Dear Friends,

Rural housing is not a significant issue in this year’s elections, but the election results will affect rural housing policy. This issue of Rural Voices examines some aspects of government policies on the federal, state, and local levels, and their impact on housing conditions for low-income rural residents.

First, although the internal workings of Congress do not often make news headlines, decisions on rural policy can be influenced by the way members of Congress work together. Addressing this fact in a special version of our usual View from Washington column, two representatives explain what they hope to accomplish through the recently revived Congressional Rural Caucus.

Next, the President of the National Low Income Housing Coalition summarizes the status of housing issues in the presidential campaign, and describes a postcard campaign that seeks to raise housing’s profile.

A different perspective is provided by Sharon Bias, the West Virginia Commissioner of Banking, who suggests applying a business model, rather than a political model, to the housing industry. Some of her conclusions may be borne out by the piece that follows hers, in which an experienced housing developer reports on some of the ways federal housing policy affects local rural housing in California.

Three articles address the importance of policy on the state and local levels. The director of the New York State Rural Housing Coalition examines his coalition’s changes over its twenty-year history. More recent events are the focus of the president of the Utah Housing Coalition, who describes her state’s affordable housing crisis and how the state is handling it. Finally, a currently popular aspect of state and local policy — smart growth — is described by an expert at the Urban Land Institute, and some findings from HAC research illuminate the effects of smart growth on affordable rural housing.

Of course many other policy issues affect rural housing. Rural Voices would be interested to hear your thoughts on housing policy, or on any other rural housing topic. Our contact information is on page [x].

Sincerely,

William Powers, Chair
Charles B. Davis, President
Moises Loza, Executive Director
Smithsonian To Feature Proyecto Azteca

Proyecto Azteca, a successful developer of self-help housing for Texas colonias residents, will build a house on the National Mall in Washington, D.C., as part of a segment on “El Rio” at the Smithsonian Institution’s annual Folklife Festival, to be held June 23-July 4. The organization’s staff will explain the process to festival attendees, and public and elected officials will assist with the construction. The program is co-sponsored by HAC, the U.S. Department of Agriculture, and several other entities. HAC has arranged for the completed house to be moved to rural Maryland, where it will be occupied by a low-income family.

HAC Workshops Help Strengthen CHDOs

HAC recently held two workshops for Community Housing Development Organizations (CHDOs) selected to receive technical assistance under a HAC agreement with the Department of Housing and Urban Development. Five CHDOs spent two days in Richmond, Va., in a facilitated self-assessment session. To analyze their own organizational capacity, participants focused on strategic planning, financial management, information technology, and human resource development. Participants reported that the process was useful for reviewing and understanding their current capacity and their needs in these areas, as well as for determining what technical assistance HAC will provide.

Eleven staff members from four CHDOs attended a HAC-sponsored workshop in Kansas City. Entitled “Building a Better Organization,” the three-day session covered a wide variety of issues that can help a new rural housing organization succeed. Topics included financial management, governance, fundraising, communications, and the basics of housing development. Participants commented that the workshop not only helped new groups, but also helped staff of established nonprofits to learn about their own organizations.

HAC Seeks Nominations for Rural Housing Awards

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

Rural Capacity Building Initiative Recipients Announced

Twenty-six local rural housing nonprofits have been selected to receive grants from the Rural Capacity Building Initiative, administered by HAC and funded by The Enterprise Foundation and the Department of Housing and Urban Development. The awards average $16,100 and will cover core support costs such as salaries, staff training, and equipment purchases. The funds are expected to build recipients’ capacity to provide affordable housing in their rural communities. The overwhelming response to HAC’s request for proposals indicated a significant need for such funding: $400,000 were available, and 265 applicants requested a total of over $5 million. A list of recipients is posted on HAC’s web site, www.ruralhome.org.
Most Americans have been enjoying a booming, robust economy — that is, most Americans in urban and suburban communities. For too many on farms and ranches, and in small cities and towns, life has been more difficult. The rural elderly are 66 percent more likely to live in poverty than other elderly Americans, and more rural hospitals operate at a financial loss. Information technology and e-commerce are sweeping the nation in an increasingly global economy. However, access to the Internet, and especially broad-band, high-speed Internet access, has been developing much more slowly for people in rural communities. Rural communities face a Catch-22 — they do not have the infrastructure to attract new and high-tech businesses, nor the resources needed to invest in the infrastructure.

We decided that we needed to raise the volume of voices on Capitol Hill speaking out for rural America. We needed an organized effort to focus attention on the challenges and opportunities faced by rural communities and to facilitate the search for solutions. We decided to resurrect the Congressional Rural Caucus (CRC).

We were very pleased that more than 100 of our colleagues responded to our call and joined the CRC by the time of our initial press conference and reception in March. Since then, about 40 more members of Congress have joined. We also are fortunate that a large number of private organizations concerned about rural communities, including the Housing Assistance Council, have expressed interest in helping us. These organizations have formed a National Rural Network. They will help us by providing information, research, and press and communications strategies to increase the dialogue and public attention focused on rural issues.

The CRC is a bipartisan group of members of Congress. We promote economic and social policies that support the continued viability of rural communities, ensure resources are directed towards the development of rural communities, educate members of Congress about the challenges and opportunities unique to rural areas, help Caucus members to address problems in their districts, and establish collaborative relationships with members and member organizations representing underserved urban communities that face similar concerns.

The CRC will play an important part in ensuring that rural communities have the tools necessary to turn their challenges into real opportunities for growth and prosperity in the 21st century. Members will be asked to serve on a Task Force or Watch Dog Team.

The Task Forces will allow members to focus on issues not necessarily related to their House committee assignments. The Task Forces will foster dialogue between their members and the federal agencies and various non-congressional organizations involved in similar policy areas, educate members on various subject matters, develop ideas for the CRC to pursue, track federal legislation and agency action, and publicize information on legislation of rural concern.

The Watch Dog Teams will include members who serve on a related House committee. These teams will work to ensure that rural priorities, challenges, and opportunities are addressed in all major legislative/policy initiatives under consideration by their committees — that all bills include a rural impact statement, that adequate resources are allocated and available for rural-oriented federal programs, and that there is adequate rural representation at committee hearings.

More information about the CRC, including our membership, organization structure, and press releases, is available on our web site, www.house.gov/emerson/crc.
Irronically, attention to the housing crisis in the context of the election year is about the lack of attention it is getting from the candidates. In early March 2000, The Washington Post reported on the "quiet crisis" in affordable housing and the failure of the candidates to speak out about it. The explanation offered by HUD Secretary Andrew Cuomo for the Gore campaign is that housing "does not poll well." In early May, Tom Oliphant of The Boston Globe pointed out that even though most elected officials worry about the affordable housing crisis, few will talk about it, least of all Al Gore. The good news of "unprecedented prosperity" cannot be diluted with gloomy talk of a housing shortage for the poor.

To be fair, George W Bush has offered a housing policy agenda. There is nothing wrong with Governor Bush's ideas, except the scope is narrow and does not come close to what is needed to make a difference. He emphasizes homeownership and tax incentives for the private, for-profit sector to get more involved. The good thing about the Bush campaign housing policy announcement was that, for a few days at least, the press listed housing as something George W Bush was talking about.

Two issues that dominate the campaign are health care and education, both deserving of serious debate. Like housing, health care and education are fundamental to individual and national well-being. Like housing, health care and education are out of whack and require federal intervention. What distinguishes housing from health care and education, however, is the nature of public policy intervention, which may account for its lack of resonance among voters. A hallmark of public education is its universality, i.e., non-means-tested eligibility. Universal health care or health care as an entitlement is now part of mainstream political debate, due mostly to the political invincibility of Medicare, universal health coverage for the elderly. Housing policy,
We are working to educate the campaign staff of both parties about housing and community development issues and to make sure that their platforms contain positions on housing and community development.

however, remains highly bifurcated, with universal subsidies to all eligible homeowners in the form of tax deductions and means-tested subsidies to a fraction of eligible low-income families in the form of direct assistance.

A coalition of 27 national housing and community development partners have joined together for the purpose of inserting housing and community development into the 2000 presidential campaign. We are conducting a "postcard campaign" and are recruiting housing and community development advocates across the country to reproduce and mail postcards to the presidential candidates telling them that we expect to hear about their plans for solving the housing problems of the poor.

We are working to educate the campaign staff of both parties about housing and community development issues and to make sure that their platforms contain positions on housing and community development. Whoever wins the election, we will be there on the first day of the transition with our message. The 27 partners affirm the 1949 national goal of "a decent home and a suitable living environment" for all Americans and have hammered out a set of principles as follows to guide housing policy into the future.

INTERDEPENDENCE The well-being of each depends on the well-being of all and is the foundation of civil society. Public policy should ensure a minimum standard of social and economic well-being below which no one will be allowed to fall.

COMPREHENSIVENESS Housing is embedded in communities and is intricately connected to education, employment, transportation, health, and family life. A responsive housing policy recognizes the centrality of housing to successful fulfillment of roles and responsibilities of all family members through all stages of the life cycle.

FAIR HOUSING AND EQUAL OPPORTUNITY Discrimination against individuals and communities on the basis of race, national origin, age, gender, religion, disability, social class, sexual orientation, or source of income is unjust and detrimental to the social and economic well-being of all Americans and to our civil society. Public policy, including allocation of resources, must assure meaningful enforcement of fair housing and equal opportunity law.

UNIVERSALLY BENEFICIAL FISCAL POLICY Federal fiscal policy, which includes both taxation and spending, must be structured to assure that federal resources and forms of assistance are distributed equitably, sufficient resources are available to produce, maintain, and subsidize an adequate and affordable inventory of housing for all, and the benefits of the tax code are extended to all taxpayers regardless of status of housing tenure.

COMMUNITY-BASED SOLUTIONS The production and operation of housing is best located at the community level and we have a substantial network of local nonprofit and for-profit community-based organizations that stand ready to intervene. Public policy should serve to unleash the potential of communities and assure that each community has both nonprofit and for-profit housing and community economic development capacity.

ASSET-BASED SOLUTIONS The chasm in wealth accumulation is what most divides Americans from one another. Public policy should assure that people are not deterred from saving and are motivated to save and acquire assets, and should also maximize access to the economic opportunities offered by the current prosperity, including computer and internet technology.

To join in the postcard campaign and to learn more about Housing and Community Development Campaign 2000, visit the National Low Income Housing Coalition website, www.nlhcc.org, or call 202-662-1530.

Sheila Crowley is President of the National Low Income Housing Coalition.
Rethinking Business Policy for the Housing Industry

by Sharon Bias

Do we have the courage and common sense to do things differently within the affordable housing industry?

Frustrations experienced by community housing organizations in working with state and federal government housing agencies have many of the same causes, and the same solutions, found in classic case studies of organizational and management behavior. The lack of input from, and respect for, frontline service providers and the customer handicaps the affordable housing industry just as it handicaps the private sector.

If we look at the mechanism in place today to provide affordable housing in this country, we see that what has evolved over the last 20 years is a very complex, geographically diverse giant business organization that employs a vast number of nonprofit entities to serve its customers.

A peek inside the giant business reveals that communication moves primarily in one direction: from the top down. Managers — in this business, government agencies — exert stringent control over decisions and resources, often from a location far removed from customers — people receiving housing assistance. Resources can usually be relied upon only for the short term and are pushed down to the employees — community-based organizations — frequently with unworkable rules attached. Products are developed by management, with little input from employees who are expected to actually use those products to serve customers. In fact, the employees, to their embarrassment, find on occasion that they must abandon existing, legitimate customers and search for a new kind of customer who can fit into the new product structure.

Training and technical resources provided to employees are often not timely or appropriate to develop their strengths or abilities. Employees thus remain unusually dependent on the managers, to the dismay of both. The fight for scarce resources pits talented, dedicated employees against each other. There are conflicts between factions of the management demanding different, though often insignificant, information or responses from the employees at varying times. The disagreements and conflicts stop the flow of work, trap employees in the middle, and in many, many cases are directly responsible for customers not receiving services.

A mind-boggling amount of activity is generated by the giant business each day, although the results produced by the activity are often disappointing to everyone. Hmmmm... sound familiar?

Granted, nonprofit housing providers in this country do not like to view themselves as the “employees” of their government funding partners, but they quietly acknowledge that their relationships with those government entities often

Rethinking continued on page 6
The work of providing affordable housing must be driven by widely understood and agreed upon goals and objectives, with flexibility in service delivery and funding mechanisms that can be used effectively to meet local needs.

resemble a dysfunctional employee/employer relationship. Likewise, government housing funders do not view themselves as responsible for "managing" the wide array of nonprofit organizations they employ to provide housing services. But these funders often develop and maintain relationships with nonprofits that are remarkably like those of an old line, traditionally managed corporation dealing with its employees. Most noticeably, the employees who actually work face-to-face with customers each day are not invited to participate in the product, service, or delivery policy decisions. After all, "they" might not do the "right" thing, it would take too much of management's time, and the skills and knowledge necessary to make good decisions are vested in the management, not the employees.

If the affordable housing industry's day-to-day results were evaluated by leaders of successful private corporations, would the evaluation likely be a positive one? Is it quite possible that the affordable housing industry is "managed" to a frazzle but sorely in need of leadership? Tom Peters and Nancy Austin, in their book, A Passion for Excellence, urge that the term "management" be eliminated completely and replaced with "leadership." Their desire is that all business sectors understand the difference between leading and managing, the negative connotations associated with being managed and the stunning results of being led. Is it possible for the affordable housing industry to heed the advice of management gurus and transfer the behaviors of superbly led, service-oriented business corporations to its own operations with much better results? Of course, it is possible, but it would entail real courage and new behaviors.

The government needs to recognize that the nonprofit entities on the front line who actually serve the customers are the essence of the industry. This most fundamental truth is not currently well articulated and the idea that the rank and file providers are of such importance makes players in the affordable housing industry just as uncomfortable as those in other industries. However, to not respect these nonprofit providers is to not respect their customers, our toughest customers to serve, our most dependent residents. The industry must create for itself a "bottom-up" operating culture where the local nonprofit is literally in charge of its part of the world.

Innovation must be respected and rewarded. The demand for affordable housing is, by any measure, far outstripping supply. Business is booming. A look at household data trends indicates changing demographics and lifestyles that will create additional demand for affordable housing, even if the economy continues its current strong performance. The number of single-parent households is growing. Poverty rates are disproportionately high for households headed by women, Hispanics, and African Americans. Eleven million immigrants entered this country in the last decade, more than in any other decade in the 20th century. Further, an increasingly large number of workers are retiring without substantial savings or pension plans. Resources will be stretched thin, and thus products and services provided in the housing arena must be developed with the same creative, focused energy that drives the development of products and services in the private sector.

The affordable housing industry must be recognized as a legitimate, highly specialized, enduring industry where skills are developed and maintained. It is a struggle to move forward in this vision because for many years providing adequate housing to lower income, disenfranchised citizens was viewed as burdensome government work to be done by unskilled bureaucrats. No more. Today's successful nonprofit housing providers must have a wide array of people skills, finance skills, organizational skills, and political savvy.

Government funders must begin to manage results, not activities. The work of providing affordable housing must be driven by widely understood and agreed upon goals and objectives, with flexibility in service delivery and funding mechanisms that can be used effectively to meet local needs. For several years there has been discussion at the federal level of providing funding in the form of block grants and allowing the states and local providers more input and flexibility...
Everyone knows California is different. Aren't Californians the people who gave us surfboards, motherboards, and homeowner association boards? Aren't they just a little bit, well, wacky?

On the other hand, the San Joaquin Valley — situated in the agricultural and geographic center of the state — is home to the largest mutual self-help housing program in the country. The packaging approach to USDA Section 502 mortgage lending was born here, and USDA housing allocations have been used here to great effect.

Much of the San Joaquin Valley is included in the service area of Self-Help Enterprises (SHE) — Stanislaus, Merced, Mariposa, Madera, Fresno, Tulare, Kings, and Kern counties. These eight counties are home to over half the farmworkers in California. Unemployment rates are double those of West Virginia, the national leader among states in this dubious category. Combine this with per capita incomes lower than any others in the western United States, and you begin to frame a picture of what has been called the "new Appalachia in America's farming heartland," left behind by the new prosperity of recent years.

Against this backdrop, federal housing policy affects the San Joaquin Valley in two distinct ways: it enhances the perception of California housing providers as mavericks, and it creates problems when programs are inflexible.

One example is the recent move away from traditional USDA direct lending programs toward loan guarantees and secondary financing, including through the Section 502 and 515 programs. The reasoning is sound: as a chartered lender of last resort, why should the government not seek to minimize its assistance? Ironically, because of high costs, most California nonprofit housing providers have been leveraging Section 502 resources for many years, combining (and sometimes entirely replacing) government financing with local, state, and other federal sources to ensure affordability to low-income homebuyers. So when USDA began to emphasize leveraged loans, our first response was, "It's about time!" However, defining leveraged loans only as those which put a Section 502 loan in a secondary lien position is a narrow view that fails to recognize other significant leveraging efforts. In the 1990s alone, SHE leveraged more than $15,000,000 in its self-help housing program. Despite this, since California nonprofits have not used USDA-defined leverage loans as much as USDA had hoped, the perception lingers that we are resistant to "new" programs.

The recent infatuation with guaranteed loan programs also has a huge impact locally. In the San Joaquin Valley, the
problem is not getting private lenders to participate in low-income housing — it is getting them to participate at an affordable price. In single-family housing programs, there simply is no substitute for the direct Section 502 mortgage program. The sliding scale interest rate available through annual borrower subsidies is what makes very low-income farmworkers successful homeowners, plain and simple.

As for the Section 538 guaranteed loan program for rental housing, it is a generally useless product here. In this area there is no problem getting commercial lenders to participate with reputable nonprofits and for-profit rental housing developers, particularly on tax credit projects, so there is no need for loan guarantees. Here again, California nonprofits are perceived as not wanting to try new things, where the real problem is that the program does not meet our needs.

One more word about the Section 515 program, which has been "programa non grata" ever since the nasty GAO report about abuses came out in the mid-90s. The shift in national priorities away from funding for Section 515 has had a great, and negative, effect on the most needy rural renters of the Central Valley. The fact remains that the 515 program has historically served the lowest income people in the smallest of communities, and no viable alternative has been developed as yet.

Other federal housing policies are well-intentioned but do not work at the local level. An example was USDA's traditional definition of "modest housing" that could be funded under the Section 502 program. For years, strict guidelines on square footage and home amenities dominated. Once again, California's uniqueness created a problem with implementation. Everyone knows that Californians love their cars, and that every home needs a two-car garage. Oops! The guidelines included a prohibition against two-car garages. The effect of the policy: the only housing in the San Joaquin Valley with single-car garages were homes financed by USDA, and many projects were rejected by local jurisdictions because two-car garages were not offered. While this might seem like another example of wacky California thinking, those of us who live here know the real reason for two-car garages: storage! You see, we don't have basements like folks back east (which were allowed in the 502 modest housing standards, by the way). Finally this national standard was changed to allow for regional differences.

Building standards in general, when national in scope, invariably cause problems. In one of our Section 514/516 farm labor housing projects, the national standard for street gutter slopes for storm drainage caused a six-month delay — in an area that gets less than eight inches of rainfall per year.

In California, low-income housing providers have been able, over the years, to effectively influence state housing policy. In many cases, we pioneered innovative state programs that have provided funds to help rural projects, including farmworker, mutual self-help, predevelopment, and various rental housing production programs. Invariably, these have been adjunctive to the federal programs, made to enhance or expand their impact.

So federal housing policy has a tremendous impact on our area, and that includes regulations, which, after all, are de facto policies. When you are trying to develop challenging projects, all policy issues become very local. On numerous occasions we have had to explain federal housing policy publicly to cities and counties who cannot understand why, for instance, a second access needs to be provided to a particular infill subdivision.

Federal housing policy cannot, and should not, contemplate every regional or local nuance. But it could be more flexible, and federal policy makers could be more understanding about local situations. Even when they involve wacky Californians.

Tom Collishaw is Deputy Director of Self-Help Enterprises in Visalia, Calif.
New York State Coalition
Changes With the Times
by Blair Sebastian

Having begun as a true coalition focusing the efforts of organizations and individuals from across rural New York, the coalition increasingly functioned as the trade association for a network of community-based organizations.

Meeting the housing and community development needs of rural places is always a challenge and can be particularly daunting in a large, politically complex state such as New York. Ours is, in fact, a rural and small town state even though urban issues often dominate the political agenda. New York still boasts nearly 40,000 farms with over 8 million acres in agricultural use. There are more than 900 communities of fewer than 2,500 people, and just under half of the state’s population lives in nonmetropolitan places. What is more, New York’s rural places and small towns are disproportionately poor and generally have not benefited from the boom economy affecting many of our metropolitan communities.

The challenges we face in rural New York are typical of rural communities elsewhere. Practitioners deal with a diffuse, scattered population. Our communities suffer from a distinct lack of concentrated resources and they lack political clout. People in rural communities have always had to find ways to concentrate resources to accomplish large tasks; whether raising a barn or creating a dairy cooperative, collaborations are a way of life in small communities.

We have long found this to be the case in our statewide organizing efforts. The New York State Rural Housing Coalition is one of several organizations in the state that serve to support, focus, and amplify the rural message. The coalition was formed in 1979 by a group of rural housing practitioners looking to find a voice on a statewide level. At the time, many in the state had taken note of the growing number of community-based organizations. In 1977 the state legislature created the Neighborhood Preservation Companies program, providing ongoing administrative funding to community-based organizations involved in housing.

While some Neighborhood Preservation Companies were designated in rural areas, it was clear that the neighborhood model was less than ideal when applied to rural places. The Rural Housing Coalition was an outgrowth of the attempt to apply pressure to develop a rural-specific complement to the neighborhood program. In 1980, advocates were successful in the creation of the Rural Preservation Program (see Rural Voices, Fall 1997).

By the middle 1980s a network of some 80 Rural Preservation Companies (RPCs) was operating across New York. These not-for-profits had developed a broad range of skills and expertise and were increasingly successful at
meeting community needs and addressing local markets with housing, community development, and economic development programs.

The Rural Housing Coalition was initially designated as a super-RPC with responsibility for rural places across the state. But RPC status did not truly reflect the role the coalition was developing. Soon the coalition’s role was modified to better reflect its developing niche as a provider of training and technical assistance to the newly funded Rural Preservation Companies network.

The Rural Housing Coalition also continued to work for the development of policies and programs to meet the needs of low-income households in rural areas. For example, the coalition was active in the effort to win creation of the Affordable Housing Corporation as an upstate, homeownership complement to the Housing Trust Fund, a rental development program thought to be more applicable to urban places. The coalition was instrumental in the development of other new programs including the state’s Rural Rental Assistance Program, which has substantially increased the production of Section 515 rental housing in the state.

Meanwhile, it was clear that the Rural Housing Coalition’s role was continuing to evolve. Having begun as a true coalition focusing the efforts of organizations and individuals from across rural New York, with the advent of the state-funded programs, the coalition increasingly functioned as the trade association for a network of community-based organizations.

As it matured, the coalition undertook projects like Affordable Housing for Rural New York (AHRNY), which packaged and managed programs funded by the state’s Affordable Housing Corporation program. By pooling the work of dozens of organizations and eventually producing millions of dollars worth of owner-occupied housing, the coalition succeeded in dramatically increasing the capacity of the Rural Preservation Companies. But these activities were also causing the coalition to become more deeply identified as part of the institutional network.

Direct state funding and the resulting focus on Rural Preservation Companies changed the nature of the organization and some understood that this could, to some extent, compromise the coalition’s general organizing efforts. The nature of the coalition’s activities further supported this point of view.

Recognizing early on the need for a more independent, grassroots focused advocacy organization, the coalition’s board of directors authorized the incorporation of a new organization, the New York State Rural Housing Advocates. Rural Housing Advocates was incorporated in 1981 as a 501(c)(4) entity in order to be the “lobbying arm” of the coalition. Although pains had been taken to develop an independent board of directors, Rural Housing Advocates’ first executive director was also the director of the coalition.

Nonetheless, the organizations quickly began to evolve along separate tracks. The Rural Housing Coalition had begun to develop its annual fall conference as the state’s premier training event for rural housing practitioners. The Rural Housing Advocates focused their new legislative conference in late winter when the state legislature was in session and when budget deliberations were expected to take place. Now called Rural Advocates, the organization has its own part-time staff but still functions largely as a volunteer, grassroots organization.

Although they now operate entirely independently of one another, the coalition and Rural Advocates continue to work closely together to advance rural interests. The Rural Housing Coalition focuses on providing support to the network of Rural Preservation Companies, other non-profit communities groups, and small municipalities. With full-time staff located in Albany, the coalition remains an important partner in the advocacy effort by providing information, policy analysis, and a single point of contact in Albany. Rural Advocates leads the development of policy positions, puts forth an annual legislative agenda, and provides the organizing focus for efforts to affect public policy.

The success of the Rural Advocates is based on the ability to mobilize its grassroots network.
State and Local Policies Tackle Utah's Shortage of Affordable Housing

by Phyllis McDonough Robinson

State agencies, local and state elected officials, and nonprofit housing providers are now working together to promote and create affordable housing throughout the state.

"There just aren't enough washing machines on the front porches any more," quipped Mayor Doug Evans during a recent discussion of the changing character of Oakley, Utah. Located 15 minutes from Park City and its world class ski resorts, Oakley is struggling to preserve its rural character in the face of escalating land prices. Developers are now growing the newest cash crop in the valley, the ranchette. Described by locals as 'too small to grow and too large to mow,' homes of over 3,000 square feet on five-acre lots are now dotting Oakley's pastoral landscape.

What troubles elected officials like Mayor Evans is that this housing is not meeting local needs. As a result, state agencies, local and state elected officials, and nonprofit housing providers are now working together to promote and create affordable housing throughout the state.

The subdivision of rural Utah is a recent phenomenon. The state has experienced unprecedented economic and population growth during the last half of the decade. Population has increased 10 percent in the past four years. The cost of housing, both rental and owner-occupied, has increased as much as 70 percent during the same time period.

Utah's 2000-2001 Consolidated Plan identifies a severe shortage of housing statewide. There are few vacancies in all types of housing, but rental housing is particularly lacking. Even in those areas of the state that have higher unemployment rates, such as the Uintah Basin in eastern Utah, there is a shortage of rental housing.

This is not surprising given the lack of diversity among building types in rural Utah. The typical community in rural Utah is characterized by single-family homes on large lots and at low densities, with the newer homes often priced for a market beyond the local community. Developers have found that upscale housing continues to sell despite the stabilization of growth and rising interest rates, especially in tourist towns such as Park City or St. George.

There are very few multifamily rental properties with large apartments in rural Utah. And a steady 3 to 4 percent vacancy rate across the state means that low-income households have very little housing choice. The rural areas of the state rely on mobile homes in parks or on individual lots to meet the demand for affordable housing.

While there is certainly demand for multifamily housing, most small towns plan around preservation of low densities.

UTAH CONTINUED ON PAGE 12
lifestyle. There are also significant biases against affordable housing due to long held opinions that higher density, affordable housing complexes are not maintained, deteriorate rapidly, and become law enforcement problems. Based on these concerns many rural communities control this kind of development through low density zoning limitations or conditional use requirements.

Ironically, these efforts seem to be pricing out the very people and lifestyles they were intended to protect. At a recent Utah League of Cities and Towns conference, the session on affordable housing in rural communities was filled with elected officials all trying to answer the same question: “Where are our children going to live?” This is an especially relevant question in Utah given its number one fertility ranking in the nation.

To help answer this question, a significant policy change occurred in 1996 with the passage of House Bill 295: Providing Affordable Housing by the Utah State Legislature. The legislation requires that every municipality and county assess its affordable housing needs for the next five years, develop a plan for meeting the needs of its low- and moderate-income residents, and adopt the housing plan as an element of its general plan. The law was a major step forward in promoting affordable housing at the state level. The state provided both technical and financial resources to assist local governments in developing their plans. However, because the law was seen as state-mandated planning, and lacked enforcement provisions, many communities simply did not comply initially.

Four years after its enactment, reaction is mixed. About two thirds of the communities have either completed or are in the process of developing the affordable housing element. But, as development pressures begin to mount, local leaders are finally seeing the value of the housing plans as a tool by which to review development proposals and ensure that local housing needs are being met.

But there is still a strong underlying resistance to change in rural communities. NIMBYism is not only an urban/suburban malady. “Many small towns are reluctant to approve multifamily rental housing development in part due to vague fears and misperceptions about renters and attracting lower-income households from out of town,” explains Steve Erickson, Executive Director of the Utah Housing Technical Assistance Program. “But the overriding objection seems to me to be not wanting a cherished way of life, a set of values, to be somehow altered or diminished.”

Richard Walker, Director of the Community Development Block Grant, Housing, and Weatherization Programs for the state of Utah, believes that education is key to opening the door for affordable multifamily housing in rural Utah. “The rural areas have significant needs for multifamily rental properties, but in many cases have steadfastly avoided it or even specifically prevented it. These perceptions need to be changed through education and through making these developments more acceptable through innovative design for rural areas.” He further explains that many rural areas also have inadequate infrastructure — water, sewer, and streets — to support the density required for multifamily housing. As Walker sees it, the first thing that needs to be done is to “make existing vacant housing and infill lots available at affordable levels in rural areas.”

Erickson agrees. “Combining in-fill development, redevelopment, and historic preservation strategies is a natural, and cost effective for communities facing infrastructure and water limitations.”

The state has also increased its financial commitment to affordable housing in recent years. In fact, there is more funding available at this time in the public sector than ever before. In addition to its federal funds, the Department of Community and Economic Development created the Olene Walker Housing Trust Fund. The Housing Trust Fund receives annual appro
Understanding Smart Growth

by Oliver Jerschow

At its core, smart growth is about making sure that towns and regions accommodate inevitable growth in a way that is economically sound, environmentally sustainable, and supportive of community livability.

America is in the midst of one of its most dramatic and longest lasting cycles of growth. Unemployment is at record lows, the stock markets are at record highs, and many of our metropolitan areas are adding new homes, schools, and jobs at unprecedented rates. Sounds good, doesn't it? Well, yes, but more and more people are feeling troubled by some of the unintended consequences of this growth. Productive farms and open spaces are being converted to new housing developments and shopping centers, we are forced to spend more of our time in our automobiles, and our overall quality of life doesn't seem to be quite the same any more.

This uneasy feeling about how our towns and cities have been growing, and a belief that things need to change, have gotten people talking about "smart growth." The term has been on the lips of everyone from local politicians to Vice President Al Gore. Environmental activists, urban planners, and even bankers and developers have started talking about smart growth too. Not a single day goes by without a newspaper somewhere in the United States reporting on the latest battle over a proposed development, or an effort to establish smart growth legislation. But what does it all mean?

WHAT IS SMART GROWTH?

Despite all the talk surrounding smart growth, it can be difficult to find a single definition of the term, and there are actually a variety of definitions of smart growth competing for public attention. Often those definitions emphasize the definer's political goals or professional perspective. There really isn't, and there probably shouldn't be, a single definition of smart growth applicable at all times and in all places. Smart growth strategies always need to be tailored to local market conditions and community priorities. However, there are a number of features that characterize smart growth policies.

At its core, smart growth is about making sure that towns and regions accommodate inevitable growth in a way that is economically sound, environmentally sustainable, and supportive of community livability. Growing smart means planning for growth in a way that is comprehensive, integrated, and regional in perspective. It is about setting out a collaborative vision for what we want our communities to be like in the future, and also establishing an inclusive process to achieve that vision.

To many people, smart growth means urban growth boundaries. However, there is a vast palette of techniques that
can be used to implement smart growth policies.

Rather than regulations, public agencies can put into place financial and other incentives to promote smart growth, and they can also make an effort to manage their own investments and assets in a more sustainable way. Cities, towns, and regions can also use traditional growth management tools – such as zoning codes – to promote smart growth. Indeed, one of the most exciting things about smart growth as a framework for decision making is its flexibility.

How can you recognize smart growth development when you see it? Again, there are a number of variations, but some common traits emerge. Smart growth developments do a better job of preserving natural resources and open space. They are more likely to offer a mix of homes, shops, schools, and workplaces so that people are given the choice of not getting in their cars to take care of their needs. Smart growth developments also make the best use of the existing resources and infrastructure in a community, whether that means building in towns and cities or only building as much new sewer capacity as a community really needs. Smart growth respects the heritage of a community by building in a way that reflects the character of the surrounding area. Fairview Village, a new and financially successful mixed-use community outside Portland, Ore., is but one example of smart growth development.

Unfortunately, getting smart growth policies approved can be a difficult task, not least because of the myths about smart growth. For instance, many people think that smart growth is a code word for no growth. However, smart growth recognizes that growth is not only inevitable, but can have many benefits like providing new jobs and better housing opportunities. Similarly, there is a common belief that smart growth means creating a whole new set of burdensome government regulations. But reforming development regulations and streamlining the development approval process supports the viability of desirable forms of development and makes the development process more predictable for everyone involved. Some people even question the need for smart growth policies when there is so much undeveloped land in this country. But smart growth recognizes the community, economic, and environmental value as a community really needs.

Managing Growth in America’s Communities. By definition, growth management strategies restrict where, how, and when development can occur. Tools such as growth boundaries create shortages of developable land in order to direct future growth to already developed areas. Housing costs within the area defined for growth may then increase, pricing lower-income residents out of the market.

Calvert County, Md., had one of the nation’s most restrictive lot size requirements, allowing only one housing unit for every five acres in rural communities, before the state passed smart growth legislation. When the legislation required each county to designate high-growth areas and restrict development elsewhere, Calvert designated two municipalities for growth and established a ten-acre lot requirement in the rest of the county. According to a participant at HAC’s roundtable, critics believe the county intended to prevent high-density, government-assisted affordable housing developments, while allowing low-density private development of expensive homes.

The Housing Assistance Council is conducting research on how smart growth affects development of affordable rural housing for low-income residents. The news is not all good. “Smart growth” efforts can preserve agricultural land and help maintain the unspoiled character of rural areas. But they can also drive up housing costs, require housing types that the intended residents do not like, and allow high-cost homes while limiting development of affordable units.

An affordable rental housing project was developed in the center of a Vermont town to conform with smart growth requirements. Many residents of the surrounding county, the state’s poorest, are eligible to live in the apartments, according to a participant in a HAC-sponsored roundtable on smart growth issues. Yet the development has a high vacancy rate. Residents of a condemned mobile home park nearby explained that they would rather remain in mobile homes without septic systems than live “downtown.”

Growth management can drive up housing costs, according to Douglas R. Porter in a study entitled SMART GROWTH CAN HAVE DOWNSIDES FOR AFFORDABLE RURAL HOUSING.
of open spaces — whether they are in cities or out in the country. Moving beyond these myths is an essential part of advancing the discussion on smart growth issues.

**EXAMPLES OF SMART GROWTH**

Each passing month provides more examples of states, counties, and towns that have adopted some form of smart growth legislation, and developments that have followed smart growth principles. For example, the state of Maryland has received nationwide recognition for its smart growth program. Instead of using growth boundaries, the state directs its funding for roads, schools, and sewers to “designated growth areas,” thereby providing an incentive to build in smarter locations. The state of New Jersey has adopted a new rehabilitation building code that has dramatically reduced the cost of rehabilitating old structures so that they may be used again in new ways. In Utah, leaders have established a highly collaborative partnership called Envision Utah that is helping to define the way that growth will be managed in the state while including input from environmentalists, businesses, and civic leaders. Other policies that communities are evaluating include transfer or purchase of development rights schemes, agricultural zoning, permit streamlining and zoning code amendments, and many others.

**WHAT DOES SMART GROWTH MEAN FOR RURAL AREAS?**

The answer to the question above depends on which rural areas you are talking about. Some rural areas, such as the Central Valley in California or Cherokee County in Georgia, are finding that they are not so rural any more as growth from nearby metropolitan areas (San Francisco/San Jose and Atlanta respectively) sprawl ever outward. Areas like these are beginning to face the same issues and problems that used to belong to the suburbs. Clearly, these “exurban” areas have very different concerns from rural areas that are not facing the same growth pressure.

Therefore, they will not be able to approach smart growth in the same way.

Still, both the principles of smart growth, and the process that underlies the development of smart growth policies and practices, apply as well in rural areas as in urban or suburban ones. Rural communities should place just as much emphasis on inclusive, visionary planning as anyone else, and they should also set the goal of guiding development in a way that is economically sound and environmentally sustainable, and that enhances the quality of life.

Perhaps most importantly, though, rural communities and jurisdictions need to be aware of the local market conditions and the regional political context in which they are working. For example, rural towns and counties may not be able to simply import smart growth policies that have worked in large metropolitan areas. Community leaders from rural areas need to make sure that they have a seat at the table when smart growth legislation is being discussed, because decisions made at the state capital, or even in a nearby urban region, can have a profound impact on growth in rural areas.

**LOOKING FORWARD**

Smart growth represents an exciting opportunity for rural communities. That is because smart growth policies hold out the prospect of preserving what is truly special about rural areas in the future, while also facilitating the kind of sound and sustainable growth that will ensure that the future is bright. All around the country, smart growth has succeeded in bringing an amazingly diverse group of people and interests to the community planning table. Smart growth policies and planning hold out the prospect of achieving what used to seem impossible: a situation where economic growth and development can take place, but in a way that does not destroy the things we value.
The Rural Advocates does not rely heavily on political champions in and around the capital. Rather, the organization focuses a large portion of its efforts on maintaining close working relationships with elected officials in their respective districts. While rural representatives may be less inclined to place “social issues” high on their priorities list, they do see the practical impact of not-for-profits in revitalizing the deteriorated upstate communities that many of them represent. Where lofty rhetoric might well fail us, the competence and effectiveness of our membership often succeeds.

This is not to suggest that the Rural Housing Coalition and Rural Advocates do not maintain a dynamic relationship. The exact nature of this partnership and the role played by each organization has varied in response to changes in the external environment as much as to changes in the leadership of each organization. As independent organizations, they have their own needs and they respond to different membership mixes. Since they are no longer operated as separate aspects of the same organization, it is sometimes a challenge to manage the inevitable tensions.

Yet each year, the commitment to improving the housing conditions of rural New Yorkers seems to unite our efforts.

Over the next several years, we can be sure that we will face new challenges. The world of rural housing and community development is rapidly changing as the roles of federal, state, and local government evolve and as social and economic conditions change in our communities. Organizations with an interest in these matters need to remain alert and flexible. Rural New York has been served well by our particular arrangement. Whether we continue to be effective depends on us and our willingness and ability to adapt.

Blair Sebastian is the Executive Director of the New York State Rural Housing Coalition.
to determine the details of affordable housing programs. This has not come to pass in any significant way, due primarily to the underlying fear that such a radical change would mean we have to sacrifice financial accountability. Yet there is no connection. Today our housing nonprofits spend enormous amounts of time and energy chasing customers who can fit into very specific federal housing program guidelines. Enough. It is long past time for us to begin to listen and heed the good advice and input we can glean from these frontline providers.

Do we have the courage and common sense to do things differently within the affordable housing industry? We have management . . . . Do we have leadership?

Sharon Bias is the Commissioner of Banking for the state of West Virginia and the Chair of the Governor’s Housing Task Force. Data used in this article are from the U.S. Bureau of the Census and the Immigration and Naturalization Service, as provided by the Mortgage Bankers Association of America.

The CRC was formed in the 1970s, but has been inactive in recent years. The number of rural congressional districts has fallen since the initial rural caucus was formed. During this time, many changes have occurred in rural communities. Unless we organize and speak with one loud voice, people in these communities will not be heard by Congress or by federal agencies. We must work to close the digital divide, reverse the drain of educated youth moving from rural communities, and direct necessary resources to these communities so that people who live there may share in the prosperity of this great nation.

Reps. Eva M. Clayton and Jo Ann Emerson are co-chairs of the Congressional Rural Caucus.

HAC Develops New Financing Options

HAC is creating two new loan programs for affordable rural housing. One will be a new revolving fund to make mortgage loans for low-income residents of the colonies along the U.S.-Mexico border. The other will make predevelopment loans available to developers in the Midwest using the Affordable Housing Program of the Federal Home Loan Bank of Topeka.

HAC has pledged to make at least $200,000 available for the Colonia Mortgage Finance Program, and to administer the program initially. It will work closely with three local housing groups — Amigos del Valle (Texas), Proyecto Azteca (Texas), and Tierra del Sol (N.M.) — and the McAuley Institute, another national nonprofit. Other supporters are expected to join the effort soon, and to provide additional funding.

The program will provide mortgages for low- and very low-income families to buy homes or to rehabilitate their homes. After establishing a payment track record for five or ten years, successful borrowers will graduate to conventional financing.

In the Midwest, HAC has committed $300,000 for the new Rural Predevelopment Loan Fund, which will provide low-interest loans to developers who have received commitments from the Topeka Home Loan Bank’s Affordable Housing Program. The loans will cover predevelopment costs for essentials such as environmental testing, options to purchase land, and architect fees.
**RURAL VOICES SUBSCRIPTION FORM**

<table>
<thead>
<tr>
<th>NAME</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>ORGANIZATION</td>
<td></td>
</tr>
<tr>
<td>ADDRESS</td>
<td></td>
</tr>
<tr>
<td>CITY</td>
<td>STATE</td>
</tr>
<tr>
<td>PHONE</td>
<td></td>
</tr>
</tbody>
</table>

- [ ] Check or money order enclosed.
- [ ] Please bill my credit card: [ ] VISA [ ] MasterCard [ ] AmEx

<table>
<thead>
<tr>
<th>CREDIT CARD NUMBER</th>
<th>EXPIRATION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AUTHORIZED SIGNATURE</th>
<th></th>
</tr>
</thead>
</table>

Single copies and back issues are also available for $4 each.

*Subscriptions Are Now Free.*

Only one free subscription per organization, please.

Contributions for additional subscriptions, or to help cover production costs, are still welcome. The suggested donation is $12 for one year (four issues), but any amount will help.

Make your check or money order payable to:

Housing Assistance Council
1025 Vermont Avenue, NW
Suite 606
Washington, DC 20005

Or call 202-842-8600 to order using a credit card.

---

**HOUSING ASSISTANCE COUNCIL**

1025 VERMONT AVENUE, NW
SUITE 606
WASHINGTON, DC 20005