

Rural Voices

CDBG Works for Rural Communities



Dear Friends:

The Community Development Block Grant (CDBG) was designed to provide state and county governments with flexible funding to better serve the varied needs of local communities. CDBG's broad-based goals allow local governments to tailor grant funding toward development activities that meet the specific needs of their communities. Rural communities, in particular, have come to rely on CDBG funds to develop much-needed infrastructure, create affordable housing opportunities, and engage in innovative economic development. In this issue of *Rural Voices*, state, county, and local community development practitioners share their stories of how the CDBG program has worked for their communities.

As a technical assistance provider and lender to rural organizations across the country, the Housing Assistance Council (HAC) witnesses the many ways in which CDBG funds have been used to rebuild and revitalize small rural communities. Whether it was the first money in to leverage additional resources or it provided the last critical dollars, CDBG funding has offered the support needed to make community development dreams a reality in rural areas. The article from the Green Hills Regional Planning Commission (*page 15*) reflects what we have heard from many of our partner organizations: If not for CDBG, community development would be much more difficult an undertaking in rural America.

For more than 30 years, CDBG has been an important program, aiding community development efforts across rural America. HAC looks forward to another 30 years of partnering to build stronger rural communities.

Sincerely,



Gideon Anders, Chair



Arturo Lopez, President



Moises Loza, Executive Director

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2006 HAC Photo Contest Opens: The Impact of Partnerships!

What has been the impact of your partnership with the Housing Assistance Council? Enter HAC's photo contest and share your photos that show how you have worked with HAC and other partners to build affordable housing.

Photos will be displayed at HAC's National Rural Housing Conference in December 2006, and 12 will be selected for HAC's 2007 calendar. Each organization submitting a winning image will also receive two free conference registrations.

To Participate:

Please send an 8"x10" photo or a high-resolution digital image (at least 600 DPI). Fill out an *Entry Form & Information Sheet* (available at www.ruralhome.org). Photos will not be returned. All entries must be received by July 31, 2006. Send images and Entry Form to:

Housing Assistance Council
Attn: Photo Contest
1025 Vermont Ave., NW, Suite 606
Washington, DC 20005
e-mail to: Janiceclark@ruralhome.org

For more information about the contest, contact Janice Clark at Janiceclark@ruralhome.org or visit HAC's website at www.ruralhome.org.



Photo by HAC Staff.

This photo emphasizes HAC's partnership with organizations to support affordable housing for children. It was featured in our 2006 calendar.

In Memoriam

Harry Bowie



Photo by Sean Bennett, Neighborworks America.

Rev. Bowie (right) receives HAC award from board member and Congressman Bennie Thompson.

On April 20, 2006, civil rights organizer, housing advocate, and HAC Board member Harry Bowie passed away.

Until his retirement in 2005, Reverend Bowie was the Executive Director of the Delta Foundation, a community development corporation in Greenville, Mississippi. Ordained in the Episcopal Church, Rev. Bowie also served as the minister to a Methodist church and, once a month, as the minister at an Episcopal church. He was born in Long Branch, New Jersey and moved to Mississippi in 1964 to organize for civil rights. He served for over 30 years on the Housing Assistance Council's Board of Directors, from 1974 until his death.

Congressman Bennie Thompson (also a member of HAC's board) noted, "Harry's vision and insight for creating a better Mississippi led to significant community improvements and employment opportunities where none had existed before. Wherever there is a newly developed area or a thriving small business in the Delta, it more than likely has Harry's imprint."

In 2004, Rev. Bowie was honored with a Lifetime Achievement Award in Rural Housing from the Housing Assistance Council. His dedication, voice, and compassion for impoverished people will be missed by all.

HAC Plans Trainings, National Conference for 2006

HAC will provide opportunities this year for rural housing professionals to learn specialized subjects in depth, as well as to celebrate the accomplishments of the past 35 years. The national conference and regional training sessions will bring together new and experienced practitioners.

- ◆ **Save the Date:** HAC's National Rural Housing Conference 2006, *Building Communities, Celebrating Partnerships*, will be held December 6-8 in Washington, D.C. For more conference information, visit www.ruralhome.org/Conf2006/index.htm. The specialized regional trainings include:
- ◆ **Preserving Rural Rental Housing:** A Practitioner's Conference, May 24-26, Seattle, Washington. This training will feature expert advice on putting together rural rental preservation deals and resources for them.

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Information about registration, agendas, and scholarships are posted on HAC's website, www.ruralhome.org, and printed in the *HAC News* newsletter as they become available. To subscribe to the free biweekly *HAC News*, visit lists.ruralhome.org (for e-mail) or contact Luz Rosas, 202-842-8600 or luz@ruralhome.org (for print).

HAC Testifies on Rental Preservation Bill

Legislation recently introduced in Congress is a step towards resolving serious issues facing low-income renters in rural America, but some changes are needed to help protect tenants, HAC Executive Director Moises Loza told the Housing Subcommittee of the House of Representatives Financial Services Committee on April 25. He was one of several witnesses invited to speak about H.R. 5039, the Saving America's Rural Housing Act, introduced by Rep. Geoff Davis (R-Kentucky) and a bipartisan group of cosponsors.

The bill would allow owners of many older Section 515 properties to pay off their mortgages early, create a voucher program for tenants, and give Section 515 owners ways to restructure their properties' financing in order to continue operating cost-effectively.

In his testimony, Loza stated that the best protection for tenants would be to permit a mortgage prepayment only if vouchers are available to help the tenants pay higher rents, or if there is enough other decent quality, affordable rental housing in the area. He also noted that rural America needs production of new rental units.

Testimony from all hearing witnesses is available online at <http://financialservices.house.gov/committees.asp?formmode=detail&comm=5>.

HAC Awards \$9 Million in SHOP Loans

Over 600 low-income families in 23 states will become homeowners within the next three years, relying on their own labor and local community development organizations that will receive loans from the Housing Assistance Council.

Most of the more than \$9 million committed by HAC comes from the Self-Help Homeownership Opportunity Program (SHOP), which helps local nonprofit organizations to acquire land and prepare building sites for low-income homebuyers. "The SHOP loans from HAC help to get the process started because they cover predevelopment costs such as buying land and installing water and sewer lines. Without this program, it can be very difficult for local organizations to finance these costs," explained HAC executive director Moises Loza.

This is HAC's ninth round of SHOP funding. Since 1996, HAC has administered over \$68 million from SHOP, assisting in the production of over 6,200 self-help homes, mostly in rural areas.



Photo by HAC Staff

Left to right: Maribeth Stewart, Moises Loza, Brad Bishop, Dana Jones, Dan Hall.

Congressional Briefing Highlights the Success of HUD's SHOP Program

On April 19, the Housing Assistance Council and Habitat for Humanity International co-sponsored a congressional briefing that focused on the value of the Self-Help Homeownership Opportunity Program. The briefing focused on the unique benefits of SHOP, which helps working low- and moderate-income families achieve the American dream of homeownership. Speakers were:

- ◆ Brad Bishop, Rural Housing Development Corporation (RHDC), Provo, Utah
- ◆ Dana Jones, Southern Maryland Tri-County Community Action Committee (SMTCCAC), Hughesville, Maryland
- ◆ Maribeth Stewart, Habitat for Humanity, Anne Arundel, Maryland
- ◆ Dan Hall, Habitat for Humanity, Washington, D.C.

Moderators and hosts — Susan Cortis Hill, Habitat International and Moises Loza, HAC — emphasized that working families often cannot afford to buy homes. Bishop, Jones, Stewart, and Hall described how their groups have used HUD's SHOP program, USDA's self-help housing program, and other resources to help working families create assets and build thriving communities.

For example, Southern Maryland Tri-County Community Action has helped over 400 low- and moderate-income families build their own affordable sweat equity homes. Utah's Rural Housing Development Corporation has built 81 self-help homes and another 23 are under development. HAC has provided numerous loans to RHDC and SMTCCAC to support their self-help programs. The success and strategies of these local groups resonated strongly with congressional staffers, administration officials, and nonprofit advocates. Loza noted that self-help programs provide a "hand up, not a hand out."



THE STATE COMMUNITY DEVELOPMENT BLOCK GRANT TURNS 25

by Steve Johnson

Since 1982, states have received and awarded over \$25 billion in CDBG funds to nonentitlement local governments.

The year 2006 marks the 25th anniversary of the creation of the State Community Development Block Grant (CDBG) program. What seemed like a radical experiment a generation ago — turning an entire federal program over to states to administer — has evolved into a stable, popular program that has served as a model for other federal funding programs.

A Brief History

In the early 1970s, widespread dissatisfaction with the degree of federal control over various HUD categorical grant programs led to the eventual passage of the Housing and Community Development Act of 1974. One of the hallmarks of the CDBG program is that it shifted decision-making power from the federal level to the local government level, in the belief that local officials know best what their communities' needs are, and that locally designed activities can more successfully address those needs.

During its first seven years of operation (1975-1981), the CDBG program evolved rapidly, as new activities, program objectives, and funding formulas were added. However, the program was principally oriented toward metropolitan areas. Congress designated 80 percent of the funding for metropolitan areas, mostly for high-population cities and counties known as Entitlement grantees. The remaining portion of the metropolitan area funding and the 20 percent of the funding designated for nonmetropolitan areas comprised the HUD-Administered Small Cities program. HUD held annual funding competitions in each state to award funds to local governments that did not qualify as Entitlement grantees, and oversaw those localities' implementation of their grants.

Near the end of President Ronald Reagan's first year in office, the delivery of CDBG funding in rural areas changed radically when Congress passed the Omnibus Reconciliation Act of 1981. One of the provisions of this bill gave states the option to take

over the HUD Small Cities program funding and administer grants to smaller communities and rural areas. States were given great latitude to design and administer the program as they saw fit. To streamline state administration of the program, the distinction between metropolitan and nonmetropolitan areas was eliminated; states would now receive 30 percent of the annual CDBG program appropriation for all nonentitlement areas.

States quickly responded to this opportunity to step into the federal government's shoes and put their imprimatur on the program. Thirty-seven states elected to take over funding via the new State CDBG program in 1982 (its first year of operation). By 1987, all states except New York and Hawaii had exercised their option to administer these funds. (New York finally joined the State CDBG program in 2000. In 2004, Hawaii permanently declined State CDBG funding; the eligible nonentitlement counties in Hawaii will essentially be treated as if they are Entitlement grantees.)

While many states initially patterned their funding process on the HUD Small Cities program competitions, others took very different approaches. Several states adopted a formula allocation process to distribute funds to counties and larger cities (not unlike the CDBG Entitlement program). Several Western states divided their funding into regional sub-allocations and gave regional planning organizations a substantial role in the application review process. In some states, the state legislature determined the program design, and in others, a citizen advisory board was responsible for designing the program.

An early HUD study of initial state experiences with the CDBG program showed that, compared to the HUD Small Cities program, states funded more, smaller-sized grants; state grant recipients tended to be smaller, poorer communities; and states placed much greater emphasis on economic development.

Flexibility and Innovation on the State Level

Time has demonstrated the value of the flexibility built into the State CDBG program. The rural community development needs of Delaware, Mississippi, and Montana are very different, as are the needs of different communities within those states. States can assess and respond to local needs far better than could a one-size-fits-all national program. Much has changed in a quarter century: rural economies, demographics, municipal financing techniques, even the essential notions of what community development means. States can respond to changing needs by revising their programs without the need for Congress to amend program statutes. Since the beginning, states have shown a willingness to try new approaches, and to learn what does and does not work. States' program designs have grown more varied and sophisticated, in response to newly identified needs and new problem-solving approaches.

The reality of community development today is that multiple federal, state, and local funding sources must be combined to finance community development projects. States have necessarily become adept at coordinating the delivery of multiple funding resources, and in using State CDBG funds to fill the financing gaps between them. At the same time, states have employed new techniques to build local governments' capacity to carry out activities, to accelerate the implementation of activities and to maximize the purchasing power of limited funds. Some of these innovations include:

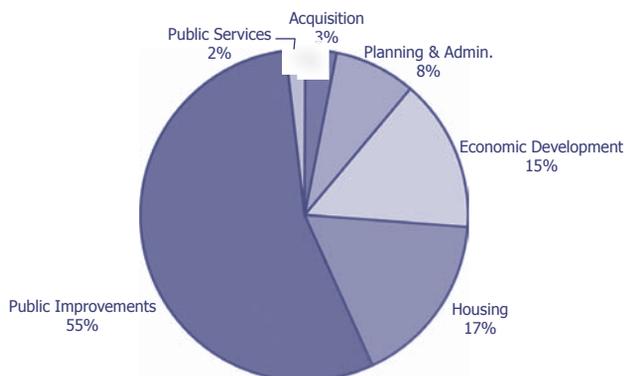
- ♦ funding local infrastructure projects through a continuum of capacity building, planning/engineering, and construction grants;

- ♦ implementing “self-help” construction techniques to provide cost-effective infrastructure improvements in particularly poor or remote communities;
- ♦ developing certified grant administrator programs to improve the administrative capabilities of local program staff;
- ♦ offering a range of economic development financing tools — infrastructure grants, microenterprise assistance, job training, loan guarantees — tailored to address specific economic development opportunities;
- ♦ supporting homeownership through the establishment of Individual Development Account programs; and
- ♦ promoting economies of scale by encouraging regional housing rehabilitation or economic development revolving loan funds.

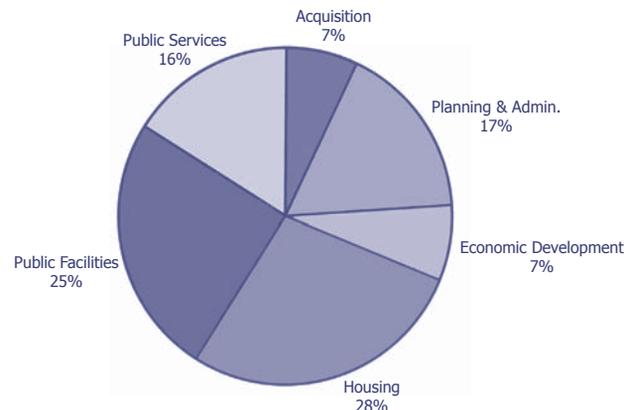
Funding Patterns Under the State CDBG Program

While individual states' priorities and programs have evolved in different directions at different times, the State CDBG program as a whole has been remarkably consistent throughout 25 years of change. In 1982, there were 732 Entitlement grantees; in 2006, there are 1,128. Yet the statutory division of funds between Entitlement areas (70 percent) and nonentitlement areas (30 percent) and the funding formulas have stayed constant. As more cities and counties qualify as Entitlement grantees, states' collective per capita funding for their remaining nonentitlement residents has increased.

FY 2005 State Expenditures by Activity



FY 2005 Entitlement Expenditures by Activity



The use of State CDBG funds by activity category not only demonstrates national consistency over time, but also illustrates the fundamental differences between states and Entitlement grantees. Despite fluctuations from state to state from year to year, nationwide State CDBG spending remains concentrated on a few key activity categories. Why? Suburbanization, the global economy, the telecommunications revolution and cultural diffusion notwithstanding, rural community development needs have not really changed much since 1981. Many rural communities lack basic infrastructure, or find their economic opportunities constrained by outdated or undersized infrastructure.

Because infrastructure is so fundamental to community sustainability, states collectively devote over half of their funds to public facilities activities. Water and sewer improvements alone account for about 30 percent of State CDBG program expenditures; states collectively spend nearly eight times as much money on water and sewer activities as do all Entitlement grantees. (Many Entitlement communities are already fully developed, or have growing tax bases that generate sufficient local funding for public facilities improvements.)

States have, through the years, devoted 15-20 percent of their funds for housing activities (mostly rehabilitation of single-unit, owner-occupied houses) and another 15-20 percent for economic development. States collectively expend a smaller percentage of funds on planning and administrative costs than do Entitlement grantees, and direct less than 2 percent of their CDBG funds to public services activities (compared to nearly 15 percent in the Entitlement program).

States have always greatly exceeded the statutory requirement that 70 percent of their funds go to activities that meet the national objective of principally benefiting low- and moderate-income persons. Around 96 percent of State CDBG funds meet the low- and moderate-income benefit national objective, a higher percentage than is achieved in the Entitlement CDBG program.

Partnerships and Success

The importance of CDBG funding in rural areas is widely recognized; so too is the value of the federal-state partnership in delivering that funding. Since 1982, states

have received and awarded over \$25 billion in CDBG funds to nonentitlement local governments (see table). Each year, states collectively make about 3,000 grants to local governments, comprising about 10,000 different activities. Of the 25 grantees receiving the largest annual CDBG allocations, 18 are states. In 37 states, the state's grant is larger than any Entitlement community's grant, and in 22 states the state's grant is larger than all Entitlement grantee allocations put together.

1982	\$ 1,020	1995	\$ 1,346
1983	\$ 1,020	1996	\$ 1,311
1984	\$ 1,020	1997	\$ 1,293
1985	\$ 1,024	1998	\$ 1,259
1986	\$ 880	1999	\$ 1,268
1987	\$ 883	2000	\$ 1,271
1988	\$ 845	2001	\$ 1,320
1989	\$ 880	2002	\$ 1,302
1990	\$ 845	2003	\$ 1,302
1991	\$ 944	2004	\$ 1,299
1992	\$ 1,004	2005	\$ 1,233
1993	\$ 1,168	2006	\$ 1,111
1994	\$ 1,287		

As states' role in local community development financing has grown over time, their influence in the national policy arena has similarly gained stature. Recently, states initiated and organized a working partnership between various state- and local-level housing and community development interest groups and the federal government to develop an outcome performance measurement system for CDBG and other HUD housing and community development formula grant programs. In the future, this performance measurement system will allow states and local governments to demonstrate, more compellingly than ever, the successes achieved with CDBG funds. 

Steve Johnson is the Director of the State and Small Cities Division at the U.S. Department of Housing and Urban Development, which oversees the State Community Development Block Grant program.

SURVEY SHOWS NEGATIVE EFFECT OF CUTS TO CDBG

by the CDBG Coalition

A broad coalition of national associations and organizations representing local elected officials, community development practitioners, and nonprofit organizations convened last year after the President's FY 2006 budget proposal effectively called for the elimination of the Community Development Block Grant program. While the program survived, Congress provided just \$3.711 billion for CDBG formula grants for FY 2006, a 10 percent reduction in funding compared to the FY 2005 level and a reduction of over 14 percent compared to the FY 2004 level of \$4.331 billion. The President's FY 2007 budget proposes to further reduce funding for CDBG formula grants to just \$2.775 billion.

The CDBG Coalition's survey on the impact of these recent reductions in Community Development Block Grant funding generated 351 valid responses from CDBG formula grantees in 43 states and the Commonwealth of Puerto Rico. These respondents represented 30 percent of all CDBG formula grantees, including 68 percent of all CDBG state programs and 28 percent of all entitlement communities. The survey's 351 respondents received a total of \$1,845,407,116 in CDBG formula allocations for FY 2006, representing 50 percent of all FY 2006 CDBG formula funding.

The survey asked respondents to provide projections of what they will be able to achieve with their reduced FY 2006 formula allocations as compared to the results they achieved using their FY 2004 grants. The results of the survey suggest that the 14 percent reduction in formula funding for CDBG over the last two fiscal years is having a substantial negative effect on the collective ability of states, cities, and counties to serve Americans in need, promote homeownership, grow local economies, and strengthen the nation's infrastructure.

Projected reductions from state, cities, and counties include:

- ◆ 5,588 fewer businesses to be assisted, 14,881 fewer jobs to be created, and 3,345 fewer jobs to be retained.
- ◆ 5,843 fewer households to be assisted through homebuyer assistance activities, including a total of 2,533 first-time homebuyers and 1,828 minority homebuyers.
- ◆ 5,064,408 fewer low- and moderate-income persons to be served, as recent reductions in CDBG formula funding are

having a devastating effect on the efforts of states, cities, and counties to secure decent housing, suitable living environments, and expanded economic opportunities for low- and moderate-income Americans.

- ◆ 255,569 fewer elderly persons to be served by programs for America's senior citizens, including meals on wheels, housing rehabilitation, and improvements to nursing homes and other facilities that serve the elderly.
- ◆ 391,823 fewer children and youth to be served by CDBG-funded programs that meet the needs of children and youth, including child care services, after school enrichment programs, and services for abused and neglected children.
- ◆ 253,187 fewer persons with special needs to be served by programs and services that improve the lives of those with physical and mental disabilities.
- ◆ 196,150 fewer homeless persons to be served by CDBG funded services and programs such as emergency shelter, transitional housing, special needs housing, and supportive services for basic needs like food, transportation, and healthcare.
- ◆ 50,046 fewer households, including 5,225 elderly households, to be assisted through housing rehabilitation activities that make improvements to the safety, habitability, and accessibility of homes occupied by persons unable to make those improvements themselves.
- ◆ 1,251 new city and county public improvement projects to be canceled or delayed, as well as 473 fewer state public improvement projects, which would have served the infrastructure needs of hundreds of thousands of Americans. 

The CDBG Coalition includes: American Federation of State County Municipal Employees, Council of State Community Development Agencies, Enterprise Community Partners, Habitat for Humanity International, Housing Assistance Council, International Economic Development Council, Local Initiatives Support Corporation, National Association for County Community and Economic Development, National Association of Counties, National Association of Development Organizations, National Association of Housing and Redevelopment Officials, National Association of Local Housing Finance Agencies, National Community Development Association, National Conference of Black Mayors, National Housing Conference, National League of Cities, National Low Income Housing Coalition, National Neighborworks Association, National Rural Housing Coalition, United States Conference of Mayors. The survey is available online at http://www.nabro.org/cdbg_survey.cfm.



THE ULTIMATE RECYCLING PROJECT

by Ronald W. Crummel

In the 1970s, Congress authorized funds to establish the Sleeping Bear Dunes National Lakeshore Park on 4,500 acres in Leelanau County, Michigan. Nestled in the northwest corner of Michigan's Lower Peninsula, the area overlooks the sparkling, crystal-blue waters of Lake Michigan to the west and the deep blue-green waters of Glen Lake to the east. Families who lived on the proposed site negotiated agreements to remain on their property for a period of time; as the agreements expired, the families sold their property to the government and left the vacant units behind. Using Community Development Block Grant (CDBG) resources, Leelanau County has been able to take these vacant units and turn them into a community development solution.

Michigan's Process: No Rural Community Left Behind

The state of Michigan administers its CDBG program through the Michigan State Housing Development Authority (MSHDA). Each year, approximately \$8 million is allocated through a county allocation plan. The MSHDA funds are distributed according to a population formula that is calculated with a funding floor, so that even the smallest counties receive at least some funding. As a result of this process, no rural community is left behind. In the end, each of Michigan's 83 counties receives some level of CDBG funds, either directly from the Department of Housing and Urban Development (HUD) as an Entitlement community or through MSHDA. A local unit of government (e.g., the county) may administer the CDBG resources, or the county may request that a third party administer the grant. Most third party administrators are nonprofit agencies.

Leelanau County

The primary focus of Leelanau County's housing effort is to provide affordable housing solutions for working families with children. Many people grew up in this region and want to stay; however, they are often priced out of the market, because property values have escalated as a result of the steady flow of downstate retirees and empty-nest baby boomers who have relocated to the "peninsula of choice" in Michigan. Newcomers to the area have been quoted as saying that there is "no better place to raise a family" because of the outstanding quality of life in this rural area.



Photo courtesy of the Leelanau County Planning and Community Development Office.

Using CDBG and HOME funds, houses are relocated, redeveloped, and sold to low-income families at selling prices as low as \$100,000 in a market where the average selling price is \$386,931.

However, in part because of this increased migration Leelanau County has also become a place where raising a family is a financial struggle.

A Solution

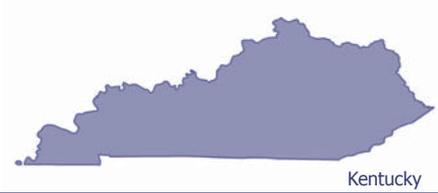
The Leelanau County Planning and Community Development office developed a plan to acquire selected houses from the Sleeping Bear Park site at little or no cost and — using the county's CDBG funds — relocate, redevelop, and sell these houses at affordable prices.

The cost of moving a house ranges from \$12,000 to \$18,000. Adding a new basement/foundation, roof, windows, insulation, and perhaps siding; bringing electrical, plumbing, and heating up to code; and meeting requirements for lead paint removal or abatement and other improvements can push the hard costs to \$140,000 or more, putting the house out of reach for many working families. Adding to these costs are the limited availability of infrastructure and the cost of land in rural communities. The lowest cost for a 50-foot lot in the smallest village is \$42,500, making property one of the most expensive aspects of recycling houses. In addition, some recycled houses require wells and septic systems.

To redevelop the park houses and sell them at an affordable price, MSHDA provides a "soft second" mortgage using CDBG and some HOME funds, which can bring the selling price down to around \$100,000 — a real bargain for an almost-new house. When the houses are sold, the loan is paid off and any remaining funds are returned to MSHDA after the subsidy is used to "buy down" the price of the house to make it affordable to families below 80 percent of the area median income.

Thanks to CDBG funding, the Michigan State Housing Development Authority, and the ultimate recycling project, moderate- and low-income families can afford to buy houses and live in the rural community they love. 

Ronald W. Crummel is housing coordinator for the Leelanau County Planning and Community Development Office in Leland, Michigan.



Kentucky

CDBG REVITALIZES TOWNS AND SMALL CITIES IN KENTUCKY

by Sara Morgan

In the Commonwealth of Kentucky, the Community Development Block Grant program has been central to creating sustainable change in small rural communities across the state.

Sustainable community development occurs when strong local leadership creates a comprehensive vision for the community and the residents, local government, nonprofit sector, and other stakeholders work together to realize that vision. This vision must address total community development needs including economic development, water and sewer infrastructure, and social and cultural programs. In Kentucky, CDBG funded infrastructure and

economic development projects have set the stage for effective housing initiatives in rural communities. Partnerships and other funding sources are also critical to this visionary process. In the Commonwealth of Kentucky, the Community Development Block Grant program has been central to creating sustainable change in small rural communities across the state. And, since 1980, affordable housing has been a central priority in the state's CDBG allocation.

In 2006, just under \$46 million in CDBG funds were allocated to Kentucky. Entitlement communities (i.e., places with populations over 50,000 that receive their own CDBG awards) received approximately 40 percent of all CDBG funding or \$18.5 million. The State Administered CDBG program, formerly the Small Cities CDBG program, is a competitive program available to smaller units of local government (i.e., cities and counties with a population of under 50,000) to carry out community development activities. In

Photo courtesy of the Federation of Appalachian Housing Enterprises, Inc.



Using CDBG funds, Beattyville, Kentucky developed this 45-unit mixed-income community, where the average three-bedroom home sells for \$98,000.

2006, Kentucky received just over \$27 million to allocate to nonentitlement communities. The following examples illustrate how small Kentucky communities have used CDBG resources over time to engage in comprehensive community development that results in sustainable change.

Strengthening a Small Town

Beattyville, Kentucky, a small rural distressed USDA Renewal Community, is located in Lee County, one of the ten poorest counties in the nation. Beattyville does not consider itself poor, however. Strong

leadership, ingenuity, and community commitment have enabled Beattyville to stabilize its population, increase its workforce, and improve living conditions for residents. With the help of the CDBG program, local investment, and strong political leadership, Beattyville has funded programs to create jobs and increase the community's tax base, enabling the city to meet the service needs of residents.

Beattyville has received over \$5.5 million in CDBG funds between 1990 and 2006 to support many projects, including the renovation of a nursing home, creation of a health care clinic, and development of several water and sewer projects. Other activities include a natural gas system and an economic development project.

At the center of the city's CDBG-funded community development effort is a 45-unit mixed income housing subdivision. Three-bedroom homes in the subdivision, which sold for \$64,000 in 1998, are currently selling for \$98,000. According to

Photos courtesy of the Federation of Appalachian Housing Enterprises, Inc.



Before



After

Since 1990, 112 homes have been rehabilitated or rebuilt in Richmond, Kentucky using CDBG funds.

Wilma Kelly, the executive director of the Beattyville Housing and Development Corporation, “residents of Beattyville, both in the subdivision and in other parts of the community, have been empowered through wealth creation as a result of this project.” It is estimated that the new subdivision has increased the community’s tax base by approximately \$3.4 million.

Supporting Growth in a Small City

Richmond, Kentucky is located on Interstate 75 in Madison County, 20 miles south of Lexington. Its population has grown from 12,168 in 1960 to approximately 30,000 in 2000, and the unemployment rate has been reduced to less than the state and national average. Since 1980, Richmond has received 21 state CDBG grants and two additional CDBG grants are pending. These grants include funding for eight economic development projects (six of which are located in an industrial park partially funded by CDBG), ten housing projects, two community projects (a senior citizens center and a pre-school family resources center), and one public facility project. The two pending CDBG programs include construction of a hospice inpatient care facility and operating funds for a substance abuse recovery center. Program income from CDBG economic development projects has been used to fund a day care center and a proposed fire station in the Richmond South Industrial Park.

Richmond’s Linden Street Neighborhood Revitalization Project has been touted as a national model of comprehensive community development and has been at the center of the

county’s CDBG-funded activity. The project, which began in 1990, has included six separate phases and a seventh phase is anticipated, which will complete the entire neighborhood. Over this time, 112 homes have been rehabilitated or rebuilt to meet applicable codes, 50 new homes have been constructed, and streets, curbs, gutters, sidewalks, and storm sewer improvements have been made throughout the neighborhood.

The CDBG Linden Street Revitalization Project has also:

- ◆ reduced crime;
- ◆ increased homeownership;
- ◆ racially and economically integrated the neighborhood;
- ◆ increased social and recreational services in the area; and
- ◆ provided a site for a Boys and Girls Club.

The success of the CDBG program in Richmond is a direct result of strong local leadership and an extensive planning process. The city submitted an Enterprise Community application in 1994 with extensive citizen and stakeholder participation. While the city did not receive the Enterprise Community designation, it has pursued the activities identified in the application as critical to “improving the quality of life” for residents of Richmond and Madison County. Utilizing CDBG funding as an anchor, local leaders have built partnerships and sought other funding sources to meet the community’s goals. 

Sara Morgan is the chief program officer for the Federation of Appalachian Housing Enterprises, Inc. in Berea, Kentucky.



TAKING STEPS TO ASSIST RURAL COMMUNITIES

by Steven K. Washington and Dan Riebli

Many of Washington State's rural communities face stagnant population growth and limited or decreasing tax bases, resulting in reduced local revenue and constrained economic development opportunities. Like many of their urban counterparts, these rural communities must meet the increasing needs of local residents with reduced resources. In the past few years, Washington State has been able to use its Community Development Block Grant (CDBG) funding to meet the complex and unique needs of its rural communities. A range of projects have been funded to upgrade failing or out-of-compliance water and wastewater systems, create public facilities, engage in public service activities, rehabilitate housing units, and provide support for economic development.

To effectively meet the needs of rural communities, the Washington State CDBG program has taken the following steps:

- ◆ In collaboration with the Washington State Department of Health and Department of Ecology, created a Small Communities Initiative (SCI) program in which two CDBG staff members are dedicated solely to work with small rural communities that are facing regulatory compliance issues with regard to infrastructure. The SCI staff members work with the Department of Health and the Department of Ecology to identify small communities that are under compliance orders to repair or upgrade failing or inoperable water or wastewater systems. Many rural communities across the state are dealing with this issue.
- ◆ Established a program, the Community Investment Fund, that enables small rural communities to request funds on a year-round basis, thereby creating the maximum flexibility for requesting CDBG funds as they are needed throughout the year.
- ◆ Uses the CDBG Float Loan program to provide smaller communities with a low-cost (2 percent interest) option for

Water distribution system replacement in Ione, Washington included the installation of approximately 9,800 feet of water mains as well as the replacement of more than 120 water services.

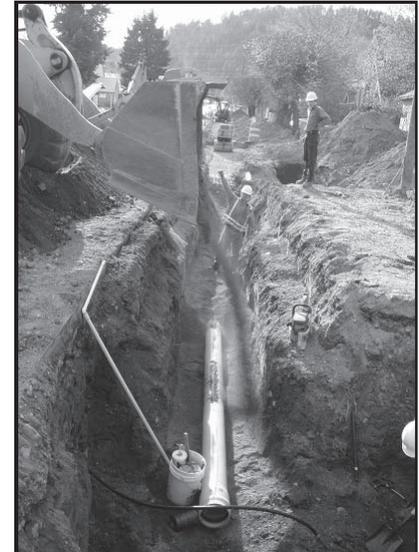


Photo courtesy of the Department of Community Trade and Economic Development in Washington State.

interim project loan financing rather than traditional bank financing at 6 percent interest.

- ◆ Provides planning grants to small communities so they can evaluate feasibility, need, and costs before investing in major projects.
- ◆ Works closely with other funding agencies—such as the state Department of Health, Department of Ecology, and Public Works Department; and U.S. Department of Agriculture Rural Development—to identify cost-effective methods of financing local projects.
- ◆ CDBG is providing funding for value engineering studies through which high-cost projects are reviewed to find ways to reduce project costs.

These tools have enabled the Washington State CDBG program to help small rural communities improve their health and safety through needed and required infrastructure improvements. See the box on page 11 for several examples of how local communities have used the available resources.

The Washington State CDBG program has had great success in meeting infrastructure, housing, and economic development needs in rural communities; however, considerable need remains, and the demand for CDBG funds from rural communities across Washington State has increased. Unfortunately, the level of CDBG funds available for rural communities has steadily decreased in recent years; there was a 10 percent reduction in available funding from 2005 to 2006, and there is a proposed reduction of up to 25 percent for 2007. 



WASHINGTON STATE'S CDBG FUNDING AT WORK IN RURAL COMMUNITIES

Town of Concrete: Wastewater Treatment

CDBG and Small Communities Initiative staff worked with the town of Concrete after it became clear that the town could not afford the wastewater treatment plant that had been recommended by the town engineer. A value engineering study, promoted and funded by CDBG will save the town \$450,000. A funding package was put in place that includes funds from U.S. Department of Agriculture Rural Development, the state Department of Ecology, the county, and the CDBG program. Construction is scheduled to begin in the summer of 2006.

Tieton and Cowiche: Sewage Treatment

The town of Tieton (population 1,100) and its unincorporated neighbor, Cowiche (population 550), both in Yakima County, were at an impasse for years regarding the development of a regional sewage treatment facility. In 1996, a moratorium on new connections to the wastewater treatment plant was placed on the town because it did not have the capacity to process additional sewage. At the same time, groundwater contamination was a problem for the nearby Cowiche Sewer District's filtration lagoons. The two communities separately sought funding to upgrade their treatment facilities, but potential funders were reluctant to support construction of two separate treatment facilities only three miles apart, and progress was stalled.

After months of SCI-facilitated, CDBG-funded negotiations, the two entities decided to build a new regional facility at Cowiche. The capital cost savings from building a single

plant rather than two separate facilities was over \$1 million. CDBG provided a \$1 million grant to help keep the project affordable. It is estimated that the citizens of Tieton and Cowiche will realize savings of \$12–\$20 in their monthly sewage rates over the next 20 years. Additional cost savings will be achieved as a result of needing only one operations permit and from the reduced monitoring associated with one plant instead of two.

Economic Development

The Olympic Microloan Fund (OMF) is funded with Washington State CDBG dollars. This is a regional microenterprise revolving loan fund that serves nine rural counties. The project is funded through a lead county and managed by Cascadia Revolving Fund, an established nonprofit organization formed to serve small, low-income, and unbankable economic development projects.

Randy Maag opened his first Pet Town store in Port Townsend in 2000. The store sold pet food and supplies, and small pets. In 2001, he opened a second store in Sequim with an OMF loan. Maag paid off his loan in 2004; in 2005, he received another loan to open a third store in Belfair. The Belfair store has grown faster than the other two, and Maag has been able to quit his full-time job and devote himself to Pet Town. He has created six jobs since he started and expects total sales to top \$1 million in 2006. He may need future loans for expansion, but they won't be OMF loans: He has outgrown the program and is now bankable!

Steven K. Washington is managing director for community development programs in the Department of Community Trade and Economic Development in Washington State. Dan Riebli is CDBG supervisor in the Department of Community Trade and Economic Development.



CREATING INFRASTRUCTURE IN THE BORDER COLONIAS

by Francisco Bejarano

Since 1996, colonia self-help centers in south Texas have increased the amount of affordable housing, produced multiple partnerships, and complemented ongoing betterment activities in poverty-stricken areas.

Cameron County is located in one of the poorest regions in the country, along the U.S. border with Mexico in southernmost Texas. More than one-third of the county's 360,000 inhabitants live in poverty. Many of the poorest residents reside in rural colonias, which can be characterized as unincorporated communities that lack basic services such as public water, sanitary sewer, and safe and decent housing. Cameron County has more than 100 colonias in its jurisdiction.

The Community Development Block Grant (CDBG) has been a critical resource in addressing the multiple housing and infrastructure problems that affect border colonia communities. Since 1991, Texas has been required to set aside 10 percent of its annual CDBG allocation to meet community development needs in colonias. [Note: Arizona, California, and New Mexico also must set aside a percentage of their state CDBG funds to meet needs in their colonias.]

Cameron County actively seeks grant funding for colonia betterment activities and participates in the Texas Community Development Program (TCDP), which provides CDBG funds from the U.S. Department of Housing and Urban Development to nonentitlement communities. Since 1983, Cameron County has implemented over \$20 million in TCDP-funded colonia improvements, primarily targeting public water and sanitary sewer services, consistent with state priorities. Recently, CDBG colonia set-aside funds have helped create and strengthen organizational resources across south Texas to promote increased community development activities and improve the quality of life for residents.

Cameron and Willacy Counties Colonia Self-Help Center

Texas sets aside 2.5 percent of its annual CDBG allocation to fund colonia self-help centers, which help low- and moderate-income residents in designated colonias obtain affordable housing, water and sewer hookups, contract for deed conversions, homeownership counseling, infrastructure improvements, and related services. Since 1996, colonia self-help centers in south Texas have increased the amount of affordable housing, produced multiple partnerships, and complemented ongoing betterment activities in poverty-stricken areas.

Cameron County is the lead administrative entity for the Cameron and Willacy Counties Colonia Self-Help Center. The center serves 10 colonias: Valle Escondido, Villa Pancho, Cameron Park, Las Palmas, Alabama/Arkansas, Olmito, Arroyo Colorado, and Encantada in Cameron County and La Sara and Sebastian in Willacy County.

Since the enactment of the Cranston-Gonzalez National Affordable Housing Act in 1990 and Texas Senate Bill 1509 in 1995, Cameron County has been able to access grant funds specifically for affordable housing activities in designated colonias. The Texas Department of Housing and Community Affairs (TDHCA) Office of Colonia Initiatives administers these funds. Since its inception in 1996, the Cameron and Willacy Counties Colonia Self-Help Center has received more than \$2.8 million in TCDP funds and leveraged more than \$3 million for housing services.

Photo courtesy of the Cameron County planning department.



TDHCA regulations require counties to contract with a local nonprofit organization. This house was rehabilitated in partnership with a local YouthBuild organization.

Cameron Park: An Example of CDBG Working for Colonias

Located just outside the city of Brownsville, Cameron Park is one of the oldest and best known colonias in Texas. Since 1991, over \$1.3 million in community development funding and more than \$8 million from all funding sources has been awarded to Cameron County to provide services to Cameron Park. The first grant of \$70,000 was used to conduct a planning study of the community, including streets, drainage, parks, and aerial topographic mapping. Three years later, the county committed \$230,000 in set-aside funds to address water and sewer needs. Funds were used to pay tap fees and install water and sewer connections and yard service lines. This project, which served 175 low-income households, also leveraged Texas Water Development Board Economically Distressed Areas Program (EDAP) funding. EDAP funding is used to help residents pay the hook-up fees that can be burdensome to very low-income colonia residents.

According to local nonprofit practitioners, every Cameron Park household now has water and sewer service, and all streets are paved. Additionally, the Community Development Corporation of Brownsville has constructed, reconstructed, or rehabbed 132 housing units in Cameron Park using, in part, CDBG funds set aside for the Cameron and Willacy Self-Help Center. As community development needs are being met, local advocates report an increase in school attendance and a decrease in crime in Cameron Park.

Creating Partnerships

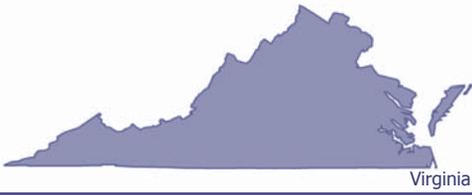
TDHCA regulations require counties to contract with a local nonprofit organization, community action agency, or housing authority to operate colonia self-help centers. To operate the Cameron and Willacy Counties Colonia Self-Help Center, Cameron County has contracted with the Community Development Corporation of Brownsville (CDCB). A nonprofit housing and redevelopment agency based in Brownsville, CDCB has constructed or reconstructed 250 colonia houses since 1996, all for low- or very low-income families.

Historically, CDCB has served families with a median family income of \$11,000, including some families with annual household incomes of \$5,000 or less. Several models are available, depending on client income. A typical floor plan for a new house consists of 993 square feet, with three bedrooms and one bath, central air, and a carport. New houses come with a slab foundation, wood frame or brick veneer, and other options. Most mortgages start at \$33,000. CDCB also offers buyer incentives, such as sweat equity programs and contracts for deed buyouts, that help keep the cost of homeownership affordable.

More Work to Do

While the creation of colonia self-help centers by the state of Texas and their implementation at the local level can be deemed successful, much work remains. With more than 100 low-income colonias in Cameron County alone, not all those in need of help will be served any time soon. But given the multiple partnerships that have evolved as a result of the self-help experience — public and private partnerships at the federal, state, and local levels — it is safe to say that more people will have access to affordable housing opportunities in the future, as long as self-help centers remain in operation. 🏠

Francisco Bejarano is currently planning director for Cameron County; previously, he was planning director for the city of Brownsville, Texas.



THE SUNNYBROOKE HOUSING PRODUCTION PROJECT

by Earl Howerton, Sr.

Halifax County, Virginia, is a large county with a population of more than 37,000 and a diverse economy that includes agriculture, forest products, manufacturing, and service industries. The area median income (AMI) is less than \$30,000; about 25 percent of households earn less than \$15,000 a year and over 40 percent earn less than \$25,000. If a household spends approximately one-third of its income on housing, this would mean that households earning less than 80 percent of AMI cannot purchase a house of median value in Halifax County without some type of assistance.

The Southside Outreach Group, Inc., a nonprofit housing organization in Halifax County, came up with a project to create affordable homeownership opportunities for local families. The Southside Outreach Group entered into a partnership with Halifax County to develop the Sunnybrooke Housing Production Project, a 12-unit affordable housing development for low- to moderate-income households. The units are single-family houses with three bedrooms and one and a half baths, located on Myrtle Street in the town of South Boston.

Halifax County and South Boston provided the housing organization with the letters of support needed to apply for funding through the Virginia Department of Housing and Community Development (VDHCD). In 2004, VDHCD awarded Halifax County a Community Development Block Grant (CDBG) of just under \$430,000 for the development of the Sunnybrooke Housing Production Project. In addition to the CDBG funds, the project also received nearly \$500,000 from the Department of Housing and Urban Development's (HUD's) HOME Investment Partnerships Program. South

As a result of the project, the local tax base has increased by more than \$900,000... Just as important, the town of South Boston has new leaders and entrepreneurs living within the corporate limits.

Boston and the county waived certain fees (e.g., building permit, connection, and tipping fees) to reduce some of the overhead costs and make the project affordable. The county also made funding for infrastructure and acquisition available to the Southside Outreach Group.

By the end of 2004, construction was under way on the first eight houses. One year later, construction was complete on phase one, and all eight houses were sold by March 20, 2006. Currently, the project is approximately 80 percent complete. Construction contracts are in place for the last four units, and one of the houses is already under construction. The demand for these houses is so high that mortgage commitments are already in place for two of the houses. The entire project is scheduled for completion by July 2006.

The Sunnybrooke Project has had a substantial impact on the community of South Boston. All the families that purchased the first eight houses are low-income households; by the end of this summer, four more low- to moderate-income families will be homeowners. These families now have access to public water and sewer services, and enjoy

the benefits of paved streets, sidewalks, and other site amenities. Their family wealth will increase through homeownership.

As a result of the project, the local tax base has increased by more than \$900,000; Halifax County tax revenues have increased by \$3,858 per year; and South Boston tax revenues have increased by \$1,745 per year. Just as important, the town of South Boston has new leaders and entrepreneurs living within the corporate limits. The Sunnybrooke Project is yet another example of how affordable housing contributes to the overall wealth and well-being of a community. Halifax County and the town of South Boston are committed to the success of this project and will continue to create opportunities for homeownership for their low-income residents. 

Earl Howerton, Sr., is executive director of the Southside Outreach Group, Inc., in South Boston, Virginia.

FOLLOWING A ROAD MAP TO COMMUNITY SUCCESS

by David R. Taladay

In 1993, Louisville, Nebraska, was at a crossroads. A breakdown in communication among residents, business leaders, and elected officials resulted in disarray in community goals, objectives, and projects and inefficient use of local resources, both human and financial. Concern over this lack of organization took on heightened importance after the Midwest floods of 1993. Flooding, high winds, and hail caused hundreds of thousands of dollars in damage to public and private facilities. Though devastating, the natural disasters of 1993 served as a wake-up call for the community.

The Louisville Strategic Planning Committee undertook a series of intense planning activities to build a consensus on the long-term vision for the community. The committee identified important community issues, obtained information needed to understand the issues, and figured out how to handle the issues so that the community as a whole could benefit. The “road map,” as it became known, enabled Louisville officials to allocate limited local resources (both human and financial) in a manner that would address the needs of the community and lead to the future desired by community residents.

The Community Development Block Grant (CDBG) program has been an important resource as Louisville has followed its road map.

Planning

- ◆ The city of Louisville has experienced substantial growth over the past five years. In an effort to properly manage this growth and protect its urban fringe from undesirable development, the city updated its Comprehensive Plan/Zoning Ordinance, originally prepared in 1973. Local monies and 1995 CDBG funds financed the project.
- ◆ The city was an active participant in the 1998 Cass County housing study prepared by the Southeast Nebraska Development District. The study, which identifies the future housing needs of the county and its municipalities, was paid for by local and CDBG funds.
- ◆ In 2001, the city conducted a municipal water supply study to examine potential well sites outside the corporate limits or possible connection to an outside water supply

source. Local monies and CDBG funds paid for the feasibility study.

Infrastructure

- ◆ In 1993, Louisville used CDBG disaster recovery funds and local monies to replace the flood-damaged Third Street Bridge, east of Main Street.
- ◆ In 1995, the city constructed a \$1.6 million mechanical wastewater treatment facility to comply with Nebraska water quality requirements. The initiative was funded in part by CDBG funds, increased user fees, and loans/grants through U.S. Department of Agriculture Rural Development. The city subsequently entered into a professional services contract with PeopleServices, Inc., to operate and maintain the water and sewer system.
- ◆ In 1996, the city conducted a professional engineering evaluation of the entire municipal water system. Specifically, the study examined the system’s existing capabilities, future capacity, and performance in a series of dynamic and static tests. Local monies and CDBG funds paid for the Louisville Water System Evaluation Study.
- ◆ In 1999, the Louisville Downtown Revitalization Project reconstructed vital public infrastructure in the central business district, including streets, surface drainage, water and sewer mains, and sidewalks. As a result of this project, the downtown area is now fully compliant with the Americans with Disabilities Act of 1990. Private assessments, tax increment financing proceeds, CDBG funds, and local monies funded the project.

Housing

- ◆ Louisville has successfully implemented two separate housing rehabilitation programs (1996 and 1999). In all, 18 low-income homeowners received financial assistance to make substantial repairs to their owner-occupied, single-family dwellings. These programs were supported by CDBG funds and private investments. 

David R. Taladay is the program manager for Southeast Nebraska Development District in Lincoln, Nebraska.



“IF NOT FOR CDBG...”: MISSOURI COMMUNITIES IMPROVE HOUSING, INFRASTRUCTURE, AND CAPACITY

by Lisa Colson

“If not for CDBG . . .” is a well-worn phrase in north-central Missouri. Green Hills Regional Planning Commission (RPC) has developed a wide range of community and economic development projects in this primarily rural region of Missouri, and the Community Development Block Grant (CDBG) has provided the core funding (in many cases, the sole funding) to make these projects a reality. In fact, very few community development projects in this rural region do not include CDBG funds.

The Green Hills RPC service region is an 11-county rural area with a population of 99,500. The region comprises 74 communities, 68 of which have populations of less than 2,500 persons. According to the Missouri Census Data Center, 14 percent of the area’s residents are below the poverty level, and the average unemployment rate is 6.7 percent. CDBG funding is designed to meet the needs of rural, low-income communities such as ours. In our communities, no other state or federal program has provided funding and had such an impact on community and leadership resources as the CDBG program.

The largest use of CDBG funds in north-central Missouri has been to improve or create water and wastewater systems to comply with the Missouri Department of Natural Resources (Mo DNR) Clean Water Act and U.S. Environmental Protection Agency (EPA) regulations. CDBG funding often is used as gap financing in combination with U.S. Department of Agriculture Rural Development and Mo DNR loan funds to help communities extend or improve access to water systems and lessen the financial burden that is passed on to users. In the 2004–05 fiscal year alone, 13 water and wastewater projects were developed using \$4,551,800 in CDBG funds and leveraging an additional \$6,768,339 in federal and state funds. Over the past 13 years, these water/wastewater projects have benefited more than 30,000 people. If not for CDBG funds, this infrastructure development would not have occurred.

CDBG funding has also been used effectively to improve the region’s stock of good-quality, affordable housing. Since 1993, grants

have been used to fund housing programs that have resulted in the rehabilitation of 227 substandard dwellings for low-income residents. Housing rehabilitation programs have included lead-based paint abatement, which has drastically reduced the risk of lead contamination for children living in more than 120 units across the region. Unfortunately, the Missouri CDBG program has not allocated funding for the Neighborhood Development Housing Rehabilitation program for the 2006–07 fiscal year.

In 2000, the state CDBG office added a Demolition Only category to its funding options. Since the creation of this category, Green Hills has developed 12 demolition projects, resulting in the removal of approximately 400 dilapidated structures that threatened the health and safety of communities. The demolition of vacant residential and commercial units not only has resulted in the

elimination of slum and blight conditions but has spurred new construction in residential areas. The demolition program also enforces compliance with EPA air quality standards by providing funding for inspection and abatement of asbestos-containing materials.

If not for the CDBG program, many local government bodies would not be in compliance with various policies and regulations. The Missouri CDBG program employs staff members who specialize in compliance issues and ensure that proper compliance methods are established. CDBG programs have enabled local governments to improve their community stewardship. By the time they complete a CDBG-funded project, elected officials have a better understanding of environmental policy, procurement procedures,

and financial management, and they have the resources to provide a higher quality of life for the low-income people who are the primary population base in rural northern Missouri.

The CDBG program has not only affected livability standards but has provided funding for public facilities that improve the health and safety of communities, including improvements to or creation of health clinics, fire stations, nutrition sites for the elderly, and daycare facilities for low-income and at-risk youth. Transitional housing for people with disabilities has been funded solely by or in cooperation with the CDBG program.

The impact of CDBG programs is obvious throughout the Green Hills service region; these programs have provided growth and opportunity for small communities and their citizens. If not for CDBG, rural Missouri would not be where it is today. 

Lisa Colson is community development coordinator and solid waste administrator for the Green Hills Regional Planning Commission in Trenton, Missouri.



Photo courtesy of the Green Hills Regional Planning Commission.

The city of Norborne’s 200,000 gallon elevated water storage tank was funded by USDA Rural Development and CDBG funds.

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A PROFOUND EFFECT ON A SMALL COMMUNITY

by Pat Bagley

Without funds from the Department of Housing and Urban Development and the Community Development Block Grant (CDBG) program, small rural communities such as ours could not keep up with all the improvements needed to maintain and improve the infrastructure for our citizens.

With a population of less than 400, the Town of Koosharem, Utah, did not have an abundance of funds for infrastructure or community development. The town's roads were paved only a few years ago, and the water department did not have sufficient water rights to meet current or future needs. Fire suppression did not meet federal code, and the distribution system needed repairs and an extension to a line. The town had received citations from the state Division of Drinking Water because of the condition of its tank and spring.

Using CDBG funds and training and guidance from the Utah Department of Community and Culture, Division of Housing and Community Development, and the local Association of Governments, Koosharem has been able to address many of these problems. We built an additional water storage tank, improved fire suppression, and constructed an extension to the system that addressed the water issues. CDBG funds provided leverage for additional monies to purchase the needed water rights. CDBG funds also were used to replace the town's 1951 fire truck with a 1980 used pumper truck, and to acquire radios and protective gear for volunteers. The town also used CDBG funds to conduct a study of flooding problems and to pay for architectural services to renovate the community center, which is on the historic registry and a community landmark.

CDBG funding has had a profound effect in our small community in the past several years. We wish the people in Washington, D.C., could have been here to see the look on the faces of our volunteer firefighters when the new pumper truck arrived or on the faces of our senior citizens as the architects described what could be done to save our deteriorating community center. 🏠

Pat Bagley is project manager and clerk for the Town of Koosharem, Sevier County, Utah.

A TOWERING FEAT: CDBG BUILDS A WATER TOWER IN RURAL MISSOURI

by Ray A. Ivy

The city of La Plata is a small rural community in northeast Missouri, about 90 miles north of Columbia. Located in a heavily agricultural region, La Plata has a population of about 1,500 and is a member of the Mark Twain Regional Council of Governments. Community residents knew that the old water tower did not provide adequate or safe drinking water; however, without resources, they were unable to address the problem. Using Community Development Block Grant (CDBG) funds administered by the Missouri Department of Economic Development, La Plata has begun to build up the infrastructure it needs to enhance quality of life for its residents and meet future needs.

For more than 75 years, La Plata's residents relied on the same old red-top water tower. Built in 1927, the water tower could hold and distribute up to 75,000 gallons of water, which was not enough for the community. Over the winter months, La Plata residents use an average of 80,000–95,000 gallons of water daily; in the summer, demand can increase substantially. Because of the tower's age and capacity, it was extremely difficult to keep the water sanitized, and the water supply had trouble meeting Missouri Department of Natural Resources or Occupational Safety and Health Administration (OSHA) water quality standards.

With the assistance of the Regional Council of Governments, La Plata applied for a grant to replace the old water tower with a 200,000-gallon tower. As a first step, the community completed a low- to moderate-income survey to determine the need for and future use of the tower. After this important step, we applied for funding through the Missouri Water and Waste Water Review Committee. The committee decided that La Plata was in dire need of a new tower.

La Plata was awarded \$462,281 in CDBG funds to remove the old tower and construct a new one. Construction began in spring 2005. By July 2005, the water tower was completed, and we opened the valve and started using it. The project has enabled our community to access U.S. Department of Agriculture grants and loans for citywide water main upgrades, new fire hydrants, and an interconnection water line to the city of Kirksville, Missouri.

The new water tower will serve our community's needs well into the future. On behalf of La Plata's residents, I would like to thank CDBG for helping our community obtain fresh and sanitary drinking water. 🏠

Ray A. Ivy is city administrator for La Plata, Missouri.

Photo courtesy of the Town of Koosharem.



Koosharem firemen pose with their new fire truck that was purchased with CDBG funds.

PROVIDING SHELTER FOR VOLUNTEERS

by John David

Each year, the Southern Appalachian Labor School (SALS) hosts 1,200 to 1,800 volunteers in Fayette County, West Virginia. The volunteers assist with housing weatherization, rehabilitation, and new construction projects to benefit low-income residents. While larger volunteer groups are often housed in high school and college facilities, there was a need for a smaller facility closer to the worksites. The Fayette County Commission has been extremely supportive and included SALS in its Community Development Block Grant application to the West Virginia Development Office. The project was funded and is providing SALS with CDBG funds to build a small dorm facility to house volunteers. Construction will commence soon, and the facility will provide shelter for up to 25 volunteers who are working to improve the houses of local residents. 

John David is director of the Southern Appalachian Labor School.

FROM LAST RESORT TO A SAFE HAVEN

by Nate Bailly

The Northwoods Apartments, formerly known as the Templeton Apartments, are now a fine example of full service affordable housing in Vermont. For many years, the 30-year-old complex suffered from a number of structural problems in both the social and physical senses. Known as the “affordable housing site of last resort” by many tenants, Templeton was overcrowded and provided inadequate play areas, community spaces, and parking. Too many “band-aid” approaches had been taken to remedy its physical deterioration.

With the help of the Vermont Community Development Program (VCDP) and a wide variety of other funding sources, nonprofit developer Housing Foundation Inc. was successfully able to address the existing conditions at Templeton. VCDP, the state agency that administers federal Community Development Block Grant funds, awarded the project \$645,000 of the state’s CDBG allocation, and over \$5 million in other public and private funds were leveraged for this project.

Twenty-eight units of affordable housing were saved and significantly improved. At project closeout all resident households were under 60 percent of area median income. Two of the units were made accessible for people with disabilities under the terms of the Americans with Disabilities Act. Also, a very nice community room and play area were added, which was particularly important since there are a large number of families living in Northwoods Apartments.

With the renovation of the site and buildings, the restructuring of debt and the execution of a legal restriction known as a housing subsidy covenant, the development now known as Northwoods will provide affordable housing in perpetuity. Auxiliary services now provided onsite include a youth mentoring program, recreational activities organized by an AmeriCorps volunteer, food donations, HeadStart, summer lunch programs, intervention services for families dealing with drug and alcohol abuse, and a recreation equipment loan program. Seventy-three residents with low to moderate incomes are benefiting from the retention and improvement of these 28 units. 

Nate Bailly is a community development specialist for the Vermont Community Development Program in Montpelier, Vermont.

PUTTING MEALS ON WHEELS INTO ACTION

by Gary Zabriskie

Photo courtesy of the Five County Association of Governments in St. George, Utah.



Utah State CDBG funds were used to purchase this fleet of meals-on-wheels trucks.

For almost a quarter-century, the Community Development Block Grant (CDBG) program has helped improve living conditions for residents in southwestern Utah. Various fire stations, water systems, wastewater projects, libraries, and other community facilities; flood control improvements; medical clinics; accessibility modifications; and several affordable housing projects have been funded or assisted with funding through the program. We can now add to that list the procurement of 13 Meals on Wheels delivery vehicles to serve the needs of homebound seniors.

Homebound senior citizens can depend on having hot, nutritious meals delivered to their doorsteps, thanks to the CDBG program. In August 2004, a ceremony was held to mark the arrival of 13 brand-new Meals on Wheels delivery trucks for use in a five-county region in southwestern Utah. The trucks were purchased with Utah State CDBG funds, which are administered by the Steering Committee of the Five County Association of Governments. 

Gary Zabriskie is associate planner for community and economic development for the Five County Association of Governments in St. George, Utah.



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The Housing Assistance Council (HAC) is a national nonprofit corporation founded in 1971 and dedicated to increasing the availability of decent housing for low-income people in rural areas. HAC strives to accomplish its goals through providing loans, technical assistance, training, research and information to local producers of affordable rural housing. HAC maintains a revolving fund providing vital loans at below-market interest rates to rural housing developers. Developers can use these funds for site acquisition, development, rehabilitation or new construction of rural, 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 is an equal opportunity lender.

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Each issue of *Rural Voices* profiles members of the Housing Assistance Council's board of directors. A diverse and skilled group of people, HAC's board members provide invaluable guidance to the organization. We would like our readers to know them better.



Debra Singletary

Debra Singletary's commitment to migrant farmworkers, and others in need, shows through in her work as Chief Executive Officer of Delmarva Rural Ministries, Inc. She explains her commitment as an advocate and service provider for rural people in terms of Delmarva Rural Ministries' mission — to provide both decent, safe, and affordable housing and high quality

health services for individuals who are in need.

"I saw first hand human beings residing without shelter in the open air or in deplorable living conditions," she says. "I knew there had to be healthier and safer options for this underserved population. I have a shared vision and mission with Delmarva Rural Ministries to provide services for a transient population whose hard work and daily struggles result in food on the table for you and me. I became an advocate for this underserved population."

Singletary notes that while agriculture has historically been the primary wage earning industry in the area, there has been a rapid decline in farming over the past five or more years as farm land is sold to developers for construction of high cost housing. "Unfortunately," she adds, "there are still families and individuals residing in substandard housing, including migrant farmworkers and a sizable proportion of individuals who, without health insurance, are unable to access high quality health care."

Delmarva Rural Ministries, Inc. was created 34 years ago to address a broad range of needs for migrant and seasonal farmworkers, including advocacy, health care, and crisis intervention services.

Singletary is currently the Secretary of HAC's Board and serves on its Executive Committee. Since she first became a board member in 1993, she has also served as President of the Board, a member of the Loan Committee, and a member of the Rural Housing Services, Inc. Board of Trustees.

"My experience on HAC's board has taught me many things," she says. "I have had opportunities to meet many people across the country who are creatively addressing the need for affordable housing in rural America. It is very fulfilling and satisfying to see how our efforts help enable them to succeed. I have learned so much both from my colleagues on HAC's Board and also from staff. HAC has an excellent reputation for doing what they say they will do. My affiliation with HAC has been truly an honor."



Polly Nichol

Since the early 1970s, Polly Nichol has been a stand-out advocate for low-income housing in rural Vermont. She is credited with helping with the formation of the Vermont Community Loan Fund as well as the Central Vermont Community Land Trust. In 1994, she received the Skip Jason award from the Housing Assistance Council, given to individuals who make "an

outstanding contribution to improving the housing conditions of the rural poor in a particular region of the country." "Receiving the Skip Jason Award was an enormous thrill," she says. Over six years, Nichol's relationship with HAC developed and she was elected to the Board in 2003.

Nichol is Director of Housing for the Vermont Housing and Conservation Board, a quasi-governmental entity that serves as Vermont's housing and conservation trust fund. She oversees ten staff that administer an AmeriCorps program as well as numerous housing programs, from affordable housing production to lead paint abatement to education and outreach.

What inspires her, she says, is "making a difference... solving problems... making someone's life better. That's why I get up and go to work every day."

Nichol got her start as a housing producer and advocate. She was working for one of Vermont's regional planning commissions and wrote a CDBG application for one of its member towns. When the application was accepted, the town manager hired her to direct the program. Since then, Nichol has earned her Masters of Public Administration from the Kennedy School of Government at Harvard University and raised two children, Rebecca and Jonathan.

Nichol serves on HAC's Loan Committee. "I have seen the difference that HAC makes," she says. "HAC works in areas of the country and for people that are truly underserved. Through the Self-help Homeownership Opportunity Program (SHOP) and other services, HAC genuinely fills a need in rural communities." (See HAC Facts for more information on HAC's 2006 SHOP awards.)

"Being on the board of the Housing Assistance Council has been an eye-opening experience," Nichol says. "I have met some extraordinary people on HAC's board and seen HAC's impact through site visits. On site visits I have gained a substantial appreciation for the housing struggles of poor people in other parts of the country and the great work that groups like HAC are doing in rural America."

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