Also in this issue...

- New York State's Rural Housing Program
- How Management Gurus Can Help
- Internet Jobs Site for Nonprofits

... and more
MESSAGE TO OUR READERS

Dear Friends:

This issue of Rural Voices begins our third year of publication. We are proud of the high-quality information the magazine has provided to you in its first two years, and we are proud to be able to continue publishing facts about issues and successes related to the improvement of housing conditions for low-income rural residents.

Articles in this Fall 1997 issue feature two important topics: the role of states, and nonprofit management. First, an experienced regional nonprofit developer presents suggestions for working with state housing finance agencies, which have become a major source of housing development funds. Another possible role for state agencies is explored in an article about New York state's provision of administrative funds for nonprofit housing developers. Next, the head of a regional housing provider discusses some of the lessons nonprofit managers can learn from big-name management experts. The director of a consortium of nonprofits describes a new on-line job bank. Finally, our View from Washington feature outlines the current status of housing funding and programs for federal fiscal year 1998, which began October 1.

As always, we believe you will find this information useful. If you have specific suggestions or comments, please do not hesitate to contact us or Rural Voices' editor at the address or phone number shown on the back cover.

Richard Tucker
Chairman

Maria Luisa Mercado
President

Moises Loza
Executive Director

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Cover photo by Tracy Hawkins, Federation of Appalachian Housing Enterprises (FAHE).
Doris Jackson (right) will purchase a new home with far lower monthly payments than the rent and high utility bills for her poorly insulated rental house in Lewisburg, W.Va., thanks to Greenbrier Community Services, including staffer Julie Brunner (left), and FAHE.
USDA FUNDS EXPANSION OF HAC WORK IN UNDERSERVED AREAS

HAC will expand assistance to communities traditionally underserved by the U.S. Department of Agriculture's housing programs, thanks to new funding recently received from USDA. Over the next two years the project will benefit five Native American tribes and two organizations based in Texas colonias (small border communities). Entitled “Increasing Access to Rural Housing Service's Housing Programs,” the project funds local staff from the tribes and colonias to prepare applications for RHS programs and to provide credit counseling in their communities. HAC staff and board members have trained the local staff and will give them ongoing assistance.

This project continues and enlarges one HAC began in 1991 with funding from the Northwest Area Foundation. That endeavor focused exclusively on Native American communities. HAC worked with four tribes, all of whom are continuing to benefit from the new program.

HAC MAKES LOANS FOR SELF-HELP SUBDIVISION IN MASSACHUSETTS

Fourteen very low-income families in western Massachusetts will become homeowners, thanks in part to two loans from HAC to Rural Development, Inc. (RDI). The loans total about $260,000 and come from two of HAC’s loan funds—the Self-Help Homeownership Opportunity Program overseen by the Department of Housing and Urban Development, and the Intermediary Relending Program of the Department of Agriculture’s Rural Business-Cooperative Service. They will enable RDI to purchase and develop land for a new subdivision in the town of Montague. With technical assistance and mortgage loans from the Rural Housing Service Section 523 and 502 programs, the home purchasers will assist in building their own houses. Although developing affordable housing in Massachusetts can be difficult because of high land costs and strict zoning, mortgage payments in this subdivision will average only $525 a month. The homes will be affordable for buyers with incomes between 30 and 40 percent of the area median income.

SMALL LOAN YIELDS BIG RESULTS IN FLORIDA

A HAC loan of $3,000 will enable the Goldenrule Housing and Community Development Corporation to pay for an environmental review and a purchase option for a site in Chuluota, Florida. Goldenrule will construct 18 single-family homes, affordable for purchasers with incomes as low as $25,000. Funds for construction and purchase will probably come from the state of Florida and local banks.

NEW PUBLICATION HELPS NONPROFITS USE TAX CREDITS

A new publication, Utilizing the Low Income Housing Tax Credit for Rural Rental Projects: A Guide for Nonprofit Developers, has immediately become one of HAC’s most popular handbooks. Focusing on helping rural nonprofits to determine whether the LIHTC is right for them, the guide explores the purpose, use and history of the LIHTC. It is available for $6.00 from HAC, and can be ordered by title or ISBN 1-58064-007-9.

FARM LABOR HOUSING FUNDING GAP DOCUMENTED

HAC recently surveyed farm labor housing developers and found that demand for RHS Section 514/516 funds exceeds available funds by more than $109.5 million. A report of the findings, entitled Survey of Demand for the RHS Farm Labor Housing Program, is available for $3.00 and can be ordered by title or ISBN 1-58064-024-9.

OTHER PUBLICATIONS AND ORDERING INFORMATION

During fall 1997 HAC published or updated two additional manuals, another research report, and four information sheets, but space limitations prevent listing them all here. Contact Luz Rosas at HAC’s national office for a free publications list or a free subscription to the HAC News, where new publications are always announced along with other rural housing news.

To order HAC publications, send a check to HAC’s national office or call Luz Rosas at 202-842-8600 to order with a credit card. Or visit HAC’s web site at http://www.ruralhome.org for a publications list, an order form, or copies of the HAC News. Prices include postage and handling.
Housing Nonprofits Working Effectively with State Housing Finance Agencies —

Everybody Wins

by David L. Lollis
Photos by Tracy Hawkins

Nonprofit housing developers and builders can no longer choose whether to invest time and effort in understanding how their state housing finance agencies operate or in developing a sound working relationship. These are now requirements because of great changes in the available sources of affordable mortgage financing.

Historically, housing nonprofits in rural areas looked to the Agriculture Department's Farmers Home Administration for affordable mortgage financing. Recently, however, the reorganized and renamed Rural Development agency has changed the underwriting requirements in its direct mortgage financing program, to which Congress has appropriated fewer dollars, and has emphasized a mortgage guarantee program. In today's world, as authority and resources are devolved from the federal level to the states, state housing finance agencies (SHFAs) are increasingly the primary sources for housing finance.

This change is having, and will continue to have, a significant impact on nonprofits' ability to address the housing needs of low-income families and individuals. I have called the resulting problem "income creep": the income level we can serve is creeping upward. From their beginnings, SHFAs have had state charters to sell tax-exempt bonds to capitalize a below-market pool of mortgage financing. Nevertheless, some give the impression that they would judge themselves successful if their net worth increased each year, and their Triple A bond rating was maintained, even if they never financed a home for a low-income family.
State enabling legislation and the federal tax code require that SHFAs serve those with low or moderate incomes. Their mortgage revenue bond (MRB) financing, with few exceptions, serves only moderate-income families. Some SHFAs have developed special financing products from their earnings (which can be considerable) that work and are affordable for low-income applicants. In 1992, the National Affordable Housing Act created the HOME program and other federal housing block grant programs for the states to administer. Governors in many states assigned this role to the SHFAs. SHFAs also often administer, for a fee, the HUD Section 8 rental assistance program for nonentitlement areas.

Rural housing nonprofits simply cannot survive, much less successfully serve their clients, unless they gain access to the housing development resources controlled by SHFAs. In most cases, SHFAs will not seek out local nonprofit housing groups. Housing nonprofits must learn the system and energetically take the initiative.

Appalbanc/the Federation of Appalachian Housing Enterprises (FAHE) has had 20 years of experience in working with the SHFAs in four central Appalachian states. Our experience with SHFAs has been integral to our success, which includes federal certification as a Community Development Financial Institution and the establishment of several loan and grant funds with a combined capitalization in excess of $17 million and growing.

What has Appalbanc/FAHE learned from experience with SHFAs?

SHFAs can be housing nonprofits’ greatest joy or biggest frustration. They can use their considerable resources to make housing affordable for those most in need and can operate in ways that leave housing nonprofits financially and programmatically stronger, or they can string along or ignore housing groups, leaving them weak and struggling. What are the key things we must do or know to tip the scales in our favor?

Understand the state enabling legislation. Read, analyze, and, if necessary, work to amend the state enabling legislation that created the SHFA. The following items are not intended to be an exhaustive list, but in our experience are the key issues relating to the importance of a SHFA’s enabling legislation.

The enabling legislation will say how the SHFA’s board is named. Who is on this board, and how representative it is of the broader community, is of major importance. Are there minorities, women, state associations of housing nonprofits, and organized labor on the board? Are there more private members than public? We have learned that, if we are to have supportive SHFA boards, the members should be appointed with at least four-year terms, the board should include defined categories which are always represented (minority, women, nonprofits, labor), the governor should appoint the board with legislative confirmation, and the board should have more private members than public.

The enabling legislation may limit the authority of the SHFA in unnecessary ways, such as requiring all bond indentures to have private mortgage insurance. Legislatures may be reluctant to grant broad financing authority to a quasi-public corporation. However, the world of housing finance and mortgage banking is changing rapidly. It is in a nonprofit’s interest to help keep the legislature from hamstringing the SHFA, particularly in those areas that would limit the nonprofit’s ability to serve low-income families.

It is appropriate for the enabling legislation to spell out a procedure for legislative oversight. The statute should name the legislative committee with oversight responsibility, and should describe a requirement for periodic public hearings.

Review the trust indenture statement. As stated earlier, SHFAs sell tax-exempt bonds to create the capital required to finance housing for low- and moderate-income families and individuals. Any issuance of bonds must have a trust indenture and an official statement which describes the terms and conditions to an investor. For an issuance to sell quickly and to have the lowest possible interest rate, the issuing agency must have the highest and best rating, and the indenture must be worded conservatively. However, these factors can also restrict the flexibility of the issuing agency, which
in turn may make serving low-income, less credit-worthy clients very difficult, if not impossible.

Conversely, a trust indenture statement can create flexibility that is invaluable for an effective program. For example, Virginia's SHFA, the Virginia Housing Development Authority (VHDA), has written a trust indenture statement which allows the financing of mortgages without private mortgage insurance (PMI) when the loan-to-value (LTV) ratio is less than 80 percent. Therefore, resources like federal HOME funds can be used to write down the first mortgage to below 80 percent of the LTV amount, at which point no PMI is required. This makes the underwriting more flexible and makes loans available to worthy borrowers with less than perfect credit. By using HOME funds as a "soft second" mortgage, low-income families can be served successfully with VHDA's mortgage revenue bond financing.

MRB financing is always more plentiful than the few and far-between special programs developed by SHFAs with some of their other, more limited earnings. VHDA has an MRB product with great potential for nonprofits when combined with HOME funds. This product carries a 5 percent interest rate and a 30-year term and is marketed in Appalachian Virginia by a VHDA field underwriter using a mobile office. By increasing the HOME funds in these deals, lower-income families can be served.

**Attend SHEA board meetings.** SHFA board meetings are open to the public. Nonprofit housing groups should be represented at every meeting. If there is not a time for public comment, nonprofits should ask that such a time be set on the agenda and that adequate time and a welcoming atmosphere be created. When the SHFA chair names committees, consideration should be given to appointing non-board members. This will bring important expertise and fresh points of view to the workings of the board. In addition, SHFA board members should be encouraged to sit on the boards of state and local nonprofit housing corporations, like the Homeless and Housing Coalition of Kentucky or the Tennessee Network for Community Economic Development. These actions will enhance and energize the relationship between the SHFA and the state's nonprofits, and will pay great dividends in economic and community development and in bettering the lives of the people of that state.

**Create a mechanism for SHEA staff and nonprofit housing agencies to collaborate on planning and program design.** Designing new housing financing products, planning for the best use of the limited HOME funds, analyzing the current housing needs and setting priorities, determining the training requirements for the state nonprofits, working jointly to educate and inform state legislators, and giving input to the SHFA on how it is organized and how it deploys its staff, all require special mechanisms if the staffs of SHFAs and housing nonprofits are to work productively together. Where these mechanisms exist and are in use, the working relationships are positive and are producing exciting results. Where they do not, relationships are strained and housing programs suffer.

In our experience, nothing is more important to the success of our work than an intentional relationship between the SHFA and nonprofits. The bringing together of the two perspectives, the sharing of the two bodies of experience, and the understanding that only comes from building trust, face-to-face, creates the best environment to design hous-
ing program models and effective financing products that work both in the state capital and in the field.

Read SHFA annual reports and analyze financial statements. Reading annual reports is one of the best ways to verify what the SHFA board and staff think of housing nonprofits and of nonprofits’ agendas’ importance relative to other agendas. Nonprofits must do their homework and analyze financial statements. Often SHFAs are “money machines” building up significant fund balances from their earnings and fees. Nonprofits must arm themselves with this information before they sit down with SHFA staff to negotiate the use of available earnings for special nonprofit housing products.

Each SHFA has an annual budget process resulting in a budget approved by its board. This budget will describe how the corporate earnings are to be used and what amounts will be left in reserve. If the state housing nonprofits need help in doing this analysis and negotiation, they should hire qualified consultants to help. The stakes are that important. As the SHFAs reserves grow, they become very attractive to governor’s offices or legislatures searching for funds to balance state general fund budgets or to give the teachers a pay raise. Tennessee is the most recent state in Appalachian/FAHE’s service area to lose much-needed housing funds to such a raid. The governor sought $83 million and succeeded in getting $43 million. The legislature was moved to reinstate $45 million, at least in part, in response to a groundswell of broadly based public opinion.

To make such raids more difficult, Kentucky’s SHFA, the Kentucky Housing Corporation (KHC), under the leadership of a forward-thinking executive director and a supportive governor, created the Kentucky Housing Trust Fund. Each year, KHC’s planning and budgeting process allocates available earnings to special nonprofit funding programs designed in cooperation with the state’s nonprofit housing corporations, and to the Kentucky Housing Trust Fund, an irrevocable trust. The Trust Fund is used to finance insured mortgages with interest rates as low as 1 percent for terms as long as 30 years, through local financial institutions. Thus, even very low-income families can be served.

Understand the impact of devolution of housing programs from the federal to the state level. SHFAs have taken pride in the fact that they require no state funds to support their work. They make enough income from their financing products and from fees charged to cover their operating costs with ample funds left over.

Some SHFAs remind state legislatures that they paid back to the state treasury the initial start-up funds legislatures appropriated and have never needed a cent of state funds since. This allows SHFAs to try to avoid legislative oversight, and often it works.

However, devolution brings a new day. Historically, state government has not had to deal with housing, which has been a federal government and private sector responsibility. For several years now, however, states have been pressured to appropriate tax dollars for housing, or to agree to a dedicated revenue source for a state affordable housing trust fund, which usually requires state legislative action. These state-created affordable housing trust funds bring a new, more flexible source of financing to the table. These funds are often used to leverage other public or private funds, and can be used to fill the gaps, or to be the much-needed “first in” funds to get a deal off the ground. Affordable housing trust

Vicella Adams, her husband William, and their two children lived in a dilapidated coal camp house in eastern Kentucky for 21 years before purchasing a new, quality-built home from Homes, Inc., with mortgage financing from FAHE.
funds are usually targeted to serve those with low incomes.

The question is, who will administer this new state housing program and fund? SHFAs are always one of the choices considered. In central Appalachia, we have three such funds.

Virginia established the first affordable housing trust fund in our region, the Virginia Housing Partnership, with an appropriation from the state's general fund. It grew out of a report from the legislature's Housing Study Commission, so it was an initiative of the leadership of the legislature. Virginia has a state Department of Housing and Community Development (VDHCD) in addition to VHDA, its SHFA. The Virginia Housing Partnership is housed in the Department of Housing and Community Development, but VDHCD and VHDA share the administration of the fund. Tennessee was next with the Tennessee Housing Development Agency (THDA), its SHFA, administering the HOUSE program, which is financed by a portion of the state's real estate transfer tax as the dedicated revenue source. The HOUSE program has enjoyed great success; it has been well administered by THDA, and has served the housing nonprofits well. Kentucky followed with its Affordable Housing Trust Fund, administered by the Kentucky Housing Corporation. But it has no dedicated revenue source and has received only small amounts from the state's general fund. West Virginia has no state appropriation for this kind of much-needed housing fund.

Recent events have made it clear that central Appalachian governors and legislatures are ambivalent at best about providing state funds for housing. Housing advocates are organizing campaigns to secure funding and to gain support for permanent dedicated revenue sources. Housing advocates have the rising tide of devolution on their side, but we will always have to compete with what is perceived to be the real work of state government: education, public health, welfare, transportation, criminal justice, tourism, environmental protection, economic development, etc. In any case, SHFAs will be major players in this state by state movement.

Consider how state government can best be organized. In three of the four Central Appalachian states which Appalachian/FAHE serves, the SHFA plays the major role in state-administered housing programs. Virginia is the exception because VHDA and VDHCD share the formulation and execution of state housing policy, and collaborate in the management of state housing programs. In Kentucky, Tennessee, and West Virginia, the SHFA administers the MRB programs, HOME, any state-funded affordable housing trust fund, the HUD Section 8 rental assistance program for nonentitlement areas, and the Low Income Housing Tax Credit program. HUD-funded programs for the homeless, the housing allocation from the Community Development Block Grant (CDBG) program, and the housing function of the Appalachian Regional Commission (ARC) are administered by different agencies in different states.

The issue seems to be whether all housing and housing-related programs should be located in one place to improve coordination and control, or whether it is wiser to avoid over-concentration in one agency. Is there value in competition and in some duplication of programs and services among state agencies?

In our experience, in our central Appalachian states both approaches can work for nonprofit housing corporations. Having everything in one place at the state level is easier for housing nonprofits, and generally SHFAs are less subject to the negative effects of shifting political winds. If we were organizing state government, we would choose the SHFA to be the entity to administer all housing and housing-related programs. But, the makeup of the agency's board and its openness to nonprofits, as well as the state agency staff's willingness to involve nonprofits in planning and program design, are more important than having all housing programs located in the SHFA.

Evaluating Appalachian/FAHE's experience with SHFAS

Appalachian/FAHE has dedicated significant time and resources to our relationships with our four SHFAs. Without question, it has paid off. It has paid off for our financial and program health, and it has paid off for the families and individuals whom it is our mission to serve. We have had important successes in each of the states in which we and our member groups work.

Appalachian/FAHE has received $19.7 million, almost 90 percent of its capitalization for its state-focused housing development funds (HDFs), from the SHFAs with whom we work. The HDFs provide financing to member groups and to low- and moderate-income families for construction, cash flow, bridge, and predevelopment loans, and for per-
manent mortgages. The intermediary relending role we play with our SHFAs is key to our leveraging of other public and private funds, key to our helping to keep our member groups solvent so they can continue building, and key to our ability to design affordable mortgages for those most in need.

Our levels of success over the last 20 years, however, have varied from state to state, and within a state, from one period to another. For example, being headquartered in Kentucky while officially authorized to do business in Kentucky, Tennessee, Virginia, and West Virginia seems to make a negative difference in some states and not in others. It has been harder to gain acceptance in West Virginia than in Virginia or Tennessee. To the extent this problem exists, however, it is mitigated by the quality of our work, and by the high level of support we receive from the member groups of the Federation in their states.

Our relationship with the Kentucky Housing Corporation provides an example for achieving an honest, collaborative, productive relationship which greatly benefits those left out of conventional mortgage financing. Over the years KHC and FAHE have not just given lip service to partnership, but have, instead, become working partners. We have sat down with members of both our boards and staffs, session after session, year in and year out, and carefully negotiated program approaches that work for both of us. Every good program, every improved financing model comes from and remains dependent on this partnership process.

We have actively discussed KHC’s enabling legislation and were part of a successful effort to get it amended by the state legislature. We have talked about concerns we have with limitations in the current trust indenture statement, and these conversations will continue. We attend KHC board meetings and often make statements during the public comment period, and we have served on board-created committees. We have established mechanisms for working together. KHC staff attends meetings of FAHE’s Kentucky caucus and our annual board meeting. We meet with KHC staff on a regular basis, both in their central office and in the field. We have an open invitation to meet with the KHC executive director when needed. We read their annual report, analyze their financial statements, and are attentive to their annual budgetary planning process. We energetically enter the debate over how the state organizes itself for its housing program responsibility. We push for large shares of the CDBG and ARC funds to be used for housing, and for KHC to have a major role in the administration of these funds. We let the Governor know of our interest in KHC’s getting its share of the state’s authorized amount of tax-exempt bonding authority.

Appalbanc/FAHE’s partnerships with our four SHFAs require demanding and unending work. With further devolution this work will grow. The payoffs we realize in the accomplishment of our mission make it absolutely worth the effort. The benefits to Appalbanc/FAHE in our program and financial health, and the benefits to our federation of member housing organizations and the clients we jointly serve, are the major reasons for our success in producing or saving 23,000 units of housing for low-income people in central Appalachia.

David L. Lollis is the President of Appalbanc and the President and Executive Director of the Federation of Appalachian Housing Enterprises.

### CAPITALIZATION OF HOUSING DEVELOPMENT FUNDS*

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*About 90 percent of the capitalization in these funds is from the respective state housing finance agencies.

**Includes both VHDA and VDHCD.
State governments have become increasingly important in funding housing programs in recent years, and New York state has taken a special role in helping to produce safe, decent, and affordable rural housing. For almost two decades, the state has provided administrative funds for rural preservation companies, a network of community-supported, locally controlled, and economically efficient nonprofit agencies that has accumulated an outstanding track record in providing affordable rural housing services. The work of rural preservation companies has been cited as a program model that should be emulated by other states. The guiding strengths for this program include a strong commitment to developing affordable housing and collaboration across public and private sectors with a shared vision.
History

The Rural Preservation Program was a strong seed planted during a time of great need for affordable housing in the Empire State. In 1980, after years of a worsening economy for upstate New York, two energy crises, the continued flight of manufacturing jobs to southern states, and years of neglect of an already old housing stock, the housing problems of rural New Yorkers came to the forefront. Based on an understanding of the potential human and economic value residing in rural areas, and what it would mean to New York to transform rural areas from what they were to what they could be, an initiative to halt the decline of rural communities was formulated in the state capital.

As a result, Article XVII of the Private Housing Finance Law, enacted by Chapter 347 of the Laws of 1980, established a program through which nonprofit community-based organizations in rural areas of New York state receive limited public funds in order to perform housing preservation and community renewal activities. Those activities are defined in the law as "the acquisition, maintenance, preservation, repair, rehabilitation or other improvement of vacant or occupied structures where necessary or appropriate; disposition of housing accommodations for present or potential occupants or co-operative organizations; and activities, similar to those specified above, which are aimed at accomplishing similar purposes and meeting similar needs with respect to retail and service establishments within a region when carried out in connection with and incidental to a program of housing related activities."

These nonprofits are called rural preservation companies (RPCs), and the program is administered by the state's lead housing agency, the Division of Housing and Community Renewal (DHCR). Pursuant to Article XVII, each RPC can receive a maximum of $100,000 annually until it has received a total of $300,000, and then $65,000 annually until the group reaches a lifetime cap of $1.3 million. The money is for administrative purposes only and may not be used for capital investment or construction. Presently, proposals are being advocated to increase the annual state aid and also remove the lifetime cap. The latter is a critical initiative as several RPCs will reach their lifetime caps in 1998, and therefore will cease to receive state funding.

Economically Efficient

The Rural Preservation Program, the number of groups funded to perform affordable housing services, the counties served, and the state funds available have grown slowly but steadily since 1980. Today, with a network of 72 rural preservation companies in almost every county in the state, the program is the primary means for development and rehabilitation of affordable housing in rural areas.

It is important for RPCs to carry out their activities without worrying about how to cover their administrative costs. The economies of scale in rural areas are such that smaller housing projects are prevalent, and development costs remain relatively high. Each project is different, subject to the desires and needs of the target population, and the practical realities of the location. Such projects may pose a higher underwriting risk or may be too small for participation in the state's Low Income Housing Tax Credit program, so private for-profit developers are often not willing to build them. With their unique support from the state and access to a variety of resources, RPCs have been able to provide the financial mechanisms to build affordable housing.

With less than $5 million in administrative funds provided by the state each year, the network of rural preser-
viation companies is able to partner with philanthropic organizations, for-profit firms, and other local community groups to acquire the financial tools to rehabilitate and build affordable housing. This unique partnership gives RPCs the ability to leverage multiple dollars for affordable housing development for every dollar provided by the state. Some government leaders have asserted that in a state with hundreds of social programs and a budget of over $67 billion, no program does more with as little funding as the Rural Preservation Program.

An analysis of 1995 data shows that while the state provided less than $4.5 million to RPCs, they were able to place 4,489 housing units in service, for a total of almost $44 million in housing production. RPCs also accessed new permanent mortgages valued in excess of $29.5 million for first-time home buyers, 65 percent of which originated through local banks and other conventional lenders. Through their counseling work, RPCs also saved an estimated $6.8 million worth of mortgages from foreclosure and administered over $37.6 million in federal Section 8 rental subsidies.

Catalysts for Economic Growth

Through their affordable housing efforts, rural preservation companies have also become significant catalysts for the economic development of rural areas. Rural development is an important component of the state’s social and economic health. The very nature and character of rural areas often present barriers: wide geographic distribution, limited transportation, and limited access to coordinated services. Many RPCs act as multi-purpose community developers or service providers, conducting other tangible activities such as economic development and job training programs.

RPCs have clearly demonstrated their maturity and capability by leveraging significant amounts of federal and private funds and applying them to affordable housing and development projects in rural New York.

RPCs are experienced, knowledgeable, and professional, focusing their energies on revitalizing their communities by helping to meet the demand for affordable housing and by assisting community economic development efforts.

Data illustrate the substantial economic impact RPCs have in their communities. In 1995, RPCs leveraged over $100 million in federal, state, private, local, and other funds for rural communities across the state. They employed 2,622 people, which included workers in construction, maintenance, real estate, engineering, architecture, accounting, legal services and administration, and paid over $35 million in wages. They used the services of 4,100 local businesses and vendors, spending almost $13 million in their communities for office and maintenance supplies, utilities, insurance, and related services. Finally, they reported approximately 3,400 residential units owned with a total asset value in excess of $169 million while paying more than $2.1 million in real property taxes to municipal governments.

The RPCs’ dollars-and-cents benefits to their communities and, therefore, to New York state are significant and tangible. RPCs’ work is more than just bricks and mortar. It is about safe, stable, and prosperous neighborhoods and communities.

RPCs represent the ultimate demand/response system, and it works. It is state facilitated and locally implemented. There is no better example of state and federal efforts to downsize government and return some controls to local communities. In fact, a report issued by the National Housing Task Force suggested, “the federal government should encourage states to create and support local rural housing entities, such as the network of rural preservation corporations funded by the state of New York.”

Continued Need for Program Services

Safe housing is a precious right which many rural New Yorkers cannot take for granted. One-third of all
New Yorkers with incomes below the poverty level live in rural communities. One out of four is a rural child. With over 40 percent of homes in rural areas built before 1930, the destructive combination of low income and substandard housing continues to affect the lives of millions of New Yorkers.

Recently both national and state organizations have documented New York’s affordable housing problems. In rural areas, very low-income families are unable to afford decent housing. Others find that the cost of housing leaves little money for food, heat, clothing, and medical expenses. Even families with moderate incomes find that inflation has far outstripped their earnings and that housing costs have placed homeownership beyond their reach. Affordable housing programs such as the Rural Preservation Program provide part of the solution, but recently government’s budget-cutting rush has tried to spare no program — not even nationally acclaimed initiatives such as the state’s network of rural preservation companies.

While the returns on investment by RPCs rival the best firms on Wall Street, the full potential of this rural affordable housing network has yet to be achieved, partly because year after year considerable human resources and time are spent trying to survive proposed state budget cuts that would dismantle the foundation of this important program. As recently as 1997, the governor suggested a 75 percent cut to the program. Thankfully, the proposal was not enacted by the state legislature.

Over the years the Rural Preservation Program, and the men and women who manage the network of rural preservation companies throughout New York, have accomplished a great deal. However, the affordable housing shortages and rural economic decay that existed two decades ago still desperately need attention today. New York state has created a mechanism to begin to address these problems, but now needs to show a greater commitment to helping realize the mission of the Rural Preservation Program. Both a real dollar increase in state funding for this program, and not including the program in suggested budget cuts year after year, would be steps in the right direction. As an affordable housing advocate puts it, “you don’t have to be a rocket scientist to know that you need to have strong towns, strong villages, and strong counties to have a strong New York.”

Guillermo A. Martinez is the Communications and Training Coordinator for the New York State Rural Housing Coalition.
MANAGEMENT GURUS HELP NONPROFITS BUILD SKILLS

by William French

Nonprofit corporations share many principles and management practices with our for-profit compatriots. Yes, there is a difference in the “bottom line” and the distribution of excess revenue. But in any organization management and leadership are about people, motivation and the human element. Whether for-profit or nonprofit, a business gains its success from a well tuned and smoothly functioning work force. The major assets of most nonprofit businesses are their human resources (board, staff and volunteers). Management training can help us build those resources.

To this end, the management team at Rural Community Assistance Corporation (RCAC) attended a high-powered management training session sponsored by Fortune Magazine and over 150 colleges and universities including our local sponsor, California State University Sacramento. The session was “Worldwide Lessons in Leadership Series,” featuring three world-renowned business trainers — Stephen R. Covey, Tom Peters and Peter Senge.

RCAC could not afford the training sessions these “gurus” usually offer. So we joined this program, which was simulcast to 182 sites in the United States and 92 sites in 32 other countries around the world. Despite our original trepidation about sharing this training experience with several hundred other Sacramento participants in two large theaters, we found the session rewarding, stimulating, and useful.

Covey, Peters, and Senge teach and write about business leadership, team building, and organizational effectiveness. This article can give only a flavor of what their training exposed us to, with the hope that readers will be inspired to seek out further information.

First, Senge’s message is simple and clear: institutions and the people who comprise them thrive on continually expanding their capacity by learning. Based on my own experience, I agree. I have been a manager in the rural development business for about 26 years and have managed RCAC for 19 years. Neither I nor RCAC would have survived if we had not learned and grown together. In Peter Senge’s world knowledge is the capacity for effective action, and learning or knowledge starts with a question.

Peter Senge is director of the Center for Organizational Learning at MIT’s Sloan School of Management and the author of The Fifth Discipline: The Art and Practice of the Learning Organization and the co-author of The Fifth Discipline Fieldbook: Strategies and Tools for Building a Learning Organization. I have read both of these books and find them insightful and stimulating.

Tom Peters, too, is known for his books, beginning with In Search of Excellence (1982). The best way to experience him, however, is to see him in action. Simply put, he challenges and cajoles you to think “outside the box.” To do this, he throws out statistics and thoughts that turn you upside down and force you to rethink what you think you think. He makes statements like “eliminate all your job descriptions,” “destroy all organizational charts,” and “each year, have customers systematically evaluate every one of your quality and service measures.” These are just a
made the point that most of us in business do not do what most other professional teams do: practice. We all use and work in teams all the time. But when is the last time you heard someone say they were off to a business team practice session? Stephen Covey gives us a plan and tools to practice and develop our communication and human interaction skills, based on the idea that we can take charge of our lives.

It is clear that RCAC will gain from our experience with the “Worldwide Lessons in Leadership Series.” Our investment in time and money will be returned many times by the improved communications and leadership it will bring to RCAC.

I encourage other nonprofit managers to look for good training opportunities. Our organizations continually scratch for a living, and we see so much need and despair in our worlds we do not make enough time to take care of ourselves. But to be effective we must find time to continue to learn and to build our skills.

Training is available in a wide variety of forms, many of them inexpensive. Neighborhood Reinvestment Training Institutes are affordable and usually contain some nonprofit management courses. At least take the time to read a management book, reflect with your peers on how trends in the business world might affect your concerns, take a local class or attend a workshop. Watch a videotape, or listen to an audiotaape in the car. Your local library or bookstore, or a short search on the Internet, can get you directly to the materials mentioned in this article as well as many others. If you have access to the Internet try http://www.covey.com, http://www.eep.com or http://learning.mit.edu or search on any of the names or titles in this article. There are enough tools and resources out there for all of us to find something we can afford and use to build and challenge our management and leadership skills.

No matter how small your nonprofit business or mine may be, we still have employees, we have communication problems, we have interactions with funders, and we have hope. Whatever our field of endeavor — affordable housing, economic development, facilities or finance — there is a future. Training, like the event described in this article, helps to prepare us for it. ♦

William French is the CEO of Rural Community Assistance Corporation, headquartered in Sacramento, California.
New Internet Site Offers Nonprofits a Better Way to Recruit Managers

by Karen Stokes

What if professionals within our industry, instead of searching the classifieds in a variety of publications and journals, could go to a central file cabinet and find out what jobs are open, by mission, geography, job title, employer, and national or international network? While the job-seeker is searching the job file, s/he has the option to post a confidential candidate profile for six months at a cost of $25.

What if human resource directors, executives, and board leaders could go to that same file cabinet and with a few keystrokes find out who is currently available for regular, contract and/or consulting positions; with experience at a particular job level or skill in housing and community development (or another sector of the non-profit market); and with a geographical preference that matches the job at hand?

It's here. www.nonprofitjobs.org is a new web site on the Internet that is exclusively devoted to job postings and management recruitment by nonprofit organizations. This job and candidate bank, called the Community Career Center, began last April and currently has 189 job postings and 200 candidate profiles. The site receives about 18,100 visitors per week. www.nonprofitjobs.org is the nonprofit jobs link for Career Magazine and JobsMart on-line.

The Human Resource Consortium (HRC) and one of its members, the Neighborhood Reinvestment Corporation, helped facilitate the creation of this new service to enhance professional recruitment in our industry. The developer of the site is Enterprise Inc., a Nevada-based management consulting firm with experience in nonprofit development, management recruitment, and computer technology (no relation to The Enterprise Foundation). The Housing Assistance Council (HAC) is a member of the HRC and has posted its recent job openings on this Internet site.

In 1996, the HRC, whose mission is to advance the capacities of nonprofit community-based organizations to address the critical human resource issues facing housing and community development practitioners, made the development of an online job and candidate bank to foster professional leadership recruitment and development a priority for its work.

“We are excited to have helped launch this new venture which uses the best computer technology to help identify and recruit new talent for the housing and community development field,” said Joseph McNeely, chair of the HRC and president of the Development Training Institute in Baltimore.

WWW.NONPROFITJOBS.ORG FEATURES FOUR FUNCTIONS:

Searching for Jobs. Any user on the World Wide Web can access the site and for no cost, search jobs by job title, employer, network affiliation, job type, geography, and salary. The user can print any posting of interest and pursue the job lead by mail, fax, or e-mail.

Posting Jobs. Designed for management, administrative, and technical positions, each job posting details 15 critical pieces of information that tell the candidate whether the job is a good fit for his/her needs, skills, and interests. An employer can post a job for 60 days at a cost of $125, or become a member of the Community Career Center (CCC) which affords ad discounts on all network affiliated job postings, as well as other member benefits.
Posting Resumes. Any individual may post a confidential candidate profile in search of a permanent, interim contract, or consultant job opportunity within the not-for-profit sector. Profiles give concise information on management and other relevant experience, accomplishments, and education in addition to desired position objectives, work location and compensation. A fee of $25 is charged for six months of on-line exposure.

Candidate Networking. Resumes received by CCC will be networked with members via fax or e-mail. As candidates post profiles on-line, member networks can search confidential profiles by job level and type, minimum salary, geography, skills, and mission focus. Members can then contact candidates directly, or if the candidate has opted for complete confidentiality, the employer e-mails candidate numbers to CCC who puts the candidate and the employer in touch to further explore suitability.

OTHER SERVICES
The Community Career Center offers on-line services to support member employers during the interview and hiring phase. Final candidate screening and reference checks help cut risk in hiring while determining which candidates are most suitable for a particular position.

What can I do at www.nonprofitjobs.org?
You can post a job opening directly on the homepage, or you can search jobs by geography, job title, employer, etc. You can also post a confidential candidate profile to market your skills, and member organizations can search profiles to find candidates.

What if my organization is not yet on the Internet?
Through the HRC, non-Internet ready and unaffiliated organizations can post for unlimited time for $125. Call 410-945-2835 to get a copy of the job form.

How much does it cost?
1) If you have access to the World Wide Web you can post directly on the homepage; the cost is $125 for a 60 day posting.
2) If you don't have access to the Web, call HRC at 410-945-2835. After you complete a job posting form, HRC will post your job on-line at a cost of $125 for unlimited time.
3) Urge your network, state coalition, or regional projects to become a member of the Community Career Center for $5,000 to receive access to the candidate base and receive unlimited job postings for the member affiliates.

What are the recommended hardware and software for optimal Internet access?
386 technology or greater; 28.8 baud modem or greater; Netscape 3.0 preferable (older browsers are more cumbersome); Windows 95 is preferable (Windows 3.1 is more cumbersome).

For more information:
e-mail: info@nonprofitjobs.org
call: 702-259-5958 or 702-259-6570
Community Career Center
e-mail: hrc@hrconsortium.org
call: 410-945-2835
Human Resource Consortium
A New Fiscal Year Begins

by Joe Belden

In addition to appropriations for the Department of Housing and Urban Development (HUD) and the Rural Housing Service (RHS), major changes in federal housing programs have come recently in two unexpected forms. The 1998 HUD appropriations bill includes a comprehensive rescue and restructuring plan for the Section 8 program. This is a major piece of authorizing legislation, usually not found in a spending bill. Also somewhat unexpected was the Senate's recent quick passage of the public housing reform bill. Conventional wisdom had been that this bill would not come up again until next year.

Appropriations. The fiscal 1998 appropriations bill for the Department of Veterans Affairs (VA), HUD, the Environmental Protection Agency, NASA, and several smaller agencies was signed into law by President Bill Clinton on October 27. At press time the 1998 spending bill for the Department of Agriculture (USDA) had cleared the Congress and gone to the White House for the President's signature (or possible veto). Both were not completed by October 1, the beginning of the new spending year. Thus both rural and HUD housing programs, along with most of the rest of the federal government, operated under several continuing resolutions or "CRs" after October 1.

The HUD spending bill was signed into law on October 27 but, at press time, President Clinton had not signed the agriculture bill.

Line item vetoes have become a subject of great controversy recently. The President vetoed seven small projects in the VA-HUD bill, but none involved cuts in housing funds. Any future such vetoes probably will not impact major housing programs. In its line item cuts thus far, the White House has mostly targeted small programs and research projects. Items of use in only one state or a single congressional district have been vulnerable.

In the 1998 spending bill, HUD managed to keep most of its current levels, with the HOME program even getting a $100 million increase to $1.5 billion and the Community Development Block Grant (CDBG) program getting a raise from $4.6 billion to $4.65 billion. Other spending levels in the $25 billion HUD account include $600 million for Native American Housing Block Grants, $2.9 billion for public housing operations, $2.9 billion for public housing capital needs, $823 million for aid to the homeless, and $645 million for housing for the elderly.

Aside from the usual spending decisions, Section 8 contract renewals and restructuring were the main items of debate in the bill, with the authorizing committees weighing in on those issues. The final bill creates a new "mark-to-market" approach to reduce rents paid to landlords and also restructure unpaid mortgages. (See more detail below.)
In the agriculture bill, the rural housing programs also came out fairly well, with an increase in Section 502 direct single-family loans (assuming favorable interest rates). Section 502 guaranteed single-family loans continued their upward march of recent years. The Section 523 self-help technical assistance account retained the doubling of funds that it achieved last year. The table below shows details (with dollars in millions).

Under CDBG in the HUD bill, Habitat for Humanity and other self-help housing intermediaries will receive a $16.7 million set-aside for additional funding for the Self-Help Homeownership Opportunity Program (SHOP). Rep. Carrie Meek (D-Fla.) proposed an amendment during the House mark-up to increase this original $10 million to $16.7 million.

**Reengineering of the rental housing portfolio.** P.L. 105-65 — the 1998 appropriations act for VA, HUD, and independent agencies — is in most respects a traditional spending measure. But it also includes a major new housing program, an item normally left to the banking committees and their housing subcommittees. This portfolio reengineering effort rescues the Section 8 rental subsidy program and its soon-to-expire contracts with landlords. Many of those contracts had inflated rent levels, guaranteeing an expensive subsidy to project owners at levels far above market rents in comparable neighborhoods. Renewing at these rents could soon consume all of HUD’s budget. But not renewing could force several hundred thousand units out of the low-income housing stock. The new measure tries to solve these problems by (1) establishing a mark-to-market program to cut the costs of oversubsidized Section 8 projects; (2) moving responsibility for the new program to qualified “participating administrative entities,” particularly housing finance agencies; and (3) creating a new Office of Multifamily Housing Restructuring Assistance in HUD.

**Public housing reform.** Somewhat surprisingly, on September 26 the Senate passed S. 462 by voice vote with no debate. This is the long-awaited major bill to transform public housing. In May the full House had passed H.R. 2, a different and competing version. During the 104th Congress efforts to pass a public housing bill failed when House and Senate negotiators could not agree on a compromise between their different versions of reform. Now the two legislative bodies will have to resolve differences between the competing bills. Substantial areas of disagreement still exist, such as whether the 1937 Housing Act should be repealed. Final resolution will not come until 1998, the second session of the 105th Congress. ✤

Joe Belden is Deputy Executive Director of the Housing Assistance Council.

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### USDA/RHS Program

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<th>1997 Program Level (millions)</th>
<th>1998 Conference Report (millions)</th>
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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 seed money loans, technical assistance, training, research and information to local producers of affordable rural housing. HAC maintains a revolving loan fund providing vital seed money 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 (RHS) syndicates rural housing developed with the Low Income Housing Tax Credit.