

**Statement of Madeline Miller,  
Executive Director, Wil-Low Nonprofit Housing, Inc.  
before the  
Committee on Financial Services  
Subcommittee on Housing and Community Opportunities  
U.S. House of Representatives  
June 19, 2003**

Wil-Low Nonprofit Housing, Inc. is a nonprofit housing organization, incorporated in 1971 in Lowndes County, Alabama, when it was spun-off another nonprofit organization, Friend, Inc. The name “Wil-Low” is derived from the first three letters of Wilcox and Lowndes Counties, where most of the organization’s work is conducted. The organization was formed by citizens from Lowndes and Wilcox Counties who were concerned about the quality of their communities’ housing. That year, Wil-Low hired its first Executive Director, Willie B. Harvey, and received its first grant – \$38,000 from the Rural Housing Alliance.

**BACKGROUND**

The organization’s mission then, as it remains today, is to provide technical assistance to very-low, low, and moderate income families and farm worker families so they can have the opportunity to acquire decent, safe, sanitary, and affordable housing. Wil-Low helps families with new construction, rehabilitation of existing owner-occupied dwellings, rental housing, and housing counseling. To perform these services, Wil-Low has had to merge funding from the following federal, state, and non-profit sources: the Housing Assistance Council, the United States Department of Agriculture’s Rural Housing Service’s (RHS) 523 Technical Assistance Grant Program, the 533i Housing Preservation Grant Program, the Department of Labor, other Department of Housing and Urban Development Programs, Rural Housing Alliance, and the Alabama Housing Finance Authority (AHFA).

Also in 1971, Wil-Low began construction on a group of self-help housing units, but completion did not come without a struggle. We had to recruit families, submit application and wait for RHS’s final approval of each individual application, the site and the type of dwelling to be constructed. Many families that participated in this initial program were farm worker families. To construct their dwellings, families were organized into groups of six to ten families and each group was given a name. The families had to provide “sweat equity” equal to at least 65% of the tasks necessary to construct their dwellings. This was a cost saving mechanism for the families because most of them had incomes too low to qualify for a regular, prime housing loan.

In building these first units, Wil-Low encountered a number of problems such as land restriction – if we located a landowner that was willing to sell the land we could not build more than one house per acre on the land. We were also confronted with

subdivision regulations – two or more units on more than one acre of land constituted a subdivision, so we decided to build on scattered sites, which is obviously more difficult than building on one continuous site. Eventually, Wil-Low was able to secure funding to develop a subdivision from a national nonprofit organization, without which families would not have been able to continue participating in our self-help housing program or utilizing RHS's 502 new construction loan program. Further, it is still true today that without RHS funds families in Alabama's Black Belt counties would not have the opportunity to acquire a decent home.

Using the self-help method of construction Wil-Low has constructed units in Lowndes, Wilcox and Monroe Counties of Alabama. Funding has been provided through RHS's 523 Technical Grant Program and their 502 New Construction Loan Program. Site loans have been provided through Rural Housing Alliance and Housing Assistance Council, both national nonprofit housing organizations. The site loans were repaid as the families' loans were closed.

To make our program successful, Wil-Low developed the "one-on-one" approach. Visiting each individual home and conducting interviews and explaining the program services offered by Wil-Low. Wil-Low encourages and participates in coalition building with as many housing and other organizations as possible.

Back in the 1970's because of our goal of assisting low-income and farm worker families to improve their living conditions, some families were forced off the plantations and some household members lost their jobs when the employers heard they were trying to acquire a better house; one of their own. Families were counseled not to tell their personal business to anyone and some were convinced to post "Keep Out" signs on the entrances to their homes. We often met families at locations other than their current residences to complete their housing applications and we even had to help some of our families find new employment as well as a place to live. Finally, we had to convince some families that they would like their new communities because they did not want to leave the one they lived in, even to own their own home.

## **WIL-LOW PROGRAMS**

Today Wil-Low still operates its housing programs, consisting of new construction, rehabilitation of owner-occupied dwellings, the purchase and rehabilitation of an existing dwelling, rental units, and housing counseling.

**New Construction.** To-date Wil-Low has constructed over 300 home units through both its self-help program and its contractor built home program. One hundred percent of the funding for these units was provided by RHS, which means the families we work with all have incomes at or below 50% of median income. Our families also can qualify for interest credit which makes loans even more affordable. The families that participate in Wil-Low's programs have had to access over \$2,000,000 in federal, state, and non-profit funds to be able to afford their own homes.

**Home Improvement/Rehabilitation.** Wil-Low has utilized over \$800,000 in RHS 533i Housing Preservation Grant Program and its 504 Rehabilitation Loan/Grant Program funding. Working with Rural Housing on these programs has allowed Wil-Low to leverage other funds, such as from the W.K. Kellogg Foundation, to assist families. A total of over 300 homes have been rehabilitated. But, there is a need for additional funds for Rural Housing Service Rehabilitation Program, especially the Loan/Grant Program because the numbers of homeowner-occupied dwellings that are in need of rehabilitation keeps increasing. If these homes are not repaired, family members will be forced to move in with relatives or others, creating or increasing another problem: overcrowding.

Wil-Low has also successfully trained fifty on-the-job trainees in construction and clerical work. The trainees work on the homes of families who have been approved by RHS and for which funds have been leveraged by Wil-Low. Some of these trainees have even become permanent employees of Wil-Low.

**Rental Housing.** In 1995, working with Alabama Housing Finance Authority (AHFA), Wil-Low began the process of trying to develop rental units in Lowndes and Wilcox Counties. In 1998, Wil-Low's Board of Directors decided that we would partner with another nonprofit housing organization that had experience in rental housing and in working with the AHFA. In August of 1999, our dream became a reality, we broke ground to start construction on twenty rental units and a community building. Then, in May of 2000 the first resident moved in and today the complex is fully occupied. Financing for the project was a combination of funds from the AHFA, the HOME program, the Low Income Housing Tax Credit Program, Local Initiatives Support Corporation, and the National Equity Fund. The total cost of the project was \$1,399,239, which included the entire infrastructure cost. There was no up-front development fee for Wil-Low to come up with. The one problem is that we were only able to build twenty units and we have over one hundred applications from families who are still in need of a decent and affordable place to live.

**Housing Counseling.** Wil-Low provides housing counseling to all clients. The following types of counseling are provided: pre-purchase, post-purchase, mortgage default and rent delinquencies, home improvement/rehabilitation, consumer education, home equity conversion mortgage, and predatory lending. A successful housing counseling program makes a successful housing program.

## **CHALLENGES**

Challenges that Wil-Low has had to overcome in the past and is still faced with today in its attempt to operate a successful rural housing program include:

- *Recruiting families.* Wil-Low uses the door-to-door method of approach to explain to families the steps they need to take to own their dwelling or to have their home repaired. Wil-Low works with families who have credit problems by helping them work with creditor's to set up payment plans.

- *Utilizing the Section 8 Voucher program to further homeownership.* To date, Wil-Low has been unable to work with the Section 8 program in any capacity.
- *Locating other mortgage lenders in the county.* There are an insufficient number of lenders willing to assist low-income families in Lowndes and Wilcox Counties.
- *Acquiring gap financing.*
- *Lacking existing housing stock.* The rural counties Wil-Low operates in do not have many existing houses to rehabilitate, so a lot of new construction or rental housing needs to be built.
- *Negotiating with landowners.* They do not want to sell their property to construct houses at prices the families we work with can afford.
- *Understaffing.* Wil-Low, like most nonprofit organizations, does not have the funds to hire adequate staff to work its programs to their fullest potential.
- *Ensuring that families are completely satisfied.* If families do not like the communities that they will be moving into, they will not participate in the program even if it means owning their own home.
- *Working closely with RHS.* Wil-Low makes sure its families' applications are processed in a timely manner by assisting them with the proper documentation and information requested by the various funding sources.
- *Making sure that RHS certifies the site on which the dwelling will be constructed.* This includes gathering information such as the survey, environmental approvals, etc.
- *Locating funds to do site development work for subdivision approval.* In the past the subdivision had to meet only RHS's approval. Now, if a local government has approved subdivision and zoning regulations, the subdivision must meet local government approval as well.
- *Overcoming NIMBY-ism.* Wil-Low is still confronted with the problem of "Not In My Back Yard" (NIMBY)
- *Locating sufficient funds to leverage other monies.* This is essential to rehabilitate or build more homes as there are not enough funds available from any one source.
- *Locating the funds necessary to start a revolving loan fund.* Wil-Low could use such a fund to purchase property and do development work without having to constantly look for new sources of funding.

- *Finding assistance for families who do not have adequate income to qualify for a housing loan.* The families we work with need assistance (in the form of a grant generally) to buy down the interest rate on their loan from RHS to make their rural housing loan affordable.
- *Resolving credit issues.* Families with low income are not without credit problems.
- *Avoiding predatory lending.* Families with credit problems are an easy target for predatory lending. Once a family has been denied a loan from a lending institution, some time they are force to apply for a mobile home loan, because of credit rating they have a higher interest rate, and payment or much higher than a RHS Loan.
- *Locating land.* In rural areas finding affordable land with adequate infrastructure (e.g., water and sewer) is always a problem.
- *Improving the quality of housing.* Families are forced to live in areas far from the counties where they work because they cannot find affordable houses to buy or rent within that county. Further, people are unable to buy land on which to build or to rent land on which to put a manufactured home because the landowners are not willing to give up the land for the type of housing that will go on it. Therefore, families often have no choice but to move onto land owned by other family members. This often accounts for the increase in mobile homes crowded onto small lots with no sewage system. Also, the electric hook-up for these lots are often done by unqualified workers with inadequate materials, resulting in home fires. At present, neither Wilcox nor Lowndes County have a housing authority to work on housing quality and infrastructure problem or to facilitate receiving loans.
- *Increasing numbers of migrant and seasonal farm workers.* In Wil-Low's service area the number of migrant workers has been steadily increasing such that we will soon need to hire a bilingual staff person to assist us in continuing to provide services to farm worker families.
- *Financing.* Wil-Low has first-hand knowledge of the problems that low-income and farm worker families have in locating and financing affordable housing and in securing funds for rehabilitation. Some of these families are living in deplorable conditions. Funding sources have strict income and credit criteria and families in these areas find it very difficult to overcome these barriers to become approved for housing loans.

## **RURAL HOUSING GOALS**

To help alleviate some of the substandard housing units and overcrowded living conditions Wil-Low has the following goals outlined:

### *Single Family*

- Purchase a ten acre tract of land in Wilcox County, Alabama.
- Construct eighteen single-family units.

To bring this together Wil-Low will seek to secure funds from RHS, the Alabama Department of Economic Development, and the Federal Home Loan Bank to purchase property, finance mortgages, conduct development work, and hire staff. Those staff members are needed to conduct the following activities or this program will not work:

- ❖ Recruit, screen, package housing applications, and submit those applications to funding sources for an eligibility determination.
- ❖ Assist families in submitting the required documents to funding sources.
- ❖ Assist families in locating suitable building sites.
- ❖ Assist families in selecting house plans, contractors, and completing cost estimation.
- ❖ Provide housing counseling.

### *Multi-Family*

- ❖ Construct twenty rental units.
- ❖ Secure funding, both gap and bridge financing.

This will require staff to lease-up units, recertify tenants, inspect units, and manage units. Staff that Wil-Low does not currently have.

### *Rehabilitation*

Wil-Low will serve a total of fifty families by providing the following activities:

- ❖ Recruit, screen and package housing applications.
- ❖ If feasible, application will be submitted to funding sources for an eligibility determination.
- ❖ Provide housing counseling.
- ❖ Utilize Rural Development 504 rehabilitation program and other sources of funding that may become available.
- ❖ Assist families in completing and submitting cost estimation as required.
- ❖ Work with contractors to make sure that bids are submitted and all work is completed.
- ❖ Provide housing counseling.

### *Housing Counseling*

Provide the following types of housing counseling services to three hundred families.

- ❖ Pre-purchase.
- ❖ Pre-occupancy.
- ❖ Pre-rental.
- ❖ Mortgage Default/Rent Delinquency.
- ❖ Home improvement/Rehabilitation.
- ❖ Housing Consumer Education.
- ❖ Home Equity Conversion Mortgage (HECM).
- ❖ Predatory Lending.

The only way Wil-Low can achieve these goals and its overall goal of providing decent housing in rural Alabama is to coordinate its efforts with those of other groups and organizations. Also, for a rural housing program to be successful, we must continue making our communities aware of the programs and services offered by Wil-Low. Because our communities are changing, part of that awareness involves providing outreach services to migrant and seasonal farm worker families. For instance, we assist migrant and seasonal farm worker families in locating temporary and emergency shelter and make referrals to One-Stop-Career Centers for other services. To be a rural housing nonprofit requires more than building or rehabilitating units, it also requires providing a whole host of services from jobs to counseling.