budget for FY 2000, released on Feb. 1, would increase total Rural Housing Service program funds but would cut rental programs and total budget authority. The Department of Housing and Urban Development would see increases in many programs important to rural areas, including homeless programs, HOME, Community Development Block Grants, and the new Office of Rural Housing. The Self-Help Homeownership Opportunity Program, however, would receive no funding. To order a copy of HAC's analysis of the budget as it affects rural housing, contact Luz Rosas at HAC or visit [www.ruralhome.org](http://www.ruralhome.org).

# I Am Reminded

Opinion by Art Collings

The Clinton Administration's FY 2000 budget proposal, released in early February, includes \$640 million for the USDA Rural Housing Service's Section 521 Rental Assistance (RA) program. On the surface this proposal looks like a major increase — but there is a key footnote. The proposal's \$640 million total includes \$440 million to be used in FY 2000 (the new fiscal year beginning October 1, 1999) and an additional \$200 million that would not be available until October 1, 2000 (that is, at the beginning of FY 2001). The Administration apparently needs additional budget authority for some other program, outside USDA, and is looking to borrow it from the rural housing account.

This reminds me of an episode in the late 1970s. The then Farmers Home Administration, where I worked, and the rural housing nonprofit advocacy community were able to achieve legislative authorization for a new FmHA effort — the Home Ownership Assistance Program or HOAP. It was a small highly structured, deeply subsidized component within the Section 502 homeownership program. There was opposition to the idea. So, in order to win the day, supporters included a subsidy recapture provision in the proposed legislative language. It was to be applicable only to HOAP borrowers. We did win approval of the idea and HOAP became part of Title V of the Housing Act of 1949. But Congress also changed the language to require recapture for all subsequent 502 borrowers, not just those who would be heavily subsidized by HOAP. You must have guessed the final outcome. HOAP was never funded and 502 subsidy recapture remains on the books today.

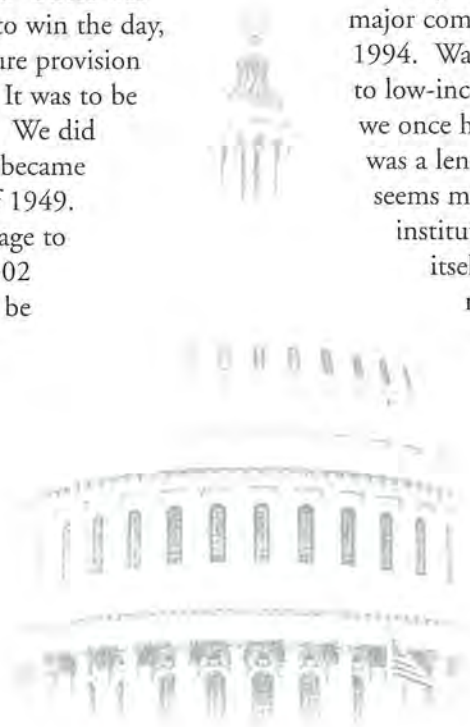
The FY 2000 budget proposal for Rental Assistance brought the old history of

HOAP to mind. The current proposal offers to exchange a loss of \$143 million in Rental Assistance budget authority now for the possibility of an increase of \$56.6 million in spending later. There is a saying about budget authority: once you lose it, you will never get it back. In many cases the reduced level becomes your new ceiling.

The direct Title V rural housing programs help low-income families attain decent, affordable shelter. Rental Assistance provides deep, but necessary, subsidy for those with very low incomes. The Rural Housing Service programs have already been sharply reduced, with rental housing cut to a level where it is not viable. All of the cuts have been proposed by this Administration, beginning with the budget for FY 1995, but I believe the most drastic reduction decisions were made solely at levels beyond FmHA and now RHS. Unfortunately this latest proposal could end up losing more. The extra \$200 million, to be available on October 1, 2000, may either go unfunded or count against a reduced budget ceiling for FY 2001.

Very large amounts have been trimmed from major components in the Title V budget since FY 1994. Was it budget fat? All of the subsidy goes to low-income families, based on income. What we once had with Rural Development/FmHA was a lender of last resort. What we now have seems more and more like an evolving banking institution whose mandate is to protect itself from losses in its mortgage loans to moderate-income families. RHS staff try to do the best they can, but the budget process is driving them away from social purpose housing.

*Art Collings is Senior Housing Specialist at the Housing Assistance Council.*



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thanks to the LIHTC and AHP. At the conclusion of the lease-purchase program, full equitable and legal title will be vested in the families with a greatly reduced mortgage required since all lease payments will be credited to the purchase price and required maintenance of the family's unit.

Twenty-one of the future buyers are currently homeless families, and all earn 60 percent or less of area median income. They will help build their own homes on lots acquired and developed with the help of two HAC loans, \$300,000 from SHOP and \$316,000 from the Rural Housing Loan Fund. Part of the SHOP loan is expected to become a grant to Southwest Community Resources, the nonprofit developer, which will use a portion of the money to establish an "equity reimbursement fund." If a purchasing family moves out during the 15-year lease period, the reimbursement fund will be used to pay back the value of their sweat equity, plus interest. As Southwest Community Resources explains it, this creative combination of funds enables low-income families "to build significant equity even during the initial lease period."

### Louisiana Delta Homes and Job Training to be Provided with HAC Assistance

Construction began in January on the first of eight homes in Lake Providence, La., thanks to technical assistance and a loan from HAC. Located in Louisiana's northeast corner in the Delta region, Lake Providence has a population of about 4,000 and a median income far below the poverty line. Seventy percent of the population is African American. HAC staff worked with the Northeast Louisiana Youthbuild Delta Council, a local nonprofit, to prepare a successful application to the Federal Home Loan Bank of Dallas for \$63,000 in Affordable Housing Program funds. Combined with a site preparation SHOP loan from HAC and the labor of future homeowners, the reduction in mortgage principal provided by the AHP funds will make the new three-bedroom homes affordable to low-income families, who are likely to receive mortgages from the local Hibernia Bank. Thanks to Youthbuild funds, the development will provide training for 10-15 disadvantaged young people as well, greatly needed in an area with a 90 percent youth unemployment rate. Additional assistance to the project has come from Louisiana Technical College, the Town of Lake Providence, and the East Carroll Parish Police Jury.

### Increased Housing Finance Capacity Planned in Colonias

HAC technical assistance and lending staff have been working closely with some nonprofits along the Texas-Mexico border to build housing finance capacity in the colonias. Colonia communities are typically unincorporated subdivisions, rural in character, and have no access to public sewer and water. Nonprofits working in the colonias report that the lack of access to below-market credit is a big obstacle to decent, affordable housing in their communities. With rare exceptions, commercial banks and thrifts do not provide branch banking services or credit in colonia communities. As a result, few vehicles exist to deliver housing-related credit directly to low-income colonia residents.

HAC staff is discussing with the nonprofits avenues to enable direct lending to individuals for housing rehab, new construction, and contract for deed buyouts in the Texas border region. These financing services could be offered through an existing community development financial institution or by launching a new entity, which would work closely with affiliated local housing nonprofits, who would in turn package loans to families, provide housing counseling services, and conduct housing development.

### HAC Helps Meet Need for Rental Housing in Santa Ynez Valley

A HAC loan of \$76,500 will help develop 47 units of affordable rental housing in the town of Buellton, Calif., located in Santa Barbara County, where a serious shortage of affordable rental units for families has been identified as the most pressing housing need. Most of the units will have three or four bedrooms to accommodate larger families. A separately funded community center will be developed on the site as well. The nonprofit developer, Cabrillo Economic Development Corp., has produced 748 units since 1981. HAC's loan will cover predevelopment costs including an option on the development site, an appraisal, environmental testing, and architectural and legal fees. Additional financing is expected to be provided by Low Income Housing Tax Credits, a county housing program, the federal HOME and Affordable Housing Programs, Mercy Housing, Inc., and a bank loan.

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## HAC to Open Midwest Regional Office

HAC's new Midwest Regional Office is expected to open in Kansas City in spring 1999. Like the existing regional offices in the southeast, southwest, and west, the new office will provide technical assistance and other HAC services.

## CHDO Assistance Continues with New Funding

HAC has received over \$1.8 million to provide technical assistance over the next three years to designated Community Housing and Development Organizations (CHDOs) and Participating Jurisdictions under the HOME program. This is HAC's third such award from the Department of Housing and Urban Development (HUD). As in the past, CHDO TA will be directed toward increasing individual organizations'

capacity to develop rural low-income housing.

The largest part of this award, \$1.736 million, is expected to cover assistance to CHDOs in 16 states: Alabama, Arkansas, Arizona, Connecticut, Georgia, Illinois, Indiana, Kansas, Kentucky, Louisiana, Missouri, New Hampshire, New Mexico, South Carolina, Vermont, and Virginia. An additional \$110,000 will enable HAC to provide HOME TA to participating jurisdictions in six states: Georgia, Illinois, Kansas, Missouri, New Mexico, and Virginia. Activities in each state will be spelled out in a plan developed by HAC and the applicable HUD field office, likely to be final by April. Then plans for aid to individual eligible organizations can begin.

For information, contact Mary Stover, HAC's Special Projects Director, at 202-842-8600, [mary@ruralhome.org](mailto:mary@ruralhome.org).



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