

# Rural Voices

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## *Get Smart?*



### Growth, Development and Rural Housing

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IN THIS ISSUE

Smart growth principles ... sustainable development ... smart growth in Florida, Colorado, California, and Oregon ... and more.



## Dear Friends,

In this issue of *Rural Voices*, community development advocates and housing practitioners explore the concept of smart growth and its relevance and application in rural areas. The articles collected here also consider the contemporary debate about the relationship between smart growth and the development of affordable housing for low-income families. Several authors argue that smart growth and affordable housing are not necessarily incompatible. Accordingly, while narrow legislative interpretations of smart growth can impede the development of affordable housing, smart growth has the potential — when viewed as a holistic regional strategy — to facilitate development by linking housing to jobs, transportation, services, recreation and environmental health. Supporters of smart growth equate it with a renewal of social capital by reinvesting in existing communities, creating mixed-income neighborhoods and improving access to transportation and employment. If smart growth is implemented on a regional level, as some of our authors suggest, planners could then develop affordable housing that avoids concentrations of poverty in certain communities and neighborhoods.

Fortunately, across the nation many smart growth supporters and affordable housing advocates are making a connection between the provision of affordable housing and managed growth. In the Spring 2001 edition of its bi-annual *NIMBY Report*, the National Low Income Housing Coalition examined the complex interrelatedness of smart growth, sprawl and affordable housing. Also in 2001, the Smart Growth Network published a report, *Affordable Housing and Smart Growth: Making the Connection*, in which smart growth is contextualized as a development process that benefits the community, the wider economy and the environment. In an attempt to identify the impact that smart growth tools have had on rural housing affordability, the Housing Assistance Council analyzed the growth management initiatives of 13 states and convened a roundtable of rural housing developers and smart growth activists. HAC will release the results of that study in a forthcoming report.

We hope that the views represented here will stimulate further debate and that such discussion will lead to greater cooperation between smart growth supporters and affordable housing advocates.

Debra Singletary, Chair

William Picotte, President

Moises Loza, Executive Director

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# HAC Facts

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

## HAC Commits Millions for Self-Help

HAC recently awarded \$8.8 million to 47 nonprofit organizations to produce 957 rural self-help homes. This figure includes \$4.6 million from the Self-Help Homeownership Opportunity Program administered by the U.S. Department of Housing and Urban Development, and additional monies from other HAC loan funds.

The local nonprofits will use these loans to buy land and prepare sites on which low-income homebuyers will help build their own homes. Each borrower commits to produce a certain number of units. For each one that meets its goals, 75 percent of its SHOP loan will be converted to a grant, which the organization can use to help subsidize the current homes further, or to develop more self-help homes in the future. A list of SHOP recipients is available on HAC's web site at [www.ruralhome.org/pubs/pressreleases/press.htm](http://www.ruralhome.org/pubs/pressreleases/press.htm).



Beneficiaries of past SHOP loans include the Rodriguez family — Oscar, Rosaura, and son Elian — of Delavan, Wisc., who helped build their own home in a subdivision developed by South Eastern Wisconsin Housing Corp.

Photo by Leslie R. Strauss, HAC

## Colonias IDA Pilot Making Progress

A pioneering matched savings program could be in effect soon for low-income residents of colonias in New Mexico and Texas. Working with two local organizations — Azteca Community Loan Fund and Tierra Del Sol — and the national nonprofit McAuley Institute, HAC is using funds from HUD to create an Individual Development Account program there. Colonias are small rural communities near the U.S.-Mexico border, generally lacking basic amenities such as decent housing, water and sewer systems. Most residents work, but earn very low incomes. The IDA program will serve 75 families, matching their savings at least 2-to-1 to help them purchase homes or improve houses they already own.



Low-income colonia residents like Delia Guerrero may benefit from improvements in their region. Guerrero, who lives in Vado, N.M., cannot afford to repair a collapsed wall that leaves one room of her 100-year-old adobe house unusable.

Photo by Leslie R. Strauss, HAC

## HAC Trains CHDOs

Community Housing Development Organizations and other nonprofits in Georgia, Kansas, New Mexico and Virginia have learned important skills recently from relatively small, targeted training sessions sponsored by HAC.

Developed under a contract with HUD to provide technical assistance for CHDOs in 16 states, the sessions covered topics including community development strategies, property management, financial management and the role of the board. CHDOs must be certified by jurisdictions participating in HUD's HOME program and are eligible to receive HOME funding. More information about HAC's technical assistance to CHDOs, including a list of the participating states, is available at [www.ruralhome.org/chdo/index.htm](http://www.ruralhome.org/chdo/index.htm). More training sessions will be held during 2002 on dates and at locations still to be determined. Unlike HAC's regional training sessions, which are open to everyone, the HUD contract limits attendance at these programs to nonprofits based in the states where the sessions will be held.



One of the CHDOs participating in HAC training and technical assistance is Housing Opportunities, Inc., headquartered in Great Bend, Kansas. These buildings in Ellenwood, Kansas will house 12 elderly families or couples.

Photo by Nicole Ogler, HAC

## Tennessee CDC Prepares To Build for Elderly

Visions Five Community Development Corp. will develop 20 apartments for elderly residents of Cookeville, Tenn. with help from HAC. The organization upgraded its computer systems, paid salaries and hired a consultant using an administrative grant from HAC's Rural Capacity Building Initiative, a partnership among HAC, the Enterprise Foundation and HUD. Recently Visions Five contracted with HAC as a second consultant to help develop 20 units of Section 202 housing for elderly people. The group has established partnerships with social service organizations in the Cookeville area to provide services to the future residents. Visions Five, which serves Clay, Fentress, Jackson, Overton, Pickett and Putnam counties in rural northeastern Tennessee, has previously produced scattered site duplex rental units and plans to continue housing development work in the future.



# Why Smart Growth Matters to Rural Communities

by Leah Kalinosky

Just as they have not been exempt from bad growth, rural communities will need to find appropriate ways to adapt to smart growth.



**W**hile most of the hubbub about smart growth has been about its relationship to preserving open space and encouraging more compact suburbs and city neighborhoods, rural communities and rural housing and community development practitioners also have much to gain from smart growth.

Sprawl is no stranger to rural areas. Many rural communities have struggled for years to attract growth and as a result have welcomed large-scale commercial and other development on the outskirts of towns and in downtown areas. This has led to a loss of environmental resources as formerly open space and farmlands are developed, increased infrastructure costs as roads and sewer systems are extended, and a loss of a unique sense of place in many communities.

Just as they have not been exempt from bad growth, rural communities will need to find appropriate ways to adapt to smart growth. Rural community development and housing practitioners, with their expertise in developing rural services and housing, can be leaders in promoting equitable smart growth in rural areas. Issues like delivery of services to low-income rural residents, promotion of family farms and development of affordable housing are all directly affected by the types of land use and economic development policies



Photo courtesy of National Neighborhood Coalition

## The National Neighborhood Coalition's Neighborhood Principles for Smart Growth

- All neighborhoods and communities should share equally in both the benefits and the responsibilities of growth.
- Growth should meet the economic, environmental, and social needs of low-income and other communities.
- Low-income neighborhoods and communities of color should have a strong voice in decisions about growth.
- Growth should not displace low-income residents or people of color from their homes, livelihoods or communities.
- Growth strategies should promote racial, economic and ethnic integration.
- Growth strategies should make use of the human, economic and physical assets within communities.

employed to promote or restrict certain forms of growth.

Rural advocates face challenges in forging these adaptations. Smart growth concepts tend to have an urban tinge to them, often focusing on compact development and transportation systems, and addressing rural communities only as areas to be preserved or protected. The state of Maryland, for example, has become known for its smart growth program, which protects open space and farmland, and encourages development in existing communities through the use of Priority Funding Areas (PFAs) that restrict state spending to areas designated for new growth by local governments. PFAs usually include existing towns and cities, along with some surrounding land to allow for limited expansion. While local governments can develop outside the PFAs if they wish, the restriction of state funds has raised concerns among rural affordable housing developers that it will be more difficult to develop affordable housing in areas outside of PFAs (see *The NIMBY Report: Smart Growth and Affordable Housing*, by the National Low Income Housing Coalition).

These challenges — how to protect open space and promote affordable housing at the same time, how to ensure that rural communities have the same opportunities for access to services and affordable housing as urban neighborhoods —

are what spurred the National Neighborhood Coalition to develop its Neighborhood Principles for Smart Growth. These principles promote just and equitable growth across urban, suburban and rural communities and regions, with a strong role for low-income neighborhoods and communities of color. The principles are a useful tool for evaluating how well your state, county planning commission, or economic development board is addressing the needs of your community.

When these principles are actively promoted, the conversation changes from one about the development of places to one about impacts on people. As communities look for better, more equitable ways to grow, it remains important to ask some key questions about the costs and benefits of new development. Growth affects everyone, but it is not truly smart if it does not include provisions for affordable housing, access to transportation options that link people to good jobs and schools, and protection of valuable historic, economic and environmental resources for all communities.



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# Sustainable Development for Rural Communities

by Kirsten Shelton

Smart growth should be viewed as a strategy that overlaps wider goals of sustainable development.

**P**ervasive poverty and a related insufficient and declining low-income housing stock present critical barriers to environmental health, economic stability and employment in many rural communities. A significant portion of America's rural landscape faces severe resource scarcity and allocation difficulties, including prohibitively expensive utility bills, the decline of traditional industries, inadequate infrastructure and decreasing water reserves. Sustainable community development strategies offer a valuable planning tool through which rural communities can overcome these obstacles and sustain both their quality of life and their landscapes.

One component of sustainable community development, termed smart growth, is often a key element in urban and suburban planning. Smart growth should be viewed as a strategy that overlaps wider goals of sustainable development. Appropriate applications of smart growth principles to rural communities are often misunderstood and, therefore, rejected or overlooked in rural planning and development decisions.

Nevertheless, the principles outlined by the smart growth movement offer a powerful tool that can be an integral component of sustainable rural development.

The sustainable community planning and development process emphasizes the interdependence of environmental health, economic prosperity, cultural vitality and social equity. Through deliberate, conscientious land use and economic development decisions based on this interdependence, this method of development attempts to support an efficient and fair allocation of resources between present and future generations. If community plans do not contain provisions for environmental health and social well-being, economic prosperity will be a short-term phenomenon. However, sustainable development creates resilient communities that envision, design and plan to safeguard the interconnected factors that constitute quality of life and long-term prosperity. The planning process includes all affected parties and, in the end, empowers communities to grow safer, healthier and more

livable. Important components for achievement of community sustainable development include, but are not limited to the following:

- preserving natural, cultural and economic resources;
- limiting development for the sake of growth and instead focusing on more deliberate, efficient development in the community interest;
- maintaining secure, livable neighborhoods;
- ensuring equal access to safe, affordable and adequate housing;
- maintaining adequate infrastructure to guide appropriate paths of community development;
- minimizing present and future vulnerability to natural hazards;
- sustaining a diverse, stable, resilient economy that includes meaningful jobs; and
- paying attention to aesthetics.

It is important to point out that sustainable development is not about stifling growth and economic opportunity, but about developing successful long-term communities that thrive on the conservation and utilization of local economic, cultural and natural resources. By incorporating this philosophy into community development plans, communities can continue to develop and grow while also maintaining the social and environmental factors that make them attractive places to live, visit and do business.

Like sustainable development, smart growth is often mischaracterized to indicate anti-development or anti-opportunity movements. However, smart growth principles, as outlined by the Smart Growth Network, provide general guidelines that can be used regardless of place or community type and that can be incorporated into community plans and the development process. Whether or not these principles are identified specifically as smart growth, when followed and adapted to individual communities they provide a sound roadmap for sustainable growth and development in rural areas.

A major strength provided by these smart growth principles for sustainable rural development is their flexibility. Across the continuum of community types and locations, a one-size-fits-all sustainable community development strategy is impractical. Plainly, development plans appropriate for urban areas, such as downtown Phoenix, will not effectively transfer to suburban areas, such as Reston, Virginia, and those plans in turn may have little in common with sustainable plans for rural communities, such as those located in North Carolina's coastal plain and mountain regions. While many general principles for deliberate,

forward-looking community development do apply to all areas, a particularly positive shared characteristic of these principles is their recognition of the local- and regional-specific nature of sustainable community development. This recognition, which is an underlying current in the movement's basic tenets, allows the necessary flexibility to develop appropriate, sustainable development strategies particular to individual communities.

While differentiation in development strategies between rural and urban areas is obviously important, it is also critical to recognize the incredibly diverse landscape within rural America. Rurality is relative. Places located on the edge of large metropolitan areas face drastically different challenges and opportunities from those communities isolated from the effects and influences of urban growth and change. In addition, these more remote rural areas exhibit large differences between regions and even between communities.

When discussing sustainability strategies, it is important to recognize, at the very least, two rural Americas: one that is enjoying rising economic opportunity and quality of life, and another that is facing significant decline. High amenity areas, such as the western Rockies region, enjoy attractive natural settings and access to outdoor recreation opportunities. Such amenities attract new residents, visitors and businesses and spur growth in the region's rural communities. For these communities, sustainable community development,

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SMART GROWTH PRINCIPLES
Create a range of housing opportunities and choices.
Create walkable neighborhoods.
Encourage community and stakeholder collaboration.
Foster distinctive, attractive places with a strong sense of place.
Make development decisions predictable, fair, and cost effective.
Mix land uses.
Preserve open space, farmland, natural beauty, and critical environmental areas.
Provide a variety of transportation choices.
Strengthen and direct development towards existing communities.
Take advantage of compact building design.

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including the principles outlined by the smart growth movement, provides a process through which they can develop plans to maintain the qualities that are currently attracting such growth and, at the same time, the quality of life and rural character that defines the community. Many places that are not located in such high amenity areas are experiencing significant out-migration and job loss, especially as traditional resource-based industries such as manufacturing, timber and farming decline. Sustainable development and smart growth strategies can provide these communities with a new means of assessing community assets and with a process through which the communities can work to capitalize on these assets and rebound with more stable, positive development plans.

A central element of the successful realization of sustainable development goals, in all areas, is housing development. To correspond with desired growth strategies, housing development must be responsive to its interrelatedness with social needs, business development, infrastructure and critical facilities, and the environment. Fundamentally, sustainable housing development must ensure development does not occur in areas that are dangerous or inappropriate for human settlement, and it must follow a planning process that allows communities to maintain their character, quality of life and economic opportunity. This process will vary between communities but must be integrated into long-range development plans.

The Center for Sustainable Communities (CSC, formerly the Eastern North Carolina Sustainable Community Economic Development Center) is currently using a variety of sustainability principles in its sustainable community development initiative. This project, which is concentrated on rural eastern North Carolina, aims to develop sustainable community housing models in some of the region's most impoverished areas, while maintaining rural quality of life and character. Such models, once completed, ideally will provide valuable resources for rural communities across the country to adapt and use as part of sustainable development initiatives.

CSC is currently developing partnerships and research for the first project model, which will include about 150 homes. Approximately 50 percent of the homes will be targeted to

persons at 60 to 80 percent of median family income (MFI), 25 percent to persons under 50 percent of MFI, and the rest to upscale, environmentally and socially conscious homebuyers. As part of the demonstration, a self-sustaining financing cycle has been proposed to create financial capital through development and sale of homes for the more affluent homebuyers. Funds from the sales of these properties produce high quality, affordable homes for lower-income households and victims of natural disasters.

In order to address resource allocation and scarcity issues, and to relieve some of the economic hardship that is prevalent in the area, CSC will incorporate 21st century amenities that are important to sustainability. These amenities include energy efficiency, water and wastewater conservation and reuse, healthy home-building techniques and Internet access. In order to provide affordable housing that is sensitive to rural traditions, CSC is seeking to identify those characteristics that define traditional rural architectural design and use findings from this research to develop housing designs that are sensitive to rural community character. In addition, open space will be a significant amenity linked to the home designs, and we plan to surpass state requirements for open space.

The overall process guidelines and the development principles outlined in the tools of sustainable community development are providing CSC with a roadmap for preserving rural quality of life and the rural landscape in the models. Through this housing creation, especially for low-income citizens, CSC aims to provide the base for sound, sustainable economic development that is partially dependent on the availability of adequate, affordable housing. CSC models represent a positive step in acknowledging the importance of sustainable community development and its planning tools for a healthy, sustainable future in rural America.



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# Informing the Smart Growth Debate

by Stephanie A. Jennings

Care must be taken to ensure that sprawl does not have negative consequences for low-income families and communities.

The subjects of sprawl and smart growth have entered the nation's collective consciousness and popular culture. Yet there is much to learn about how to redirect growth in ways that benefit urban, suburban and rural communities alike. Care must be taken to ensure that sprawl, as well as efforts to ameliorate its effects, does not have negative consequences for low-income families and communities.

There are natural links between sprawl, smart growth and affordable housing. The Fannie Mae Foundation explores these linkages through various programs. In 2000, the Fannie Mae Foundation held a symposium on "fair growth" that convened over 200 researchers, policymakers and practitioners to explore the social equity aspects of sprawl and smart growth. Research commissioned for this event developed more comprehensive definitions of these slippery terms, identified density trends and patterns across metropolitan areas, and investigated the impact of smart growth measures on housing affordability.

In 2001 the Fannie Mae Foundation also sponsored a series of Census Notes — preliminary research reports that provide concise and timely analyses of Census 2000 data to stimulate discussion and further research. One Census Note, entitled

"Cowboys and Cappuccino: The Emerging Diversity of the Rural West," analyzed population growth patterns throughout the western states. The authors found that many rural counties continued to lose population, while other counties that contain resorts and metropolitan areas gained population.

There is tremendous diversity among our nation's rural communities. This diversity makes it difficult to properly understand the impact of sprawl as well as the effects of smart growth solutions. In addition, rural communities perform a critical balancing act between attracting growth that provides jobs and prosperity, and managing the impact of that growth. Many rural communities seek growth, but lack the infrastructure necessary to guide development. Smart growth measures, if implemented properly, can have positive effects on these communities through sustainable economic development, conservation of open space and preservation of affordable housing.



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Research cited in this article is available online at [www.knowledgeplex.org](http://www.knowledgeplex.org).

# Smart Growth: More Choices for Rural Development

by Don Chen

Smart growth departs from conventional economic development models by supporting the revitalization of existing communities over the subsidization of new ones.

In the past few years, concerns about urban sprawl have soared, leading many elected officials, business leaders, environmentalists and others to champion different ways to develop communities. These alternative strategies are often referred to as “smart growth.” President Bush underscored these challenges on January 11th when he signed a bill to fund the clean-up and redevelopment of contaminated lands. He noted that “there has been a lot of talk about urban sprawl . . . One of the best ways to arrest urban sprawl is to develop brownfields and make them productive pieces of land, where people can find work and employment. By one estimate, for every acre of redeveloped brownfields, we save four-and-a-half acres of open space.”

While President Bush and many others have made the connection between smarter growth, open space preservation and economic development, most smart growth solutions — like brownfields redevelopment, public transit investment and reinvestment in older neighborhoods — tend to focus on urban and suburban areas. As a result, rural communities wonder whether smart growth has anything to offer them.

Smart growth will never succeed without sound rural development strategies. After all, the leading edge of suburban development is often the battleground where the impacts of haphazard sprawl are most visible, particularly in conflicts between residential areas and agricultural operations, increased traffic and the loss of rural community character.

Of course, much of the problem is driven by the relative lack of economic development activity in rural areas. Many places do not have much choice but to accept sprawl development. It is regarded as the inevitable march of progress, from the conversion of farms to subdivisions, to the death of small town Main Street districts that cannot compete with big box malls.

The mantra of smart growth is to offer more choices. Smart growth departs from conventional economic development models by supporting the revitalization of existing communities over the subsidization of new ones. The National Trust for Historic Preservation’s National Main Street Center is a great example of how this approach has created more options for over 1,600 communities nationwide — nearly half of which are rural. Their program, which focuses on the preservation and



In rural areas, the challenge of producing affordable housing should be a top priority, given the housing shortfalls and high poverty rates that characterize many communities.

bolstering of historic business districts, has generated over \$15 billion in reinvestment, over 200,000 new jobs, and over 50,000 new businesses. By maintaining and enhancing existing assets, this smart growth approach to economic development enables many rural communities to avoid losing their history, sense of community and local ownership of businesses.

Smart growth is also about providing people with a greater range of housing choices. Affordable housing production and the development of mixed-income neighborhoods are key goals of smart growth, thanks to the heavy involvement of many prominent national housing and community development groups such as the Enterprise Foundation, LISC, the National Neighborhood Coalition, and the National Low Income Housing Coalition, as well as numerous local housing providers. In rural areas, the challenge of producing and preserving affordable housing should be a top priority, given the housing shortfalls and high poverty rates that characterize many communities.

Efforts to provide people with more transportation choices can also be helpful for rural communities. Organizations like the Community Transportation Association of America have demonstrated that rural mobility programs are essential to vast numbers of rural residents, providing them with access to medical treatment and low-cost transportation to employment opportunities and schools. Rural transit systems have proven to be tremendous opportunities for technology innovation, particularly with information technologies that provide transit operators and riders with real-time data about arrival times, destinations, special needs and other information to improve the quality and efficiency of service. With the reauthorization of federal transportation legislation coming up in 2003, smart growth advocates should team up with rural development groups to ensure that

rural transportation needs are adequately addressed.

Another aspect of smart growth that addresses rural development is farmland and open space conservation. These measures sometimes include the purchase of agricultural lands, forests and other open spaces to make them off-limits to development. However, while this has been a popular and effective strategy nationwide, the amount of funding for such purchases is limited. Many efforts to set aside farmland and open space focus instead on the purchase or transfer of development rights, often in the form of “conservation easements” in which private property owners are paid not to develop their land. In such cases, property owners remain free to continue working their lands or even sell their parcels, so long as the land is never developed. In many places, such transactions have presented rural residents with more options than just selling to developers and leaving the community.

These smart growth approaches outline some key opportunities to offer more choices for quality rural development. The challenge certainly lies in the implementation. In fact, some efforts to better manage sprawl development have not been beneficial to rural areas, particularly those measures that impede economic development and require large-lot zoning to limit the development of multifamily housing and other exclusionary practices. The smart growth advocates in our nationwide coalition certainly discourage the use of such measures to limit sprawl. However, we have yet to develop a clear vision that unites the goals of smart growth and rural development. I hope that others will join us to craft a common agenda.



Don Chen is executive director of Smart Growth America (SGA). He can be reached online at [www.smartgrowthamerica.org](http://www.smartgrowthamerica.org).



# What Smart Growth Management Does for Affordable Housing in Florida

by Jaimie A. Ross

Affordable housing has been an integral part of Florida's growth management system since its inception approximately 30 years ago.

**1000** Friends of Florida is a statewide nonprofit growth management/smart growth organization.

We have had an affordable housing program since 1991, yet we are still frequently asked: "What does affordable housing have to do with growth management?" This question comes from environmentalists and affordable housing advocates who perceive growth management to be a "green" issue. We explain that 1000 Friends of Florida is committed to ensuring the implementation of growth management and smart growth principles and therefore, by definition, is committed to advocacy for affordable housing. Affordable housing has been an integral part of Florida's growth management system since its inception approximately 30 years ago.



requires looking at the housing stock within a ten-mile or twenty-minute radius of the project to determine whether there is adequate housing affordable to the prospective employees of the development. If there is an insufficient affordable housing stock, the needed units have to be constructed on site and/or developed through other means. The local government development order for the DRI is conditioned upon making provision for the needed housing. The DRI Adequate Housing Rule is part linkage fee, part inclusionary zoning law. Because DRIs by definition are so large, they are frequently located in otherwise undeveloped or rural areas.

## FLORIDA'S SMART GROWTH STRATEGIES

### I. Housing for Employees Working in Suburban and Rural Areas

Since 1972, Florida's legislature has recognized that large-scale residential, commercial and similar developments can impact state and regional resources beyond the borders of a local government where such a project is located. Known as Developments of Regional Impact (DRIs), these projects require approval not only from local governments but from the state as well. DRIs are required to mitigate significant impacts on state and regional transportation facilities, environmental features and available housing.

In particular, the Adequate Housing Uniform Standard Rule requires the developer, the local government and the state to assess each project's ability to accommodate very low-, low-, and moderate-income employee households. The assessment

### II. Comprehensive Planning for Affordable Housing

Florida's 1985 Growth Management and Land Development Regulation Act, which made enforceable the requirements of the Growth Management Act passed in 1975, requires every local government to adopt a housing element in its comprehensive plan. The housing element must be consistent with the Strategic Regional Policy Plan and the State Comprehensive Plan. The housing element is one of ten mandatory local comprehensive plan elements. Other mandatory elements include those that more typically come to mind, such as a conservation element and a transportation element.

The housing element sets forth goals, objectives and policies for how the local government will meet the housing needs of its entire current and anticipated population, including low-income, very low-income and special needs populations, farmworkers and group home and foster care residents. The housing element also requires that local government make provision for the elimination of substandard housing. In addition to the housing element, the local government must also adopt a future land use map, which identifies adequate

## THE SADOWSKI COALITION

Florida's dedicated revenue source for affordable housing enjoys the support of a broad bipartisan coalition, known as the Sadowski Coalition. Initiated in 1991 by 1000 Friends of Florida, the Sadowski Coalition includes these organizations:

- Florida Homebuilders Association
- Florida Association of Realtors
- Florida League of Cities
- Florida Association of Counties
- Florida Department of Community Affairs
- Florida Housing Finance Corporation
- Florida Legal Services
- 1000 Friends of Florida
- Florida Housing Coalition
- Florida Catholic Conference
- Florida Coalition of Affordable Housing Providers
- Florida Impact

The Sadowski Coalition has remained intact for over a decade to be an effective unified voice to ensure continued funding for affordable housing, as well as regulatory reform, such as expedited permitting for all affordable housing.

sites for affordable housing. This requirement is generally interpreted to prohibit, for example, the exclusion of multifamily housing from the jurisdiction.

The housing element goals, objectives and policies must be based on appropriate data and analysis of local housing conditions and needs. The element examines data involving existing and projected populations, existing housing stocks, and the status of affordable housing programs. Once the comprehensive plan is adopted, it is limited to two amendments per year (with certain exceptions) and is subject to evaluation and update review every seven years by the state's land planning agency, the Department of Community Affairs.

Local governments are required to adopt land development regulations to implement the goals, objectives and policies in their adopted comprehensive plan. Individual development permits and the land development regulations must be consistent with the comprehensive plan. All of these provisions are enforceable through the Department of Community Affairs. The Growth Management and Land Development Regulation Act sets forth the details for that enforcement, including

actions brought by citizens and organizations that represent citizens' interests, such as 1000 Friends of Florida.

### III. A Dedicated Revenue Source for Affordable Housing

The most profound result of including affordable housing in Florida's Growth Management scheme is that in 1992 the Florida legislature passed the William E. Sadowski Affordable Housing Act, creating a dedicated revenue source for affordable housing in Florida. Funds provided through this program were intended, in part, to address what many local governments viewed as an "unfunded mandate" in the Housing Element requirement of the Growth Management and Land Development Regulation Act.

The Sadowski Act increased the documentary stamp tax (the transfer fee paid on all real estate transactions) in Florida. The monies generated are split between a state and a local housing trust fund administered by the Florida Housing Finance Corporation. The state trust fund receives approximately 30 percent of the monies; approximately 70 percent go to the local housing trust fund, to be used by local governments under the State Housing Initiatives Partnership (SHIP) program created within the Sadowski Act. SHIP monies are granted to all 67 counties and 48 entitlement cities in Florida. Each local government receiving SHIP monies must adopt a SHIP plan that is consistent with its comprehensive plan. The SHIP plan sets forth locally adopted strategies within certain statutory parameters. For example, a minimum of 60 percent of the monies must be used for very low- and low-income households, and at least 30 percent of those monies must serve those earning less than 50 percent of area median income.

The dedicated revenue from the Sadowski Act is far greater than that of any other state source in the nation. The Sadowski Act currently generates more than \$185 million each year. Those funds have leveraged more than \$2.4 billion in private and other public investment dollars since the Sadowski Act's inception. Approximately six dollars of private investment is leveraged by each dollar of Sadowski funds.

The significant success of the use of SHIP funds is in large part due to the Catalyst Program, created within the Sadowski Act to provide ongoing training and technical assistance to local governments and nonprofits using SHIP funds. The Department of Community Affairs contracts with the Florida Housing Coalition to provide the Catalyst Program's training and technical assistance.

With these monies the state and local governments are making significant progress toward meeting the affordable housing needs identified in the

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**FROM PAGE 11** comprehensive planning process. However, as the low-income population continues to expand and land values continue to rise, even these substantial financial resources will not be enough for Florida to fulfill the legislative proclamation made in 1990 that “by the year 2010 all Floridians will have safe and decent homes.”

#### IV. Inclusionary Zoning Ordinances

The comprehensive housing element requirement that local governments provide for housing their entire current and anticipated populations is not interpreted to mean that government actually build the housing, but rather that government do what is within its power to assist the private sector in building affordable housing. In addition to providing financial incentives and regulatory reform to the private sector, a number of local governments throughout Florida are beginning to adopt inclusionary housing ordinances to implement the housing elements of their comprehensive plans. No two inclusionary housing ordinances look the same, but they all have the following components in common:

- a certain threshold of units, such as 50, triggers mandatory inclusionary units;
- inclusionary units must be aesthetically similar, but not the same as market rate units;
- long term affordability restrictions are placed on the inclusionary units;
- financial incentives are provided for the inclusionary units; and
- a payment in lieu option is available in certain circumstances.

By and large, the gathering and analysis of housing data have been prerequisites to the adoption of inclusionary housing ordinances in Florida. Once local governments can see that a housing deficit exists within certain income categories and that communities have developed in an exclusionary and segregated manner, the adoption of inclusionary housing ordinances becomes a natural fix.

#### V. Better Affordable Housing Data and Analysis

Affordable housing goals, objectives and policies that are based on data and analysis can vary greatly depending upon the

quality of the data used. For instance, a local government without the will to provide affordable housing could come up with data that show no affordable housing need. Substandard housing could be defined in surprisingly creative ways, reducing the actual number of housing units listed as substandard. To remedy this, the 1993 legislature adopted a requirement that all local governments use local housing data, based on a uniform methodology, supplied to it by the state land planning agency, the Department of Community Affairs. The Department of Community Affairs provides this information through a contract with the Shimberg Center for Affordable Housing at the University of Florida. Each local government is provided with the most current data readily available to address its population's housing needs, in an electronic format. Presently, the Shimberg Center will be narrowing this data down to census tracts, to provide increasingly useful information to local governments in making affordable housing land use, funding, Development of Regional Impact, and inclusionary zoning decisions.

#### UNCERTAIN FUTURE OF SMART GROWTH IN FLORIDA

Florida, like many other states, is considering the smart growth model used by Maryland, grounded in priority funding areas for development. In addition to priority funding areas, Florida's Department of Community Affairs is developing a true cost accounting system as a key component of fiscally driven development. True cost accounting is a fiscal analysis of the real infrastructure cost of development. Although this smart growth concept may be sound, it is an analysis that affordable housing cannot withstand. The costs of providing public services to a family in a modest home far exceeds the revenue produced by the real estate taxes collected on that home. If affordable housing is not exempted from this fiscal analysis, smart growth will prove itself unwise. Affordable housing should not be required to pass the fiscal analysis test, but should instead be a part of the calculation of infrastructure when analyzing employee generating development.



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# Promoting Responsible Growth in Colorado

by Lynn Petty

The challenge facing Colorado communities is how to control growth in a free society, without damaging the affordability of housing.

In 2000, Coloradans for Responsible Growth and Coloradans for Responsible Reform faced off over Amendment 24, a growth initiative that would have changed Colorado's constitution and limited growth by requiring many communities in the state to adopt extensive plans with urban growth boundaries. The amendment was an attempt to manage growth and impede habitat destruction by compelling local governments to demarcate sites for future development. Such a delineation of growth would, in turn, have affected the ability of housing advocates and developers to provide affordable housing. Months prior to the November election, the two groups engaged in heated debate and ran strong media campaigns to convince voters each side had the right solution to Colorado's growth problem.

The group of residents who drafted the amendment believed that rapid, unplanned and unregulated growth posed a threat to the preservation of the state's open spaces. Habitat for Humanity of Colorado, joining Coloradans for Responsible Reform in their opposition to the amendment, believed that the proposed legislation would further degrade the affordability of housing in Colorado. The slogan, "NO! Too Extreme for Colorado," was adopted by the opposition. The proposed legislation, named Citizen Management of Growth, outlined specifics on how the state would regulate growth by city and county, yet mentioned "affordable housing" just once in the entire six-page document. Affordable housing was also not defined, nor was it given a percentage of the total new housing units that could be constructed under the provisions of the amendment.

Amendment 24 would have required counties with populations over 10,000 and municipalities over 1,000 to submit



future growth area maps to local voters for prior approval of new developments outside the already developed areas. Voters would decide on new growth maps and developments every year during November elections. Counties with populations over 10,000 and less than 25,000 could vote to exempt themselves for renewable four-year periods. Based on current population data, 18 out of 63 mostly rural counties would have been affected by the amendment's provisions. Under this legislation, any rural community wanting to amend growth boundaries would be required to hold a costly and confusing annual vote to approve amended growth maps. Proposed developments not located within existing approved boundaries would require a vote of public approval every November. This voting process would, in turn, lengthen development timelines, increase planning and voter education costs and remove the existing voice of representative government. Without tying jobs to development, there would be such a high demand for housing that most of the communities' middle-class wage earners would be forced to reside in outlying cities, actually increasing sprawl and transportation costs. This amendment would force Habitat for Humanity to build in unincorporated areas with higher development costs and therefore impose higher transportation costs on our customers.

Colorado Habitat had not stepped into the state political arena to take a stance on any issue prior to the proposal of Amendment 24. As the debate on managed growth began to heat up, Habitat for Humanity of Colorado and several of its affiliates publicly announced their opposition. The organization quickly discovered exactly just how much clout it carried when Habitat's name was placed front and center as a significant opponent of the amendment.

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The discussions about growth became an ideal opportunity for Habitat, as an affordable homebuilder, to educate the general public on the need for affordable housing and how the supply of affordable housing affects everyone in the state. When Habitat for Humanity stepped in as an advocate for affordable housing and an opponent of Amendment 24, voters realized the impact the legislation would have on the price of housing. Voters quickly understood that housing and its affordability were related directly to managed growth and to everyone's ability to access affordable housing. The amendment was soundly defeated.

Colorado is one of the fastest growing states in the country. Its population increased by over one million in the past decade. It is also the third least affordable state in which to reside. Increasing demand for housing and limited growth initiatives make for a less than desirable environment for affordable housing builders, including Habitat for Humanity, which serves families living at or below 50 percent of area median income. With land prices across the state, including rural communities, increasing 30 to 300 percent in the past three years, Habitat for Humanity had good reason to be alarmed by the proposed growth amendment. Habitat's biggest challenge in the state has been finding affordable, buildable land. Habitat's 20 rural affiliates in Colorado each build one to three homes a year, and every year they find it more difficult to acquire affordable land in an economy that is driving land prices higher and higher. Families are moving out of urban areas, seeking more affordable housing and the peace and quiet that smaller communities offer. This increased population threatens the quality of rural life. Previously productive farmland and rangeland is being sold off and developed. Existing infrastructure is being taxed. Even in these quaint rural communities, the demand for the good life is driving the cost of housing sky high.

Rural communities offer limited resources to assist Habitat affiliates in building homes. The rising cost of land makes it

even more difficult for rural affiliates to increase their capacity, much less maintain the level of construction. Eagle/Lake County Habitat for Humanity, for example, eventually succumbed to the exorbitant cost of building in Eagle County and refocused their housing program to include the more affordable Lake County. In Leadville, the local Habitat affiliate found more affordable land and a partnership with Colorado Springs Catholic Diocese to continue their building projects.

The challenge facing Colorado communities is how to control growth in a free society, without damaging the affordability of housing. An example of such a challenge can be found in Colorado's resort communities, where market pressures have raised housing costs to the point where those who make these communities work — teachers, public safety officers, mechanics, and tradespeople — are reduced to living in substandard housing or commuting many miles over sometimes dangerous mountain roads to get to work.

After the 2000 election, Colorado smart growth advocates engaged in conversations with affordable housing and social equity advocates. The parties came to a mutual understanding that resulted in a number of bills. Despite efforts to draft strong smart growth legislation, the Colorado legislature failed to pass significant growth-related legislation. The unfortunate fact is that the only way to control growth in a free market is by raising costs, which would have been the result of Amendment 24. A higher cost of housing production threatens Habitat's ability to fulfill its mission of eliminating poor housing conditions. Colorado's cities and towns are left, then, with the challenge of attempting to manage growth that simply cannot be controlled.



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# Smart Growth in Rural California

by Tom Collishaw

What is a self-respecting smart-growth-supporting rural affordable housing developer to do?

A recent survey by the Public Policy Institute of California verified the greatest fear of most smart growth supporters: in the most populous state in the country, an overwhelming majority of Californians still want a detached home with a backyard. In fact, a higher percentage of them (84 percent) want the house with the picket fence than the rest of the country (71 percent). In the largest rural portion of the state — the great Central Valley — the dream of the traditional single-family detached home is even more pronounced (88 percent).

These figures should not surprise those of us who develop single-family homes for low-income people in California. After all, when one first experiences the sprawling, endless metropolis of Los Angeles, it is easy to cast California in a bad light — the poster child for dumb growth, you might say. The tendency is to blame California, built around the dual dreams of the automobile and the single-family tract home, for the excesses of modern America and destroying the fabric of society by obliterating the old concepts of neighborhoods.

So what is a self-respecting smart-growth-supporting rural affordable housing developer to do? Should he give up the marriage of the two, for reasons also popularized in Californian divorce courts — irreconcilable differences? Or should he adopt the principles of smart growth in all of his development activities, bringing the low-income homebuyer kicking and screaming — a shotgun wedding? The answer to both questions is no ... leaving the relationship between smart growth and rural affordable housing development in the courtship stage.

Self-Help Enterprises (SHE) works in a vast geographic



Photo courtesy of Self-Help Enterprises

To provide affordable housing in rural California, Self-Help Enterprises sometimes contributes to sprawl. Here, farm labor rental units and a subdivision of self-help homes were built in a former vineyard outside Madeira, Calif.

region comprising eight counties and over 27,000 square miles, roughly the size of South Carolina. Still dominated by agriculture, the economy has been affected by pressures from the outside, as has the real estate market. In a relative sense, the San Joaquin Valley (the southernmost part of the Central Valley) is the most affordable housing market in the state, but do not tell that to the thousands of farmworkers, packing-house workers, and other low-paid wage earners that dominate the area. It is a region of surprising contrasts, which color the way the smart growth precepts of higher densities, land and resource preservation, and saner transportation systems interact

with the development realities of the San Joaquin Valley.

## COMMUNITY REVITALIZATION, INFILL DEVELOPMENT, AND HIGHER DENSITIES

SHE's efforts at community revitalization predate the current smart growth movement by years. Over 25 years ago, SHE began a housing rehabilitation program in small cities and towns that flourishes to this day, improving dilapidated housing stock for low-income owners and renters. In self-help housing, the earliest projects were infill in nature, where families purchased existing lots or demolished and replaced existing units. More recently, SHE has developed multifamily rental properties, often on infill lots in larger cities and rural towns alike. The combined efforts of these programs have certainly achieved the desired goals of smart growth.

However, SHE has also, in its pursuit of affordable housing goals, contributed to sprawl in rural communities. In the self-help housing program, SHE found it expedient to develop large (more than 30 lots) single-family

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**FROM PAGE 15** subdivisions, often on the fringes of existing towns. Why the fringe? Sometimes because of the political palatability of the site (not as many potential NIMBY neighbors) and other times because those are the only sizable sites available. The same can be said for some of SHE's multifamily rental developments (particularly farm labor projects), which have been sited on erstwhile farm land.

Densities have been a different matter. Most San Joaquin Valley planning policies glorify the minimum 60-foot frontage, 6,000 square foot lot ad nauseam. While California passed a Density Bonus Law in the early 1980s, entitling the developer of affordable housing to a 25 percent increase in otherwise allowable densities, it was seldom used in the great expanses of the Valley until SHE started requesting bonuses in towns where land costs were rising. The result has been a shift to 40-foot wide houses (to accommodate five-foot sideyards) from the old 50-foot wide homes of the past. This has kept infrastructure costs down (fewer street and offsite improvements per lot) but has created an unintended side effect: streetscapes overwhelmed by two-car garage fronts. Yet the use of the density bonus, pioneered to a large degree by SHE in the Valley, has been consistent with smart growth concepts.

The tale of densities has been different, ironically, in SHE's multifamily rental housing projects. As a builder that focuses on family projects with large (mostly three- and four-bedroom units), SHE often effectively downsizes allowable densities. The vagaries of layered financing and Low Income Housing Tax Credits, coupled with relatively low Valley land costs, do nothing to encourage maximizing densities. Also including onsite facilities for resident services and desired open space affect ultimate unit yield per acre. The upshot is that SHE developments have unit-to-acre ratios under allowed densities, something that runs contrary to smart growth doctrine.

## LAND AND RESOURCE PRESERVATION

Anyone who has flown during daylight over the San Joaquin Valley of California gets a sense of great expanses of land cut up into geometrically perfect rectangles by some unseen hand. In the world's richest agricultural region, land is both plentiful and precious. It is sobering to realize that SHE, as an active affordable housing developer, routinely devours prime farmland for its housing projects.

The pressures of urbanization have reached critical proportions in some Valley counties, pitting "equity immigrants" (people who sell their homes in high-cost areas like the Bay Area or Silicon Valley and then roll their substantial equity into opulent properties in the Central Valley) from real estate markets

nearby against the agriculture industry. Some counties have taken the issue to voters, resulting in agricultural land preservation ordinances. For SHE, it is a painful reminder that without farmland, there are no farmworkers, so at some level we support agricultural preservation, even if not loudly. Preservation of agricultural land or open space (or any slow- or no-growth sentiment) is a tricky issue for affordable housing developers, particularly as it can be used by savvy NIMBY supporters. Generally, SHE takes the position that any limitation on new growth should allow for, or set aside, a reasonable allotment for low-income units. Too often, NIMBY supporters are "way of life" preservationists disguised as land preservationists.

The preservation issue sometimes makes for hard feelings between affordable housing developers and environmentalists, natural allies in other matters. Increasingly, water and air quality are becoming the prime issues affecting growth in the Valley, representing the single most powerful threat to future residential growth in the region. How this plays out, and what inclusion affordable housing enjoys, is a critical smart growth issue. If SHE sounds schizophrenic on land preservation issues, it is because we are.

## TRANSPORTATION

The automobile still truly reigns supreme in California, both as a living symbol of independence but also as the great equalizer for the vast distances to be traveled in the Valley. Indeed, we give little thought to traveling over 100 miles to a meeting when we will return in the same day. This mobility, of course, comes at a great price, including some of the worst air quality in the country. Most of the bad winds blow in from the San Francisco Bay Area, exacerbated by the fact that the valley is surrounded — and air entrapped — by mountains on three sides.

While attempts at rural mass transit have failed miserably, and there continue to be public dreams of high speed rail, light rail and any other rail you can think of, SHE has actually helped in one respect. Namely, we often locate people close to their work — on farms. Communities like LaVina and Richgrove border local vineyards, and SHE has built thriving single- and multifamily developments in such areas. Of course, this does not speak to the other services, such as grocery stores, retail and other needs; often families still need to travel to the larger urban centers for such things. Transportation remains a problematic issue.

## SMART GROWING PAINS

It is clear that the courtship between smart growth and rural affordable housing has had its ups and

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In suburban Hillsboro, Ore., Montebello Apartments are an example of smart growth, providing apartments for farmworkers that are affordable and also near services. The wires above the roofline mark the location of the MAX light rail line.

# Farmworker Housing and Smart Growth Policies in Oregon

by Linda Netherton and Doug Longhurst

The benefits of growth have accrued primarily to urban centers and to those with the education and skills to flourish in the transition from a resource-based to a services-based economy.

Oregonians are proud of the state's pioneering land use laws that protect quality of life in the midst of growth. Our state is often held up as an example for high rates of household recycling, commitment to mass transit and record numbers of commuters using alternatives to the car. These and other smart growth policies arise from larger issues of sustainability, which for most people means linking the choices we make now with how people will be able to live in the future.

On the other hand, Oregon is also known for one of our nation's highest rates of hunger. In the Portland metro area and other parts of the temperate Willamette Valley where we work, there has been tremendous growth over the past decade. This includes rapid growth of the Latino population, initially attracted by agricultural jobs. Unfortunately, the benefits of growth have accrued primarily to urban centers, and to those with the education and skills to flourish in the transition from a resource-based to a services-based economy.

In this transition, two Oregons are emerging. One is typified by the high-end services worker who is an engineer employed in a high-tech company, living in one of many available upscale rental units or new homes built recently. The other is typified by the agricultural worker, who in decades past would have been part of a family that owned, operated and lived on its own farm. Today, an agricultural worker is much more likely not to own the farm or even come into direct contact with the owner. He or she is likely to be a Mexican immigrant contracted by a labor broker to work for minimum wage in the burgeoning commercial nursery business owned by an out-of-state corporation. Rather than being a homeowner, the worker lives in substandard, overcrowded rental housing located in a city many miles from the worksite, or in a dangerously dilapidated farm labor camp. Farmworker households earn between 17 and 30 percent of the area median income and, despite flat wages for years, farm workers lack the right to strike. They are exempted from state labor laws requiring regular breaks and overtime pay for overtime work. And they typically lack vacation or sick pay benefits. Farmworkers face extraordinary barriers to decent housing, compared even with other low-income families: they lack access to public assistance programs, need larger apartments for larger families, and face outright discrimination. In this other Oregon, many people, not just farmworkers, are unable to support themselves or their families decently, due to low-wage jobs and lack of affordable housing.

In Washington County where the Housing Development Corporation (HDC) works, over

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**FROM PAGE 17** 4,000 year-round agricultural workers currently pay half or more of their income for housing. Less than 5 percent of this population is served through HDC's 200 year-round apartment units. HDC also provides 33 apartments for seasonal or migrant families, which is much less than 1 percent of the estimated 10,000 units needed during peak season. Clearly, we have much to do to achieve sustainability and to turn back forces that will divide urban from rural and fragment our communities increasingly along lines of race, ethnicity, income and social class.

The good news is that Oregonians have a history of working together. Smart growth in Oregon really started in the early 1970s with the adoption of innovative land use planning laws and regulations including urban growth boundaries. This approach was developed through a process involving a broad cross-section of citizens who determined that Oregon should "grow up, not out" as a means of preserving natural areas, farmland and green spaces for the enjoyment of future generations. This year, legislators from across the state voted unanimously to adopt the Oregon Sustainability Act. Urban and rural areas are called to work in new ways to integrate economic, environmental and social systems, goals and operations by 2025.

How can we achieve smart growth and build housing affordable to the most underserved, very low-income households below 50 percent Area Median Income (AMI)? This is an important question for HDC because we operate in a suburban area, work with urban-minded policymakers and government officials, but serve employees of the rural, agricultural economy — nurseries, wineries, Christmas tree operations, etc. We are now developing our second tax credit project, having first built Montebello Apartments in the city of Hillsboro, near services and adjacent to MAX, the Portland metro area light rail. Farmworker families living in this 48-unit, tax credit apartment community use MAX for shopping, errands and weekend outings, but it cannot relieve their biggest transportation need and expense — reaching workplaces in remote rural locations. Nevertheless, funders remain enthusiastic about this high-density project for its siting near MAX and its upscale architectural features.

For low-income affordable housing, the good intentions of smart growth can have unintended negative results. A key example in the tri-county Portland metro area, where we work, is the Urban Growth Boundary (UGB). The UGB delineates the area in which urban development may occur. Outside the UGB, urban services such as sewer and water may not be



Photo by Leslie R. Strauss, HAC

The youngest residents of Montebello Apartments may not understand, but they and their parents benefit from its smart growth features including a convenient location and high density.

provided, thus making denser development impossible. Inside the UGB, land supply remains constant despite population growth, forcing denser development.

Within the UGB, commercial and for-profit developers have secured and developed almost all of the largest remaining, contiguous parcels of land zoned for residential development. The HDC's response to the lack of large parcels is to pursue scattered-site and infill development, consistent with regional and local government planning goals. For example, the HDC's Jose Arciga Apartments is a tax credit project that will provide affordable apartments to farmworker families on three sites, in two cities. While scattered-site projects are more difficult and costly, this strategy was one reason why the project was rated highly by the Oregon Housing and Community Services Department and secured tax credit financing in a very competitive process.

Despite HDC's support for Oregon's land use laws and the principles of smart growth, the combination of these laws and changing local circumstances have created a daunting array of challenges not only for community-based farmworker housing projects, but for any affordable projects aimed at households below 50 percent of AMI. The combination of a limited supply of land, lack of public funds for improvements and high demand for additional housing have contributed to the high costs of land and development in our area.

HDC's strategy for dealing with this challenge has been to pursue multiple funding sources for each project. However, there's no free lunch. Over the past 10 years, the administrative burden on our small nonprofit organization has increased dramatically due to the complexity of funding strategies, reporting and compliance issues. In other words, tax credit projects will be feasible only with as many as 12 different funding sources, each with its own requirements.

The disadvantages of growing land costs were compounded



Despite growth restrictions in the Portland area, additional farmworker housing is desperately needed to replace units like this two-room house in the Campo Azul farm labor camp.

by the passage of Measure 5 in Oregon during the early 1990s, which placed a cap on property tax increases. Similar to California's Proposition 13, Measure 5 is gradually eroding the public infrastructure and our communities' capacity to pay for public improvements such as sidewalks, roads, bridges and water and sewer systems. One response by Oregon communities is the creation of System Development Charges (SDCs), which shift the burden of extending public services to new housing developments to the developers. Charges are assessed identically against for-profit and nonprofit housing developers. Our strategy in dealing with this challenge is to advocate for fee waivers and deferrals for nonprofit housing developments.

The impact of UGBs, population growth, SDCs, high land prices and housing demand is reflected in the increasing costs per unit of housing. Our cost per unit in 1998 was \$100,000, compared to the current cost of \$130,000 per unit in the new Arciga Apartments. Of each unit's cost, 8 percent is attributable to land costs, and 8 percent to system development charges. This makes it very difficult for housing projects to be feasible if one is trying to serve households at 40 percent of AMI and (in the case of tax credit projects) there is no rental assistance.

Our strategies for maintaining affordability for farmworker families and financial stability of the projects include crowding more units onto smaller sites, carefully selecting and reducing amenities and seeking more sources of funds to complement tax credit financing. Despite the challenges, we managed to include 10 migrant family units in our new 50-unit tax credit project, where tenancies will typically last for nine months and then the families will move to new locations for work. To bring property maintenance costs down and provide some housing subsidy, we have included most utilities. We have addressed the issue of sustainability through green-building features. More than 80 percent of the green-building and

sustainable features recommended by our consultant are in place to achieve maximum energy efficiency and use of recycled materials or renewable resources. Heating and domestic hot water are entirely powered by natural gas via an hydronic heating system that, over the long-term, will be more energy-efficient, more comfortable and less costly.

HDC has utilized both of the two major sources of funding for farmworker housing — Section 514/516 Rural Development funds from USDA and tax credits (Low Income Housing Tax Credits and Oregon Affordable Housing Tax Credits). The state also supports farmworker housing through the Housing Trust Fund and specialty sources such as farmworker housing tax credits, Oregon Affordable Housing Tax Credits and property tax exemptions. Through our local jurisdiction, we receive HOME funds, but these are treated as loans. There are no incentives now available to encourage community development corporations such as HDC to continue serving households at or below 30 to 40 percent of AMI.

In conclusion, we have urged our state, regional and local elected and appointed representatives to consider the following action items to make life easier for CDCs such as ours, who are struggling within the UGB to address the housing needs of families well below 50 percent of AMI.

- Encourage local jurisdictions to donate surplus land.
- Offer farmworkers the same choices as urban employees — to live near work in order to reduce transportation costs and traffic and improve air quality. This would require changes in land use laws to permit farmworker housing to be developed and operated by nonprofits on less expensive land zoned for exclusive farm use. But farmworkers would receive needed services and have a choice to live in decent, affordable housing nearer the workplace. As it stands now, their options are typically either terrible, dilapidated farm labor camps or terrible, dilapidated community housing.
- Provide infrastructure grants and waive SDCs for projects serving the lowest-income households.
- Expand grants for green-building and energy conservation features.



Linda Netherton and Doug Longhurst are co-executive directors of the Housing Development Corporation (HDC), based in Hillsboro, Ore. HDC can be reached at 503-693-2937.

# Easy on the Butter

by Joe Belden

Overall, there are probably fewer cuts in housing programs than some advocates might have feared.

**O**n February 4 the Bush Administration released a proposed federal budget for fiscal year 2003. In the aftermath of September 11, the message is pass the guns, but easy on the butter. This means beefed-up defense spending, more for homeland security, restraint or cuts on the domestic discretionary side and a return to deficit budgets. Proposed spending levels for the Department of Agriculture's Rural Housing Service (RHS) and for the Department of Housing and Urban Development (HUD) are good for some programs but grim for others. Overall, there are probably fewer cuts in housing programs than some advocates might have feared.

The budget document in question is for the 2003 fiscal year that will begin on October 1, 2002. This is the first full budget proposed by the Bush Administration. The current 2002 budget was basically a proposal from the last year of the Clinton Administration, with amendments from the new Bush White House. Now it will be up to the Congress to decide on the exact levels in the appropriations process, and send finished spending bills back to the President for signing or veto later this year.

## RURAL HOUSING PROGRAMS

The administration's 2003 budget proposal for USDA seeks substantial cuts in the largest rural housing programs. There are welcome increases in other smaller programs. The budget asks Congress to reduce the Rural Housing Service's Section 515 rental program by 47 percent from 2002 levels — from the current \$114 million to only \$60 million next year. For the 515 program, the budget also limits 2003 funding to repair and rehabilitation of existing projects only. The budget calls for RHS to study its multifamily portfolio during a "hiatus of providing new construction" and find ways "to operate and manage . . . more efficiently so that new construction may be

provided in future years at less cost to the taxpayers." This seems to suggest that new construction could come back.

The budget proposes cutting the Section 502 direct homeownership loan program by 11 percent (from \$1.08 billion to \$957 million), and Section 502 guaranteed single-family loans by 12 percent (from \$3.138 billion to \$2.75 billion). A few years ago 502 direct loans were at \$1.8 billion. Increases are proposed for rental assistance and several smaller programs: Section 504 repair loans and grants, rural housing preservation grants (which had suffered several cuts in recent years) and Section 514 farm labor housing loans. Section 514 loans would get a 26 percent increase. The Rural Community Development Initiative would be eliminated. This is unfortunate but the program does have two years of funding remaining from past appropriations, which should be announced soon in a Notice of Funding Availability.

## HUD PROGRAMS

HUD is of course also a very substantial source of housing funds for rural America. The HUD budget proposal for 2003 has a strong emphasis on both homeownership and the border colonias. Homeownership has in fact been a recurring theme for President Bush, with a mention in the recent State of the Union speech and his work on several Habitat for Humanity houses. In the budget the Self-Help Homeownership Opportunity Program (SHOP) would almost triple, going from \$22 million to \$65 million. The HOME downpayment assistance initiative would increase to \$200 million, from \$50 million this year.

The budget also proposes a new \$16 million "Colonias Gateway Initiative." It would create "a nonprofit entity with the mission of improving the coordination of public, private, and community-based resources in the colonias." The intent would be to "enhance the availability of housing, economic

opportunity, and infrastructure in the colonias.” This new entity would be funded by a legislative change that would redirect some Community Development Block Grant (CDBG) funds away from very wealthy communities.

The bad news: As in the 2002 proposed budget, for 2003 HUD is seeking to eliminate the Office of Rural Housing and Economic Development. Again the claim is that it duplicates funding provided by CDBG and the Rural Housing Service. The budget proposes cuts to other programs. The biggest cut sought is in public housing capital funds. But some programs — for example, housing counseling, housing for the disabled, and public housing operating funds — are held constant or get increases.

#### NEW WRINKLES

The federal budget for 2003 has several new wrinkles and approaches. For the first time there are photos, including one

of a Neighborhood Reinvestment-assisted homeowner in the HUD chapter. The budget also has detailed ratings of departments and agencies on their management performance and efficiency. There are five rating categories: human capital, competitive sourcing, financial management, e-government and budget/performance integration. Both HUD and USDA receive low marks in all or most categories, but so do most other federal departments, especially the larger ones.

#### FOR MORE INFORMATION

As this article goes to press, HAC is preparing its annual analysis of the budget’s housing provisions. The HAC website and *HAC News* will have publication information. Readers also can access the full federal budget at [www.whitehouse.gov/omb](http://www.whitehouse.gov/omb).

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#### 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.

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FROM PAGE 16 downs, lover’s quarrels, and Dutch treats.

While there is much common ground between the smart growth theorists and affordable housing developers, the implementation of certain smart growth precepts present perils for the already uncertain terrain that surrounds low-income housing development. Perhaps in order for a marriage between the two to occur, we need a prenuptial agreement, ensuring that the special needs

of rural affordable housing development are addressed in all smart growth movements. Then we can all enjoy the reception following the wedding.

Tom Collishaw is the director of development at Self-Help Enterprises (SHE), located in California’s San Joaquin Valley. SHE can be reached at 559-651-1000 or online at [www.selfhelpenterprises.org](http://www.selfhelpenterprises.org).

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