



**Housing Assistance Council**

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August 18, 2008

Mr. Manuel Ochoa  
Deputy Assistant Secretary for Grant Programs  
Office of Community Planning and Development  
US Department of Housing and Urban Development  
451-7<sup>th</sup> Street, NW  
Washington, DC 20410

Dear Sir:

The Housing Assistance Council (HAC) is pleased to offer comments on the Emergency Assistance for the Redevelopment of Abandoned and Foreclosed Homes program established through the Neighborhood Stabilization section of the Housing and Economic Recovery Act of 2008. HAC is a nonprofit intermediary organization that works with local nonprofit and government agencies to create and sustain affordable housing opportunities for low-income rural residents. HAC has long been engaged in promoting homeownership for low-income rural residents and supporting efforts to expand sustainable homeownership for low-income people. HAC has monitored the foreclosure crisis with a specific interest in how these issues impact rural areas. We are very grateful that Congress and HUD have taken action.

The new program will provide \$3.92 billion to provide states and units of local government to redevelop foreclosed properties. The program will undoubtedly help thousands of families. HAC suggests the following points regarding use of the program in rural areas.

- **Reliance on nonprofit partners.** HAC's experience is that qualified nonprofit housing development organizations have both the skills and the dedication to mission needed to help implement this new program. State and local public agencies, as well as HUD, should rely on the proven nonprofit network.
- **Vacant units.** In rural areas vacancies are twice as high as in urban areas. Rural communities could use the program successfully to purchase units that have been abandoned and then create affordable housing for low-income people.
- **Priority status.** According to analyses of the bill, HUD will have the authority to devise a distribution formula. Priority status will be given to metro areas, cities,

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low and moderate income areas, rural areas, and other areas with the greatest need. Given the severity of the problem in urban areas – high foreclosure numbers, extremely high foreclosure rates – this may significantly limit the amount of funds that ultimately go to rural areas.

Based on local analyses of these trends conducted in several states across the country, rural areas as a whole may not be experiencing foreclosure rates at the same level as urban areas; however there are specific types of rural counties where foreclosures have been significant. For example, the highest foreclosure rates in rural Ohio can be found in those rural counties that surround the state's major urban areas (e.g., Cincinnati, Cleveland). The same pattern can be found in Minnesota where rural communities that have become bedroom communities for the Twin Cities had the highest foreclosure rates. Despite increasing trends in these communities, they cannot compare in volume to the central cities in terms of need. Funding allocation formulas for the proposed programs must take this into consideration.

- ***Lack of reliable data.*** Adequate data is a critical piece in effectively addressing the foreclosure and delinquency issue. With inconsistent tracking methods across states and counties, it is difficult to get a true sense of the depth of the issue, specifically as it pertains to rural areas. HAC recommends using some of the funds, if possible, or finding other funds to establish a reliable data set that allows us to track foreclosures in a more consistent way.

Thank you for the opportunity to comment.

Sincerely,

A handwritten signature in black ink, appearing to read 'Moises', with a long horizontal line extending to the right.

Moises Loza  
Executive Director