

Introduction

The number of nonprofit organizations involved in housing activities has increased dramatically over the past decade. According to the *Virginia Housing Directory 1994*, nonprofit housing organizations (NHOs) in the Commonwealth increased by 78 percent between 1985 and 1994. NHOs have become increasingly important in the delivery of housing and related services to populations ill-served by or left out of the private, for-profit housing market. From operating shelters for the homeless to developing apartments for low-income families, NHOs have joined in partnership with federal, state, and local governments to meet the pressing housing needs of the poor.

Despite the importance of NHOs, there is little information available about the nonprofit housing sector. Only a few national surveys have been conducted to date. In Virginia, the first (and hitherto only) survey was conducted by the Virginia Housing Development Authority (VHDA) and briefly reported in the *Virginia Housing Directory 1993* published by VHDA.

In 1994, a special, ad-hoc study committee was established to develop additional information on the nonprofit housing sector in preparation for the annual meeting of the Virginia Housing Study Commission and a “nonprofit housing summit” sponsored by the Virginia Department of Housing and Community Development. This committee included representatives of the Virginia Housing Study Commission, the Virginia Department of Housing and Community Development, the Virginia Housing Development Authority, the Virginia Department of Mental Health, Mental Retardation and Substance Abuse Services, the Virginia Low-Income Housing Coalition, and the Virginia Center for Housing Research. The committee designed mail and telephone surveys to gather information from selected Virginia nonprofit organizations. The Center for Housing Research conducted the surveys during the summer of 1994.

The mail survey asked about the organization’s geographic operating area, service provision, board operation, staff composition, government relations, planning, and neighborhood participation. The telephone survey elicited additional information on fund-raising, government relations, neighborhood or client participation, and organization goals. Executive directors responded to the mail and telephone surveys.

The sample frame used for this study was the list of nonprofit housing organizations in the *Virginia Housing Directory 1993**. These organizations represent a wide range of involvement in housing and other social service activities. A random sample drawn from all of these organizations was beyond the resource and time constraints of the committee. Consequently, the committee decided to focus the survey on those organizations which it classified as housing producers and managers (further classified as large, medium and small), community or neighborhood development, shelter and special needs, and service specialist organizations. A non-random sample of five to six organizations was drawn from each category.

The sample, by design, did not provide a proportionate reflection of nonprofit housing organizations in the state. It under-represented small organizations and over-represented large organizations. Large producer/manager NHOs represent 2.5 percent of the organizations listed in the housing directory, but were 14.6 percent of the sample. (See Table 1.) Medium producer/manager NHOs make-up 6.4 percent of the Directory and 25.0 percent of the sample. Small organizations comprise 20.6 percent of the Directory and 14.6 percent of the study population.

Table 1: Nonprofit Housing Organization (NHO) Classifications

NHO Classifications	Organizations Listed in the <i>Virginia Housing Directory 1993</i> (n = 282)	Organizations Selected for Survey by the Study Committee (n = 48)
Large Producers/Managers	2.5%	14.6%
Medium Producers/Managers	6.4%	25.0%
Small Producers/Managers	20.6%	14.6%
Community/Neighborhood Dev. Orgs	3.9%	20.8%
Shelter and Special Needs	51.1%	20.8%
Service Specialist	15.6%	4.2%

* The *Virginia Housing Directory 1994* was not yet available at the time of the survey.

The sample also under-represented shelter providers and social service organizations that provide housing services as part of a larger menu of services and typically are not involved in any on-going production of housing. These nonprofit organizations provide domestic violence prevention, day care, health, and other social services, as well as shelters, group homes and similar housing services. Shelter and special needs organizations represent 51.1 percent of the total population of NHOs, but only 20.8 percent of the sample.

It is important to stress that the study committee intended to disproportionately select producer/manager NHOs relative to special needs organizations. Producer/manager NHOs have become very important in the development or rehabilitation of housing and are relied upon to implement several federal and state housing initiatives. These NHOs are oriented to producing and managing additional housing each year, whereas many special needs organizations are oriented to providing services rather than producing units. A proportionate sample would have either included very few producer/manager NHOs or would have been too large given the committee's budget and time constraints.

Of the 282 nonprofit organizations listed in the *Virginia Housing Directory 1993*, 48 were selected by the committee for the survey. Thirty-six organizations completed mail surveys giving the first phase of the study a 75 percent completion rate. Thirty-seven organizations completed telephone surveys giving the second phase of the study a 77 percent completion rate.

The age of organizations is often a key indication of their management and production capacity. New organizations differ from older organizations in many important ways that affect (and reflect) management, fund raising, and housing production capabilities. Consequently, the age of the organization is an important comparative perspective used throughout this report. The organizations responding to the mail survey included 18 organizations younger than ten years old (herein referred to as "younger organizations") and 18 organizations ten years old and older (referred to as "older organizations"). The organizations responding to the telephone survey included 17 younger and 17 older organizations (three organizations had missing data for year established).

Although special needs organizations are under-represented in the sample, this does not affect the age comparisons made throughout this report. Less than half of the organizations listed in the *Virginia Housing Directory 1994* are under ten years old (43.7%). NHOs completing mail and telephone surveys divided equally between those younger than ten years old and those ten years

old and older, providing a sufficient number of organizations in each category to make comparisons.

Geographic Operating Area

Consistent with the mission of many NHOs to improve housing for local community residents, most participants in this study provide services only within their local market, be that a neighborhood, city or county. However, a few, mature NHOs have been able to expand their operations to regional or statewide geographic areas. Only 5.6 percent of the organizations were associated with a statewide operating area. (See Table 2.) Most NHOs are identified with either city or county (44.4%) or regional (41.7%) operating areas. These operating areas vary greatly between younger and older organizations.

Table 2: Geographic Area Served by Age of NHO

Geographic Area	Age of NHO		
	Under 10 Years Old (n=18)	Over 10 Years Old (n=18)	All NHOs (n=36)
Neighborhood	16.7%	0.0%	8.3%
City or County	50.0%	38.9%	44.4%
Region	33.3%	50.0%	41.7%
State	0.0%	11.1%	5.6%

Younger organizations tend to serve smaller geographic areas. A few younger organizations in the sample reported operating exclusively in neighborhoods (16.7%). Younger organizations are also more involved in single jurisdictions (50.0%) than multiple jurisdictions (33.3%). No younger organization reported operating at the statewide level.

Older organizations are more likely to serve larger geographic areas. A few older organizations serve a state-wide service area (11.1%). Older organizations are more active in multiple jurisdictions (50.0%) than single jurisdictions (38.9%). No older organization reported operating exclusively at the neighborhood level.

Services Provided

Nonprofit housing organizations participating in this study responded to questions on the types of housing units produced, housing related services offered, number of housing units produced, and number of people served by housing activities. Responses for these questions distinguished between single-family, multi-family, and special needs activities.

Although these NHOs provide a diverse set of housing services, the most commonly provided services are single-family housing development and rehabilitation (80.6%) and housing counseling, referral, and information services (75.0%). (See Table 3.) Almost half of the NHOs also involve themselves in technical or legal assistance (47.3%) and housing rehabilitation, specifically plumbing and weatherization (47.2%).

Table 3: Services Offered by Age of NHO

Services Offered	Age of NHO		
	Less Than 10 Years Old (n=18)	10 Years Old or Older (n=18)	All NHOs (n=36)
Single-family housing development or rehabilitation	88.9%	72.2%	80.6%
Multi-family housing development or rehabilitation	27.8%	50.0%	38.9%
Shelter development, operation, or prevention services	27.8%	44.4%	36.1%
Special needs housing development or operation	16.7%	27.8%	22.5%
Rehabilitation specifically plumbing and weatherization	50.0%	44.4%	47.2%
Technical and legal assistance	38.9%	55.6%	47.3%
Housing counseling, information, and referral	66.7%	83.3%	75.0%
Property management	16.7%	44.4%	30.6%
Single room occupancy development or operation	0.0%	5.6%	2.8%

The age of the NHO is associated with the range of services provided, with younger organizations offering less diverse housing services than older organizations. The most common services provided by younger organizations are single-family housing development and rehabilitation (88.9%). Activities related to single-family housing activities are also important to young organizations. These include counseling, information, and referral services (66.7%), plumbing or weatherization (50.0%), and technical or legal assistance (38.9%). Only a few young organizations involve themselves in multi-family housing activities (27.8%) and related property management (16.7%). Also few

young organizations are active in shelter development, operation, or prevention services (27.8%), or special needs housing development or operation (16.7%).

Older organizations provide more diverse housing services than younger organizations. Although most older organizations are engaged in single-family housing development and rehabilitation (72.2%), exactly half are involved in multi-family production. Older organizations are more likely to offer additional services than younger counterparts, such as property management (44.4% vs. 16.7%), counseling and referral services (83.3% vs. 66.7%), and technical or legal assistance (55.6% vs. 38.9%). Also, older organizations are more active in shelter development, operation, or prevention services (44.4% vs. 27.8%), special needs housing development or operation (27.8% vs. 16.7%), and single room occupancy development or operation (5.6% vs. 0.0%).

On average, NHOs own or operate less than 6 single-family units, 47 multi-family units, and 11 special needs units. (See Table 4). This average includes organizations that have no units of a given type. The average number of units operated by those NHOs with units of a given type is 20 single-family units, 212 multi-family units, and 56 special needs units.

Older organizations own and operate significantly more multi-family housing units than younger organizations. Older organizations on average own 88 multi-family units and operate 92 units while younger organizations on average own 6 units and operate 3. The differences between the number of single-family and special needs units owned and operated by older and younger NHOs are much narrower.

Table 4: Average Number Units Owned and Operated by Type of Housing by Age of NHO

Units Owned/Operated	Age of NHO		
	Type of Housing	Less Than 10 Years Old (n=18)	10 Years Old or Older (n=18)
Owned			
Single-family	6.1	5.4	5.8
Multi-family	6.0	88.1	47.1
Special Needs	7.0	10.9	9.0
Operated			
Single-family	5.4	5.0	5.2
Multi-family	2.9	91.6	47.3
Special Needs	7.8	14.1	10.9

While the number of multi-family units that are owned or operated by NHOs is substantially greater than the number of single-family units, fewer organizations are involved in multi-family production and management (38.9% owned and 36.1% operated units) versus single-family production and management (58.3% owned and 41.7% operated). (See Table 5). The difference between the number of units and the percentage of organizations involved reflects both the larger number of units provided in a multi-family structure and the transfer of single-family housing to owner-occupants. (It is not clear if the single-family units reported as owned or operated by NHOs were units in inventory waiting to be sold or part of the long-term property portfolio of the NHO.)

The number of organizations owning and operating single-family, multi-family, and special needs units varies greatly by age of the NHO. Older NHOs are more likely (by about 30 to 40 percentage points) to own and operate single-family, multi-family, and special needs housing units than younger organizations.

Table 5: Percent Units Owned and Operated by Type of Housing by Age of NHO

Units Owned/Operated	Age of NHO		
	Type of Housing	Less Than 10 Years Old (n=18)	10 Years Old or Older (n=18)
Owned			
Single-family	44.4%	72.2%	58.3%
Multi-family	22.2%	55.6%	38.9%
Special Needs	11.1%	38.9%	25.0%
Operated			
Single-family	22.2%	61.1%	41.7%
Multi-family	16.6%	55.6%	36.1%
Special Needs	5.6%	44.4%	25.0%

Although multi-family units dominate the stock of units owned or operated by NHOs, single-family housing dominates production. The focus on single-family housing production has persisted for NHOs over the past two years and was projected to continue for 1994 and 1995. There was only modest growth in the number of single-family housing units produced over the past three years (2.1% 1992-93 and 8.7% 1993-94). Single-family housing production was anticipated to decline 13.9 percent between 1994 and 1995, reversing the slight gains made in previous years. (See Table 6.) Nonetheless, single-family production will still be nearly twice the level of multi-family production.

Table 6: Average Number of Units Constructed or Rehabilitated Annually by Age of NHO by Type of Housing by Year

Age of NHO Type of Housing	Year			
	1992	1993	1994 Projected	1995 Projected
Less than 10 Years Old (n=18)				
Single-family	19.3	13.4	13.9	15.3
Multi-family	1.2	2.8	2.1	4.1
Ten Years Old or Older (n=18)				
Single-family	75.5	83.4	91.3	75.4
Multi-family	17.3	26.3	19.3	45.0
All NHOs (n=36)				
Single-family	47.4	48.4	52.6	45.3
Multi-family	9.3	14.6	10.7	24.5

Multi-family production ranged from an average of 9 units in 1992 to an expected average of 25 units for 1995. Multi-family housing production is also more erratic than single-family production, increasing from 1992 to 1993, decreasing from 1993 to 1994, and anticipated to increase dramatically from 1994 to 1995.

As expected, older organizations produce more single-family and multi-family housing than younger organizations, with the least amount of variation for single-family housing production. Again, this suggests that NHOs first establish their development record with single-family housing and then expand to multi-family housing.

The average number of people served annually by both young and older NHOs suggests a different ranking of priorities than those suggested by the percentage of NHOs performing an activity and the number of units produced. The latter measures are heavily weighted toward production of single-family housing, whereas the most important activities based on the number of people served are housing counseling and leasing rental units. (See Table 7.)

Table 7: Average Number of People Served Annually through Housing Programs by Type of Activity by Age of NHO

Type of Activity	Age of NHO		
	Less Than 10 Years Old (n=18)	10 Years Old or Older (n=18)	All NHOs (n=36)
Counseling	78	436	257
Rental housing units	46	427	237
Home repairs	29	118	74
Shelters	13	132	73
Houses sold	18	21	19
Weatherization	1	76	38
Legal Assistance	1	42	21
Special needs housing	8	15	12

Board Organization

The nonprofit housing organizations surveyed have boards of directors averaging 19 members. Typical neighborhood or low-income representation on these boards is six people. Board meetings occur monthly (58.3%) or quarterly (33.3%) with a few organizations meeting semi-monthly (2.8%), semi-annually (2.8%), or only as required (2.8%). Two thirds of the members attend meetings when they occur.

Board organized committees included executive (88.9% of NHOs), fund-raising (66.7%), personnel (58.3%), construction or project development (22.2%), and public relations (22.2%). Additional committees cited were planning, budget or finance, audit or oversight, compliance, family screening, nominating, education, and property management. A majority of organizations (57.6%) insure against the personal liability of board members working on behalf of the organization.

Older NHOs have more board members than younger NHOs. On average older NHOs have 22 board members, whereas younger NHOs average 16 board members. Both older and younger NHOs average six neighborhood or low-income representatives, consequently this representation was a higher percentage of directors for younger NHOs. The average number of board members attending board meetings and the frequency of these meetings were similar regardless of the age of the NHO.

Older NHOs are also more likely to have various board committees than younger NHOs, namely executive (94.4% vs. 83.3%), fund-raising (72.2% vs. 61.1%), personnel (72.2% vs. 44.4%), construction or project development (44.4% vs. 16.7%), and public relations (38.9% vs. 5.6%) committees. They also provide liability insurance for board members more often than younger NHOs (70.6% vs. 43.8%).

Staff Size and Composition

Older NHOs have more paid employees, on average, than younger NHOs. The former average 6 full-time and 1 part-time administrative staff (including an executive director), 23 full-time and 8 part-time program staff, and 6 full-time and 4 part-time “other” staff who were not specified as paid employees. Younger NHOs average 2 full-time and 2 part-time administrative staff, 2 full-time and 1 part-time program staff, and 1 full-time and 1 part-time other staff members. (See Table 8.)

Table 8: Average Staff Size by Type of Paid Position by Workload by Age of NHO

Type of Paid Position Workload	Age of NHO		
	Less Than 10 Years Old (n=18)	10 Years Old or Older (n=18)	All NHOs (n=36)
Executive			
Full-time	1	1	1
Part-time	1	0	1
Other administrative			
Full-time	1	5	3
Part-time	1	1	1
Program staff			
Full-time	2	23	13
Part-time	1	8	5
Other staff			
Full-time	1	6	4
Part-time	1	4	3

*Note: All values are rounded upward to nearest whole number.

Most, but not all, of the nonprofit housing organizations have an executive director (91.7%), but only 83.3 percent have a full-time paid director. Older organizations were more likely to have a full-time paid executive director than younger organizations (94.4% vs. 72.2%), however, one of each has a volunteer executive director. In addition, one younger NHO reported a part-time paid executive director and three reported no executive director.

On par with the percentage of NHOs with a full-time paid director, about eight-in-ten have administrative staff in addition to an executive director. The average number of paid administrative staff is 4 full-time and 2 part-time paid staff members. Program staff account for 13 full-time and 5 part-time staff members. These organizations also have 4 full-time and 3 part-time employees classified as "other staff". In addition, volunteers work as executive directors, other administrative staff, and program staff in many organizations. A few older NHOs employ a large number of employees skewing the average staffing levels for all NHOs.

Most NHOs provide selected fringe benefits for their staff. The most common items reported were vacation (91.7%), sick leave (83.3%), health insurance (80.6%), and life insurance (50.0%). Besides these benefits, a majority of organizations insure against the personal liability of staff members (53.3%).

Older NHOs are more likely to offer benefits to their employees. All older organizations provide vacation for their staff members, but only 83.3 percent of younger NHOs do so. Older NHOs provide health insurance (94.4%) and sick leave (94.4%) much more often than younger NHOs (66.7% and 72.2%, respectively). Whereas half or more of older NHOs provide life insurance (61.1%), disability insurance (50.0%), and retirement benefits (55.6%), few younger NHOs do so (38.9%, 27.8%, and 22.2%, respectively). Of the older NHOs 57.1 percent provide insurance for their staff against legal action related to their official capacity versus half of the younger NHOs.

Financial Information

The budgets, both total and operating, for the surveyed NHOs responding to this question generally increased for each successive year measured (1992 to 1995). Increases over the three-year period averaged 35.3 percent for total budgets and 23.2 percent for operating budgets. In 1995 the average total budget and operating budget for these NHOs were \$2.0 million and \$960 thousand, respectively. The sizable difference between the average total budget and average operating budget is undoubtedly a reflection of the significant amount of construction related funds (for example, materials and subcontracts) that are not part of the NHO's regular operating budget. (See Table 9.)

Table 9: Total and Operating Budgets for NHOs by Age of NHO by Year

Age of NHO	Year		
	1992-1993 Budget	1993-1994 Budget	1994-1995 Budget
Budgets			
Less than 10 Years Old (n=11)			
Total	\$381,416	\$535,416	\$1,127,750
Operating	\$180,916	\$216,500	\$262,416
Ten Years Old or Older (n=12)			
Total	\$1,846,909	\$2,538,636	\$2,910,909
Operating	\$1,138,363	\$1,573,727	\$1,720,818
All NHOs (n=23)			
Total	\$1,082,304	\$1,493,478	\$1,980,565
Operating	\$638,826	\$865,608	\$959,913

The budgets of older NHOs are significantly larger than those for younger NHOs and a higher percentage of the total budget goes to operations. On average, total budgets in 1995 were \$2.9 million for older NHOs but only \$1.1 million for younger NHOs; operating budgets averaged \$1.7 million and \$262 thousand, respectively. The ratio of the average total budget to the average operating budget was 1.6 for older NHOs in 1995, but 3.1 for younger NHOs. Interpretation of this difference is difficult, since the activities covered by operations are probably not the same. Consistent with the wider range of services they provide, older NHOs likely provide more non-construction services for which the total and operating budgets are nearly equal. Also, older NHOs might provide more in-house construction management and labor whereas younger NHOs might rely more on general contractors or subcontractors.

The percentage increase in total budgets (but not the absolute dollar amount of the increase) was significantly lower for older than for younger NHOs: 26.1 percent vs. 75.5 percent. Operating budgets, however, displayed the opposite pattern, increasing by 23.8 percent for older NHOs and only 20.4 percent for younger NHOs. Apparently younger NHOs during this period were slightly more successful in obtaining construction funding than in expanding their operating budgets. Again, interpretation is difficult and the pattern could

reflect excess operating capacity at the start of the period, increased sub-contracting, or stretching staff thinly to manage a larger volume of production.

The primary funding source of operating budgets was the federal government, which on average accounted for 20.2 percent of NHOs' operating budgets, followed by the state government (16.9%), fees and rents (15.9%), and private sources (15.6%). Multi-year contracts were on average a minor portion of operating budgets (17.6%). Older NHOs relied more heavily on the federal government (28.4%) and multi-year contracts (22.6%), whereas younger NHOs relied more heavily on private sources (22.7%), the state government (19.2%), and fees and rents (17.9%). The United Way was the most commonly cited private source of funding, but accounted for only 20 percent of private contracts, with the remainder from a diversity of sources.

Each NHO was asked the amount of its largest contract with the federal government, state government and private sources. For NHOs overall, the average amount of the largest government contracts reported was \$468 thousand (\$642 thousand for older NHOs and \$244 thousand for younger NHOs), with 57.6 percent earmarked for construction. The average amount of the largest private contracts reported was \$126 thousand (\$101 thousand for older NHOs and \$143 thousand for younger NHOs), with 63.0 percent designated for construction costs. Private contracts for older NHOs had a much smaller construction component (48.0%) than for younger NHOs (72.9%).

The individuals responsible for fund-raising included directors of boards (for 21.6% of NHOs), executive directors (29.7%), both directors of boards and executive directors (18.9%), and other professionals including professional fund raisers (29.7%). Younger organizations were equally likely to use their respective board directors (29.4%), executive director (29.4%), or a combination of the two (29.4%), but less likely to employ a professional fund raiser (11.8%). Older organizations were more inclined to use a professional fund raiser (52.9%) or their executive director (29.4%), and less likely to have board involvement (11.8%) or a combination of board and executive director responsibility (5.9%). Most, but not all, boards in the study population were active in some capacity in fund-raising (66.7%).

The most commonly cited fund-raising strengths were connections with funding sources (43.2%) and previous fund-raising experience (37.8%). Older NHOs reported experience as a fund-raising strength twice as often as younger NHOs, but both types of NHOs were equally likely to cite connections with funding sources as a fund-raising strength. Lack of fund-raising skills was the most common impediment to fund-raising (45.9%) followed by the lack of connections with funding sources (32.4%).

The NHOs surveyed reflect on average the assets and liabilities of small, but by no means insubstantial, companies. Total assets averaged \$2.5 million and liabilities \$1.5 million. Assets included real property valued at \$1.4 million. Liabilities included property debt of \$1.0 million. These items had a high proportion of unreported values (41.7 percent did not provide complete information). The averages given in Table 10 would overestimate the actual average assets and liabilities of these NHOs if the nonreported values were very low, which is likely. (See Table 10.)

Table 10: Assets and Liabilities by Age of NHO

Assets and Liabilities	Age of NHO		
	Less Than 10 Years Old (n=11)	10 Years Old or Older (n=10)	All NHOs (n=21)
Total assets	\$1,102,090	\$4,041,100	\$2,501,619
Value real property	\$932,818	\$1,878,400	\$1,383,095
Other assets	\$154,454	\$2,232,300	\$1,143,904
Total liabilities	\$595,545	\$2,446,400	\$1,476,904
Real property debt	\$574,454	\$1,485,800	\$1,008,428
Other liabilities	\$20,454	\$1,047,100	\$509,333

The assets and liabilities of older NHOs averaged \$4.0 million and \$2.4 million and included \$1.9 million in real property and property debt of \$1.5 million. Younger NHOs had substantially lower assets and liabilities, averaging \$1.1 million and \$596 thousand. Assets included real property valued at \$933 thousand and liabilities included property debt of \$574 thousand.

Only 33.3 percent of the executive directors surveyed felt that their organization had an excellent or a very stable financial situation. Most felt their organization was only fairly stable (48.6%) or somewhat stable (19.4%) financially. Executives of older NHOs were more likely to classify their NHOs' financial situation as excellent or very stable (48.6%) compared with younger NHOs (16.7%).

Cash flow (51.4%) and staffing (29.7%) were the largest obstacles to success identified by these NHOs. Younger organizations were more likely to identify cash flow as a major obstacle and older organizations were more likely to identify staffing as a major obstacle. Respondents felt improved cash flow (70.3%) and increased administrative funding (27.0%) would improve their organization's financial stability. Younger NHOs were more likely than older organizations to report increased administrative funding as important to financial stability. The most common identified approach to improving financial stability was increased fund-raising.

The level of sophistication employed by an organization in assessing its own financial health is partly reflected in the use of various budgeting tools. Most NHOs use annual budgets (91.7%) and annual audits (94.4%), with fewer having balance sheets (80.6%), sources and uses of funds statements (75.0%), and revenue and expense analysis (77.8%). Limited reliance on multi-year funding and the relative uncertainty of funding allow few organizations (27.8%) to employ multi-year forecasts.

Older NHOs were more likely to use detailed budgeting techniques than younger NHOs. All of the older NHOs had annual budgets and annual audits, while 83.3 percent and 88.9 percent of younger NHOs had these. Older NHOs were also more likely than younger NHOs to use revenue and expense analysis (88.9% vs. 66.7%), although they were almost equally likely to use balance sheets (83.3% vs. 77.8%). Older organizations were only slightly more likely to use sources and uses of funds statements (77.8% to 72.2%). Although the use of multi-year forecasts also varied as expected (27.8% vs. 16.7%), they were none-the-less uncommon for both types of NHOs.

Planning

Strategic planning is widely, but not universally used by nonprofit housing organizations. Seventy percent of the NHOs had strategic plans (70.6%) at the time of the survey, with almost 40 percent adopting plans within the past two years. However, less than 40 percent of the organizations with strategic plans felt that the plans were very helpful in meeting organization objectives (37.5%). There were no appreciable differences between younger and older NHOs in the adoption or experience with strategic plans.

Neighborhood and Client Participation

A process exists in 77.1 percent of the nonprofit housing organizations for soliciting neighborhood and client participation in programs and projects. Almost all NHOs with this process (80.7%) have used it in the past year. Yet less than half feel the process is very useful in meeting the organization's objectives (42.9%).

Older organizations were more likely to use a neighborhood and client participation process (88.9%) than younger organizations (64.7%). Most older NHOs used the process in the last year as did the younger NHOs although somewhat less than the older organizations (88.2% vs. 71.4%). More older NHOs feel that the process is very helpful in meeting organization objectives (50.0%) than the younger NHOs (33.3%).

Government and Funding Source Relations

Nonprofit housing organizations cite state government as being very involved with their organizations (50.0%) more often than either local (36.1%) or federal (29.4%) governments. NHOs were more likely to be very involved with other local nonprofit organizations (32.4%) than with national nonprofit organizations (11.8%). These organizations were less likely to have extensive involvement with banks (25.0%) or the local planning district (22.2%).

Older organizations were engaged with all levels of government. As compared to younger NHOs, older NHOs reported greater involvement with state (55.6%), federal (41.2%), and local (44.4%) governments, but were less likely to have extensive involvement with local (23.5%) and national nonprofits (5.6%). They were equally likely to be very involved with local planning districts (22.2%) and less likely to have extensive involvement with banks (11.1%).

Younger organizations were less likely to be involved with government but more likely to be involved with nonprofit organizations. Younger NHOs were less active with state (44.4%), local (27.8%), and federal (17.7%) government agencies than were older organizations. Younger organizations were more likely to have extensive involvement with local nonprofits (41.2%) and banks (38.9%) than were older NHOs.

The relationship with local government officials was classified as “very good” for most (62.2%) of these NHOs. Relationships with state and federal governments were classified as very good by 48.6 percent and 37.8 percent of the respondents, respectively. While younger and older organizations were equally likely to report very good relationships with local officials, older organizations were more likely than younger NHOs to have very good relationships with state and federal officials.

The participants in this survey identified several strategies that the Commonwealth of Virginia could initiate to improve the functioning of NHOs, namely, changing government application procedures, providing flexible funding, covering administrative costs, and maintaining and expanding existing programs. Younger NHOs were more likely than older NHOs to identify changes in government procedures and providing administrative funding as important. Older organizations were more likely to cite flexible funding. Both types of NHOs want the state government to maintain and expand existing programs.

Conclusions

This survey has provided the only detailed information available about Virginia's nonprofit housing organizations completed to date. The information has helped identify age as an important factor in the development of NHOs. Increased maturity is likely to profoundly affect geographic operating area, service provision, board operation, staff composition, financial resources, government relations, planning, and neighborhood participation in the future.

The 36 NHOs responding to this survey reflect the importance of the nonprofit housing sector in meeting the low-income housing needs of the Commonwealth. These NHOs constructed or rehabilitated over 1,700 single-family and 530 multi-family housing units during a four year span. On an annual basis, these NHOs averaged nearly 50 single-family units and 15 multi-family units per organization. Additionally, these NHOs own or operate over 2,200 housing units, mostly apartments in multi-family structures--an average of 63 units per organization.

NHOs provide a wide range of services beyond building or rehabilitating housing. Most NHOs provide various forms of housing counseling to their clients and many provide shelters for the homeless or abused. Their impact goes well beyond the number of housing units provided, with the average NHO serving approximately 500 people in 1994.

Of the 23 NHOs reporting budgetary data, the average total budget for 1994-95 was \$2.0 million, with an average operating budget of \$960,000. Funding came from a diverse range of sources, most importantly federal and state government, followed by fees and rents and private sources.

Older NHOs are more likely to be larger across a variety of measures (staff, budget, units produced, people served, etc.), serve wider geographic areas, and offer a larger range of services than younger NHOs. This suggests that organizational maturity leads to growth.

Some younger organizations, particularly those with successful track records and adequate operating funds, are likely to expand operations as they age. These expansions will occur in new and adjoining geographic areas. It is also likely, but not measured in this survey, that new organizations will emerge in markets that are not served by existing NHOs.

Younger NHOs provide a less diverse set of services, provide fewer housing units, and affect fewer people than older NHOs. As they age and capabilities increase, most young organizations at a minimum will provide

additional services for more disadvantaged and under-served people. Many of these new services will include less capital intensive activities like counseling and technical information. A few organizations that have gained significant project experience will attempt to develop multi-family housing projects and to increase their production of single-family units.

Boards for maturing NHOs will include more non-community representatives. New board members will possibly improve the fund-raising capabilities for these growing organizations. New board members can offer greater connections with funding sources or other special talents needed by the organization.

Maturing NHOs determined to grow will require more operating money to pay additional administrative and project staff. The increase in operating money will enable the organization to provide better benefit packages for employees.

NHOs' budgets are likely to increase as their capabilities increase with maturity, if funding is available for low-income housing programs. Along with larger budgets, more of these budgets will be devoted to operating expenses. This will reflect payroll and fringe benefit increases resulting from additional staff. Financial liabilities and assets will both increase with newer and larger projects.

Stronger government relations should develop as NHOs age. More experience with the funding process and the establishment of positive track records will improve relations with local, state, and federal funding sources. If the resources available to support low-income housing are not increased, competition for these resources will become more intense as maturing organizations seek better connections with government agencies and increased funding. Alternatives to government funding will become increasingly important to the success of maturing NHOs.

The future of Virginia's nonprofit housing organizations offers immense potential, as well as challenge. Future NHO expansion offers the possibilities of better housing and increased home ownership for low-income families, and improved shelter for the homeless. However, NHO expansion will require increased funding for low-income housing, without which a larger number of mature NHOs will have to compete for funding which will be inadequate to support all of their operations.