



Housing Assistance Council

Building Rural Communities

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Affordable Rural Housing Issues and Recommendations: SUSTAINING LOCAL RURAL HOUSING ORGANIZATIONS

Mission-driven community organizations, primarily nonprofits, play an essential role in putting rural housing funds to work in rural places. To use rural housing programs effectively to improve housing and contribute to sustained economic recovery, a strong nonprofit presence is required. To support community-based nonprofit organizations, their employees, and their vital role, the Housing Assistance Council encourages the Obama Administration and the 111th Congress to:

- △ **Continue building the capacity of rural housing organizations.**
 - **Appropriate \$12 million per year for the U.S. Department of Agriculture's Rural Community Development Initiative (RCDI)**, which funds intermediary organizations that build organizational capacity for local housing organizations.
 - **Adopt legislation equivalent to H.R. 1982**, authorizing HUD's Rural Housing and Economic Development (RHED) program. This bill passed the House in July 2007. RHED provides scarce federal capacity building and project funding directly to organizations serving small rural communities. Fund RHED at \$25 million per year.
 - **Support programs at two- and four-year colleges**, including minority colleges, that train students in the skills needed to develop housing in their communities.
 - **As part of a national service program** administered by the Corporation for National and Community Service or any other entity, encourage volunteers and unemployed workers to commit time to local housing nonprofits.
- △ **Help nonprofit organizations to obtain much-needed administrative funding.** Housing programs generally emphasize "bricks and mortar" funding, so nonprofit developers must spend time and energy raising money to pay salaries and rent in addition to conducting their housing work. A national housing policy must include the recognition that nonprofits need funds to operate. Some of the many available options include:
 - **Fund local organizations directly**, as the Office of Economic Opportunity did during the War on Poverty.
 - **Modernize indirect cost rates** to allow nonprofits to earn some of their own administrative funds.
 - **Provide incentives for nonprofits to share or merge operations** such as bookkeeping.
 - **Modernize tax laws** so that a housing nonprofit could cover some of its own costs by, for example, developing market rate housing and using the proceeds to finance the administration of its assisted housing programs.
 - **Enhance incentives to for-profit businesses and individuals that make charitable contributions** to community nonprofits.
- △ **Enable nonprofits to compete with local governments for program funding**, or to obtain funding in places where local governments cannot or choose not to apply. Some rural places are unable to benefit from programs such as the Community Development Block Grant and HOME because local governments do not use the programs and nonprofits are not permitted to use them directly. Nonprofits that receive such funds should then be held accountable for their performance.