**Federation of Appalachian Housing Enterprises**

www.fahe.org

*Federation of Appalachian Housing Enterprises (FAHE) is a non-profit organization that provides affordable quality housing to those in need and support to 53 member housing development organizations. Founded in 1980, FAHE's vision is a Central Appalachia "proud of sustaining its culture and environment and where growth, opportunity, and hope are balanced so that all people fulfill their potential with regard to housing, employment, educational opportunity and quality of life." FAHE leads a network of Appalachian organizations to sustainable growth and measurable impact through collective voice and provides access to capital that creates housing and promotes community development.*

This case study demonstrates **creation of a regional network.**

**Action:**

FAHE was founded in 1980 as a membership organization for affordable housing organizations in the four state region of Central Appalachia (Kentucky, Tennessee, Virginia, and West Virginia). FAHE provides direct mortgage lending, as well as technical assistance and networking to its member organizations. FAHE grew steadily through the 1990s, providing over 500 mortgages and becoming a certified CDFI in 1995. In 2003, FAHE created a new strategic plan and a performance challenge for growth, which has guided the expansion and successful scaling up of the organization and its members over the past ten years.

**Process:**

* FAHE solicited feedback from member organizations during its strategic planning process and then incorporated their suggestions into its goals. One of the major shifts was the recognition that FAHE should not duplicate services that member organizations could provide, but should focus instead on services to help build capacity and efficiencies for it and its members.
* As part of its strategic plan, FAHE also set performance goals for itself and its membership. These included increasing housing production to 8,000 units per year and capital deployment to $100 million annually by 2015.
* FAHE switched from a “hub and spoke” model, where members were mostly dependant on FAHE, to a “spider web” model, where members were dependant on each other as well as FAHE. This change allowed FAHE and its members to scale up more sustainably and led to a large gain in direct financing.
* In 2006, FAHE introduced the Berea Performance Compacts. The compacts provided a chance for FAHE’s members to take a leadership role in an area of their expertise, and for other members to build off of this strength instead of duplicating services. FAHE members initially formed contracts around five areas: loan servicing, multi-family housing development, cooperative purchasing, manufactured housing, and volunteer management.

**Outcomes:**

* FAHE was able to increase its loan originations from about $5 million in 2002 to $47 million in 2013. FAHE’s members increased the number of housing units they produced from about 2,000 a year in 2002 to 4,300 units in 2010 and 7,800 in 2013.
* Largely due to the new “spider web” structure, FAHE has been able to increase its membership from 33 members in 2002 to 53 members in 2013, and has expanded membership to organizations in Alabama.
* FAHE now provides a number of in-house services including mortgage lending, loan servicing, underwriting, finance management, and investment. Access to these services and its staff expertise has helped its members be more effective.
* FAHE now provides contract servicing for 24 organizations in seven states, servicing over $150 million in loans and achieving a 30-day delinquency rate of less than three percent.
* Participation in the Berea Performance Compacts has increased from the original 8 members to 28 members as of 2009. The compacts have also been evaluated and changed when needed. For example, in 2009, the cooperative purchasing compact was not successful and was discontinued and a green building compact was created based on member needs and feedback. The latest initiative centers on a USDA 502 Direct Housing Loan demonstration project and expansion of the USDA Guaranteed Rural Housing Service loan production.
* “Our staff is small. Using FAHE allows us to remain small, keeps our overhead down and helps me to avoid hiring new employees that I can’t afford. Utilizing FAHE’s staff to help us package these [USDA 502 Direct] loans makes it affordable and they offer expertise to the product that we don’t have.” -Blake Enlow, Executive Director of COAP

**Organization Profile:**

**Founded:**  1980

**Type of CDFI:** Loan Fund

**Target Market:** Appalachia: Kentucky, Tennessee, Virginia, West Virginia, and Alabama

**Types of Lending:** Housing and Community Facilities

**Loan Products:** Refinance Mortgages, USDA 502 Direct Housing Loans, USDA Guaranteed Rural

Housing Service Mortgages, Community Facilities, Veteran Administration Mortgages, FHA 203(b) Mortgages, Conventional Mortgages

**Asset Size:** $ 52,700,000 (2013)

**No. of Employees:** 33 (2013)