

Rural Voices

THE MAGAZINE OF THE HOUSING ASSISTANCE COUNCIL

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TAX CREDITS

— AND —

RURAL
HOUSING



MESSAGE TO OUR READERS

Dear Friends,

This issue of *Rural Voices* highlights the ways that various organizations and agencies have successfully used tax credits to address rural community development needs. Contributors to this issue highlight affordable housing projects, a museum, and office space that were made possible through the Low Income Housing Tax Credit and the Federal Historic Preservation Tax Incentive programs. Also mentioned are New Markets Tax Credits and a proposed homeownership tax credit.

The Low Income Housing Tax Credit has become an extremely important resource for creating affordable housing in the United States. Between 1987 and 2000, 19,700 projects and more than 935,000 affordable housing units have been placed in service through this program. Organizations compete for tax credits and use them for the acquisition, rehabilitation, or construction of rental housing targeted to lower-income households.

Federal historic tax credits have also been used to provide affordable housing and economic development across the country. Administered by the National Park Service and the Internal Revenue Service in partnership with State Historic Preservation Offices, the Federal Historic Preservation Tax Incentive Program rewards private investment in rehabilitating historic buildings. This program is intended to promote economic revitalization while preserving historical landmarks.

This issue of *Rural Voices* begins with articles illustrating innovative ways that the Low Income Housing Tax Credit has been used to develop affordable housing in rural areas. Washington state's housing finance agency has encouraged the use of tax credits in rural places, while Kentucky's agency has collected advice for developers using tax credits in Appalachia. Utah's state housing finance agency and a non-profit developer in rural Maryland have used the LIHTC program to provide homeownership opportunities for low-income families through rent-to-own programs.

Historic tax credits have also been used successfully in relatively rural areas and as a result have breathed new life into communities through the development of projects such as a museum, which attracts thousands of visitors to a small town in New York state, and an office building where hundreds of residents in Wheeling, W.Va. now work. Finally, this *Rural Voices* ends with a description of a proposed homeownership tax credit.

These stories demonstrate how the hard work of local organizations and perseverance through complicated financing can result in an improved quality of life for rural people. Additional information about the Low Income Housing Tax Credit program is available on HAC's website at www.ruralhome.org/pubs/infoshts/15.htm or www.ruralhome.org/pubs/publist.htm#lihtcguide.

Sincerely,



Arturo Lopez, Chair



Moises Loza, Executive Director



David Lollis, President

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HAC Facts

NOTES ABOUT SOME OF THE RECENT ACTIVITIES, LOANS, AND PUBLICATIONS OF THE HOUSING ASSISTANCE COUNCIL

HAC Helps Kansas Group Reach Remote Rural Counties

Thanks in part to technical assistance and training efforts by HAC's Midwest Office, some of the most remote counties of Kansas have benefitted from affordable housing projects. Northwest Kansas Planning and Development Commission created Northwest Kansas Housing, Inc. in 1997 as a response to the need for affordable housing options to keep pace with and stimulate economic growth in the region. Throughout the past few years HAC has worked one-on-one with NWKHI to help it provide cost-effective and efficient housing for the 16 very remote rural counties it serves in northwest Kansas. HAC has also provided NWKHI with pass-through funding to attend training sessions led by HAC and others. Through close work with HAC and the Northwest Kansas Planning and Development Commission, NWKHI has produced 47 affordable homeownership and rehabilitated homes in northwest Kansas over the past five years.

HAC Distributes SHOP Funds for 2003

HAC's Self-Help Homeownership Opportunity Program (SHOP) received \$8.46 million from the U.S. Department of Housing and Urban Development this year. HAC's loan committee reached a decision on the distribution of the funds in early December. HAC's SHOP funds will be loaned to 41 nonprofit organizations for the development of 846 self-help housing units across the country. Homebuyer families will be required to contribute a minimum of 200 sweat equity hours on the construction of their own homes. This year HAC has provided SHOP funding to seven groups who will be implementing the self-help program for the first time. HAC made its largest commitment to date to Homes for Hillsborough, Inc. of Florida, which will use its SHOP funding to develop the infrastructure for 100 units. All SHOP 2003-funded units will be completed and occupied by December 2006.

Colorado Ski Community Developing Affordable Homes

Thanks partly to HAC, new affordable housing is under construction in Estes Park, Colo., a ski resort where home prices average about \$280,000. Under a participation agreement with the Colorado Division of Housing, HAC's Rural Housing Loan Fund provided a \$600,000 loan for the Estes Park Housing Authority



The Estes Park Housing Authority used a HAC loan to purchase this land, where affordable houses will be developed with views of the Colorado Rockies.

to build a road on the hillside that is becoming the Vista Ridge development, to provide utilities, and to purchase part of the site.

The housing authority was created three years ago by town officials concerned because the high cost of housing was driving teachers and other essential workers out of the area. It has rehabilitated a small apartment building, developed 44 new rental units, and begun the first of five phases of for-sale townhouses at Vista Ridge. Half the townhouses will sell at market rates and half for \$200,000 each. The housing authority will provide each purchasing family with a \$50,000 soft second mortgage, forgivable when the home is resold to another low-income buyer. To cover the remaining \$150,000, homebuyers are likely to obtain bank mortgages, some of which will probably be guaranteed under USDA's Section 502 program.

The portion of the Vista Ridge land purchased with HAC's loan will support another 44 for-sale townhouses. They will be the last part of this project, with development expected around 2006.

Rural Gateway Launched

The new year brings a new project to life at HAC: a new Rural Housing and Economic Development Gateway to help rural communities improve their local housing and economic conditions. The Rural Gateway is funded by the U.S. Department of Housing and Urban Development. HAC is working with two partners, the Rural Community Assistance Program and the National Congress for Community Economic Development, to expand the range of knowledge provided by this project. The Gateway is intended to connect rural organizations **CONTINUED ON PAGE 3**

OVERVIEW:

TAX CREDITS AND AFFORDABLE RURAL HOUSING

The U.S. tax system plays an important role in the country's housing policy. The best known housing-related tax policy is the mortgage interest deduction provided to homeowners. Various other tax credits have also been used to encourage the development of housing opportunities for lower-income people. These programs encourage private sector financing for affordable housing and community development. Some of these resources probably would not be available for affordable housing otherwise.



housing, there are proposals to create additional tax incentives related to homeownership. The View From Washington column in this issue of *Rural Voices* describes a potential credit for developers. A different approach, providing a credit directly to first-time rural homebuyers, is suggested in the Rural Housing Tax Credit Act, H.R. 1913, introduced in Congress last year by Reps. Artur Davis (D-Ala.), Jim Leach (R-Iowa), Mike Ross (D-Ark.), Rubén Hinojosa (D-Texas), and Ken Lucas (D-Ky.)

Types of Credits

Federal historic preservation credits can be used for affordable housing, as well as for economic development and other purposes. Historic preservation credits are allocated by State Historic Preservation Offices and the National Park Service for the rehabilitation and preservation of buildings that are historically significant to their surrounding neighborhoods or that were constructed before 1936.

The tax credit most often used for affordable housing is the federal Low Income Housing Tax Credit, which offers a reduction in tax liability for the owners or developers of affordable rental housing for low-income residents. Some states have also established tax credits for affordable housing; their programs vary in terms of percentage credit offered and eligible uses.

Because the LIHTC has been successful in producing rental

How the LIHTC Works

Adopted by Congress in the 1986 Tax Reform Act, the Low Income Housing Tax Credit provides a direct reduction in the amount of federal taxes owed by an individual or corporation, in exchange for investment in low-income rental housing. To obtain the tax credit, a new ownership entity is formed, a limited partnership or limited liability company. The investor provides capital (equity) to the ownership entity, and that money is used to reduce the size of the permanent mortgage and often to fund project reserves.

In exchange, the investor's federal income tax liability is reduced. The amount of tax credit is based on the costs of completing the development and the total number of apartment units specifically restricted for occupancy by low-income households.

The LIHTC program is administered by state housing finance agencies. Each agency sets out its state's priorities for allocating the credits in an Annual Allocation Plan, and the agencies usually provide training events on the LIHTC program. The income and rent restrictions on an LIHTC development last for an initial 15-year period, and there is a 30-year extended compliance period with extensive compliance and monitoring by the state agencies and the investors.


Tax credits can be used for new construction or substantial rehabilitation of existing buildings. New construction can produce single-family houses, apartment buildings, duplexes, rowhouses, or townhouses. Rehabilitation can be performed on these same types of buildings, and conversion of structures like warehouses, schools, and motels into apartments is also possible.

According to the National Council of State Housing Agencies, the Low Income Housing Tax Credit generates about \$6 billion of private investment each year to produce more than 115,000 affordable apartments. In a 1997 study of the LIHTC, the General Accounting Office found that average LIHTC apartment renters earn only 37 percent of area median income. Many earn less than 30 percent.

Data from HUD show that from 1995 through 2000, about one-quarter (26 percent) of LIHTC projects were placed in nonmetropolitan areas. Because developments in rural areas are generally smaller than those in cities and suburbs, 14 percent of LIHTC units went to nonmetro places during the same time period.

The LIHTC is often used in combination with other financ-

ing programs. Rural housing developments often use the LIHTC along with the U.S. Department of Agriculture's Section 515 rural rental housing program. Funding for Section 515 has dropped significantly over the past 15 years, so the tax credit has been an important addition. This issue of *Rural Voices* examines ways that states and nonprofit developers have used the LIHTC, and considers other types of tax credits as well.

Information in this overview was derived from publications by the Housing Assistance Council and the National Council of State Housing Agencies. A good introduction to the basics of the tax credit and its use in rural areas is Utilizing the Low Income Housing Tax Credit for Rural Rental Projects: A Guide for Nonprofit Developers, published by HAC and available free at www.ruralhome.org or for \$6.00 from HAC. 

FROM PAGE 1

with information, technical assistance, and training to help them develop, rebuild, and preserve affordable housing, local economies, and essential infrastructure. It focuses on developing the capacity of local leaders to help their own communities.

Gateway staff are bilingual in Spanish and English. Augmenting HAC's technical assistance and training services, the Gateway provides a toll-free help line, 1-877-RURAL-26 (1-877-787-2526), its own website, www.ruralhome.org/gateway, and email address, gateway@ruralhome.org.



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 is an equal opportunity lender.

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BUILDING CREDIT IN WASHINGTON STATE

by Kim Herman

In the first 11 years of operation (1987-1998) tax credits helped finance over 1,700 units in more than 50 projects in rural Washington.



Photo courtesy of Washington State Housing Finance Commission.

The Wahluke Slope Apartments in Mattawa, Wash. were developed by the Grant County Housing Authority using 1999 tax credits.

In Washington state, the Low Income Housing Tax Credit program is one of the primary sources used to finance affordable housing. Along with the Rural Housing Service's Section 515 program and the state's Housing Trust Fund, the LIHTC program has transformed the rural landscape over the past 20 years. Because tax credits represent scarce equity often unavailable to smaller projects, they are an extremely valuable resource in rural communities. In fact, since the inception of the LIHTC program in 1987, more than 4,000 units housed in 123 projects have been constructed or rehabilitated in rural Washington alone. These projects not only provide affordable housing, they also infuse money into local rural economies.

The Washington State Housing Finance Commission faces the challenge of disbursing credits throughout a large state and addressing the needs of a diverse population. Geographically, Washington can be described as a rural state with several metropolitan regions. The Cascade mountain range is often called the "Cascade Curtain," separating Seattle and the urban/suburban Interstate 5 corridor from the communities east of the mountains whose economies depend largely on agriculture. In addition, portions of western Washington also have agricultural economies. Crafting policies for allocating a competitive statewide resource like the LIHTC in such an environment can be extremely challenging.

With fewer developers located in rural areas, experienced development capacity is often lacking in comparison to urban markets. Rural communities often must face the additional challenge of limited resources. Large municipalities often generate their own local source of housing dollars and receive HOME and CDBG funds. However, smaller communities are more dependent on statewide resources, for which they may have to compete with both rural and urban applicants.

Between 1984 and 1987, the state's Housing Finance Commission had a successful multifamily bond financing program that addressed affordable rental housing needs in the state's metropolitan areas. With the development of the tax credit program in 1987, the Commission saw an opportunity to provide a deep subsidy to the rural parts of the state where bond deals were not feasible. As a result, the original guidelines for the program gave specific priority to smaller projects, and provided an opportunity to counties and rural communities that had never used the multifamily bond program.

Using Set-Asides

Since 1987 the Commission has aggressively used set-asides to ensure rural development. Even during the first year of the program, 5 percent of the annual credit was set aside for projects that received RHS Section 515 loans to promote full use of the RHS funds in the state. Not only did Washington use its allocation of Section 515 money, it often received funds not used in other states because of the availability of tax credits to rural projects.

In 1998, 15 percent of the annual allocation was set aside for projects located in rural counties, to be sure that rural areas would benefit from the program. This set-aside was developed in response to a housing needs study that concluded that 15-20 percent of the state's affordable housing need was in rural counties.

Finally, since 1999, the Housing Finance Commission has had a point priority for projects that provide permanent housing for agricultural workers. This initiative has resulted in 19 farmworker projects with 625 units of permanent housing.

In addition to set-asides, projects are ranked during the application process through an objective point system that represents both federal requirements and state housing priorities. These point criteria include, for example, the extent to which low-income and special needs populations are served, the length of the regulatory period, the location of the project, the project's size, and the housing needs of the county.

Doubling Rural Production

In the first 11 years of operation (1987-1998) tax credits helped finance over 1,700 units in more than 50 projects in rural Washington. Since 1998, the Housing Finance Commission has allocated tax credits to 71 projects, creating or rehabilitating nearly 2,300 units. The strengthening of the rural set-aside in 1999 as well as the introduction of priority points for developing farmworker housing both contributed to this increase in production. The total of 4,000 housing units produced in rural Washington represents approximately 25 percent of the state's total tax credit production.


As a result of these policies, statewide training for project sponsors has increased, rural stakeholder involvement in policy discussions and capacity building has increased, and participation from rural areas has also increased in recent years. Effective partnerships between nonprofit community-based organizations and regional for-profit developers have also been forged.

Other significant trends are the emergence of regional nonprofit developers that serve rural areas in several states and the emergence of Native American tribes as tax credit developers. The Washington State Housing Finance Commission continues to collaborate with its funding partners and incorporate feedback from investors and project sponsors to strengthen these ties.

Other Rural Challenges

Once projects have received an allocation of tax credits, the remaining challenge is to find investors (who provide equity in return for the utilization of the tax credits) for rural projects. Although the need for affordable housing may be greater in rural communities, incomes tend to be lower than in urban areas. This renders rural residents unable to afford the rents necessary to support the large amounts of debt incurred by tax credit projects. Since rural markets are smaller, they are more susceptible to fluctuation. These risks, combined with per unit transaction costs that may be higher than average, can result in a reduced investor appetite. To this end, the Housing Finance Commission has kept the lines of communication open between other public funding sources, project sponsors, and investors to be as flexible as possible within allocation policies. As a result, several investors specializing in rural and farmworker housing have increased their presence in Washington, providing much needed equity for rural projects.

Good Results

The Washington experience demonstrates that rural housing developers can use the LIHTC program effectively to meet rural housing needs. The program provides a source of deep subsidy that can attract equity investors to rural areas. When combined with other funding, the LIHTC program is a prime source of financing for rental housing to serve a diverse rural population. 

Kim Herman is executive director of the Washington State Housing Finance Commission. Steve Walker, director and Val Pate, manager, Tax Credit Program, helped with this article.

MAKING HOUSING CREDITS WORK IN KENTUCKY

by Walter Clare

The development of every Housing Credit project is like a puzzle and no two puzzles are alike – especially in a rural environment.

Making the Low Income Housing Tax Credit program work in Kentucky's rural counties can provide big, almost overwhelming challenges. The program, known in the state as the Housing Credit, provides incentives for investors and developers to build affordable rental housing, but making all of the rules and restrictions work favorably can be particularly difficult in certain areas of the state.

The Kentucky Housing Corporation, which administers the program, starts by giving preference points in the application process for projects proposed in these distressed counties where decent, affordable rental housing is scarce. Typically, if a funder gives points for something, developers will come build it. But that is not always the case, especially in our distressed Appalachian counties. To provide additional help for developers, KHC has recently restructured its entire housing production financing application process involving several different programs, to use one application with a continual open window. This allows developers to apply when they are ready and to request financing from other programs simultaneously along with the Housing Credit Program.

It is key for a developer to do good front-end research, whether working in an urban or rural area, but especially in a rural place. It is critical to know the market potential for the population the developer is targeting. There must also be a need for more housing in the area at the applicable rent rate. The developer should talk with the Section 8 rental assistance administrator in the area to estimate the number of potential tenants. In addition, the developer must research the area's market rent rate. In some cases the market rent may be less than the Housing Credit program's restricted rent, and a project will not be feasible.

The availability of suitable land in the mountainous terrain of rural eastern Kentucky has been a barrier to the production of rental developments. Does the land slope too much to build on? Are there good roads around the land? What about access to utilities? Are they near enough to keep hook-up costs reasonable? Is the land aesthetically appealing? Are there mature trees?

The developer must also look at the demographics in a rural area. Is there a sound employer in the area like a manufacturing plant? Is there more than one major employer in case one has to shut down? If so, the area's housing need might be family units. Will the family units need to be two bedrooms or three bedrooms? In rural Kentucky, many families who receive rental assistance consist of a single parent and one or two children.

If there are adequate family units, is there enough affordable



Photo courtesy of the Kentucky Housing Corporation.

rental housing for a growing elderly population? Will elderly renters want one or two bedrooms? The developer can check the number of bedroom units that have had consistent occupancy in the area to determine the number of bedrooms needed.

The developer should also consider the specific needs of the tenants. For example, families need good roads near schools and shopping. On the other hand, elderly tenants might need to be within walking distance or near public transportation to groceries, medical offices, churches, banks, etc. Units should be designed to be compact but big enough to furnish comfortably, and easy to clean.

A rural developer should set a realistic timeline and do everything possible to stick to it. In a rural area, this may mean allowing extra time for local suppliers to order construction materials if they are not stocked. Some time for bad weather should also be included. In a mountainous area ice-covered, hilly, curvy roads may be difficult to maneuver for material deliveries, as well as for workers to get to the site.

KHC has established a preference for smaller rental developments of 40 units or fewer. The balance between cash flow and the number of units the local market can support is obviously key to the financial success of the project. Maintaining vacant units is difficult physically as well as a cost burden.

To help maintain the 30-year affordability required by the Housing Credit program, a developer should use quality materials and insulate units well so that the tenants can afford heating costs in years to come. In rural Kentucky, the primary heating source is often bottled gas. Because gas deliveries can be delayed in bad weather in mountainous terrain, developers often equip units with a back-up storage tank.

Additionally, to ensure the 30-year viability of Housing Credit units, the developer needs to recruit tenants who will respect the property and take care of their homes. Then hiring a good management company to maintain the property is also key in accomplishing long-term rentability. In Kentucky's smaller communities, usually it is not difficult to check a tenant's or management company's references.


As the timeline progresses, a rural developer starts thinking about a quick rent-up. Filling new apartment units rapidly is one part of the success of Wabuck Development Company, Inc., owned by Garry Watkins.

"When we open the doors," said Watkins, "we know [a development] will immediately fit the needs of the community. Knowing rents in the area and performing market research are important – as is having a good product."

Watkins added, "It's a good idea to build up your applicant list about 60 days before the property opens its doors." To help accomplish this, Watkins says he places advertisements in local papers, contacts social service agencies, and works with Section 8 administrators to let people with rental assistance vouchers know about the new apartments. In a rural community where jobs and opportunities are limited, there are not many potential tenants coming in and out, as there are in urban areas.

Investors in such projects insist on facing no uncertainties. The developer needs to lock in a credit rate and ensure the investors of a completion date when they will start receiving their returns. This is where pre-leasing can be a vital asset but it makes timing essential. For example, if a developer has successfully secured tenants for the six-unit building that will be completed in 60 days, those tenants have most likely already made arrangements with their current landlords to vacate within that time. Delays could place prospective tenants at risk of homelessness.

The development of every Housing Credit project is like a puzzle and no two puzzles are alike – especially in a rural environment. The general lack of suitable land to build on, transportation challenges due to the terrain, and limited numbers of potential tenants, on-hand building materials, and workforce all pose potential problems that must be overcome in a timely manner to benefit developers, investors, and future residents of the Housing Credit property. A development may rely on financing sources with varied requirements and investors that require certain assurances, and it must suit the unique needs of a particular community to be successful.

"Once you build yourself up and evolve over time," Watkins concludes, "you learn to handle each project, such as by hiring additional people. It's important to have people who are properly trained, knowledgeable, energetic and able to consider many topics and systems at one time. It takes a lot of time, patience and perseverance. This is going to be someone's home, where they will teach their children. It's satisfying to know that because of your efforts, somebody's life is better." 

Walter Clare is director of financial management at the Kentucky Housing Corporation. For more information about LIHTC projects in rural Kentucky, visit KHC's web site at www.kyhousing.org or contact Walter Clare at 502-564-7630, ext. 264, or wclare@kyhousing.org.

CROWN: PROVIDING HOMEOWNERSHIP OPPORTUNITIES IN UTAH

by Susan Herd

These homes not only have offered affordable housing for lower-income families in the area, but also have contributed value to the surrounding community.

In June 1995 Diane Richins, a single parent, was finally able to move her family into a home in Roosevelt, Utah, thanks to the Utah Housing Corporation's CROWN (CRedits-to-OWN) program. Today she is looking forward to finalizing the purchase of her home in just six more years. She will be able not only to finally purchase it, but to do so at a reduced price. Every time Diane makes her rent payment, a portion of the rent is put towards the mortgage on the home. When she purchases the home, it will be sold to her for the balance remaining on the mortgage. This is only one of the benefits for tenants under the innovative rent-to-own CROWN affordable housing program Utah Housing offers.

When Diane, an admitting clerk for the Uintah Basin Medical Center, moved her family into the home in 1995, the rent payment was merely \$345. The rent has increased a modest 1.5 percent each year and now, after nine years, is only \$423 a month. Based on the 2003 U.S. Department of Housing and Urban Development rent schedule, Diane's monthly housing payment is 35 percent of the Duchesne County average median income.

Diane's home is one of the 15 CROWN homes in the Roosevelt area. These homes not only have offered affordable housing for lower-income families in the area, but also have contributed value to the surrounding community. The Richins family has kept up their home so well, including making additional improvements, that it received a Roosevelt City Beautification Award. This is a CROWNing example of the wonderful things that can happen when programs such as CROWN help committed people like Diane fulfill her dream of homeownership.

Originally named "Dry Gulch," Roosevelt City in many ways typifies the rural side of the most urban state in the nation. In Utah, 80 percent of the population is packed into a 700-square-mile metropolitan area at the base of the Wasatch Mountains. The remaining 20 percent (fewer than 400,000 people) are scattered among 84,200 square miles of challenging mountain and desert terrain. Rural Utah is comprised of many close-knit, self-reliant communities, most of them settled by pioneering members of the Church of Jesus Christ of Latter-Day Saints who were sent to live in these rural western territories and deal with the hardship that comes along with desert life. Through hard work and industrious living, these communities have survived the boom and bust cycles of mining and industrial economies and the uncertainty of agricultural life, and have grown into what is rural Utah today.

Roosevelt is now a thriving, modern community of 4,300 people. City historian George E. Stewart writes, "We have one



Photo courtesy of Utah Housing Corporation.

Diane Richins plans to buy her home in Roosevelt, Utah, and says the Utah Housing Corporation's CROWN rent-to-own program has given her the "little window of opportunity" she needed to change her life.

Editor's Note: The summer 1997 issue of *Rural Voices* included an article describing the CROWN program developed by the Utah Housing Corporation (then the Utah Housing Finance Agency). This article updates the program's progress.

of the best medical facilities in rural Utah; Utah State University has a branch campus here. We have a Technology Center with one of the finest nursing programs in the State. Roosevelt is host to one of the finest 18 hole golf courses. We have two co-operatives located in Roosevelt, one being Moon Lake Electric and the other Uintah Basin Telephone, which employ many of our citizens. We have come a long, long way in the time we've had."

Roosevelt City is rising to meet the challenge of providing affordable housing for families such as the Richins. Additional challenges faced in rural cities today include retaining the next generation of residents. Preserving the homegrown rural lifestyle while providing jobs, services, and quality affordable housing is a challenge that must be met to overcome the attraction of the big city. In order to retain residents and attract new businesses to these areas, a spectrum of housing opportunities must be provided. Roosevelt, like many rural cities throughout Utah and the nation, has relied increasingly on federal programs to meet the housing needs of its low- and moderate-income families. However, with increased need and budget cuts as the federal government tightens its belt, programs are increasingly less able to meet these needs.

Utah Housing Corporation was created by the Utah legislature in 1975 to finance affordable housing. The CROWN program is one of the many ways that UHC provides diversified rural affordable housing. Since the completion of UHC's inaugural Roosevelt CROWN home in 1993, CROWN has become a major resource for affordable housing opportunities to rural and urban Utahns. UHC has brought more than 115 CROWN homes to rural Utah, with 30 new homes in the works.

Primary among CROWN's objectives is UHC's emphasis on creating affordable housing solutions through investment rather than subsidies. CROWN is a unique financing tool that combines UHC's direct construction and permanent loans with deferred financing and federal Low Income Housing Tax Credits allocated by UHC. American Express Centurion Bank has committed to purchase \$8.4 million of tax credits in support of the program.

In December 2003, the Merrill Lynch Community Development Company became the newest financial partner to the CROWN program by purchasing almost \$3 million of UHC's CROWN mortgages. The purchase contributes additional funds to expand CROWN to even more cities throughout the state. Local communities and financial sources participate with deferred repayable loans rather than forgivable loans or grants, so the funds will be available for reuse in future housing and other community projects with less dependence on federal resources.

CROWN

UTAH HOUSING CORPORATION

1995 FINANCE SUMMARY

A. SOURCES OF FUNDING

City's deferred land sale	\$10,000
UHC CROWN mortgage	\$18,000
Equity Investor (tax credit purchase)	\$53,500
Total Sources of Funds	\$81,500

B. CALCULATION OF MONTHLY RENT

CROWN mortgage amortization	\$132
Repair/replacement reserve *	\$35
Property Management	\$25
Operating Expenses	\$48
Property Taxes	\$60
Property & Liability Insurance	\$15
Cash Flow	\$35
Total Rent	\$350

* Ten dollars of this reserve is refundable to resident if not used for repairs.

The key to CROWN is the creative way that public funds are invested to maximize the leveraging of private dollars and minimize the debt-service requirements during the rental period. Participating communities provide deferred financing for land or site improvements that is repaid with interest (at a 3 percent annual percentage rate) at the end of the fifteenth year. The deferred payment feature removes a portion of the cost of the home from the project during the rental period, allowing rents to be reduced to levels normally found only in grant-subsidized projects.

To address the difference between the increases in construction costs and utility expenses and the smaller increases in the wages of lower-income families, UHC provides flexible financing terms for its construction and permanent loans. CROWN mortgages provide variable term amortizing loans at below market interest rates with a line of credit up to 75 percent of the initial home value. The line of credit may be used by the project owner to meet any refund obligation to its investor(s) in the event the project suffers a tax credit recapture. The government issued a credit line enhancement enabling CROWN to realize tax credit sales at \$.84 per credit dollar, enabling CROWN to build three- and four-bedroom, single-family, detached homes with the same tax credit efficiency as apartment projects.

The intent of CROWN is to serve the needs of the state's low- and moderate-income families and empower them with an opportunity of homeownership. Reflecting this intent, CROWN targets rents affordable to families with incomes at 45 percent to 55 percent of area median income and limits initial income levels to a maximum of 60 percent of AMI (as low as

\$23,000 in some counties). CROWN also requires the families to become involved in maintaining the home while preparing for eventual ownership. Their lease requires the residents to perform all general maintenance and repair. A maintenance account and capital replacement reserve is funded from the monthly rent payment to cover future repairs or replacement of items such as carpet and paint. At the same time, establishment of local citizen selection committees is encouraged.

CROWN also addresses the concerns of cultural and lifestyle preservation in the neighborhoods of Utah's cities and towns. Emphasis on single-family, detached units built within existing neighborhoods has played well to the participating communities. The homes are attractive and the scale of the CROWN projects, along with the dispersion of these homes, has allowed CROWN to escape the Not In My Back Yard syndrome. CROWN restricts participation in new subdivisions and condominium projects to not more than 50 percent of the units with an absolute maximum of 15 homes. The restrictions help ensure the development of diverse and stable communities with desirable housing products.

The success of the CROWN program is gauged by its ability to provide a quality, durable, appealing home with an affordable sales price at the end of the 15-year rental period required by the federal tax credit program. Projects are underwritten with a goal that the house can be sold to a family earning 50 percent of the future projected AMI (assuming 3 percent annual inflation) and using conventional single-family mortgage resources. The 15th year sales price includes the repayment of principal and interest on the deferred loans, as well as the outstanding balance of the CROWN mortgage. In addition to the mortgage repayments and in exchange for lifting the tax credit restriction on the homes, CROWN refunds 40 percent of the original tax credit equity raised by the sale of federal tax credits. The refunded tax credit equity is then recycled into future affordable housing projects. Families successfully completing the program and purchasing the home at year 15 can participate in an equity position should they sell the home at a later date. See the inset for an example of the financing structure for a rural home in 1995 and the buyout at the 15th year.

Utah Housing is very pleased with the success of the CROWN homes. Program-wide, 75 percent of the initial tenant families still occupy the homes. The CROWN program has brought the benefits of the federal tax credit program to communities with populations as low as 550 people. UHC has gained the financial support of other agencies to receive funds from Federal Home Loan Bank programs, the Olene Walker Housing Loan Fund, HOME, and CDBG that have aided in the development of 100


CROWN	
UTAH HOUSING CORPORATION	
2010 - BUYOUT	
A. OUTSTANDING PROPERTY DEBT	
Unamortized city land note	\$15,600
Unamortized UHC CROWN note	\$13,800
Equity recapture (40% tax credit investment)	\$21,400
Total Payoff:	\$50,800
B. TARGET PAYMENT (AT 3% ANNUAL INFLATION)	
Monthly rent (net of utilities)	\$545
Less property taxes	\$(93)
Less property insurance	\$(26)
Target Mortgage Payment	\$425
C. MORTGAGE OPTIONS FOR BUYER	
Mortgage Payment @ 7%, 15 yr.	\$457
Mortgage Payment @ 9%, 30 yr.	\$409

homes throughout rural Utah. These financial partners provide grant sources that are loaned to the project as deferred loan sources. Like a “gift that keeps giving,” these financial partners provide the grants that “keep giving” by recycling needed funds into local communities for affordable housing.

UHC encourages small, rural nonprofits and housing authorities to enter the housing development and management arena by participating in the CROWN program. Because the projects are limited in size they are ideal first projects for housing authorities desiring to move beyond Section 8 voucher administration.

The most rewarding aspect of CROWN is its ability to transform lives. From the tears of joy shed by a single mother with a handicapped child, who secured her first job to qualify for a CROWN home designed to be accessible, to the loving concern of a citizen selection committee who wants to choose the neediest and most deserving recipient family, CROWN has transformed people's attitudes toward themselves and their communities.

CROWN is providing families the opportunity to plant gardens, design landscapes, install swing sets, and live in communities with the outlook of becoming homeowners. CROWN, in its own unique fashion, has brought the American Dream to people who have never dared “dream the dream of owning a home of their own.”

“Without this program I don't think I would ever be in a position to buy my own home,” Diane says. “Just giving me that light, that little window of opportunity to get where I am today, has made all the difference.” 

Susan Herd is vice president of housing development at the Utah Housing Corporation. For more information on the CROWN program, contact her at 801-521-6950 or sherd@uhc.utah.gov.

LOW INCOME HOUSING TAX CREDITS FOR RENT-TO-OWN PROJECTS IN MARYLAND

by Dana Jones

Residents who still occupy their units after ten years will be offered the opportunity to purchase their homes.

Homeownership is the single greatest opportunity available to people who desire to develop wealth. For millions it has been the key to family stability, access to higher education, and business investment. Yet for many it is not an immediate option. Often issues of affordability, lack of skills, lack of earning potential, and other market forces make this an unachievable goal.

One strategy we have employed at Southern Maryland Tri-County Community Action Committee to reach those left out of the homeownership market has been the rent-to-own concept. Our initial efforts have focused on the existing housing market. We have secured units available on the open market, through recapture initiatives of the U.S. Departments of Housing and Urban Development and Agriculture, and at foreclosure auctions. While the number of these homes is limited, they have created affordable alternatives for those hoping to become homeowners. The rewards are great although, as a sponsor of these efforts, we have encountered pitfalls that other rural nonprofits should anticipate.

Customer Readiness

When an organization creates a below-market rental environment, its strategy should be based on affordability and some assumptions regarding the renters' ability to save for the purchase. We have found that without restricting their savings with tools such as Individual Development Accounts or escrow accounts, renters tend to treat the rent-to-own arrangements as long-term rentals.

The inability to save impacts downpayment costs, mortgage interest rates, and other factors that affect affordability. A greater danger is the customers' use of their "excess" capital to create other debt, thus risking future creditworthiness decisions. Cars and furniture purchases, often at interest rates nearing 30 percent annually, are among the obstacles we have faced in securing affordable mortgages for families.

Financial literacy is the key to making this arrangement work. It is important to offer incentives that encourage families to save money and maintain a long-term relationship with the sponsoring organization that practices the skills taught. Education in a vacuum offers little. The opportunity for potential homeowners to practice what they have learned, combined with periodic assessments by trained professionals, converts the educational experience into lifelong learning.



The rent-to-own townhouses at the Courtyards at Fishing Creek share community space including a playground.

Unit Soundness

When acquiring homes for a rent-to-own program, it is important for the sponsoring organization to understand that it will be the landlord. Issues of unit quality and long term affordability are key in making the decision to purchase.

While units that are in need of major rehab may be ideal for addressing smart growth or community revitalization objectives, without the proper assessment they can prove to be too costly to meet an organization's objectives and may require an investment that exceeds the market value. We recommend that the organization's decisions be based on detailed assessments from third party inspectors familiar with the building standards in the locale.

Our New Approach

To help create a long-term stable community and increase homeownership opportunities, Southern Maryland Tri-County CAC has ventured into a new arena. At the Courtyards at Fishing Creek, currently a rental community created using financing from SMTCCAC and investor funding through the Low Income Housing Tax Credit program, we developed 16 townhouses as rent-to-own units. Initially the most important planning issue has been to record each townhouse lot as a separate parcel. Separate deeds will allow for the transfer of ownership at a later date.

As the sponsor we are obligated to make the units available as affordable rental housing for a 30-year period. After the first 15 years, sole ownership will return to SMTCCAC. Residents who still occupy their units after ten years will be offered the opportunity to purchase their homes. At this point we will begin the exit strategy for the partner who provided the development's initial equity, and identify the period in which the units will be solely owned by SMTCCAC.

Our research into similar models indicates that an arrangement with the tenants earlier than year ten involves many risks. Often families' needs and desired housing types change radically over a 15-year period. All members of the family and family composition can be affected by changes in marital status, health, and a number of variables that affect their desire to maintain the unit. Therefore commitments made by tenants early on to acquire the units may not materialize. A recent study by a consultant for the Annapolis (Maryland) Housing Authority found that the average tenant stayed in their unit for ten years. Our own experience in other rental properties is that tenants stay closer to eight years.



Photos courtesy of SMTCCAC.

These townhouses in southern Maryland will be offered for purchase to residents who live there for ten years.

Residents interested in purchasing their homes will be required to attend financial literacy training and will be offered an incentive in the form of an Individual Development Account. Using a model we have found successful for other homebuyers, we will also provide training on maintenance and repairs.

We will sell the unit at a significantly lower price than market value. At this point, it is projected that the selling price will be approximately one-third of the projected market value. This transfer of equity will not come without strings. We will hold a second mortgage (no payment) with a declining balance for a 15-year period. Additionally, our plan is to hold a right of first refusal for any unit sold. We are committed to serving the segment of the market that we originally intended. Thus, if the unit becomes available to us, we will offer it to another eligible applicant.

This approach eliminates the need to invest in redevelopment cost. The property will be maintained by us until its LIHTC requirements are met. This arrangement also addresses another issue that often faces long-term rental properties: acceptance by the community and residents.

The long-term outlook includes a strategy that converts this 100 percent rental community to a community for both homeowners and renters. The residents have a vested interest in maintaining a strong, safe, decent community. At the end of the day, that is what we desire. 🌱

Dana Jones is executive director of the Southern Maryland Tri-County Community Action Committee. For more information on SMTCCAC's rent-to-own tax credit program, contact him at dana@smtccac.org or 301-564-6730, ext. 241.

HISTORIC TAX CREDITS: MAKING ADAPTIVE REUSE WORK

by Erica Stewart

The historic tax credit is often combined with the Low Income Housing Tax Credit to finance the conversion of historic properties to affordable housing.

The National Trust for Historic Preservation believes strongly in the power of the federal historic tax credit to help make the adaptive reuse of historic buildings financially feasible. Because of the higher construction costs involved in rehabilitating historic properties compared to new construction, the historic tax credit may be the deciding factor in making a development financing package viable. In many cases, the historic tax credit works best for the developer if he or she may reap its benefit during construction, when costs are incurred, rather than at fiscal year's end, when taxes are filed. This is achieved by the owner selling the credits to a syndicator such as the Banc of America Historic Tax Credit Fund.

The Fund was created by the National Trust and Bank of America and is managed by a for-profit subsidiary of the National Trust, the National Trust Community Investment Corporation. The Fund operates on the premise that the developer desires capital and the Fund has an interest in defraying tax liability. To service both of these needs, a partnership is formed. The Fund becomes the limited partner (99.99 percent owner) and the developer becomes the general partner (.01 percent) for a five-year compliance period. The Fund then negotiates the pricing that it will pay for the tax credit – 90 cents for every dollar, for example – and invests its equity over a series of pay-ins. At the end of five years, the Fund receives a portion of its equity as a return of capital. An equity investment differs from a loan in that the source of repayment is not the developer's operating income, but a tax credit that defrays the investor's taxable income. This has the advantage of not placing further debt burden on the property.

The historic tax credit is often combined with the Low Income Housing Tax Credit to finance the conversion of historic properties to affordable housing. Though the Fund is not able to do this, NTCIC does combine the historic tax credit with the New Markets Tax Credit (NMTC), thanks to its \$127 million NMTC allocation. The NMTC is a 39 percent tax credit intended to attract investment in qualifying businesses in low-income communities. Since the Fund has access to NTCIC's allocation, it is able to add additional equity to its historic tax credit investments in qualifying properties, thus providing greater resources to the developer. To date, the Fund has invested \$77 million in 12 projects in communities across the country. Total development costs range from \$3 million to \$105 million per project.

Two projects in relatively small communities that have benefited from a combined new markets/historic tax credit



Photos courtesy of the National Trust for Historic Preservation.



investment by Banc of America Historic Tax Credit Fund are the Dia:Beacon in Beacon, N.Y. and the Wheeling Stamping Building in Wheeling, W.Va. The Dia:Beacon property is a

two-story, 292,000 square foot former carton-making plant on 26 acres along the Hudson River in Beacon, N.Y., a town of 13,000. Built in 1929, the plant served as Nabisco's northeastern carton production and labeling facility until its closing in 1991. The property sat vacant until a subsequent owner, International Paper, gifted the property to the Dia Art Foundation. The Foundation began planning an ambitious rehabilitation project to convert the factory into gallery and museum space for its world-class contemporary art collection.

The Banc of America Historic Tax Credit Fund invested \$6.6 million in historic tax credit and New Markets Tax Credit equity to help finance the transformation. The twinned investment was one of the first in the country, and was an important piece of the project financing. The National Trust was also instrumental in the listing of the property on the National Register of Historic Places – a prerequisite for qualifying for the historic tax credit.


Following a \$30 million rehabilitation, the mammoth industrial steel, concrete, and glass structure is now home to major works by renowned artists of the 1960s and 1970s including Andy Warhol, Joseph Beuys, and Walter De Maria. The museum's outstanding collection, its innovative use of exterior and interior space, and its creative school outreach programs will draw thousands of visitors each year, making Dia: Beacon an essential catalyst for the area's revitalization and a symbol of hope for its future.

The Wheeling Stamping Building is another property rescued from neglect and disrepair by a historic rehabilitation plan. The building first made a name for itself as home to a metal stamping industry and later a grocery wholesale warehouse at the crossroads between southwestern Pennsylvania, western Maryland, eastern Ohio, and Kentucky. Located in the northern panhandle of West Virginia, the property helped fuel the growth of the Ohio Valley at the turn of the last century. Over a hundred years later, the Wheeling Stamping Building's proximity to

modern transportation routes has earned it a prominent role in the information age. Following a \$11.2 million rehabilitation, the Wheeling Stamping Building now serves as the global operations center for a multinational law firm.

The property is a brick warehouse of 94,000 gross square feet, built in 1890. Its interior features heavy-timber, post, and beam construction and an open floor plan with wood floors, unfinished ceilings, and exposed floor and roof joints. The unique form of the structure was complemented by the installation of modern windows and updated HVAC, mechanical, and electrical systems. The result is unique, state-of-the-art office space for the technological, financial, and administrative operations of a law firm with 600 attorneys in offices around the world. As such, the Wheeling Stamping Building infuses important new revenue into the municipality and the surrounding Ohio Valley. It houses 250 mid-level management employees with an average annual salary of \$37,000, compared to the average salary of \$25,000 in 1998. The building demonstrates how an aging historic property can become an anchor for economic revitalization.

This impressive development was made possible by a creative mix of financing sources engineered by the Ohio Valley Industrial and Business Development Corporation, a nonprofit organization dedicated to job stimulation and economic growth in the area. The Banc of America Historic Tax Credit Fund contributed a \$1.1 million New Markets/historic tax credit equity investment. The package was rounded out by three local churches and Wheeling National Heritage, who pledged their support in recognition of the project's potential for significant impact on the Wheeling community and economy.

Undertaking a certified historic rehabilitation and entering into a partnership agreement with a historic tax credit syndicator can certainly be a time-consuming and complex process. But with perseverance and an experienced tax credit transaction team of architects, accountants, and attorneys, it can be accomplished with dramatic results. Dia:Beacon and the Wheeling Stamping Building stand as proof of how the nation's federal tax incentives can breathe new life into our historic properties and communities in rural areas. 

Erica Stewart is program coordinator for marketing and development for Community Partners, a program of the National Trust for Historic Preservation. More information about the Banc of America Historic Tax Credit Fund and the use of historic and new markets tax credits is available at www.nationaltrust.org/community_partners.



A HOMEOWNERSHIP TAX CREDIT: AN OPPORTUNITY FOR RURAL AMERICA

By Barbara Burnham

Since coming into office, President Bush has stressed the need to increase homeownership. His campaign proposals included a homeownership tax credit that would be based on location and income in order to increase homeownership rates for low-income families in urban and rural areas across the nation. The President's budgets for 2001, 2002, 2003, 2004, and 2005 have all contained the proposed homeownership credit.

Affordable housing advocates in the nonprofit and for-profit world were encouraged by the President's proposal and enthusiastically founded the Community Homeownership Credit Coalition to help make the President's proposals a reality. Over the last several years founding members of the coalition have worked very hard to broaden the coalition's membership and to seek bipartisan support for the proposal in Congress.

Today the coalition has an impressive membership of 41 organizations including leading housing development and advocacy groups such as the Enterprise Foundation, the Housing Assistance Council, the Local Initiatives Support Corporation, the National Congress for Community Economic Development, the National Council of La Raza, the National Council of State Housing Agencies, the National Housing Conference, and the National Rural Housing Coalition. Additional members include leading housing industry groups such as Fannie Mae, Freddie Mac, the National Association of Affordable Housing Lenders, the National Association of Home Builders, the National Association of Realtors®, and the National Cooperative Bank, to name a few.

Homeownership tax credit bills have been filed in the 108th Congress in both the House and the Senate. H.R. 839, introduced by Congressmen Rob Portman (R-Ohio), Ben Cardin

(D-Md.), and Agriculture Appropriations Subcommittee Chairman Henry Bonilla (R-Texas), currently has 249 bi-partisan cosponsors. In the Senate, S. 875 was introduced by Senators John Kerry (D-Mass.), Rick Santorum (R-Penna.), Wayne Allard (R-Colo.), Paul Sarbanes (D-Md.), and Debbie Stabenow (D-Mich.). This bill currently has 37 bipartisan cosponsors. A companion bill, S. 198, was introduced by Senator Gordon Smith (R-Ore.) and has nine cosponsors. Members of the Community Homeownership Credit Coalition are working hard to help increase the sponsorship of each of these bills and to enact the homeownership credit in the 108th Congress.

Like the very successful Low Income Housing Tax Credit used to finance rental properties, this new homeownership credit is expected to have a great impact on low-income rural and urban communities. It is estimated that with the credit 50,000 homes will be built or rehabilitated each year across the country. Each year the credit will generate \$2 billion in private equity investment, in turn generating \$6 billion in total investment in affordable homeownership. In addition to the new and rehabilitated homes produced, 122,000 jobs in construction and construction-related industries will be created, generating \$4 billion in wages and \$2 billion in federal, state, and local tax revenues and fees. The new homeownership credit would represent significant private sector investment in neighborhoods and communities that need it the most.

The proposed homeownership credit would be location based. In order to increase affordable homeownership, the homeownership credit is targeted to low-income areas in both rural communities and urban neighborhoods. Eligible areas would include census tracts with median income below 80 percent of area or statewide median income (whichever is greater). H.R.

839 and S. 875 also target places eligible for USDA Rural Housing Service homeownership programs. Additional areas of chronic economic distress (up to 50 percent of each state's credits) may also be designated by states.

Homebuyer targeting reflects the spirit of increasing affordable homeownership among low- and moderate-income people by targeting homebuyers with incomes up to 80 percent (70 percent for families with fewer than three members) of area or state median income (H.R. 839 and S. 198) or up to 80 percent (70 percent for families with fewer than three members) of national median income (S. 875). In some census tracts with very low incomes or high levels of poverty the targeting increases to 100 percent of area median income (or 90 percent for families with fewer than three members). Homebuyers must own their properties for five years to avoid federal recapture of tax credits.

Single-family homes containing up to four units, condominium units, and stock in housing cooperatives are all eligible for homeownership tax credit investment. Factory-made and manufactured homes are also eligible. There are differences between the House and Senate bills concerning tax credit amounts for two- to four-unit homes that will need to be resolved in Congress.


The homeownership tax credit will be available to developers and/or investors that build or substantially rehabilitate homes for sale to low- and moderate-income buyers in targeted neighborhoods and communities. Both for-profit and nonprofit developers will find the new credit an important new financing tool. The homeownership credit will create numerous opportunities for single-sponsor for-profit and nonprofit development as well as joint venture development, and it will also be useable in mixed-income and scattered site developments. Although probably not appropriate for very small-scale development, the homeownership credit could be successfully used in rural areas.

Self-help rural housing advocates and developers have pointed out potential problems in combining the homeownership credit with self-help funds. The Coalition plans to meet after the first of the year with representatives from the self-help movement to look for potential resolutions to the problems.

The homeownership credit meets a very critical need by covering the gap between the total development cost of a home and the sales price to an eligible buyer. The maximum credit allowable to developers/investors is 50 percent of the cost of construction, or the cost of substantial rehabilitation and building acquisition. Investors in the homeownership credit may claim the credit over a five-year period beginning at the point of

sale of the home. The cost of implementing the homeownership credit is expected to be \$2.5 billion over the first five years and \$16.1 billion over ten years.

The homeownership credit would be allocated to states in a manner much like the process used for the rental housing tax credit. The credit would be allocated at a rate of \$1.75 per capita annually, with a minimum of \$2 million for small states. Each state's distribution of the homeownership credit would be guided by a Qualified Allocation Plan written by the state allocating agency through an informed community process. In order to highlight the themes of community renewal and increase of homeownership rates among income-targeted buyers, the criteria proposed as the basis for project selection criteria in a competitive process are a contribution to community revitalization, evidence of community and local government support, reflection of the need for homeownership development in the proposed area, and plans for long term sustainability of the development. Both the House and Senate bills set aside 10 percent of credits for homeownership developments sponsored by nonprofit developers. State allocating agencies will allocate only the credits necessary for financial feasibility on a project by project basis.

If the Community Homeownership Credit Coalition is successful in its efforts during the 108th Congress, rural communities may have a critical new financing tool to address the problem of affordability and offer homeownership to more low-income residents in rural America than ever before. 

Barbara Burnham is director of federal policy at the Local Initiatives Support Corporation. To learn more about the homeownership credit or the Community Homeownership Credit Coalition please contact her at bburnham@liscnet.org.

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



AMANCIO CHAPA, JR.

Amancio Chapa, Jr. has been a member of HAC's board since the mid-1970s. He credits his longevity as a board member and dedication to the organization to HAC's mission and staff.

"The mission, HAC's dedication to helping communities who are the most needy, and the quality and diversity of the staff and board have made my time with the board an extremely positive experience," Chapa notes.

Chapa began his work on rural housing in the 1970s. He has spent his entire professional career working in and around the Texas colonias. Among numerous positions, he has been Colonias Del Valle executive director, City of Alton city manager, and, for 17 years, executive director of Amigos Del Valle, Inc. Currently, Chapa holds dual responsibilities as the coordinator for the Center for History and Culture at La Joya Independent School District and director of the La Joya Fine Arts Department.

In addition to his professional work in the rural Southwest he is and has been a member of numerous boards and civic organizations. Chapa is a past HAC board president, executive committee member of National Council of La Raza, Federal Home Loan Bank-Affordable Housing advisory council member, Border Low Income Housing Coalition board member, Community Development Corporation of Hidalgo County board member, member of La Joya ISB Board of Trustees, Texas Association of Community Development Corporations chairman, and past City of La Joya mayor, just to name a handful.

"Being a member of the HAC board has allowed me to keep up to date with the rural housing field and allowed me to ask questions and receive information and assistance from the HAC staff," Chapa said. "I feel the HAC staff is top caliber and the best resource for rural housing advocates today."

Chapa and his wife Cissy continue to live in La Joya, Texas and have five grown children.



LAURIETTE WEST-HOFF

Lauriette West-Hoff is a long-time friend of the Housing Assistance Council. During the early 1970s, while working as a housing advocate in North Carolina, she co-wrote a proposal for HAC's original funding and assisted in appointing HAC's original board members.

Thirty-two years later West-Hoff remains a loyal member of the HAC family. A board member since 1976, she continues to make sure HAC strives to meet its goal "to serve people in rural areas that would not otherwise have any means of help" and to always help the poorest of the poor.

"This work is my baby," West-Hoff laughs. "Too few organizations set up in the 1970s are still around. I'm very pleased with the work and the staff . . . I wish HAC had more money and could serve more people but I'm proud of what we've been able to accomplish."

West-Hoff began her career in housing in 1966 working for the North Carolina Fund. She has worked for and with many housing organizations at the regional, state and local levels for well over 30 years, including the North Carolina Fund's Manpower and Economic Development Division, the Low Income Housing Development Corporation, and REMCA, Inc. In 1975 West-Hoff founded Southern Real Estate Management & Consultants, Inc., which develops housing for low and moderate-income families, manages rental property, inspects private and public housing to insure it meets housing code standards, and provides technical assistance on housing development to other organizations.

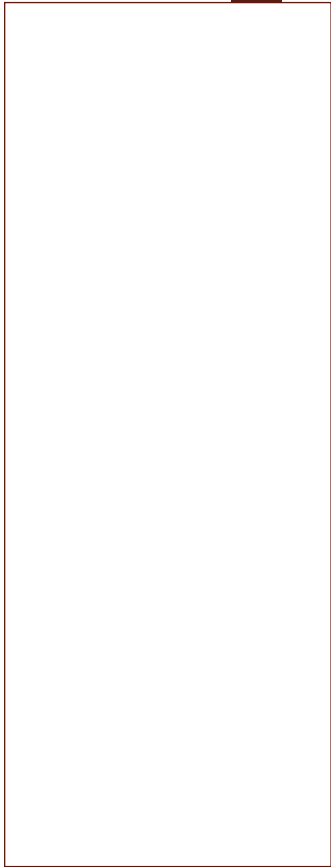
Recently, West-Hoff resigned from every other board except HAC's. "I've been a housing advocate all my life and this organization is important to me," West-Hoff recalls.

West-Hoff is a practicing estate and real estate attorney and president of Southern Real Estate Management & Consultants, Inc. 



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