Dear Friends:

In December, 2012 the Housing Assistance Council (HAC) hosted the biennial National Rural Housing Conference in Washington, D.C., with over 600 registrants from 48 states across the country. Attendees included leaders from rural communities who work to meet the housing needs of low-income rural communities. The conference is an opportunity for HAC’s members and partners to learn about a range of issues relevant to their work through workshops and speakers. Yet we at HAC know that the most valuable knowledge comes when those in the field, who live and work in rural communities, meet one another, network, and share strategies.

With this belief in mind, we are pleased to present 7 Issues Facing Rural America, our spring 2013 edition of Rural Voices dedicated to keeping important conversations from our winter conference going into the years ahead. The content of this issue of Rural Voices is provided by rural stakeholders, covering 7 different topics of importance to organizations working to address rural poverty and housing insecurity across the country.

We are reprinting issue papers composed by community leaders outlining general information about the seven topics. At the conference, these issue papers served to spark conversations among those working on the particular topics. Content from each of those discussions accompanies the issue papers here. HAC is excited to share these conversations with rural America. It is our hope that as HAC continues our work supporting organizations across the nation and advocating in Washington, you will continue these valuable conversations. Through this dialogue, our shared “Rural Voices” are strengthened.

In community,

Twila Martin Kekabah, Chair Polly Nichol, President

Moises Loza, Executive Director
NOTES ABOUT SOME OF THE RECENT ACTIVITIES, LOANS, AND PUBLICATIONS OF THE HOUSING ASSISTANCE COUNCIL

Rural Senior Housing Awards

HAC’s Rural Senior Housing (RSH) Initiative has awarded its second round of grant funding to 16 organizations in 15 states to develop affordable housing for seniors living in rural communities. The RSH Initiative, conducted with the generous support of The Atlantic Philanthropies, focuses on increasing the capacity of rural organizations to develop affordable housing for low- and very-low income rural seniors. Project highlights from this round of awards include a home repair program, supportive housing developments and a home repair training program for elderly residents to learn how to make repairs on their own homes.

~For more information on HAC’s initiatives, visit www.ruralhome.org.

Budget Analysis

HAC produced its analysis of the Obama administration’s FY 2014 budget and its impact on rural housing programs and rural communities. The USDA Rural Development budget places increased emphasis on the Section 502 Guaranteed Loan Program while making cuts to other programs. The HUD budget proposed funding the Housing Trust Fund while proposing cuts to the HOME, CDBG, and SHOP programs. For more on the budget, see page 22.

-For more information on federal funding for rural housing, go to www.ruralhome.org.

Rural Veterans Housing Awards

HAC’s Affordable Housing for Rural Veterans Initiative, with generous support from The Home Depot Foundation, has announced its first round of funding for nine groups in nine states as part of an effort to improve the quality of housing for veterans living in rural America. The awardees will use the funds to develop or repair housing, create a sweat-equity housing program for rural veterans, build supportive housing, and improve energy efficiency for homes in rural communities across the country.

-For more on HAC’s Affordable Housing for Rural Veterans Initiative, go to www.ruralhome.org/veterans.
Those who work to improve lives in small town and rural communities throughout the United States are the true difference-makers in the world of rural affordable housing. The Housing Assistance Council (HAC) is reminded of this every two years when rural affordable housing practitioners come together at HAC’s biennial national conference in Washington, D.C. Participants come to hear from a range of speakers, including national policy experts, administrators from federal agencies, elected officials, and, from one another. Moderators and speakers share their expertise on issues ranging from green building to program management to work with vulnerable populations, and much more. Those who attend the conference share their knowledge and insights too. They meet other organizations, present effective strategies, and network, all with the goal of increasing their capacity and impact back home.

In December, 2012 HAC hosted the latest National Rural Housing Conference. Over 600 people registered the three-day conference, traveling from 48 states, Puerto Rico, and the Marshall Islands Areas as well as Mexico. Participants attended 37 workshops and sessions, one of which was a plenary called “Issues Facing Rural America.” In this session, attendees organized into groups and discussed one of seven issues facing rural communities today. A prominent moderator led each discussion.

Some groups worked together to identify present and future challenges to their field, others brainstormed policy fixes and solutions, and some strategized on how to take their work and organizations into the next generation while adapting to the changing nonprofit and social service sector.

The voices present at the conference created vibrant discussions on these topics, yet HAC knows there are many more rural housing advocates and leaders who can contribute to framing these issues and important topics. To bring more voices into the fold, as well as share what has already been discussed, HAC is dedicating this edition of Rural Voices to the ideas presented by rural housing practitioners at the conference. We are reprinting the issue papers as well as articles describing the dialogue that took place around those issues.

HAC is excited to share an in-depth look at these conversations. Our shared voice as rural affordable housing advocates is strengthened through rich debate, discussion and collaboration. As we continue our work supporting organizations in rural America and advocating in Washington, these valuable conversations will underpin and bolster solutions to the key issues facing rural America and its affordable housing challenges. We invite you to join ongoing dialogue at the Rural Affordable Housing Group, http://tinyurl.com/ruralahg.

7 Issues Facing Rural America:

1. Saving USDA Rural Development and Its Programs
2. Rural Rental Housing Preservation
3. Energy Efficiency Issues in Rural Affordable Housing
4. Housing Options for Rural Seniors
5. Serving High Needs and Vulnerable Populations
6. Building a New Generation of Rural Housing Professionals & Leaders
7. Strategic Partnerships for Rural Nonprofits
1. SAVING USDA RURAL DEVELOPMENT AND ITS PROGRAMS
by Peter Carey

For well over half a century, USDA programs have consistently assisted rural communities in their efforts to meet housing, infrastructure, and facility needs. With a local presence unrivaled by most federal or even state agencies, USDA Rural Development (RD) has been the go-to resource for local community development. With financing for homeownership, rental and farmworker housing, water and wastewater systems, mutual self-help housing, economic development, and facilities like libraries and fire stations, the local USDA RD office has been the doorway to opportunity for communities across rural America. Section 502 Direct, Section 515 Multifamily Housing, Section 514/516 Farm Labor Housing, Sections 504 and 533 Home Repair, Section 523 Mutual Self-Help, and Section 521 Rental Assistance are key to meeting the housing needs of very low-income rural residents. Yet reduced appropriations and a shift to loan guarantees threaten the safety net of housing for rural America’s poorest households.

Community Eligibility for Rural Housing Programs

Nearly 1,000 communities are scheduled to lose eligibility for rural housing programs because their populations have grown since 1990 or their counties have been designated as parts of metropolitan areas. Congress has only temporarily extended the statutory “grandfather clause” that has maintained their eligibility so far, and USDA has not delayed its impact for the long term. Debate over an appropriate definition of “rural” has gone on for decades, with no single, clear answer.

In this vacuum, the Office of Management and Budget (OMB) definitions of metropolitan and nonmetropolitan are commonly used as the equivalent of urban and rural, respectively. Yet this oversimplification ignores the fact that half of all rural residents live in metropolitan counties.

While rural housing programs face narrowing eligibility, there is movement to expand eligibility for USDA’s other rural development programs to include communities with populations up to 50,000. Unless there is an increase in funds – a change that seems very unlikely – more (and larger) communities will be competing for the same limited resources.

Reduced Funding

Despite the importance and success of USDA Rural Development programs, they suffer from a lack of priority within the massive Agriculture budget. This is especially true of direct lending for rural housing. Reduced appropriations have become the norm, with an increased focus on loan guarantees. Overall RD funding has declined over the past decade, and funding for both homeownership and rural rental housing has borne the brunt of the reductions. While the USDA budget fell by 16 percent, rural housing programs were cut by 23.5 percent.

The Shift to Guarantees

While guaranteed loans have expanded the reach of rural housing programs, guaranteed loans do not reach the same low- and very low-income population as direct loans. In fact, USDA’s own Economic Research Service labeled the Section 502 Guaranteed program as the “least-targeted” RD program. In the current interest rate environment, Section 502 Guaranteed has been able to serve an increased number of very low-income borrowers.

When interest rates inevitably rise again, however, the program will certainly return to its historic profile of higher-income borrowers. Similarly, a shift from Section 515 rental housing...
Response from Rural America

When practitioners talk about USDA RD and its programs, they often speak about the need for more efficient delivery of services. The group that discussed USDA RD programs at the Rural Housing Conference in December touched on this, and a handful of other issues impacting Rural Development programs and services, including how competing definitions of “rural” affect organizations working in rural areas. The group discussion also took on a broader question of agency roles and responsibilities and the implications of housing rural development programs in USDA rather than HUD.

Efficient Delivery of Services

At its peak in 1976, USDA’s direct homeownership program made nearly 133,000 loans totaling almost $2.9 billion. Since 1976, there was a steady decline over the following 20 years except for some modest and sporadic bumps in funding. At the same time, the cost of housing and its production have increased significantly. Funding for the program hovered around $1.1 billion between the year 2000 and 2011, and declined in 2012. The 2013 budget proposals are similar, and loan production dropped to below 9,000 loans.

The Section 502 loan guarantee program began to take hold in the 1990s. That program has grown dramatically, in some cases nearly doubling in size over the last several years until it reached its current funding level of $24 billion. The loan guarantee program is much less costly in terms of budget dollars than the direct program. The program is financed through fees and therefore does not require budget authority for program funding, and no government outlays are incurred unless there is a loss on the loan. Since the fees cover the costs, guarantees are an attractive vehicle for program delivery from a budgetary point of view; however, these programs do not serve the same borrowers. Guaranteed loan borrowers tend to have higher incomes and do not require payment assistance subsidy. This results in a situation where the needs of lower income rural residents are sacrificed in the interest of trimming the federal budget.

The Shrinking RD Organization

As a result of ongoing budget reductions, local RD offices and staff have been lost, with a corresponding reduction of the agency’s footprint in rural America.

The offices that remain occasionally struggle to meet the demand for services. Until the early 1990s Farmers Home Administration (precursor to RD) had more than 2,800 offices in almost 2,000 counties. By 2010, the number had dropped to about 800 offices, with more cuts proposed for the future.

-Peter Carey is the Executive Director of Self-Help Enterprises in Visalia, CA. Contact Peter at PeterC@selfhelpenterprises.org.

Key Questions to Consider

◊ What should be done to encourage legislation that establishes realistic community eligibility for USDA rural housing and community development funding?

◊ Are there ways to improve the efficiency of rural housing programs without losing the important connection with rural borrowers? What are the opportunities for nonprofit organizations to build an expanded role in USDA RD program delivery?

◊ Several proposals are on the table for the use of potential savings from reform of the mortgage interest deduction. Should there be a proposal specific to USDA rural housing programs?

◊ With tight budgets ahead, what is the best way to gain support for rural housing programs? Which allies and constituency groups have mutual interests?

loans to Section 538 guarantees diminishes the ability to develop housing affordable to those with the lowest income levels.
At the same time, RD has reduced its number of offices and full-time staff. These changes have negatively affected the agency’s ability to administer its programs and service rural communities. But they do present opportunities for increasing partnerships with RD, albeit with significant challenges that must be addressed. With the recent decline in RD offices and staff, there may be opportunities for more nonprofit collaboration with USDA in the future.

In order to more efficiently deliver services, RD should consider:

- Updating computer systems to enable partner organizations to transmit loan application data, which would eliminate the need for time-consuming data entry. This could be accomplished by building a “data bridge” to the USDA’s loan processing system.

- Taking advantage of the capacity in the field and allow partner organizations to help with a variety of issues, including loan processing and delinquency counseling.

- Outsourcing time consuming activities, which would be better handled by an outside organization. For example, RD regulations currently require that certain inspections be conducted by RD field staff but would be conducted more efficiently by an outside firm. RD should be encouraged to aggressively pursue a change in this regulation.

- Adopting a time-frame standards for approving Section 502 direct loans similar to the existing standard for the guaranteed loan program. Too often, a loan application must be re-worked because time-sensitive data has expired before the loan could be approved or closed. For example, employment verifications are valid for 120 days. If the loan is not approved by that time, additional work is required to re-verify the information.

- Encouraging RD to take a fresh look at program delivery. This review must involve stakeholders and partners who support the program.

Defining Rural

Without a consistent and easily applied definition of rurality, it is difficult for practitioners to ensure that their programs can remain viable. The 2010 census brings in new data and could have significant impacts on what is considered rural for program eligibility. For the RD programs authorized under the Housing Act of 1949, communities that were considered rural in 1990 have been ‘grandfathered’ in as long as they remain under 25,000 population. This grandfathering expires with the 2010 census and a large number of communities could lose their eligibility for RHS assistance.

In order to save USDA’s rural housing program, we need to better understand what “rural” is.

Transferring RD Programs to HUD

There is often political pressure to consolidate federal housing programs, including the RD programs, at HUD. However, there are concerns about HUD’s capacity to take on RD’s programs, especially since HUD has recently announced plans to close 16 of its smaller field offices. Additionally, HUD’s delivery system is significantly different from USDA’s. However, it is fair to question the commitment to Rural Development programs at the highest levels of USDA. USDA Secretaries are traditionally focused on agriculture and food issues, while HUD is focused on housing. It is possible that an organization focused on housing could bring better perspective to administering the RD programs.

Advancing the Agenda

Throughout the group’s discussion, members looked toward solutions to the various problems outlined. Some suggested that HAC be engaged in developing a working partnership model with the USDA field offices. Participants discussed the importance of holding RD and other federal agencies more accountable for their use of limited resources. One participant recommended that the rural housing field work alongside USDA RD to help Congress understand the impact of RD programs. Rural housing advocates should encourage elected officials and Congressional staff to visit RD project sites as well as rural communities experiencing poverty and poor housing conditions. Many of the issues discussed were political in nature, and some require political as well as policy solutions.
2. RURAL RENTAL HOUSING PRESERVATION

by Tom Bishop and Leslie Strauss

Someone constructs an apartment complex in a rural area. Tenants move in. Time passes. But happily ever after does not happen automatically – it takes work and money to keep a property in good condition, and to update it, as it ages. USDA’s rural housing programs provide the funds needed to construct and maintain decent, affordable homes for low- and very low-income rural renters. Tens of thousands of such rental homes are in danger of disappearing, however, and advocates for low-income tenants want to preserve them.

The term “preservation” can refer to (1) maintaining or improving the physical condition of properties or (2) keeping properties available and affordable for the kinds of tenants the program currently serves. A Comprehensive Property Assessment conducted for USDA in 2004 demonstrated the need for both types of preservation for properties with mortgages from USDA’s Section 515 program.

The researchers found that many properties would face significant physical needs in the immediate future, but none had enough money in reserve to address its physical needs over time. The assessment also reported that owners of 61 percent of the properties had the right to prepay their Section 515 mortgages. When the Section 515 loan is prepaid the property is no longer subject to the USDA requirements that keep its units affordable for lower-income tenants. Prepayment also means tenants can no longer receive USDA Section 521 Rental Assistance because it is available only for tenants in properties with active USDA mortgages.

In response to the 2004 assessment, the Bush administration focused attention and resources on physical preservation of the Section 515 stock. Congress helped these efforts by creating two new rental preservation programs in 2006 – a Multi-Family Preservation and Revitalization (MPR) demonstration and a Preservation Revolving Loan Fund. Congress also adapted a previously unused USDA voucher program called Section 542 so that it could assist tenants in properties where mortgages were prepaid. Section 515 funding continued to be used for both new construction and preservation of existing properties.

The Obama administration’s approach, on the other hand, has been inconsistent. Its budget request for fiscal year 2012 proposed no funding for the preservation programs. Instead, it said, all preservation efforts could be conducted using Section 515 monies. The administration’s fiscal year 2013 budget took the opposite approach. That one requested funding for the preservation programs but none for Section 515. For both years, Congress disagreed with the administration’s recommendations and maintained funding for all the programs involved (except the Preservation Revolving Loan Fund).

USDA has also recently taken two other steps that could seriously impact preservation efforts.

First, USDA decided that almost all of the Section 515 dollars available in 2012 to fund construction of new rental units would be used instead to pay for incentives to owners. These incentives are offered to Section 515 owners who request permission to prepay their mortgages. The additional subsidies or other aid can give them a reason to stay in the program, thus keeping their units affordable. In the past few years, owners of over 100 properties agreed to accept incentives and were then placed on a waiting list because USDA did not have enough money to pay for the incentives. In summer 2012 USDA believed a Supreme Court decision (in a case involving another federal agency, not to USDA itself) required prompt payment of the backlogged incentives, so it used its FY12 Section 515 appropriation for that purpose. Some advocates believe that USDA has now stopped offering incentives because it fears it may not be able to cover their costs in the future. That means more mortgages may be prepaid and more units lost.

Second, in August 2012 USDA reissued a May 2011 letter informing field staff that the national office intended to retire unused Section 521 Rental Assistance to reduce the program’s cost. In the past when rental assistance was no longer needed at one property, the contract was shifted to a different property. This reallocation has been an essential tool in the agency’s preservation efforts because additional rental assistance helps owners to keep their properties affordable. Concerned advocates have questioned this apparently new policy, and USDA officials have stated that they intend to reuse all rental assistance, not retire it. Yet the contradictory letter has not been withdrawn.

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Response from Rural America

It is impossible to discuss affordable housing preservation in rural areas without talking about the available funding, or more accurately, the lack of available funding. While some funding from HUD, USDA RD, and other agencies is available, it does not come close to meeting the current needs. Preservation can be quite expensive, especially when properties are not in decent, safe, and sanitary condition. It can be difficult to determine whether a property is worth preserving. In addition, appraised values often are not high enough to cover all transactional costs.

RD’s Multi-Family Housing Preservation and Revitalization Restructuring (MPR) demonstration program faces a few particular challenges. First, it is very competitive; the annual funding falls far short of the demand. Second, there is a lag between when the funding is awarded and when the money is made available, leaving organizations in a difficult position with regard to pending projects. Finally, some USDA state offices do not know enough about the program and are not as helpful as applicants would wish.

This issue with some USDA state offices also speaks to a general challenge in communicating with RD. Some of the greatest frustrations for practitioners stem from differing knowledge levels and policies that are not consistent from one state to another. There is also a sense from practitioners that they hear from RD only when they have done something wrong, although they would prefer ongoing partnership and communication.

Opportunities for Improvement

With these challenges in mind, what can local, regional, and national organizations do to improve the climate for affordable housing preservation in rural areas?

Any effort to increase financial resources available for rental housing preservation begins with advocacy. MPR would be more likely to receive adequate funding if it were an authorized program rather than a demonstration, so passage of authorizing legislation (either alone or as part of a comprehensive preservation bill) is important. Higher appropriations levels for MPR, Section 515, and Section 521 Rental Assistance are essential. Other resources like HOME, Section 8, and LIHTC need enough funding to be effective tools for rural housing and preservation. RD’s Preservation Revolving Loan Fund program is another important resource, but many organizations working in rural America are not familiar with it. RD could help significantly in authorization and funding efforts if it advocated for more program funding and worked with others to broaden the constituency for the programs.

To improve communications and increase the sense of partnership between RD and the groups in the field, RD should host regular seller/buyer meetings, provide more training for state office staff, and create an articulated, consistent process for communication. This type of communication with local communities and organizations would improve the delivery of services. For example, in Oregon a statewide nonprofit facilitates quarterly meetings with RD, the state housing finance agency, and HUD, thus helping to coordinate the agencies’ activities.

Better communications will help create a positive atmosphere for rural housing preservation efforts, but RD must also improve its response time and policies to aid in this effort. Some suggestions for how this might be done include:

✓ Make the administrative processes more consistent from state to state.
✓ Contract out some processes, e.g., underwriting.
✓ Give state housing finance agencies a larger role. They administer tax credits and other resources, know the players, and have broader consistency.
✓ Subordinate RD’s loans and its role to other funders to encourage more investment from other sources.
✓ Increase the training and experience level for RD staff.

It is important to recognize that preservation is an ongoing effort that requires a great deal of work. Updating the preservation reports and research on a national level would help groups in the field remain aware of the latest trends. Stakeholders need to recognize that every deal is different and a one-size-fits-all approach will not work. Through an increased focus on partnership and advocacy, a stronger rural rental housing preservation industry can be created.
3. ENERGY EFFICIENCY
ISSUES IN
RURAL AFFORDABLE
HOUSING

By Meghan Walsh

USDA Rural Housing Service has implemented a robust incentive scoring system for energy efficient building construction and energy generation in its Notices of Funding Availability in its Multifamily Housing programs. The projects funded in 2010 are now completing construction, and there are some fantastic successes across rural America. There are still challenges in some areas, particularly where there is lack of familiarity with the national measurement and verification programs in the NOFA. But these last few years have been very useful in gaining information to continue with a policy that aims at lower energy usage across the portfolio.

Dearth of Qualified Green Professionals in Rural Areas

USDA awards points for participation in nationally recognized measurement and verification systems, such as ENERGY STAR for Homes, Challenge Home, LEED for Homes, NAHB’s Green Building Standard, and Green Communities. While these are national programs, rural areas tend to have less familiarity with them and fewer qualified professionals for implementation. Because of USDA’s inclusion of these programs in its Multifamily Housing NOFAs, companies that serve rural communities are building their skills in these areas, but more is still needed.

Density and Transportation Requirements in Green Standards

Many of the green building programs award incremental points for higher density and increased transportation options. Rural areas have very different standards of density than cities and suburbs, however, and fewer forms of public transportation. Some national programs, like Enterprise Community Partners, Green Communities, are beginning to tailor their programs by developing “rural tracks” for scoring projects in rural areas. Through increased collaboration with USDA Rural Housing...

Data Collection

There is a need to benchmark energy efficiency and the health of buildings through the collection of utility data and other project information. While all of the strategies are designed to improve energy efficiency, there has yet to be adopted a common data collection industry standard. It is important that type of data collected from one program match that of other programs. While USDA could create their own internal data taxonomy for collection, most projects are leveraged with multiple sources of funding ranging from low-income housing tax credits to funding streams of other federal and municipal agencies. If each funding stream were to develop its own requirements for data collection, this would cause great difficulty in using this data to come to realistic and intelligent conclusions going forward.

USDA has been involved with the Rental Policy Working Group to align rental policies across agencies, including HUD and the Department of Treasury. Additionally, USDA participated with a number of other agencies involved in the financing or construction of public housing to develop a data taxonomy with the guidance of the MacArthur Foundation. The intention is that this taxonomy will eventually be adopted into procedures such as Capital Needs Assessments.

-Meghan Walsh is an architect for USDA Rural Development. Contact Meghan at Meghan.Walsh@wdc.usda.gov.
Response from Rural America

Organizations working to incorporate green building techniques and energy efficiency principles into their housing development often face challenges with different green building standards in different states. This lack of consistency presents a challenge to nonprofit developers hoping to create a set of best practices and standards for successful green building.

For small, rural organizations, keeping up with the variation in standards by city, state, and country can be difficult, as can gathering the information necessary to determine the feasibility and affordability of energy efficient construction. In order to reduce confusion and allow for greater coordination, energy standards should be made more consistent across municipalities and jurisdictions.

Training for Green

Rural housing practitioners often note the difficulty they face assembling a workforce with the necessary skills to form a green building team in less densely populated rural areas. For rural organizations, transportation costs associated with green certification can also serve as an impediment to green building. Access to training and workforce development programs focused on green building would improve the ability of rural organizations to incorporate green elements into their projects.

The Appraisal Gap

Another common concern voiced by rural nonprofits was the gap between the cost of energy efficient upgrades to a home and the final appraisal. Appraisals do not often reflect energy efficiency upgrades, and scores are not based on energy-cost savings. This means that the home built with thousands of dollars in energy efficiency upgrades will often appraise for the same value as the house next door without those upgrades. Appraisers need to be educated on this issue so that they can properly calculate the value added from green building. A strategy for implementing this change would include the involvement of a broad consortium of appraisers, lenders, builders and nonprofits in this process.
Like most rural states, Vermont is graying. Not only are current residents aging, but we are also seeing an immigration of retirees, some attracted to our quality of life, some relocating to be near family. We are challenged, not just to find sufficient resources for our graying population, but to consider how to deliver services that elder populations depend upon.

Thirty years ago, it was not unusual for persons in their 50s and early 60s to move into elderly housing. Today, most residents are in the 75-85 cohort. This makes it essential to rethink how we deliver housing and health care and how each can benefit the other.

Over 25 years, the Vermont Housing & Conservation Board (VHCB) has been a funder of 1,670 homes for the elderly. These developments are a vital resource to the stability and identity of our communities. Towns as small as Cabot, population 1,433, have insisted on the need for elder housing. A local group developed a simple eight-unit complex in its village center so that folks did not have to move 25 miles away from the community they have known, nourished, and loved.

VHCB has found that the developments that provide the greatest service to our aging residents have several important elements. First, they are located in or near the center of our rural villages, convenient to services without depending on a car. Second, they offer affordability and, we hope, rental assistance that the HUD Section 202 and RD Section 515 programs have provided for a generation. Third, they provide a setting in which folks can age in place. They have facilities that promote a sense of community and individual well being, such as common gathering places. They provide access to services, such as medical, nutrition, or transportation assistance.

Equally important is investment in the preservation and modernization of the facilities built a generation ago. That means investments in accessibility, in energy efficiency, and, sometimes, in the costs of transfer to new owners.

Our challenge today is to develop the policies and the programs that let us account for the money that housing saves our health care system so that some of those savings can be used by housing providers to keep people healthy and out of emergency rooms, hospitals, and nursing homes.

Finally we must enhance both the capital and operating resources that will let us both preserve and reinvest in the housing stock that has served our communities so well for a generation while also building to meet the growing demand that our graying population requires.

-Gus Seelig is the Executive Director of the Vermont Housing and Conservation Board. He can be reached at gseelig@vhcb.org.
Response from Rural America

Our aging population deserves a certain expectation that their quality of life not be diminished as they age. Yet providing that quality of life often goes beyond one specific service or assistance. As rural populations age, housing organizations witness a range of changes in the lives of aging individuals and families, which require modifications in the services and resources provided to house and care for elders. Experts in the field of housing seniors discussed a range of topics relevant to their work, covering issues from home modification to health services, to ensuring meaningful quality of life.

Home Modification

Modifying the homes seniors already live in to make them accessible and accommodate other lifestyle changes that come with age can allow seniors to age in place, maintaining their connection to community. In order to ensure home access modifications, providers need more resources and funding. These can come from a variety of places: state trust funds; Medicare/Medicaid funding for home provision and other housing services that impact seniors’ health; leveraging weatherization funding; Federal Home Loan Bank programs; USDA 504 loans; and more. Organizations should consider leveraging funding with volunteer labor for repair modifications. Such projects also connect seniors to their community and build community. Volunteers can come from the faith community, AmeriCorps, Youth Build programs, and other local organizations and institutions. Yet resources for home modification are scarce, and much of it comes in the form of debt. This is especially challenging since seniors are often debt averse.

Service Coordination: Medical

Despite the positive impacts of coordinating housing and services such as medical care and assistance, end-of-life care, public benefits, and more, such service coordination is often not included in elder housing. Housing can be an excellent platform for service delivery, especially delivery of medical care, as demonstrated with Vermont’s Medicare Demonstration Waivers. In addition to serving seniors, the demonstration saved the medical system many thousands of dollars. Such savings can go toward helping more seniors and improving outcomes. Yet such programs may not have support from governors or state legislatures. The discussion group proposed one possible solution: that USDA Rural Development change its authorizing statute so that service coordination can be a part of a 515 project’s operating budget, which it currently cannot.

Service Coordination: Beyond Medical

The group discussion produced a key question for participants to ask their colleagues: If providing services is essential to senior housing, what services do seniors need or should housing providers provide? While frequently cited, medical and health support are not the only services seniors need for quality of life and well being. Life supports, like life skills, social programs, nutritional programs and assistance, and transportation, can greatly increase health and overall well being. Some services may be especially important in rural areas, such as transportation. Public infrastructure may be lacking, and distance between aging friends may hinder social connection to loved ones and the community. Social programs may help bridge the divide.
Residents in every part of rural America experience housing problems, but concentrations of housing needs exist in some geographic areas and among some populations. These high-needs areas and vulnerable populations include the Lower Mississippi Delta, the border colonias along the U.S.-Mexico border, Native American Lands, Central Appalachia, and farmworker communities. Each region and population is unique and has its own challenges. But they also have some things in common: histories of poverty and exploitation, shortages of resources to provide adequate housing and other material needs, and limited economic opportunities. Racism has contributed, and continues to contribute, to their economic and political impoverishment. Housing issues are complicated by various land tenure issues and geographic isolation.

Financial resources flowing to high-needs areas and populations have never met local demand, and now further funding cuts are looming. The demographics of some high-needs areas and populations are changing. Examples of two high-need populations illustrate some of the unique and shared aspects of their housing needs.

Farmworkers

Farmworkers are the backbone of a multi-billion dollar agricultural industry. In particular, labor-intensive crops require a significant workforce to be produced successfully.

Unfortunately, such farm work is often low paying and seasonal. Additionally, many farmworkers are immigrants (often undocumented) with a variety of cultural, language, and educational backgrounds. Farmworkers are more likely than in the past to live in one place year-round and to be undocumented. Still, peak periods of demand for laborers attract a migrant workforce and, in a growing number of areas, guest workers using the H2A visa program. Potential changes in immigration laws will continue to impact the farmworker population in the United States.

Mississippi Delta

The Mississippi Delta region experienced high poverty, unemployment, and population loss long before recent events such as Hurricane Katrina and the foreclosure crisis. Historical issues of race and slavery have left a legacy of hyper-segregated populations. Opportunities to step-up into the middle class are scarce, particularly for African Americans, for several reasons, including the population loss and subsequent “brain drain,” the lack of community cohesiveness and leadership seen in other parts of the country, and the failure of community leaders and institutions to analyze and seek opportunities based on existing resources. Because the Delta is a very rural area, transportation is another major factor since transit systems – if they exist at all – are inadequate. Community development efforts around housing, education, financial independence, and...
Key Questions to Consider

◊ How do we maintain a focus on the best interests of the residents in the changing environment of affordable housing?

◊ With tight budgets ahead, what is the best way to gain support for rural housing programs? What allies and constituency groups have mutual interests?

◊ Should high housing costs, low wages, and economic fears steer market forces toward rehab of single- and multifamily housing rather than new construction? Should rural nonprofits shift their focus accordingly?

◊ How can farmworker housing providers build/leverage relationships with employers/agricultural industry?

Response from Rural America

For those working in high-needs areas and with vulnerable populations, the challenges can be as varied as the population. The participants in this discussion group had backgrounds in a variety of issues and with a variety of populations. They work with farmworkers and veterans, in the Mississippi Delta, on issues relating to rental housing and homeownership, weatherization and rehab, and self-help housing. They provide wrap-around services, advocacy, counseling, housing, and more. This diverse group of practitioners, who work with some of the most impoverished and at-risk populations in the United States, explained key aspects of their success and outlined the type of support they need from local and national policy makers.

Organizations serving specific high-needs regions and vulnerable groups must work constantly to connect their mission and work to the needs of that population. The best method identified to maintain focus on the needs and assets of the group served was to keep in touch with the grassroots tactics that gave rise to and have supported many of the organizations working with low-income people and communities today. They engage the population directly, working with youth, elderly, veterans, and people with disabilities. They build these groups’ own power to advocate for themselves as well as working to meet basic needs lacking in their communities. On-going assessment and feedback are critical in their work; it takes the form of needs and asset surveys, community meetings, open-door policies, incorporating clients and community members into leadership positions, and more.

Elderly Delta residents, especially African-American elders, face futures of further diminished resources. When they retire from service as domestics or in other jobs where they did not pay into the Social Security system, they are allowed only supplemental assistance, which is insufficient to live on.

For those working in high-needs areas and with vulnerable populations, the challenges can be as varied as the population. The

workforce development occur in silos and lack the coordination that can lead to efficiency in an era of reduced financial support. Weaker community development corporations are floundering or out of business and have been slow to adapt their business models.

Affordable elderly housing and assisted-living options are needed. The aging population presents opportunities as well: the Mid-South could be the next attractive region for retirees. The related medical care field is also slated for growth with jobs that can grow local economies. The economy is affecting rural housing development in the Delta. Single-family housing development is down overall. Some producers of affordable single-family housing are having trouble selling their units, even with mortgages from Habitat for Humanity with no interest or from USDA Rural Development at a 1 percent interest rate. Low-income families are clearly hesitant to make the commitment to buy homes and may be bypassing a tested method for building their wealth.

-Marty Miller, martym2@orth.org, Executive Director at the Office of Rural and Farmworker Housing, WA; Andy Saavedra, asaavedra@lisc.org Senior Program Officer, Mid South Delta LISC, LA, and Leslie Strauss, leslie@ruralhome.org, Senior Policy Analyst, HAC, Washington, DC.
Working in communities that face long histories of political, social, and economic disenfranchisement requires innovation and a range of approaches. Practitioners emphasized deconstructing silos and creating partnerships within the community. A few strategies include engaging community organizers; raising public awareness of the benefits of rural affordable housing; reaching out to single-focus organizations; determining what works best for community; and, finally, staying flexible with funding. A range of stakeholders and partners, including federal, state and local governments; community organizations; and faith-based organizations; need to be actively involved. For example, in work with veterans, some groups seek more opportunities to include housing support initiatives and services in their work in the form of housing, services, counseling, and homelessness intervention.

While magnifying the impact of grassroots work with vulnerable communities is essential, groups working in high-needs areas and with vulnerable populations need strong support from policymakers and the rest of the community as well. In the face of tight budgets and a recalcitrant political arena, strong messaging is imperative. Practitioners push to look to what is in the best interest of children, take a stand on immigration reform, and more. Advocates should build more political support for their work by educating the public about the needs of the community. Organizations need to impress the harsh reality of persistent poverty, housing insecurity, and the often forgotten human face of poverty in rural America. Facts and figures can illuminate a problem, but stories and humanity inspire solutions.

**Persistent Poverty in the United States, 1990 - 2010**

_Counties With Poverty Rates of 20% or More in 1990, 2000, and 2010_

_HAG Tabulations of U.S. Census Bureau Decennial and Small Area Income and Poverty Estimates_
6. BUILDING A NEW GENERATION OF RURAL HOUSING PROFESSIONALS AND LEADERS

by Gisela Salgado and Rob Weiner

Many rural affordable housing nonprofits and community development corporations (CDCs) came from a grass-roots movement that dates back to the 1960s. Many of today’s CDC executive directors and leaders were the movers and shakers of that movement. They are now reaching retirement age. As they do, the need for qualified, culturally sensitive leaders is becoming more pressing, especially as the nation’s rural population becomes more diverse.

This is an opportunity to grow and cultivate new leaders within the field, based in the organizations and the communities we serve. Engaging a new generation of leaders calls for a systematic approach beyond initial entrance to the field and mid-management-level experience. Organizations are called to prepare for these changes and plan for leadership succession, if they are not already doing so, in order to ensure survival and continued success in the future.

Rural nonprofits face particular challenges attracting qualified and experienced new talent and professionals who want to pursue careers in the nonprofit housing and community development field, particularly from existing and emergent immigrant, minority, farmworker, and low-income communities. Rural nonprofits compete directly with their counterparts in urban areas for the same pool of talent and, oftentimes, young people opt for life in the city. In other cases, professionals and young talent are not even aware of the varied career paths and opportunities in the field of affordable housing and community development or that rural America has a foundation of solid and ground-breaking nonprofits.

Rural nonprofits also experience challenges retaining and developing young professionals and leaders once they are in the industry. As an industry, we are currently experiencing uncertainty about diminishing resources and the future, which is affecting the morale of current professionals. It is challenging at times to offer a positive outlook to young people coming in. Passionate, talented, and committed young people aspire to grow, develop their skills, and be considered for leadership positions. But within many organizations, especially smaller ones, the opportunities and pathways to reach these positions may not exist. Scarce financial resources may limit the ability of organizations to invest in the development of young talent by sending them to professional training workshops and conferences where they can be exposed to big-picture program and policy issues and connect with other practitioners in the field.

Succession planning is critically important to ensure there are systems in place for smooth transition of leadership when the time comes for executive directors and other executive-level staff to leave. It is also important for young people and new talent who aspire to these positions to know that there is a path and a plan for mentoring, leadership-shadowing, and increasing responsibility. Although organizations typically recognize the value of succession planning, it may seem very time consuming. The time needed for succession planning competes with other priorities. It may even be uncomfortable to begin the conversation about envisioning the organization without the current executive leadership, but deferring such planning may cause dysfunction and chaos when that time comes. It is crucial to plan for the future.
Key Questions to Consider

◊ Are we prepared as an industry and within each of our respective organizations for leadership succession?

◊ Is leadership succession and planning a priority among our organizations, and if not, why not? What steps do we need to take to achieve a smooth transition?

◊ Where do leaders come from? Are we cultivating them, mentoring from within the organization, hiring from the outside? What are we doing to attract, groom, and retain new talent in the field?

◊ What have we learned as an industry and what are the best models to implement leadership succession?

A Model Program Develops New Leaders in the West

Faced with the challenges to attract, retain, and cultivate new talent, and in particular people of color, in rural affordable housing development organizations, the California Coalition for Rural Housing (CCRH) launched the Internship Program for Diversity in Nonprofit Housing and Community Development in 1998.

The concept and model of the CCRH Internship Program was conceived by a dynamic young woman in the field best described as the first agent of change in creating a new generation of housing and community leaders in the field. She developed the model as part of her master’s thesis in urban planning at the University of Michigan in the early 1990s. Ana Baiz-Torres was born and raised in Selma, California, to a farmworker family. Her upbringing taught her about hard work in the fields of California’s Central Valley and the need for better housing conditions and opportunities for her community. Affordable housing and community development offered a platform to address these issues and bring positive social change to rural communities similar to her own. Ana subsequently offered a vision and a plan to attract and train new talent and cultivate professionals of color. She was a representative of communities being served, prepared to compete for entry-level affordable housing positions as they progressively gained experience for leadership positions.

The Internship Program provides a structured, year-long experience for up to 10 university and college seniors (generally first-generation college students) in the housing and community development field. Placed at nonprofit housing and community development organizations serving rural (and in recent years urban and suburban areas) across the state, the students earn stipends for full-time work during the summer and part-time work during the academic year. To date, 100 students have graduated and over 50 percent are now working in the affordable housing and community development field. In recent years, these development professionals, with responsibility and experience developing individual projects, have risen to become senior managers and, in one instance, one of the youngest executive directors in the field. The success of the program has earned the support of long-standing funders like NeighborWorks America, Bank of America, Wells Fargo, and Rural LISC and has expanded into Washington State and Oregon.

Many alumni have assumed leadership roles within their communities, serving on local planning commissions, local school boards, and on the boards of statewide and regional organizations, such as Housing California and CCRH. They also serve on the Internship Program Advisory Committee, which plays a major role steering the program. The growing network of alumni cultivates and mentors up-and-coming program participants and leads fundraising efforts to ensure program continuation and success. The goals of the program looking into the future are to continue to expand and replicate the model in other states by building partnerships with other nonprofit organizations and identifying new funders committed to investing in developing the leadership of our field.

-To date, 100 students have graduated and over 50 percent are now working in the affordable housing and community development field.

-Gisela Salgado is the Internship Program Coordinator and Rob Weiner is the Executive Director of the California Rural Housing Coalition. For more information, visit www.calruralhousing.org.
Response from Rural America

Directors and experienced staff at rural affordable housing organizations know that ensuring quality affordable housing for all rural Americans is a decades-long endeavor for many communities. Many of them have been in this field for much of their lives, yet as some founders and leaders of such organizations near retirement age, they recognize the importance of bringing in new vision and talent. In group discussion, current leaders identified three areas where organizations can take a more active role in ensuring there are people ready to fill their shoes upon retirement.

Recruitment

The first step in maintaining a vibrant organization and movement for rural housing requires bringing in new and younger people. Whether they are high school students, college graduates, young professionals, or mid-career professionals ready for more responsibility, new staff bring new ideas and passion. Organizations must recognize various points of entry to the affordable housing field, such as real estate and non-housing rural nonprofits, or through fellowships and internships as students. Larger organizations such as AmeriCorps, faith-based service fellowships, and state programs can offer fellowships or internships for longer terms and with funding that small nonprofits may not be able to provide. Recruiting from rural communities and reaching young people of color ensure rural housing providers reflect the diversity of the communities they serve. Rural housing groups can reach out to young people and students of color in college ethnic and racial studies programs, social justice programs, student groups and assemblies, and through faculty and classes that spark interest in American poverty and rural issues. Organizations must make a compelling case for their work and educate young people about the social impact and importance of rural housing issues. Finally, it is important to address practical limitations of working in rural areas, such as assisting with relocation or housing and providing competitive compensation.

Development

Rural housing organizations must take steps to train and educate junior staff to be tomorrow’s directors and executive directors. Working in rural areas provides younger staff an opportunity to gain more responsibility, fulfill a wider range of roles and functions, and have more room to grow than they may have in similar organizations outside of rural communities. Yet it is not only what young workers can gain that will keep them around, but what they can contribute. Recognizing and using the unique skills of young workers, and providing constructive feedback and recognition invest staff more deeply into their work. Organizations can contribute to staff education and training by sending them to meetings and events, encouraging them to contribute new ideas, and supporting their initiative. Group participants also emphasized the importance of thinking about barriers to professional development. What modes of communication work best for younger and older staff? Are senior staff using jargon that some may not know? Others emphasized the importance of allowing ineffectual employees to be replaced and recruit the best possible people to keep the organization striving toward improvement and excellence. Current leaders also have a critical role to play mentoring new leaders, passing on institutional knowledge and lessons learned and introducing them to important people.

Transferring Leadership

The final step in developing leaders is the transition itself, passing the reins to new leaders and letting go of control. This can be a difficult step for organizations that may have relied on strong networks of well-established and long-standing community leaders to do their work. Yet it is necessary in order for others to continue where long-time leaders leave off. “Leaders: your organization is not you,” reminded one participant. To ease the transition, organizations must balance new individuals and older staff, deal with cultural changes between generations, and make the workplace work for everyone.

Advancing the Agenda

This life-cycle of leadership creation must be part of an on going process, as each step takes time and commitment. Organizations must balance dedication to their missions and the preservation of institutional knowledge with the incorporation of new ideas in changing times. They must safeguard diversity in housing nonprofit leadership by attracting young people of color, immigrants, and those from poor rural communities to ensure organizational leadership reflects the community served. The field cannot neglect developing leaders at the national policy level as well. The rural housing field’s commitment to rural communities is for the long-term, in recognition that the work takes time, dedication, and a diversity of approaches. The field cannot neglect the task of preparing new leaders for the important work ahead.
For rural nonprofits involved in the broad range of affordable housing activities, the days of being able to rely upon a single source of funding are long gone. Just as we have learned to diversify our funding sources, an equally powerful strategy can be to diversify our strategic partnerships.

What do we mean by strategic partnerships? This phrase can mean many things to different people. We’re suggesting that nonprofit leaders ask themselves: Are there things we care about doing that we could do better, or that we can only do if we take a partnership approach? This is the kind of question to spend time on at staff and board planning retreats.

For many rural nonprofits, especially those that have been delivering the same services for decades, the notion of having to negotiate new relationships, often with organizations that compete for the same resources, is not very appealing. But the challenges, particularly for smaller organizations, are increasing. We are all continually expected to do more with less. This implies change, and change, as we know, is difficult. Once an organization realizes that it must demonstrate increased impact in order to remain competitive, a second question can spark useful discussion: “In order to increase our impact and leverage our strengths without increasing our overhead, who could we partner with?”

Organizations exploring new partnerships or re-examining old ones needn’t start from scratch. A number of successful partnerships exist and can serve as examples:

**The Federation of Appalachian Housing Enterprises (FAHE)**

In order to connect more low- and very low-income customers across central Appalachia to durable homeownership, and insure that the customers’ experience with a federal home loan program is positive, FAHE spearheaded a national demonstration of nonprofit underwriting for USDA Rural Development’s Section 502 Direct Loan Program, partnering with other regional intermediaries as well as national organizations, such as HAC, NRHC, Rural LISC, and NeighborWorks America. Even though a partnership at this scale took time and hard work, FAHE has already reaped benefits, such as dramatic reduction in the cycle time from loan application to closing, increased production over a larger service area, and cash flow from fees. The customers are happier too.

Even though the national scale of this example is what draws attention, it’s important to note that FAHE had to invest time and attention in forming partnerships with each of the RD state offices (8) with which it worked. The jumps in production came as a direct result of outreach and training at the local level.

**NeighborWorks Organizations in Vermont**

To open up a healthier flow of resources to each rural nonprofit in a core group of Vermont affordable housing providers, the groups Champlain Housing Trust, Gilman Housing Trust, NeighborWorks of Western Vermont, Central Vermont Community Land Trust, and Windham-Windsor Housing Trust formed a statewide network: the NeighborWorks Alliance of Vermont. Even though the individual members still occasionally compete for grants, they have a long-established track record of partnering for shared resources. The investment of time and effort has changed the way the individual members conduct their businesses. As the partnerships have seasoned, they have grown beyond the initial impulse to attract new resources and now can consider new economies of scale in shared functions across lines of business. They consider, for example, Does each nonprofit have to maintain the capacity to service loans? Does one have excess capacity for shared accounting? Do all of them need to manage property? These are the kinds of questions that partners can ask once trust and mutual benefits have been established.

Just as there are nonprofits that may be new to strategic partnerships, there are many who have some experience with them. No matter how long standing or developed your organization’s relationships may be, it is useful to check in on your existing partnerships periodically and to look aggressively for new opportunities.

- Tom Carew is the Membership Coordinator at FAHE and David Dangler is the Director of NeighborWorks America’s Rural Initiative.
Key Questions to Consider

◊ What are some of the considerations your organization might have when structuring a partnership with one or more rival organizations? Are there trade-offs you can build into agreements to insure a win-win situation?

◊ What are some other examples from your own experience of particularly effective strategic partnerships, especially those that did not seem promising at first?

◊ What advice would you give to a rural nonprofit thinking about branching out into strategic partnerships?

Response from Rural America

When rural nonprofits came together to discuss strategic partnerships between their organizations and partners, the advice derived from their collective experience was direct and practical. Rural housing and community development organizations often stretch limited funding, resources, and staff to cover diverse needs and challenges within their communities. With this knowledge in mind, participants outlined the types of partnerships and the benefits they provide as well as how to ensure, from start to finish, that the partnership functions to achieve the intended ends.

Types of Partnerships

Organizations partner in order to improve their services and further their mission in ways they would not be able to alone. The types of partnerships range from providing a variety of benefits, like shared expertise, funding, and vision. Partnerships with other rural nonprofit organizations can increase service areas and depth of services. Those with organizations providing different services needed to address rural poverty, such as education, health services, public benefits, and more, can address intersecting needs and provide a more holistic response to poverty and housing insecurity. For example, some participants in the discussion cited the EPA as a partner for work on environmental issues, along with local municipalities, which may help to coordinate infrastructure improvements and development. Partnerships with larger organizations may provide resources to smaller organizations, which in turn can share specialized or local knowledge and program expertise relevant to their community. Examples of potential partnerships might include work with larger nonprofits and networks, such as NeighborWorks, Habitat for Humanity, local schools, health and academic institutions, and more. Partnerships can leverage funding for projects, with collaborators such as Housing Trust Funds, for-profit entities, and local banks. Organizations in areas recently affected by disaster may wish to collaborate with specialized disaster-response agencies.

Developing and Executing Successful Collaboration

When considering how to ensure the success of proposed or current partnerships for organizations new and old, the emphasis was on strategic planning, clear communication, and seeking mutually beneficial arrangements. As a new partnership is forming, groups should take the time to research the potential partner organizations. This helps ensure the partnership will rest on a foundation of similar goals and that both or all entities will get and give additional value. Shared missions, values, and goals for the project facilitate smooth collaboration. Once the partners are identified, the next step for success is to develop a framework for the partnership, determine responsibilities and roles, and develop a clear vision of success. Organizations may consider partnerships with a lead partner and a less experienced partner; such partnerships can transfer knowledge and expertise between organizations or between different regions and geographies. The end result is a stronger network of rural housing providers and anti-poverty organizations. Another piece of wisdom was to start small; bigger isn’t always better.

As the project begins, it is important that partners continue to strengthen their relationship, finding ways to manage egos and compromise when necessary. Partners may consider sharing personnel based on each other’s strengths and the suitability of staff to different responsibilities. Organizations should consider sharing timelines, recognizing that building effective partnerships can take time and patience. Preparing beforehand to deal with conflict can be the best way to handle it when it arises, and some organizations suggested creating a memorandum of understanding (MOU) to get the project done.

As the project outline in the partnership wraps up, organizations should have an exit strategy or plan to end the partnership when the project is over. Even after a particular project is complete, it is worth considering how the relationship developed throughout the process can be used in the future. And, as a final reminder, organizations ought to celebrate shared success and reward each other for a job well done!
Rural Americans with lower incomes desperately need decent affordable housing, and the recent Bipartisan Policy Center Housing Commission’s report strongly supports USDA’s rural housing programs. But as the federal government focuses on reducing spending rather than meeting needs, rural housing program funding is expected to fall short in FY13, and the administration’s budget does not generate optimism for FY14.

USDA Rural Housing Programs
USDA’s housing guarantee programs – Section 502 guaranteed for homebuyers and Section 538 for rental housing – remain the focus of the administration’s rural housing strategy because they are “budget neutral.” Participants pay fees that cover the programs’ costs. The FY14 budget requests cuts in the corresponding direct loan programs: from $900 million this year to only $360 million in FY14 for Section 502 direct loans for homebuyers, and from $31.3 million to $28.4 million for Section 515 direct rental housing loans.

The direct and guarantee programs are not interchangeable; however, guaranteed loans carry higher interest rates and therefore serve residents with somewhat higher income levels than those using the direct loan programs.

The Multi-Family Housing Preservation and Revitalization Demonstration Program (known as MPR), which has seen wide fluctuations in funding from year to year, would receive a slight increase to $20 million from its FY13 level of $17.8 million, although the amount in this year’s budget is considerably lower than the $34.4 million in last year’s administration budget.

The administration again proposes to reduce funding for the Section 523 self-help program by two-thirds, from $30 million in FY13 to $10 million in FY14. The Section 514/516 farm labor housing program and Section 504 home repair loans and grants would be cut by lesser amounts.

The budget proposes to increase Section 521 Rental Assistance funding, but some rural tenants will be in trouble before FY14 begins on October 1, 2013. For FY13, an across-the-board 2.5 percent cut to USDA program funding was insult added to the injury of sequestration’s 5 percent cut. USDA plans to renew RA contracts as they expire this year but says it will run out of RA funds sometime in August and will not be able to renew contracts for over 15,000 households. As this issue of Rural Voices goes to press, it is not yet clear what other steps USDA might be considering to help these tenants.

The administration’s budget documents say that the $1.015 billion requested for rental assistance (RA) for FY14 would fund the renewal of all RA contracts that expire next year. At a House Agriculture Appropriations Subcommittee hearing on April 24, however, USDA Acting Under Secretary for Rural Development Doug O’Brien stated that the budget does not include enough to cover the shortfall in the 15,000 contracts expiring at the end of FY13. Anyone who might like to check USDA’s calculations is out of luck: RD has not made the necessary data available.

HUD Programs
The administration’s budget proposes increases in some HUD programs but also many reductions. Cuts are proposed for CDBG, HOME, SHOP, and Section 811 housing for
the disabled. The Housing Trust Fund would be funded at $1 billion, although no source for that money is identified. Increases are proposed for homelessness programs, rental assistance, the Public Housing Operating and Capital Funds, Section 202 housing for seniors, Choice Neighborhoods, and housing counseling. The VASH program of vouchers for veterans would be continued at $75 million.

For the first time an Obama budget proposes to fund SHOP, a program used successfully in many rural areas. But the request is for only $10 million, compared with appropriations levels of $13.5 million in FY12 and FY13, and $27 million in FY11. The $10 million also would be taken from the oversubscribed HOME Program.

The budget proposes $5 million to fund the new Rural Housing Stability Assistance Program, for which HUD recently proposed regulations. Again this year, no funding is requested for the Rural Innovation Fund, which replaced the Rural Housing and Economic Development Program in 2010 appropriations, at HUD’s urging. Since 2010 RIF also has been left out of every Obama budget for HUD.

More information, such as a budget table for the rural housing programs and HAC’s written testimony to the Senate Agriculture Appropriations Subcommittee, which includes funding recommendations, is available on HAC’s website at www.ruralhome.org/information-and-publications/announcements/647-fy14-rd-budget.

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