



Rural Voices

THE MAGAZINE OF THE HOUSING ASSISTANCE COUNCIL

Summer 2002 • Volume 7 | Number 3

Rural Housing **PRODUCTION**

IN THIS ISSUE

Millennial Housing Commission report ... Housing trust funds ...
Proposed legislation ... Q&A with Art Garcia ... and more.



Dear Friends,

This issue of *Rural Voices* explores a few ideas for funding new production of decent, affordable housing for low-income rural Americans. Space does not allow a full review of every proposal, so the magazine focuses on some of the suggestions currently under consideration in Congress.

To set the stage, the magazine begins with an examination of the need for new production: the Housing Assistance Council's analysis of recent data shows that 5.5 million nonmetropolitan households are cost-burdened and 12 percent of low-income nonmetro households live in moderately or severely inadequate homes. Excerpts from the bipartisan Millennial Housing Commission's recent report to Congress describe the "widening gap" between the demand for and the supply of affordable housing, particularly for people with extremely low incomes.

Next, four articles explore housing trust funds and current proposals to create a national trust fund or to add federal dollars to existing state and local trust funds. Additional pieces examine a proposed tax credit for ownership housing, a bill that would establish a new rural rental production program, and the arguments for revitalizing the Section 515 rural rental program.

Also featured in this issue is a Q&A discussion with Art Garcia, the recently appointed Administrator of USDA's Rural Housing Service. Another article describes how the federal YouthBuild program has been used in rural areas.

Rural Voices is also proud to inaugurate a new item introducing the Housing Assistance Council's board members. Each future issue will profile two board members so that readers can get to know the individuals who shape HAC's work. Sadly, one of the first profiles describes Patricia Acuna, a member of the board for over 20 years, who died in June after a long illness.

Sincerely,

Debra Singletary, Chair

William Picotte, President

Moises Loza, Executive Director

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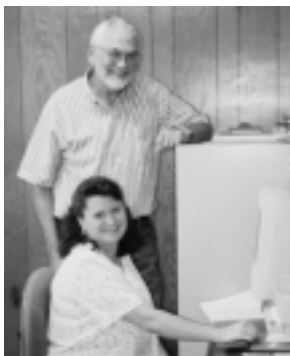
Conference Registration Begins September 2



The Housing Assistance Council began accepting registrations for “Building Communities, Changing Lives: National Rural Housing Conference 2002” on September 2. The conference is scheduled for December 5-7, 2002 in Washington, D.C. Sponsored by HAC and cosponsored by many others, this is the only national housing conference focused on rural concerns. It offers workshops, training, policy roundtables, and networking opportunities for local rural housing producers, policymakers from all levels of government, national housing advocates, and others. Space for pre-conference meetings on December 4 is available by request.

Anyone who has not received a registration brochure by mid-September may request one from conference staff at 202-842-8600, ext. 108, or 2002conference@ruralhome.org. Conference information, including the brochure, is also available on HAC’s web site, www.ruralhome.org.

Capacity Building Funds Buy Equipment



Art Heriford and Marcy Meservey of the Green Hills Community Action Agency in Missouri use a computer purchased with funds provided by HAC.

The Green Hills Community Action Agency in Trenton, Mo. started small and moved up to heavy equipment, says housing director Art Heriford. Using pass-through grants from HAC’s Rural Capacity Building Initiative, which is funded by the Enterprise Foundation, Green Hills first bought tools and a much-needed computer, then purchased a dump truck, a backhoe, and a trailer to carry the backhoe. Now the agency is able to do its own site preparation for housing construction, and Heriford says HAC made it possible.

Green Hills, which serves nine counties in northwestern Missouri, is certified as a Community Housing Development Organization (CHDO) and has received technical assistance from HAC funded through an agreement with the U.S. Department of Housing and Urban Development. The technical assistance has been “really valuable,” Heriford says, since HAC staff has been able to help the agency apply for other funds and evaluate potential development projects.

HAC Helps Tribes and Colonias Use RD Programs

The Standing Rock Sioux tribe housing authority credits HAC with increasing the use of USDA Rural Development funds on its reservation in North and South Dakota. The collaboration began in 1991, when the Northwest Area Foundation first funded HAC to work intensively with selected tribes, including Standing Rock. Pass-through funds from HAC helped the housing authority to hire a coordinator who still runs the project.



Ayanna welcomes visitors to her family’s new home, a rented house renovated by the Standing Rock Housing Authority.

When the foundation funding ended, USDA took over financing the project. USDA and HAC hope that 2002 will be the last year of HAC’s involvement, since the participants — now four tribes and two colonias — have increased their housing development capacity so much they are now expected to compete for technical assistance grants directly from USDA.

HAC’s efforts have included meetings with USDA and tribal staffs, individual consultations, and more formal training sessions. Early workshops focused on program details, while more recent sessions have included credit/budget counseling and homebuyer education. Results include not only the repair, construction, and purchase of numerous homes, but also better working relationships, changes in agency policies and procedures, and a manual prepared by HAC to help USDA staff work with tribes on trust land.

Rural Housing Awards Nominations Still Open

HAC is accepting nominations for two awards honoring individuals for their contributions to rural housing. Service on the national level will be recognized with the Clay Cochran Award. Community-level activities that have improved housing conditions for the rural poor will be honored by the Skip Jason Community Service Award. Award recipients will receive stipends and a waiver of registration fees for the National Rural Housing Conference in December, where the awards ceremony will be held. To nominate someone or for more information, contact Lilla Sutton, HAC, 202-842-8600, lilla@ruralhome.org, or visit www.ruralhome.org.

Why Rural America Needs New Affordable Housing

by Lance George

Additional units of decent, affordable housing are essential.

Production of new housing units is only one way of tackling rural housing needs — yet it is an essential one. The need is illustrated by data from the 2001 American Housing Survey compiled by the Housing Assistance Council. For much of this century, the poor quality and condition of homes was the primary housing concern facing rural areas. However, drastically increasing housing costs and affordability have replaced poor housing conditions as the greatest problem facing low-income rural households today. Although housing costs are lower in nonmetro areas than in cities, incomes are also lower and many rural households find it difficult to meet their basic housing expenses. Among the 23 million nonmetro households, approximately 5.5 million, or 24 percent, pay more than 30 percent of their monthly income for housing costs and are considered cost-burdened. Of these nonmetro cost-burdened households, more than 2.4 million pay more than half their incomes toward housing costs.

Most cost-burdened households have low incomes, and a disproportionate number are renters. In fact, renters are 36 percent of nonmetro cost-burdened households while they

comprise just one-quarter of all nonmetro households. Research by the National Low Income Housing Coalition, supported in part by the Housing Assistance Council, shows that nowhere in the United States can a household afford a two-bedroom apartment at the fair market rent with income at the federal minimum wage.

Despite gains in the quality of rural housing, substandard housing still exists in the United States and tends to be most common in rural areas and central cities. The frequency of housing inadequacy among nonmetro units is slightly higher than for all housing units.

Approximately 1.6 million, or 6.9 percent, of nonmetro units are considered either moderately or severely inadequate. Fully 12 percent of low-income households in nonmetro areas live in physically inadequate housing, and poor housing conditions are disproportionately more common among renters

and minority households than among owners and whites.

Not only are existing housing options inadequate for rural residents with limited incomes, but they are diminishing further, particularly for low-income renters. Much of the subsidized rental housing stock is at risk. Many owners of rental

Housing Development Boosts the Economy

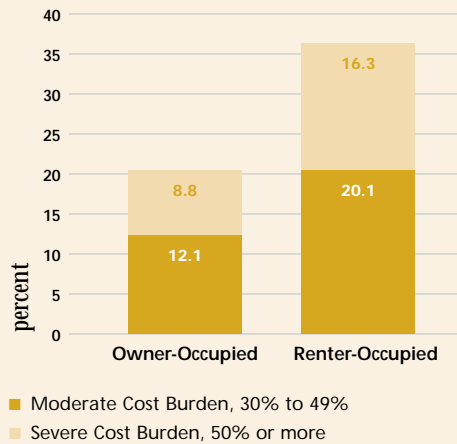
Housing production not only helps people in need, but also aids economic growth. The National Association of Home Builders (NAHB) calculates that, nationwide, construction of 1,000 single-family homes generates 2,448 jobs in construction and construction-related industries, approximately \$79.4 million in wages, and more than \$42.5 million in federal, state, and local tax revenues and fees. Construction of 1,000 multifamily homes generates 1,030 jobs in construction and related industries, approximately \$33.5 million in wages, and more than \$17.8 million in federal, state, and local tax revenues and fees.

In the mid-1990s USDA calculated that a single-family home financed by the Section 502 program generates 1.75 jobs, \$50,201 in wages, and \$20,560 in annual tax revenues to rural America. Local officials in the Mississippi Delta region estimate that the construction of 20 homes worth over \$50,000 each generated \$1 million in tax revenue.

NAHB's paper entitled *Housing: The Key to Economic Recovery* is available at www.nahb.org/housing_issues/keyrecovery.htm.

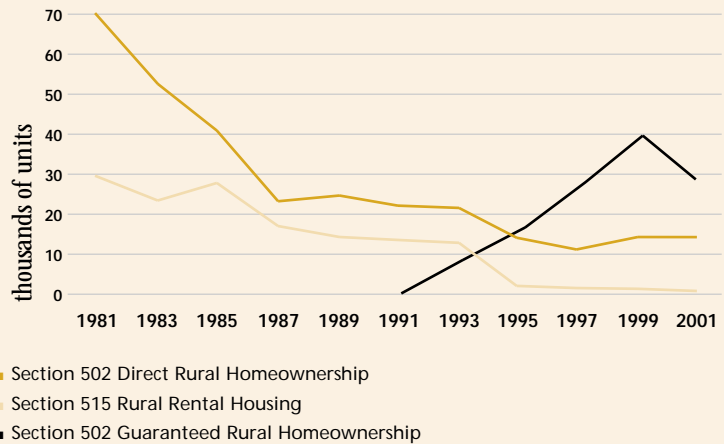
HOUSING AFFORDABILITY

Nonmetro Cost-Burdened Households by Tenure



SELECTED FEDERAL RURAL HOUSING PROGRAMS FUNDING

New Units Funded, 1981–2001



developments with subsidized mortgages from the U.S. Departments of Agriculture (USDA) or Housing and Urban Development (HUD) are seeking to opt out of the subsidy programs by prepaying their mortgages and converting their apartments to market rate rentals. Likewise, landlords can opt out of HUD's Section 8 rental assistance program in search of higher rents and fewer government regulations.

Federal housing assistance has played an important role in the production of low- and moderate-income rural housing since the mid-1930s. Yet only 7 percent of nonmetro households receive some type of federal housing assistance.

The role and impact of federal housing programs in rural areas have been dramatically transformed in recent years. Many federal housing programs have seen their budgets drastically cut. A primary example is USDA's Section 515 rural rental housing program. In fiscal year 1994, Section 515 funded 11,542 units of affordable rural rental housing, but in FY 2001 it funded only 1,621 units — an 86 percent reduction.

Likewise, several federal housing programs have been affect-

ed by a shift in emphasis to indirect subsidies such as loan guarantees and tax incentives. One significant result of these policies has been a reduction in the number of lower-income households being served by the programs. The USDA Section 502 homeownership loan program has recently shifted its emphasis from direct loans to loan guarantees. In FY 2000 just 3 percent of Section 502 guaranteed loans served very low-income households as opposed to 44 percent of the program's direct loans.

Production of new rural housing units will not solve all rural housing problems. For rural Americans who can find decent existing homes, financial aid to make the costs affordable may be the best solution; for others, affordable existing homes can be made decent if rehabilitation funding can be found. But for millions of rural residents with limited incomes, those solutions are simply not available. Additional units of decent, affordable housing are essential.



Lance George is a research associate at the Housing Assistance Council.

excerpts from

Meeting Our Nation's Housing Challenges

THE REPORT OF THE MILLENNIAL HOUSING COMMISSION

Congress and the Administration should increase appropriations for low-income housing in rural America.



EDITOR'S NOTE The need for affordable housing production is a primary theme in the final report of the Millennial Housing Commission. A bipartisan body created by Congress, the commission spent 17 months studying U.S. housing issues. Following are excerpts from its final report, *Meeting Our Nation's Housing Challenges*, issued on May 30, 2002. The full report, as well as additional commissioned papers for the Millennial Housing Commission, are available on the commission's website, www.mhc.gov.

EXECUTIVE SUMMARY

Housing is most Americans' largest expense. Decent and affordable housing has a demonstrable impact on family stability and the life outcomes of children. Decent housing is an indispensable building block of healthy neighborhoods, and thus shapes the quality of community life. In addition, the housing sector provides a major stimulus to the nation's economy, consistently generating more than one-fifth of gross domestic product. Better housing can lead to better outcomes for individuals, communities, and American society as a whole. In short, housing matters.

This is why the federal government has long sought to expand the country's housing supply. Federal support for housing has taken many forms over the years. . . .

Federal support for the housing sector has been tremendously successful for most households. America's homeownership rate is a remarkable 67.8 percent. Direct federal assistance for rental housing now reaches 4.8 million low- and moderate-income families who cannot afford housing in the open market. The nation's housing stock is the envy of the world. More than one million additional affordable rentals are assisted through tax credits and block grants.

For many poor households, however, federal efforts have been less than successful. The most significant housing challenge is affordability, growing in severity as family incomes move down the ladder. In 1999, one in four — almost 28 million — American households reported spending more on housing than the federal government considers affordable and appropriate (more than 30 percent of income). Even working full time no longer guarantees escape from severe housing affordability problems. In 1999, one in eight lower-income working families earning at least the full-time equivalent of the minimum wage reported spending more than half their incomes on housing.

The gap between the available rental supply of units affordable to the poorest households and the demand for them stood at 1.8 million in 1999. Because they could afford nothing better, 1.7 million lower-income households lived in severely inadequate housing, placing their health and safety at risk. Finally, despite the 1990s homeownership boom, black and Hispanic homeownership rates in 2001 lagged the homeownership rate of whites by almost 27 percentage points.



At the opening of the new millennium, the nation faces a widening gap between the demand for affordable housing and the supply of it. The causes are varied — rising housing production costs in relation to family incomes, inadequate public subsidies, restrictive zoning practices, adoption of local regulations that discourage housing development, and loss of units from the supply of federally subsidized housing. Rural areas and Native American lands present especially difficult environments for affordable housing because of the higher costs of providing infrastructure and the dearth of well-paying jobs. And despite civil-rights and fair housing guarantees, the housing shortage hits minorities hardest of all.



This is not a report about specific funding levels, nor does it lay out quantitative goals. Instead, this report presents a new vision for the nation's housing. The Millennial Housing Commission's vision can be stated quite simply: *to produce and preserve more sustainable, affordable housing in healthy communities to help American families progress up the ladder of economic opportunity.*



PRINCIPAL RECOMMENDATIONS TO CONGRESS: A FRAMEWORK FOR CHANGE

[The report's details on each recommendation are omitted here.]

New Tools

- ▶ Allocate a flexible new tax credit to stimulate production of affordable properties suitable for homeownership.
- ▶ Enact exit tax relief to encourage preservation.
- ▶ Provide capital subsidies for the production of units for occupancy by extremely low-income households.
- ▶ Attract private capital to the production of mixed-income, multifamily rental housing.
- ▶ Facilitate strategic community development.

Major Reforms to Existing Programs

- ▶ Transform and revitalize the public housing program.
- ▶ Revitalize and restructure the Federal Housing

Administration within HUD.

- ▶ End chronic homelessness in 10 years by building additional units of supportive housing.
- ▶ Over time, link housing assistance with work requirements.

Streamlining of Existing Programs

- ▶ Expand and strengthen the housing choice voucher program to improve the access of extremely low-income households to the private housing stock.
- ▶ Improve the HOME Investment Partnerships and Low Income Housing Tax Credit programs to work better individually and in combination, and increase funding for HOME.
- ▶ Expand states' ability to use the Mortgage Revenue Bond program.
- ▶ Revise federal budget laws that deter affordable housing production and preservation.



SUPPORTING RECOMMENDATIONS

In addition to the principal recommendations . . . , the Millennial Housing Commission endorsed a number of supporting recommendations: increase funding for housing assistance in rural areas; increase funding for Native American housing; establish Individual Homeownership Development Accounts to help more low-income households buy homes; allow housing finance agencies to earn arbitrage; exempt housing bond purchasers from the Alternative Minimum Tax; undertake a study of Davis-Bacon Act requirements; address regulatory barriers that add to the cost of housing production; streamline state planning requirements for community development programs; expand the financing options for small multi-family properties; foster a secondary market for development and construction lending; launch a demonstration project for comprehensive community development; improve consumer education about home mortgage lending; improve the access of manufactured home buyers to capital markets; affirm the importance of the Community Reinvestment Act; and affirm the importance of the government-sponsored enterprises.

▶ *Increase funding for housing assistance in rural areas.*
By definition, rural areas are both remote and lightly populated. Many small town and farming communities were bypassed in the recent good economic times. As a result, poverty rates, unemployment rates, and the incidence of housing problems are at levels approaching those of the nation's big cities.

But rural housing needs are harder to serve than most urban needs, and are often neglected

CONTINUED ON PAGE 6

FROM PAGE 5 by major federal housing production programs such as HOME, CDBG, and the Low Income Housing Tax Credit. As a result, the Rural Housing Service (RHS) programs of the U.S. Department of Agriculture have been the primary source of rural housing assistance since 1949.

In addition to underfunding, rural areas face unique housing challenges. In particular, homeownership is the predominant tenure in rural areas, and there are far more

owners than renters with affordability problems. Moreover, housing vouchers often do not work because there is not enough supply from which to choose.

In recent years, federal spending on rural housing programs has been dramatically reduced. As a result, few new housing units have been added in the poorer, more remote rural areas that the Department of Agriculture has historically served. There is substantial demand and need for rural housing assistance, and backlogs for loans are at historic highs. The Commission believes that federal rural housing programs are an important element of the nation's housing finance and



delivery system, and that Congress and the Administration should therefore increase appropriations for low-income housing in rural America.

Specifically, the Commission recommends that Congress provide adequate funding for core RHS housing programs, including Section 515 rental housing, Section 521 rental assistance and housing assistance for farm workers, Section 502 homeownership loans and guarantees, and others. It should also ensure that rural areas receive their fair share of resources

from other federal production programs based on objective measures of proportionate housing need. States need to pay special attention to the needs of rural areas as they allocate funding through these programs.

► *Increase funding for Native American and Native Hawaiian housing.* [Specific suggestions under this recommendation include increased funding for the Native American Housing Assistance and Self-Determination Act (NAHASDA) block grant, increased funding for capacity building, funding a land title commission, improving infrastructure, and helping tribes to issue tax-exempt private activity bonds for housing.]



Congress Must Provide Solutions to the Affordable Housing Crisis

by Rep. Bernard Sanders

We could more than triple affordable housing construction next year and provide accommodations to more than 200,000 families every single year.

There is an affordable housing crisis in this country, and it affects people in both rural and urban America. In the richest country on earth, it is simply unacceptable that nearly 28 million Americans are paying more than 30 percent of their limited incomes on housing and at least 800,000 people, including 200,000 children, are homeless on any given night, according to the Millennial Housing Commission. The federal government has a responsibility to correct this crisis.

Last June, I introduced legislation to establish a National Affordable Housing Trust Fund (H.R. 2349) to begin to solve this problem. According to experts, profits generated by the Federal Housing Administration (FHA) are expected to exceed \$27 billion over the next seven years. H.R. 2349 would use this revenue to provide a reliable source of funding to states and nonprofits to construct, preserve, and rehabilitate an additional 1.5 million affordable rental units in mixed-income locations over the next decade. If the FHA profits were used to build affordable housing we could more than triple affordable housing construction next year and provide accommodations to more than 200,000 families every single year.

According to Moises Loza, the Executive Director of the Housing Assistance Council, “We need to produce more affordable housing in rural America, and a national housing trust fund would help provide financing to make that possible. Housing costs are too high throughout the country.”

When I was mayor of Burlington, Vt., I helped establish the Burlington Community Land Trust in 1984. Since its inception, the land trust has provided housing for 350 homeowners and 270 renters. This is exactly the type of program that is needed on a national level.

The effort to establish a National Affordable Housing



Trust Fund is spreading like wildfire all over this country. H.R. 2349 now has 189 tri-partisan cosponsors and has been endorsed by over 3,000 national, local, and state groups from throughout the country. These groups represent a broad spectrum of interests, including rural advocates, labor unions, business leaders, environmentalists, bankers, and affordable housing advocates.

Due in large part to this grassroots support, we are beginning to have some success in Congress. Recently, an amendment I authored on this subject was approved by the Financial Services Committee. This amendment would provide dollar-for-dollar matching funds to the more than 275 state and local affordable housing trust funds around the country. These state and local trust funds currently spend some \$750 million annually to produce, preserve, and rehabilitate affordable housing. If fully funded, this amendment would double that amount. This amendment is an important first step towards creating a National Affordable Housing Trust Fund.

Not only would a National Affordable Housing Trust Fund help solve the affordable housing crisis, it could also generate 1.8 million decent paying new jobs and nearly \$50 billion in wages, according to a Center for Community Change study. As today's unemployment continues to increase, and as millions of Americans are paying far too much of their incomes on housing, the creation of a National Affordable Housing Trust Fund is needed now more than ever.



Bernard Sanders (I-Vt.) is a member of the U.S. House of Representatives.

More information about trust fund legislation, as well as *Home Sweet Home*, the Center for Community Change study mentioned in this article, is available at www.bernie.house.gov and at www.nhtf.org.

Campaign for a National Housing Trust Fund Moving Forward

by Kim Schaffer



To build on the momentum created, congressional cosponsors have pledged to fight to bring the National Housing Trust Fund to the floor when Congress returns to session this fall.

What do 3,000 organizations — including local banks, unions, churches, and numerous rural groups — have in common?

All agree that establishing a National Housing Trust Fund is a first and necessary step in solving the nation's affordable housing crisis.

A year and a half ago, there was consensus among housing advocates that substantial housing production was needed, but only slightly more than 100 groups had endorsed the idea of a National Housing Trust Fund, and there was little chance that any meaningful housing production legislation would come out of Congress any time soon.

Today, more than 3,000 organizations, elected officials, and religious leaders from all across the country are calling on Congress to create a National Housing Trust Fund that would provide federal funds to build, rehabilitate, and preserve 1.5 million homes by the end of the decade. And Congress is listening: more than one-quarter of the Senate and one-third of the House support National Housing Trust Fund legislation, trust fund legislation has gone further in the House housing committee than anyone thought likely this year, and even legislators who are not supportive of the specific legislation are increasingly vocal about the need for housing production for people with very low incomes.

How did the change come about? Advocates say it was a

mix of the escalating housing crisis and the recognition that Congress would be moved to action only if advocates from all parts of the country came together with their allies in the House and Senate to provide a clear message about how the problem could be solved.

“As it becomes increasingly clear that the housing crisis is affecting more families and communities, it becomes all the more evident that the solution depends on a collaboration of local, state, and federal partners,” said Sheila Crowley, president of the National Low Income Housing Coalition, one of the lead organizations of the National Housing Trust Fund Campaign. “Having so many organizations come together with one voice to say, ‘The federal government needs to do its part to end this crisis,’ has been extremely effective.”

Rural housing advocates have been among the most active in pushing for the creation of the trust fund.

“A National Housing Trust Fund is particularly important for rural areas since rural areas for the most part have far fewer resources and less access to resources than urban areas, while also suffering substandard and unaffordable conditions,” said Brien Thane, executive director of the Office of Rural and Farmworker Housing, a nonprofit developer and technical assistance provider in Yakima, Wash. “The trust fund would provide a significant boost to our efforts since all financing sources these days require significant leveraging.”

RECENT VICTORIES

The Campaign's proposal calls for a dedicated funding source to build, rehabilitate, and preserve 1.5 million units of housing by 2010, primarily rental housing that is affordable for households at or below 30 percent of area median income. Legislation similar to the Campaign's proposal has been offered in both the House and the Senate; H.R. 2349 was introduced by Congressional Rural Caucus member Rep. Bernie Sanders (I-Vt.) and S. 1248 by Sen. John Kerry (D-Mass.). The bills provide that for every \$1 contributed to a project, grantees would receive \$4 from the National Housing Trust Fund. The House bill also contains a small-state setaside, under which every state would receive a minimum of 1 percent of the trust fund allocation.

Thanks to Sanders's tireless work, the bill has been moving forward through Congress on two different tracks. First, stand-alone National Housing Trust Fund legislation has been steadily gaining cosponsors since its introduction in June 2001. As of late July 2002, 189 members of Congress have cosponsored the legislation, including 46 Rural Caucus members.

Second, when the House Financial Services Committee began debating H.R. 3995, the omnibus housing legislation that was introduced in March, Sanders arranged for a vote to have the National Housing Trust Fund proposal attached to the bill as an amendment.

Conventional wisdom was that a National Housing Trust Fund amendment had little to no chance of passing the committee. Of the 70 members of the committee, only 24 were cosponsors of the legislation as of late June. And the House leadership and HUD Secretary Mel Martinez were actively lobbying members to vote against the trust fund. But supporters across the country moved into action, and hundreds of calls were made to congressional offices in the days leading up to the vote.

Then, on June 20, after a lengthy and vociferous debate, the committee voted 33 to 28 to add the National Housing Trust Fund amendment to the omnibus housing bill. It was an amazing victory. But the trust fund was not out of the woods yet: near the end of the vote, when it became apparent the trust fund was going to pass, one opponent — Rural Caucus member Rep. Richard Baker (R-La.) — changed his vote from “no” to “aye,” which under House rules gave him the opportunity to bring the amendment up for a revote.

The next time the committee convened to consider the housing legislation, both supporters and opponents had given careful thought to their strategy. Sanders had prepared a less controversial version of the trust fund amendment (one dependent on appropriations as opposed to a dedicated

revenue source). On behalf of the opponents, Rep. Sue Kelly (R-N.Y.) offered as an alternative a more modest proposal that had originally been written by Sanders in case the National Housing Trust Fund proposal failed. This amendment retained the original Sanders bill's focus on extremely low-income renters and called for an appropriation that would match one-for-one the dollars in established state and local housing trust funds, totaling approximately \$750 million. Sanders's trust fund amendment would provide many times that amount and would reach parts of the country where state and local trust funds do not exist.

After further debate, Sanders's National Housing Trust Fund amendment failed on a nearly party-line vote of 34 to 35, with only Rep. Christopher Shays (R-Conn.) voting with the minority. After the trust fund amendment failed, the matching grant amendment passed by voice vote.

“While we appreciate that members on both sides of the aisle now support investing federal resources in the production of affordable housing for our poorest families, their constituents should understand that the committee replaced an outstanding proposal with a very limited one,” Crowley said in a statement after the vote. “Today, politics won over good sense and good policy.”

Although the original victory was scaled back, advocates were enthused by the matching funding proposal that did pass and by the legislative attention brought to the issue. To build on the momentum created, congressional cosponsors have pledged to fight to bring the National Housing Trust Fund to the floor when Congress returns to session this fall.

BROAD SUPPORT

Without a doubt, supporters say, the reason the National Housing Trust Fund Campaign has come so far so quickly is the wide range of support for a National Housing Trust Fund.

Sanders told advocates this is the largest grassroots movement he has ever worked with. “I have been involved in many political fights over the years, but I have never seen a grassroots campaign like this,” he has said. “Through these efforts, we've come a lot further than anyone thought possible.”

Housing advocates say they fight for the National Housing Trust Fund because it is sorely needed — in all parts of the country.

“In South Dakota, we wrestle with the grinding impact of poverty in rural areas and on reservations as well as in urban areas. We have many families who struggle on the margins of society and are often homeless or on

CONTINUED ON PAGE 10

FROM PAGE 9 the verge of homelessness,” said Hugh Grogen, director of the Minnehaha County Welfare Office. “There’s no doubt we have a national housing crisis and that it affects rural communities.”

“Many of the traditional funding sources are not available in rural areas,” added Mark Moseley, senior housing developer at the Pennsylvania office of Rural Opportunities, Inc. “Community Services Block Grant funding largely goes to pay for sewers and fire trucks, large banks are based in urban areas and, to the best of my knowledge, not a single foundation is based in a rural area. So when we look at providing housing, we always have a difficult time coming up with matching funds.”

Moseley said that census data show a 15 percent increase in the number of rural senior citizens in Pennsylvania during the 1990s. “As that population ages, they will need age-appropriate housing, which in rural areas just doesn’t exist. Obviously, this is a critical need that has yet to be addressed, and the trust fund could provide these resources,” Moseley said.

The campaign’s case has also been bolstered by the release of the bipartisan Millennial Housing Commission’s report, which found that “[t]he most serious housing problem in America is the mismatch between the number of extremely low income renter households and the number of units available to them with acceptable quality and affordable rents.” The Commission calls on Congress to create a 100 percent capital subsidy for construction, rehabilitation, preservation, or acquisition of units earmarked for extremely low-income households, a recommendation that very closely mirrors the proposal of the National Housing Trust Fund Campaign.

In addition, a study done last year by the Center for Community Change found that a National Housing Trust Fund would play a significant role in economic development if created. According to the Center, a \$5 billion federal investment in a National Housing Trust Fund would be leveraged to create 1.8 million jobs and \$50 billion in wages.

WHAT CAN YOU DO?

The National Housing Trust Fund will not pass without the support of rural members of Congress. Those who care about rural housing issues have many ways to get involved in the campaign to create a National Housing Trust Fund.

First, talk to your legislators. Explain to them the unique housing crisis facing rural Americans, and tell them that a National Housing Trust Fund is an important part of the solution. Remind the staff that many rural housing groups, including the Housing Assistance Council, have endorsed the Campaign.

Second, talk to the media. Call your local editorial board to set up an appointment to discuss your region’s rural housing need. While you are there, ask them to write an editorial in support of a National Housing Trust Fund. You can also write letters to the editor that mention the National Housing Trust Fund. And if you are holding a press conference or issuing a press release on a housing issue, mention the National Housing Trust Fund as one solution to the affordable housing crisis.

Third, talk to other groups with rural constituencies. It is important to get as many endorsements of a National Housing Trust Fund as possible, and the more of these endorsements that come from rural groups, the louder the rural voice will be. An endorsement form that you can print and distribute to groups you work with is at www.nhtf.org.

With such activity going on across the country, advocates are confident it is only a matter of time before the federal government once again invests in affordable housing for the poor.

“After all, we as a country can afford to do this,” Crowley said. “And we can’t afford not to.”



Kim Schaffer is communications director of the National Low Income Housing Coalition. More information on the National Housing Trust Fund Campaign, including *Home Sweet Home*, the Center for Community Change study mentioned in this article, and a chart comparing legislative proposals is available at www.nhtf.org.



State and Local Housing Trust Funds Boost Rural Housing Opportunities

by Mary E. Brooks

Housing trust funds have reached far to provide an extremely diverse range of housing activities from new construction and rehabilitation to rental assistance and homeless shelters.

EDITOR'S NOTE Housing trust funds have become big news in the national housing policy arena this year as Congress considers creating a national housing trust fund or adding federal resources to existing state and local trust funds. Therefore it may be more important than ever for rural housing supporters to understand what makes housing trust funds special and how they can help provide decent, affordable housing in rural areas.

ABOVE Support from Kentucky's Affordable Housing Trust Fund is helping the Appalachia Service Project construct new homes to replace houses like this.

There are currently more than 275 housing trust funds in cities, counties, and states throughout the United States, providing at least \$750 million every year to support critical housing needs. Housing trust funds are created to provide decent affordable housing to those most in need, so they are typically targeted to serve lower-income households. Within this broad goal, however, housing trust funds have reached far to provide an extremely diverse range of housing activities from new construction and rehabilitation to rental assistance and homeless shelters.

Housing trust funds are distinct accounts that receive dedicated sources of public funds to support affordable housing. They are typically established through a local ordinance or state legislation that creates the fund itself, identifies an administrative structure for overseeing its operation, establishes regulatory requirements for expenditure of the funds, and enables the dedication of identified sources of public funds.

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FROM PAGE 11 Housing trust funds represent unique opportunities for addressing housing needs in rural areas. Most rural communities have trouble identifying revenue sources that are sufficient to create a viable housing trust fund. Rural areas are prudent, then, to consider either a county or state housing trust fund as a more productive route. Because rural areas can bring considerable political strength to a housing trust fund campaign, such a crusade provides important opportunities for them to help shape the legislation that creates a fund.

Given the way they are developed, housing trust funds generally reflect what state and local jurisdictions would do if left to their own devices in addressing critical housing needs. Because housing trust funds are created locally using local funds, they provide an opportunity for jurisdictions to be innovative and far reaching as they commit public resources to long-standing affordable housing issues. They often represent the most flexible affordable housing funds available. This flexibility makes them very well suited to addressing a wide array of housing needs.

First, housing trust funds can address any kind of housing situation, from new construction to rehabilitation, weatherization, downpayment assistance, and much more. Second, they can be structured to accommodate particular kinds of needs, such as on-site infrastructure requirements, acquisition, and code compliance, among other activities. Finally, they are often designed to work well with other sources of funds, such as federal or state funds, tax credits, and other private or public resources. This kind of leveraging and partnering has made new housing opportunities available in rural areas where housing trust funds operate.

An important way to ensure that rural housing needs are supported through housing trust funds is to designate a portion of the available funds each year to serve rural needs in particular. These designations are referred to as set-asides. Several housing trust funds, particularly state funds, set aside monies for addressing housing needs in rural areas. Eighteen to 65 percent of the total funding going into trust funds in Arizona, Illinois, Kentucky, Oklahoma, Utah, and Washington are designated each year for housing in rural areas.

Providing affordable housing in rural areas is often complicated by the need for infrastructure and the limitations of income guidelines in federal housing programs. Rural housing producers, like their urban counterparts, must often combine several available sources of financing, utilizing housing trust fund dollars to stretch other limited resources. Here are a few examples of how state housing trust funds have approached rural housing needs.



ARIZONA HOUSING TRUST FUND

Established in 1988, the Housing Trust Fund was created to provide a flexible funding source to assist in meeting the housing needs of low-income families in Arizona. It is funded from a 55 percent allocation of unclaimed property deposits, interest on unexpended funds, loan repayments, and recaptured funds, with 36 percent of the revenues specifically designated for use in rural areas of the state.

As part of its effort to address rural housing needs, Arizona's Department of Commerce has made housing trust fund dollars available to assist low-income, first-time homebuyers in rural areas of the state through the Rural Homepurchase Assistance Program. The program provides uniform homeownership counseling, equity contributions, and closing cost assistance to eligible households. The department will create an ongoing pool of funds for providing homeownership assistance administered through a network of providers.

The trust fund has also supported individual projects throughout the rural portions of the state in keeping with its legislative mandate. In Douglas, Ariz., for instance, an apartment project was made affordable to low-income people through the flexible combination of a USDA Rural Development Section 515 permanent loan, Low Income Housing Tax Credits, a state Housing Trust Fund second mortgage, and USDA rental assistance.



KENTUCKY AFFORDABLE HOUSING TRUST FUND

The Kentucky Affordable Housing Trust Fund sets aside 40 percent of its funding to support housing in rural areas of the state. Funded through state general funds, unclaimed lottery funds, and allocations from the Kentucky Housing Corporation, the trust fund has supported 2,693 units of affordable housing statewide.

Examples of projects using the trust fund include the following:

- ▶ The *Appalachia Service Project* is constructing 24 units of owner-occupied housing for very low-income persons in Perry and surrounding counties. The project is using sweat equity and volunteer labor, technical assistance from the Federation of Appalachian Housing Enterprises, and funding from local banks, Rural Development, HUD's HOME program, the state, the Appalachian Regional Commission, and the Housing Assistance Council.

- ▶ The *Bennett Center of London* will provide emergency repairs to ten owner-occupied houses in Laurel County. This project is also receiving assistance from volunteer labor, local businesses, and referral service agencies and churches.

- ▶ *People's Self-Help Housing* will construct ten units of ownership housing for very low-income persons in Vanceburg, with additional funding from USDA Rural Development, the Appalachian Regional Commission, and the HOME Program. Glenmary Missioners and AmeriCorps members will provide labor for this project and all clients will receive housing counseling.

TEXAS HOUSING TRUST FUND

The Texas Housing Trust Fund has partnered with the state's Community Development Block Grant program to open an East Texas Regional Technical Assistance Center in Lufkin. This center will provide services to 28 counties in the region. The state also operates a West Texas regional office in Lubbock. These offices are intended to provide technical assistance to potential rural applicants to the Housing Trust Fund, recognizing that traveling to Austin may be prohibitive for organizations throughout much of the state.

NEBRASKA AFFORDABLE HOUSING TRUST FUND

To ensure that funding is available to all parts of its state, the Nebraska Affordable Housing Trust Fund allocates funding to nine designated regions, including Native American tribes. During 2000, the trust fund awarded \$8.8 million to 59 organizations, with awards ranging from \$1,970 to \$500,000.

Since the program began in 1998, the Nebraska Affordable Housing Trust Fund has awarded a total of \$15.9 million, leveraging \$78.2 million in other funds. The trust fund has supported the construction, adaptation, or rehabilitation of 819 housing units throughout the state. The state also estimates that more than \$160 million in community investment has resulted from the activities funded through the Affordable Housing Trust Fund. These projects will help create 1,773 jobs for Nebraskans.

In many states, legislation could not be passed to create a housing trust fund without the support of legislators representing rural areas. Consequently, rural housing advocates have a crucial role to play in designing these trust funds, ensuring that they are structured to address rural housing needs, and enabling the programs to succeed. Housing trust funds advance the way this country has historically funded affordable housing by providing continuous streams of funding that are not dependent on annual budget battles. Housing is so basic to the health of every American community that it deserves the kind of funding commitment a housing trust fund can promise.



Mary Brooks is the director of the Housing Trust Fund Project of the Center for Community Change, which operates a clearinghouse of information on housing trust funds and provides technical assistance to those working to create and implement these funds. She can be reached at 661-245-0318 or mbrooks@communitychange.org.



Bush Proposes “Renewing the Dream” for 100,000 Low-Income Homebuyers

by Lindley R. Higgins

The cooperation of the industry partners, farmworker housing advocates, and the local governments is the primary reason the farmworker housing system in Napa County is a success.

Dreams are coming closer to reality for many rural folks who have hoped to someday own a home. The Renewing the Dream Tax Credit would provide more than \$2 billion in investment to build or rehabilitate about 100,000 affordable, for-sale homes in distressed rural and urban communities.

George W. Bush proposed creating the tax credit during his campaign for president and the Bush Administration included it in its 2003 budget. The homeownership tax credit bill (H.R. 5052) was filed in the House of Representatives on June 27 by Representatives Rob Portman (R-Ohio), J.C. Watts (R-Okla.), and Ben Cardin (D-Md.). A companion Senate bill is expected to be filed this fall by Senators John Kerry (D-Mass.) and Rick Santorum (R-Pa.).

The homeownership tax credit is designed to help bridge the gap between development costs and what low-income households can afford as well as help to solve the loan-to-value problem in rehabilitating older homes. The homeownership credit would be available through a competitive allocation program administered by state and local allocating agencies. It would provide investors with a credit of up to 50 percent of total development costs with acquisition costs counting fully and construction or rehabilitation costs only counting up to half of cost. The eligible amount could not exceed the Federal Housing Administration's single-family mortgage amount.

The Renewing the Dream Tax Credit is targeted to census tracts below 80 percent of the greater of metropolitan area or state median income, Rural Housing Service-eligible rural tracts, and areas of chronic economic distress. The equity provided by the homeownership tax credit would stimulate significant investment in poor rural areas and create opportunities for partnerships between rural for-profit and nonprofit housing developers as well as substantial reinvestment opportunities for rural banks.

The allocating agencies would write a qualified allocation plan for distributing the credits and invite applications from developers. The plan would determine the criteria for selecting the particular projects. The developers, both for-profit and nonprofit, would generally form investment partnerships, as they do for rental developments financed through Low Income Housing Tax Credits. In order to ensure the stability of ownership, recapture provisions have been included in the bill.

“Homeownership is essential to a balanced strategy to rebuild communities,” said Michael Rubinger, president and CEO of the Local Initiatives Support Corporation (LISC). “The community homeownership tax credit will fill the critical financing gap that until now has

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Affordable Housing for Rural America: The Rural Rental Housing Act

by Senator John Edwards



We must leverage our resources wisely to increase the supply and quality of rural rental housing for low-income households and the elderly.

There is a pressing need for quality rental housing for rural families and senior citizens. Rural areas contain approximately 20 percent of the nation's population as compared to suburbs with 50 percent. Yet twice as many rural American families live in bad housing. An estimated 1.8 million rural households live in substandard housing with severe structural damage or without indoor plumbing, heat, or electricity.

Even when decent housing is available, rent is often extraordinarily high. One out of every three renters in rural America pays more than 30 percent of his or her income for housing; 20 percent of rural renters pay more than 50 percent of their income for housing.

Unfortunately, our rural communities are not in a position to address these problems alone. Poverty and limited access to technology and capital are persistent problems in rural America. Furthermore, the economies of rural areas are generally less diverse, limiting jobs and economic opportunity. The recent economic downturn has only exacerbated these problems.

To address the scarcity of adequate rural rental housing, we must come up with new solutions. We cannot simply throw money at the problem. We must partner with state and local governments, financial and philanthropic institutions, and the private and nonprofit sectors. We must leverage our resources wisely to increase the supply and quality of rural rental housing for low-income households and the elderly.

Last year, I introduced the Rural Rental Housing Act of 2001, which would devote \$250 million to acquire, rehabilitate, and build better low-income rural rental housing. The

United States Department of Agriculture (USDA) would allot the funds to states based on their share of rural substandard units and of the rural population living in poverty, with smaller states guaranteed a minimum of \$2 million. States and other recipients would have to provide a dollar-for-dollar match of project funds.

This program would focus rental housing assistance on disadvantaged rural communities. Housing would be required to be in rural areas with populations not exceeding 25,000. Priority for assistance would be given to very low-income households, those earning less than 50 percent of area median income, and living in very low-income communities or in communities with a severe lack of affordable housing.

The legislation would promote public-private partnerships and flexible, local solutions by assisting local governments, Native American tribes, businesses, and nonprofit corporations. The assistance would include capital grants, direct subsidized loans, guarantees, and other forms of financing for rental housing and related facilities.

The Act would be administered at the state level by organizations familiar with the unique needs of each state rather than creating a new federal bureaucracy. The USDA would be encouraged to identify intermediary organizations based in the state to administer the funding. These intermediary organizations could be states or state agencies, private nonprofit community development corporations, nonprofit housing corporations, community development loan funds, or community development credit unions.

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Local Housing Trust Fund Plus Collaboration Equals Affordable Housing in Napa Valley

by Jenny Gomez

The cooperation of the industry partners, farmworker housing advocates, and the local governments is the primary reason the farmworker housing system in Napa County is a success.

Napa County, Calif. is world-renowned for its fine wines, award-winning restaurants, five-star accommodations, exquisitely restored Victorian homes, scenic landscape, and moderate climate. With this notoriety also come very high land values, raising land prices and rents out of reach for many of the workers employed in the county's largest industries.

Local jurisdictions and housing advocates work diligently to overcome the high costs of housing in Napa County. One mechanism to accomplish their goals is the Napa County Affordable Housing Trust Fund. The fund has been in existence since 1992 and is financed through payments on both residential and commercial construction, imposed by an inclusionary housing ordinance. It has collected nearly \$11 million since its inception, creating opportunities to provide much-needed affordable housing in the Napa Valley.

The Napa Valley Housing Authority administers the trust fund on behalf of the county. It also uses trust fund monies for its own developments, applying to both the Trust Fund Board and ultimately to the County Board of Supervisors for final approval, like any other applicant.

A key factor in the trust fund's success has been state legislation allowing Napa County jurisdictions to share "housing credits" for providing their fair shares of housing affordable to very low-, low- and middle-income residents, as required by state law. Through the fair share housing credit transfer program, local jurisdictions within the county can share housing credits for newly constructed affordable housing units, based upon their pro-rata shares of funding in the project. This allows the county to receive credit for affordable housing projects located within incorporated areas of the county when it helps to finance them.

Providing affordable housing in incorporated places is extremely important because much of Napa County's unincor-

porated area is strictly protected for agricultural use, making housing development impossible there. Many of the area's agricultural workers live in the incorporated cities and towns, commuting to the outlying areas for work.

Through this sharing program, nearly 400 affordable housing units have been constructed or rehabilitated and preserved for low-income Napa County residents. Housing types include family apartments, senior housing, housing for homeless and disabled individuals, and dormitory housing for the area's agricultural workers.

While the majority of the projects funded through the Napa County Affordable Housing Trust Fund have been joint projects within the City of Napa, providing essential affordable housing for year-round agricultural and tourism industry workers, the housing trust fund recently approved funding for a migrant farmworker housing center in an unincorporated, agricultural area of the county. The trust fund committed \$1.2 million toward the construction of a 60-bed seasonal farmworker facility with a total cost of \$3.6 million. Other funding includes \$1.4 million from the state of California's Joe Serna Jr. Farmworker Housing Grant program, a donation of nearly \$650,000 from the local Napa Valley Vintners Association Wine Auction, and a donation of the land from the Joseph Phelps Winery, valued at over \$385,000.

The new Joseph Phelps River Ranch Farmworker facility will be owned and operated by the Napa Valley Housing Authority and will become an integral part of the county's overall farmworker housing system. The project began construction in June 2002 and will be completed for the 2003 harvest.

The Napa Valley Housing Authority currently operates two other permanent, year-round farmworker housing facilities, housing up to 112 workers, and a permanent facility that houses another 24 workers during the harvest season only. The housing authority also owns ten yurts that are erected during the harvest

Photos courtesy of Napa Valley Housing Authority.



During harvest season the Napa Valley Housing Authority uses yurts as part of its strategy for housing seasonal farmworkers.

season. Recently, the housing authority was granted approval to place the yurts at a recreational site owned by the City of Napa. The yurts can house a total of 40 seasonal farmworkers. With the newly constructed Joseph Phelps facility, the housing authority will have the capacity to house over 240 farmworkers.

The cooperation of the industry partners, farmworker housing advocates, and the local governments is the primary reason the farmworker housing system in Napa County is a success. The Napa County Vintners and Growers Association, Napa County Farm Bureau, local governments, and the community worked together to support the passage of Measure L, a voter initiative to change the county's General Plan. Normally, agriculturally zoned land in the county cannot be split unless the divided parcels are at least 40 acres each. Measure L allows a parcel as small as two acres to be split from its parent parcel for a publicly owned farmworker housing facility. In addition to opening up opportunities for vineyard owners to donate smaller, appropriate sites for farmworker housing, the ordinance also enables another five publicly owned facilities, each with 60 beds, to be constructed.

Because the cost of providing farmworker housing far exceeds the revenues generated from the rents paid by the workers, a permanent funding source was necessary. Again, the local Vintners and Growers Association came to the table, supporting legislation that created a Community Service Area that includes all planted vineyard property larger than one acre throughout the county. Parcels within this area are charged a

per-acre fee that contributes to the annual operating expenses of the farmworker housing system and a portion of the construction cost for future facilities.

Another show of collaboration between the communities throughout Napa County is the recent formation of a Community Affordable Housing Fund Board, comprised of representatives from nearly all the Napa County jurisdictions. The board will provide technical assistance and will review funding requests to the member jurisdictions' affordable housing programs and trust funds.

The communities are also active in looking for opportunities to provide affordable housing throughout the county in addition to sharing housing credits. For example, several communities lack water or infrastructure needed for additional housing growth, while others have street and traffic issues that, if resolved, could allow for greater housing growth. With the participation of the Association of Bay Area Governments, the jurisdictions are investigating alternative housing solutions.

All these collaborative efforts include the support of various communities and the existing affordable housing trust fund boards. Their cooperation and contributions from local industry partners, housing advocates, and local governments — including housing trust fund monies — make affordable housing possible in Napa County.



Jenny Gomez is the housing programs coordinator at the Napa Valley Housing Authority and can be reached at 707-258-7833.



Section 515 Remains the Best Choice for Rural Rental Production

by Gideon Anders

The Section 515 Rural Housing Program can and must be saved because it does precisely what it was intended to do.

ABOVE A new Section 515 development is under construction in Eagle Butte, S.D. to meet the strong demand for affordable rental housing there. Oti Kaga, Inc., the developer, owns two other apartment complexes financed by Section 515 and is planning a fourth.

Why is a successful rural rental housing program being killed? Because it serves the people it is supposed to serve, costs too much, and lacks political support. Yes, the Department of Agriculture's Section 515 Rural Rental Housing Program is on its last legs, but it can and must be saved because it does precisely what it was intended to do: provide decent, safe, sanitary, and affordable housing for rural very low-income households.

Since 1963, the Section 515 Rural Rental Housing program has been the federal government's highly successful effort to house the rural poor. Through 2001, the program has produced over half a million units of housing that are affordable to very low-income rural residents. Over 423,000 of those units are still in the program and are serving households with an average income of \$8,028, which is lower than the average income served by our nation's public housing program. Well over half the households residing in Section 515 housing receive a deep rental assistance subsidy. The average income of those households is even lower — \$6,422. Moreover, the program serves two of the most needy rural populations, the elderly and people with disabilities. Fifty-eight percent of Section 515 occupants are elderly or have disabilities.

The Section 515 program reached its production peak in 1979, when Congress funded the construction of nearly 39,000 units. Its funding continued at near peak levels until 1993, when Congress still funded more than 14,500 units, a very healthy production rate given the fact that most other federal housing

production programs had been terminated by that time.

In 1994, however, the Section 515 program came under attack in Congress for allegedly providing private owner-developers excess profits. Though the problem was restricted to a small portion of the portfolio and was remedied quickly by the Farmers Home Administration (FmHA), the predecessor agency to the Rural Housing Service (RHS), the program has not recovered since. Practically every year since 1994, the program has suffered a reduction in funding, reaching a 33-year low of 1,621 units in fiscal year 2001. For FY 2003, the administration has proposed that all new production under the 515 program be stopped and that the little funding it requested, \$60 million, be devoted exclusively to repair and rehabilitation of the existing stock.

The continuing funding reductions for the Section 515 program seem to have been motivated by the program's cost, Congress's desire to cut federal spending, and the fact that the program did not have strong support after use restrictions were extended and the Low Income Housing Tax Credit program became the focus of most developers.

Admittedly, over a 30-year period the program is more expensive than some others. But the program's primary expense comes from the interest credit and rental assistance subsidies that are used to make the housing affordable to the rural poor — people who but for the 515 program would suffer serious housing problems. Housing these people through the Section 8 voucher program, the only alternative program that currently stands in good favor with Congress and the administration, would not reduce the costs sufficiently to affect overall expenditures. Moreover, in many rural communities, the voucher program is not very effective because there is no agency administering the program locally and/or decent, safe, and sanitary housing is simply not available in sufficient quantities to meet the need for affordable housing.

In other words, many rural communities have a severe need for newly constructed or recently rehabilitated affordable housing. The 515 program has met and can continue to meet that need.

It is unquestioned that the Section 515 program is successful. The program serves the residents it was intended to serve and does so with few problems or notoriety. The program's delinquency rate is less than 1.6 percent and the General Accounting Office (GAO) recently concluded that RHS runs the program well. RHS/FmHA have foreclosed upon or taken possession of only an extremely small number of developments.

That is not to say that the program does not have some problems. Most notably, the Section 515 housing stock is aging

and the RHS project reserve requirement, limited to 10 percent of the original construction cost of each project, is generally insufficient to undertake the major rehabilitation that developments require after 20 years of operation. RHS has exacerbated the problem by failing to document the national need for rehabilitation and by limiting the funds that are available for repair and rehabilitation for the past several years in order to maintain a new construction component for the program.

Prepayment is also a problem for the program. Another recent GAO report discloses that over 100,000 units of RHS housing, about a quarter of the stock, are subject to prepayment and that in 2001 the number of units lost to prepayment exceeded the number of new units produced. In fact, the number of units that may be prepaid is substantially higher, estimated at nearly 300,000 units. GAO's lower estimate is based on its estimate of the number of developments that are in market areas that will support a project after it has been prepaid. Unfortunately, regardless of the number of units that are likely to prepay, preservation funds — used to provide incentives and equity loans to owners who can prepay — have also been extremely limited with owners waiting five or six years to receive incentives to remain in the program.

The primary problem the 515 program has faced since the middle 1990s is loss of political support. Private as well as non-profit developers have shifted their interests to the Low Income Housing Tax Credit program, which operates off-budget with little, if any, federal oversight. Because funding for the program is guaranteed and successful developments generate a substantial developer's fee, developers have been able to rely on a historically steady and now growing LIHTC funding stream to maintain their operations. In a generally booming economy, the program provides guaranteed annual rent increases and, for private investors, a relatively short period within which they must remain in the program. Thus, issues of significant repair and rehabilitation and long-term affordability are shifted to a new set of owners who are just now beginning to assess the depth and severity of these issues. Unfortunately and, most significantly, without additional and costly subsidies, the program does not serve very low-income or extremely low-income households.

Political support for the Section 515 program from rural residents in need of affordable housing has never been particularly strong or effective. Those residing in Section 515 housing have never been motivated to support increased funding for the program and those outside the program have not been particularly effective due to lack of organization and access to political decisionmakers. As a consequence, rural areas continue to face severe housing affordability

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FROM PAGE 19 and quality problems.

Because of its success and effectiveness, the Section 515 program can and must be saved. This can be accomplished by two relatively simple steps. First, a coherent agenda must be developed that addresses the program's short and long term needs. Second, a concerted effort must be undertaken to educate Congress about the program's effectiveness and its needs.

A coherent Section 515 program agenda would address three issues. First, RHS needs to determine and address the program's short- and long-term rehabilitation needs by conducting a comprehensive survey of the 515 stock and assessing the cost of rehabilitating the stock over a reasonable period of time. Second, RHS, or outside agencies, including state and national nonprofits, must make a realistic assessment of the prepayment threat to the program's existing housing stock and estimate the cost of abating that threat completely. Third, RHS, or others outside the agency, must develop a proposal for funding new Section 515 construction in all rural areas based upon housing needs developed by the latest census figures and assessing the cost of such a program.

Educating Congress on the need for continuing a Section 515 program should not prove overwhelming. Ample evidence of the program's success is available in every state and in most rural communities. In all likelihood, the Section 515 program can be revived with an appropriation of \$350 million and an ongoing appropriation of \$500 million. Given the housing needs of most rural areas and the relatively small impact that such an increase in funding has on the overall federal budget, it should be relatively easy to persuade rural members of Congress to support the program at these funding levels. But in order to do so, rural housing advocates must become more active. They must contact their congressional delegations and invite them to visit their local Section 515 developments and meet their residents. They must impress upon their representatives that local housing needs can only be met through adequate funding for a



rural rental construction program. To become effective, advocates must also involve residents of Section 515 and other housing and coordinate efforts both locally and nationally to increase the funding for the program.

The House Appropriations Committee recently rejected the administration's proposal to further reduce the funding for the Section 515 program. It approved program funding for FY 2003 slightly above that approved for FY 2002. The fact that the Republican-controlled House is unwilling to further cut the program should be viewed positively and should reinforce advocates' willingness to undertake a more coordinated effort to restore the program and improve housing conditions in rural areas.



Gideon Anders is executive director of the National Housing Law Project and a member of the Housing Assistance Council's board of directors.

FROM PAGE 15 The time has come for us to take a new look at a critical problem facing rural America — the lack of affordable, high-quality rental housing. We need a solution that is flexible, fosters public-private partnerships, leverages federal funding, and is locally controlled. The Rural Rental Housing

Act of 2001 will help move us in the direction of ensuring that everyone in America, including rural residents, have access to affordable, quality housing options.



John Edwards (D-N.C.) is a member of the U.S. Senate.

Q+A

With Art Garcia



Truly the greatest blessing in my life has been to be here and to be involved with so many dedicated, wonderful people, and to pursue something that is near and dear to my heart.

In April 2002 Arthur A. Garcia was named administrator of the Rural Housing Service at the U.S. Department of Agriculture. A native of New Mexico, Garcia was most recently the district manager of the New Mexico Educators Federal Credit Union, and taught undergraduate and graduate level courses in finance.

Q What do you hope to accomplish during your tenure as RHS Administrator?

A The main goal is serving our customers, rural families and communities who need housing or other assistance. As the President has said, this government wants to be about results, and we want people to have good housing opportunities. The people at Rural Housing are here out of a sense of true dedication, and “commitment” sometimes isn’t even a strong enough term to describe what I’ve seen of our folks, both in this office and out in the field.

Second, we want to evaluate our processes, look at best practices, see what we’re doing well, and then try to see what we can improve on. We want to become more creative and streamlined in getting services out. We will ask for ideas from all our partners, all our stakeholders.

That leads to my third focus, partnerships. My first experience with the Farmers Home Administration [RHS’s predecessor agency] was as a banker when the bank had a lot of deposit money and was looking for ways to get the money out. In the early 1990s some of the banks in New Mexico worked with Farmers Home, making guaranteed mortgage loans to families in the sweat equity program. The agency was a partner that helped

the banks shoulder the burden so we could get that money out but not present our stockholders with greater risk. So one of my cornerstones is to build relationships with new partners. We’ve met with Fannie Mae, we’re sitting down with the Mortgage Bankers Association, we’re seeing a lot of growth in faith-based partnerships, and I want to explore working with credit unions. I also want to make sure we continue our traditional relationships with HAC, our Rural Home Loan Partnership organizations, self-help housing grantees, and others.

Q There is a concern that the agency not lose sight of the direct loan programs in its efforts to do guarantees and partnerships with the banking community, because the direct programs reach people with lower incomes.

A Absolutely. And in the direct Section 502 program we do a great number of loans. I have to commend the administration. The sad reality is that 9/11 changed everything, and we are grateful to President Bush for not only being very concerned about homeland security, which is very important, but at the same time not forgetting housing, not forgetting rural America. In New Mexico I taught finance, and finance is all about maximizing utilization of limited assets. In the budget the administration has tried to maintain our levels of direct financing, even in this environment. That really tells you a lot about their dedication. I wish I had a crystal ball to tell you what the future’s going to bring, but we do hear the support both from the White House and from the Hill. I feel very good about that.

We always try to allocate our direct

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Q+A

FROM PAGE 21 loan resources to where the greatest need is, and we have a system for analyzing where that is. We're taking a more careful look into thinking the process through to make sure we are getting the funds where they need to be. Certainly we are very concerned about the lowest income people — those without the ability to secure adequate housing. I've seen the need in New Mexico firsthand, on the reservations and in the colonias.

Having said that, however, in the past we found there was a segment left out. A lot of people didn't qualify for either Section 502 direct loans or bank mortgages, and they were in this position because they worked hard to raise their incomes but didn't have the income or down payment requirements needed for a bank loan. At the same time, as I mentioned, it can be hard for banks to use their deposit funds. Guaranteed loans can serve those people who are left out of the direct program, and the local banks can use those assets.

Q One of HAC's experiences in administering money from HUD's Self-Help Homeownership Opportunity Program has been that the families often get direct or guaranteed or participation loans through the 502 program. The administration's budget proposed to almost triple the SHOP program but cut 502 funds. If there were three times as much SHOP money, what would happen to those borrowers?

A As President Bush outlined during Homeownership Month, self-help housing is one of his priorities for the coming years. The increase in SHOP funds and continued high levels of funding for our mutual self-help housing program are evidence of this commitment. The President has also challenged the private sector to step to the plate and help more minorities and lower-income families achieve homeownership. RHS will continue to seek partnerships and leveraging opportunities with HUD, local banks, and other affordable housing providers to stretch our limited resources.

A good example of this occurred in June. USDA Secretary Ann Veneman and HUD Secretary Mel Martinez sponsored a joint Homeownership Month event in the driveway of a new homeowner in Troy, Missouri. The family obtained assistance through the Rural Home Loan Partnership, including a direct loan from RHS, a leveraged loan from a local bank, and credit counseling through a HUD-approved homeownership education program. Now, how often have you seen two cabinet level officials in the driveway of a rural homeowner? I feel very strongly we can all work together.

Q What do you think would be adequate funding levels for these programs?

A People can say, "We want the whole federal budget!" We are touching a lot of people now with the funding that we do have, and I feel like we've been given a fair shake. Along with the funding comes the responsibility to utilize that funding in the best way, and I take that very seriously. We try to be very efficient about the way we do things. A good example of that is working at our loan servicing center in St. Louis. We've developed programs there and streamlined things to make our resources go further. And they've been successful in resolving delinquencies and making more families successful homeowners. Achieving more out of what we've got is a challenge, but it's also the fun of the job.

Q The budget also proposed limiting the Section 515 rental program to maintenance and preservation next year, with no new construction. What kind of future do you see for Section 515?

A The 515 program has been such a workhorse for so many years. I call 515 facilities communities, because that best describes them. Our number one task is to make sure that preservation is taken care of, and preservation dollars have been left intact. We are starting from a good position. We know we face some challenges in our 515 portfolio, but we have a leg up because we have people close to the properties, looking at them and involved with them, so the properties have tended to stay in pretty good shape. They're beautiful properties, and they're built to last.

The court cases from owners who want to prepay their mortgages are also a challenge. But we have put together some contingency plans. We don't have all the answers at our fingertips right now. Our number one priority is that we will not let residents be removed from those properties or left unserved. Whatever happens, be assured we're not going to walk away. I can guarantee that.

How are we going to meet the rest of the need? We have made some major steps forward in our Section 538 guaranteed rental program. Again, it's an opportunity for the local bank to step up. Section 538 had a hard time getting off the ground, but that doesn't mean there hasn't been a lot of interest. There have been some concerns and we have now addressed those concerns.

Now we're educating our folks on the 538 program. We need to learn to go out and say to lenders, "Look, this will help you out, it will help us out, and it will provide housing at very low cost to the government." Look at Section 502 — you can get someone a mortgage at a cost to the government of around \$10,000. What a wonderful thing if we can do that with the 538 program. Moody's has said they will rate this as a good investment, and Fannie Mae and Freddie Mac have said they

Q+A

can provide a secondary market. The third step is talking with the lenders out there and with the builders, changing our audience a little bit and getting excited about this. I feel confident that we're going to make it work and that you're going to see a lot of new construction.

Q Can Section 538 serve tenants with incomes as low as Section 515 plus rental assistance can? There are some people with incredibly low incomes in 515 units.

A Absolutely. From what I've been told, it's very workable. The Rural Housing Service has a can-do attitude and we'll look for ways to make it work.

Q Because the payment assistance calculation for Section 502 direct loans is based on the relationship of household income to county median income, someone living in a county with a low median income may pay a higher interest rate, or qualify for a lower loan amount, than someone with the same income who lives in a higher median income county. Is there any possibility of changing this quirk?

A That is a problem and is one of those unforeseen quirks you experience after a regulation is published. The challenge is how to fix it, particularly when income levels and housing costs vary so widely throughout the country – even within some states! I know staff here at headquarters are aware of the issue and are looking into ways to make the program more user-friendly. This will be a longer-term project, however, because it impacts the cost of the program and the challenge it presents in coming up with a solution that works statewide and nationwide.

Q There have been suggestions to reduce the extent of family labor required in the self-help housing program. Do you favor reducing the labor requirement? If so, to what level?

A What I've seen and heard is that the problem has not been getting the families to work enough, it's trying to hold them back. Families are working more than they are required to. There's something wonderful about building your own house — these are motivated people. I would not support reducing the labor requirement.

Q How will you prioritize serving the housing needs of Native Americans on restricted lands? Are there plans for increasing production for this underserved population?

A I've worked on the Navajo Reservation and experienced the hard conditions there. That is a major concern. We try to serve that need through earmarks for EZ/EC/REAP Zones and setasides for Native Americans. Our National Office Native

American coordinator's full-time job is to focus on this very issue, and we also have Native American coordinators in the states where we have tribes. Through the Farm Bill now we have a tribal college initiative. I've touted working with partnerships. There are a lot of resources out there that never connect. We've been able to connect a bank in New Mexico with some people, and it looks like we may have made some real steps towards putting more houses on the reservations there. We're trying, step by step, to put the pieces together and make our setaside money go as far as we can.

Q One roadblock to use of the guaranteed Section 502 program on tribal land appears to be that RHS has not adopted a practice, used by the comparable HUD program, of assigning defaulted loans back to the government prior to foreclosure. Since Fannie Mae has now agreed to recognize tribal courts, is it possible that RHS will adopt HUD's practice?

A We are always looking for ways to assist the Native American population. I continue to be impressed with our volume and success in reaching this underserved population through our housing and community facility programs. Following through with the President's housing agenda, the private sector also needs to step to the plate and help more minorities, including Native Americans, become homeowners. Our 502 guaranteed program provides the highest level of guarantee to the lender, which minimizes the potential for any loss. We continue to believe the guarantee should provide enough incentive to a lender to finance a home without the government having to step in and do their dirty work in the event of liquidation.

Q Are you considering changes or exceptions to the credit-worthiness regulations for Native Americans or others?

A This issue goes much deeper in our society than just rural housing. People who have good jobs and good incomes are filing bankruptcy all over the country because of the same problem. One of my passions as a banker was to teach folks at a very young age about credit. Money management and personal finance are keys to anybody's success in life. Those skills need to be taught to everyone across the board.

Here's something I like about our programs. In our self-help program and Rural Home Loan Partnership we ensure counseling is provided so that we come up with not just a homeowner, but a successful homeowner. We will partner with others on counseling — I understand Fannie Mae is a major player in financial education — and I think it's one of the most important things we do.

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Q+A

FROM PAGE 23 We want to make sure that when we provide opportunities to people, we don't set them up to fail. What we provide is not just boards and siding — we're hoping to provide a better quality of life for people. So we're looking at working with USDA's Rural Business people. We want to put some houses in a community but we need to generate cash flow for the residents — what kind of business opportunities can we bring to the community? We also look at our projects not just in terms of houses and the people that live in the houses, but how many jobs are created by building that house or those community facilities. The Farm Bill program for firefighters includes brick and mortar and also training. People will be employed doing the training and building the new facilities.

I think this is the direction Rural Development is moving to now, thinking about how we can help people help themselves. I'm not saying we're necessarily saving the world, but we're thinking in terms of the broader picture.

Q A lot of banks are requiring counseling. Would you want to require it for all your borrowers, not just in the self-help program?

A I really don't like requirements, especially those that may negatively impact some of our customers. Rural America is unique and counseling is not readily available in many communities. Also, I am concerned with the cost and uniformity of the counseling. And some families may not need it. For these reasons, I would not support a hard and fast requirement for counseling. However, we continue to look for ways to make effective counseling available in rural areas to assist those customers in need. For example, counseling is available throughout all rural areas in Virginia through a unique partnership between our local staff and the Virginia Housing Development Authority (VHDA). VHDA provided homeownership education throughout most of the state but was unable to locate trained counselors in more remote rural areas. VHDA trained our staff and through our joint efforts, homeownership education is now readily available in the entire state.

Q Do you know when the long-awaited new multifamily regulation may be issued?

A The regulation has cleared USDA and now is with the Office of Management and Budget. We expect it to be cleared by OMB by the end of September, and published for proposed rulemaking early in FY 2003.

Q Do you have any information on the status of regulations revising the definition of "modest housing" for Section 502, or on the civil rights instruction?

A I am pleased to report that the modest housing regulations are in their final stages of clearance. We hope to have them published later this summer and will allow our field staff and the public a reasonable implementation period. It continues to amaze me how long it takes to get regulations published. However, in this case, I know that staff have worked extra hard and field-tested the new regulations several times to make sure they work throughout rural America.

Q Do you support continued funding for local capacity building, through the Rural Community Development Initiative, Section 523, or other vehicles?

A Yes. I think they are wonderful programs. That's what we're all about, and I support whatever gives us an opportunity to build a stronger and more prosperous rural America.

Q Will you continue your predecessors' use of "stakeholders" groups, comprised of a cross-section of rural housing interests, to debate issues and recommend action or change?

A Absolutely. We certainly don't have all the answers. There are some great minds out there, and we can put our heads together and come up with some ideas. Again, it's exciting to me to see new partnerships and expansion of old partnerships. There seems to be a rejuvenation of interest in housing now. Maybe the Millennial Housing Commission had something to do with that. There seems to be interest now in fresh thinking, in an out-of-the-box, solutions-oriented way.

Q Is there anything else you'd like to add?

A I just want to say that we receive blessings in life and truly the greatest blessing in my life has been to be here and to be involved with so many dedicated, wonderful people, and to pursue something that is near and dear to my heart. The hardest thing for me as a banker was to take a loan application and then have to say no to hardworking folks who are trying to make a better life for themselves. That is a tough thing. Here we're making the yes possible for more people, and that has always been a dream of mine. It's possible because we have some good friends. How can we lose with the good friends we have?





Photo courtesy of YouthBuild USA.

YOUTHBUILD USA RURAL INITIATIVE

Rebuilding Communities, Transforming Lives

by Kim Phinney and Mike Savage

Young people are rebuilding their communities and transforming their lives through the YouthBuild Rural Initiative.

Take a drive down Interstate 20 through the Mississippi Delta; wind your way through the hollows of West Virginia; stop for a cold soft drink in Homestead, Fla.; hang a left past Paul Bunyan and his blue ox in Bemidji, Minn.; ignore the malls of Tempe, Ariz. and head out of the city two miles to Guadalupe, then turn east and go clear across Texas, and you will find a movement of hope at work in rural communities throughout the country. Young people are rebuilding their

communities and transforming their lives through the YouthBuild Rural Initiative. The purpose of YouthBuild is to unleash the positive energy of unemployed young adults to rebuild their communities and their own lives with a commitment to work, education, responsibility, and family.

YouthBuild is a comprehensive community development intervention strategy that offers job training, education, counseling, and leadership development

CONTINUED ON PAGE 26

About the YouthBuild Program

YouthBuild is a federal grant program that gives low-income, unemployed young people the opportunity to reclaim their lives through the rigor of learning the construction trades, supplemented by classroom education, wrap-around social service support, and youth leadership training. The housing training site must add to the supply of housing for low-income or homeless people.



Photo courtesy of YouthBuild USA.

Funding

The YouthBuild program has been funded since 1993 through annual appropriations ranging from \$20 to \$70 million. The Notice of Funding Availability for FY 2003 will be published in spring 2003 as part of HUD's "Super NOFA." The deadline for applications is usually late May.

Eligible Applicants

- Private nonprofit organizations such as community development corporations and community action agencies;
- Public nonprofit organizations; and
- Government agencies, including units of local government and local housing authorities.

Eligible Activities

- Acquisition, rehabilitation, or construction of the housing for the training sites;
- Relocation payments;
- Training and technical assistance needs;
- Education, job training, counseling, leadership development, and employment services; and
- Wages, benefits, and need-based stipends for participants.

Role of YouthBuild USA

YouthBuild USA is a nonprofit agency that provides training and technical assistance services to interested communities and YouthBuild programs nationwide. The organization seeks to affect public policy related to unemployed youth and to provide high quality resources and services to youth-serving agencies and other institutions.

FROM PAGE 25 opportunities for unemployed, low-income young people ages 16-24. The program is designed to operate in 12-month cycles during which young people split their time between a classroom setting where they earn their GED or high school diploma, and the construction site where they construct or rehabilitate affordable housing for homeless and low-income families in their own communities. At the end of the program year many graduates pursue construction-related jobs, additional trades training, or college.

Furthermore, at the end of a program cycle the construction projects, whether multi-unit apartment buildings or single-family houses, become finished homes that provide critical permanent affordable housing and help restore the vitality of rural and

urban communities. Since 1993, YouthBuild young people have built over 7,000 units of housing.

YouthBuild views youth development as a vital and vibrant component of sustainable rural development. YouthBuild is grounded in the philosophy that the positive energy and intelligence of young people should be liberated and enlisted to solve the problems facing our society. YouthBuild believes that young people want to revitalize and preserve their hometowns and will do so if given the opportunity. In addition, the program asserts that the desire to do meaningful work is universal and that rural community-based organizations need to be given the tools to solve local problems and to mobilize their young people.

YouthBuild began in 1978 when a group of young adults

expressed a desire to transform the abandoned apartment buildings in their East Harlem neighborhood. Under the guidance of Dorothy Stoneman (now YouthBuild USA's president) they raised the necessary funds and renovated their first building. The program became known as the Youth Action Program of the East Harlem Block Schools and quickly grew in size. Soon the model spread to other community-based organizations. By the early 1990s the program had been replicated in 11 cities nationwide. Federal support was instituted through the Housing and Community Development Act of 1992. HUD has now awarded more than \$278 million in YouthBuild grants and contracts.

Over time, the program expanded to rural communities throughout the United States. Because rural communities face unique challenges in operating their programs, in 2000 HUD created a \$10 million setaside within the YouthBuild funds for rural sites. In the same year YouthBuild USA launched its Rural Initiative to strengthen and support the capacity of rural communities to support their young people.

Now approximately 56 of the 200 YouthBuild programs operating in 46 states are rural. In 2001 at least 1,000 rural young people were enrolled in YouthBuild.

The shortage of resources such as transportation, access to non-federal funding opportunities, and housing partners, along with dispersed population densities, are key barriers facing rural programs. Yet for youth and community development to be successful, programs must work within a collaborative community context. Inherent in the YouthBuild model is the integration of multiple community partners from all aspects of community development: housing, education, economic development and job training, youth and family services, and often the judicial system.

Community-based rural housing providers can make particularly good partners for rural YouthBuild programs. They can provide housing sites for the YouthBuild construction component and they are linked to local networks that can support the holistic approach to at-risk youth embodied in the YouthBuild program model.

A good example of such a partnership is in Guadalupe, Ariz. where YouthBuild housing is being produced by the city of Guadalupe using USDA's self-help program, HUD's HOME program, and Native American Housing Assistance and Self-Determination Act (NAHASDA) funds. Many other funding sources are being used by other rural programs; even public housing units can provide training opportunities. It is important to remember that the YouthBuild construction component can include rehabilitation as well as new construction.

Rural YouthBuild programs also CONTINUED ON PAGE 28



Photos courtesy of YouthBuild USA.

FROM PAGE 27 encourage the recognition that affordable housing should be included as part of any local development strategy. Housing construction provides jobs and responds to housing needs. Money spent on building materials, wages paid, and the new value created by adding to the housing stock all contribute to the local economy. These sites collaborate, prioritize youth, and maintain strong housing partners — key elements for the success of the program, the young people, and the community's longevity.



Kim Phinney is YouthBuild USA Rural Initiative Coordinator. Mike Savage is a consultant to YouthBuild USA and the National Congress for Community Economic Development. Ms. Phinney can be reached at 802-879-2974 or kphinney@youthbuild.org.



FROM PAGE 14 thwarted the construction and renovation of homes in inner cities, struggling suburbs, and isolated rural areas.”

LISC and HAC are but two of a coalition of 29 national housing, real estate finance, and community development groups now working to see the proposal become law. In addition to LISC and HAC, the members of the Community Homeownership Credit Coalition are CEOs for Cities, the Coalition for Indian Housing and Development, the Council of State Community Development Agencies, the Enterprise Foundation, Fannie Mae, the Financial Services Roundtable, Freddie Mac, Habitat for Humanity International, Housing Partnership Network, McAuley Institute, the Mortgage Bankers Association of America, the National Association of Affordable

Housing Lenders, the National Association of Counties, the National Association of Home Builders, the National Association of Local Housing Finance Agencies, the National Association of Realtors®, the National Cooperative Bank/NCB Development Corporation, the National Community Development Association, the National Congress for Community Economic Development, the National Council of La Raza, the National Council of State Housing Agencies, the National Hispanic Housing Council, the National Housing Conference, the National Rural Housing Coalition, Stand Up for Rural America, the U.S. Conference of Mayors, and United Way of America.



Lindley R. Higgins is director of research and information at the Center for Home Ownership, Local Initiatives Support Corporation.

A new feature begins in this issue of *Rural Voices*: profiling 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.



PATRICIA IRENE ACUNA

The Housing Assistance Council mourns the loss of Pat Acuna, who died on June 14, 2002 after a long illness. A native of Arizona, Pat served on HAC's board for 22 years. When first elected to the board she was working for

Portable Practical Education Preparation (PPEP) in Tucson, a nonprofit providing a variety of services throughout southern Arizona. Most recently, she was housing coordinator for the city of Tucson. Throughout her illness, coworkers supported her by donating their sick leave and vacation time for her use.

"She lived for her children," says the flyer Pat's family prepared for her memorial service, "and she looked forward to the Dallas Cowboys beating all our teams (which rarely happened)."

Housing was also very important to her, reports Cora Esquibel, a long-time friend and fellow housing advocate. Pat was very proud of her service on HAC's board, Esquibel says, and felt that through the board she contributed to housing improvement nationwide.



CHARLES B. DAVIS

In 1971 Chuck Davis was a member of HAC's first board of directors, and he has served ever since. When HAC was founded, Davis was running HUD's Section 235 program, which he describes as "revolutionary" because it was the first to provide

subsidies for people to buy a home with no requirement to repay the subsidy. In 1970 he was asked to serve on a task force to help develop a similar program for rural residents, leading to his involvement in HAC's creation.

Davis left HUD in the early 1970s, moving to Rochester, N.Y. to enter the private housing industry. Most recently, he has operated CBDI Associates in Detroit, his home town, advising city and county agencies on topics related to housing and economic development. Health issues sidelined him temporarily beginning in December 2001, but he expects to revive his consulting business soon.

Serving on HAC's board has been "one of the highlights of my career," Davis says. "It has meant a great deal to me to be involved in setting up a program to benefit rural areas and then in making that program available." His connection to HAC has also broadened his horizons, Davis notes, enabling him to work with rural housing activists he might never have met otherwise.



RURAL VOICES

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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's subsidiary, Rural Housing Services, Inc. (RHS), syndicates rural housing developed with the Low Income Housing Tax Credit.

EDITORS Leslie R. Strauss, Sarah Davidson DESIGN Cregger Creative ISSN 1903-8044

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