CARH’s Guide to Forming a State Affiliated Association

What is CARH?

The Council for Affordable and Rural Housing (CARH) is the country’s leading advocate for the development, financing, management and ownership of affordable rural housing. The mission of CARH is to represent the views and concerns of its members before Congress and other regulatory agencies. For over 30 years, CARH has been committed to providing a respected voice for its members and meets regularly with key members of Congress, USDA/Rural Housing Service (RHS), the Department of the Treasury, the U. S. Department of Housing and Urban Development (HUD) and state and local housing agencies.

Knowledge is power. That is why CARH strives to ensure that its members remain the best informed in the industry. CARH members have access to timely and insightful publications, meetings, seminars, training programs, and nationally recognized professional designations.

What is a state affiliated association?

State affiliated associations allow for increased local involvement and a close affiliation with the national CARH organization. Typically, the state affiliated association is formed as its own non-profit association and operates autonomously within its own state. While operating autonomously, state affiliated associations develop a close working relationship with national CARH. In fact, members joining state affiliated associations also become national CARH members. Issues that develop at the grassroots level are communicated to the national level. In turn, national CARH constantly updates local chapters on legislation, regulations and new developments at a federal level. State affiliated associations typically consist of organizations involved in rural affordable housing, and elect their own board members and their own national CARH liaisons.

What is the purpose of this brochure?

This brochure provides guidance to individuals and organizations seeking to form a state affiliated association and will summarize:

- The benefits of forming a state affiliated association
- The organizational process and structure considerations
- Guidance on staffing, committee structures and volunteerism
- Developing a sustainable cash flow
- Other factors that should be considered
- List resources to help create an association or chapter in your state.

**What are the benefits of forming a state affiliated association?**

- **Local Training and Education Opportunities:** Your state affiliated association can organize training and education seminars tailored to issues affecting your industry in your state. National training organizations also offer discounts to CARH state affiliated associations. State affiliated associations can also better collaborate with the local Rural Development. In addition to receiving current information on national issues affecting the affordable rural housing industry from the national office (i.e., CARH News, AN Express, Insights for On-Sites, Broadcast emails, etc.) you’d be able to receive and disseminate information on issues specifically affecting your state and local government; And as a state association, you can collectively act to address these issues.

- **Networking and Support:** By virtue of location and a shared state government, members of a state affiliated association in [State] can better prioritize issues and come up with a way to address them. Moreover, having a state affiliated association can help streamline communication between the members within the state to the national CARH office so that we can better address your individual needs.

- **Better Relations with Government Agencies:** A state affiliated association works closely with the State USDA/RD office, the local HUD office, the housing finance agencies and local housing authorities. State affiliated associations help to build liaisons between these agencies and its members who develop, own and manage properties operating under those agency’s programs. Your state affiliated association can facilitate the resolution of broader, industry issues by negotiating as a group with the relevant agency.

- **Comprehensive Advocacy:** The ability to represent many people with many interests in one shared voice is a powerful tool for advocacy. CARH can strengthen its impact on policies by working with both national and state agencies. Additionally, state affiliated associations have the advantage of recruiting more CARH members through their local ties – again, increasing CARH’s national and state power for advocacy.
• **Standardized Forms:** State affiliated associations can develop pre-approved leases, management plans, management agreements, verification forms and other documents can be developed and sold. This eases the burden on the local USDA/RD officials who ordinarily would have to review each document from each property.

• **Local and National Recognition:** Gain recognition for your industry’s achievements. As a state association, you might offer an annual “Site Manager of the Year” award, “Lifetime Achievement Awards” to honor industry leaders, or “Staff Person of the Year,” as many of our current state associations present during their annual conferences. Additionally, CARH members can earn their Rural Affordable Housing Executive (RAHE) and Rural Affordable Housing Professional (RAHP) designations, evidencing competence in the field of rural affordable housing.

• **Preferred Buyer Program:** State affiliated association members can take full advantage of national CARH’s Preferred Buyer Plan—providing deep discounts at national vendors like HD Supply, ONLINE Rental Exchange, The Sherwin-Williams Company, Staples and Wells Fargo Insurance Services. In many cases, the cost of membership is offset by the savings!

**What are the steps to setting up a state affiliated association?**

1. **Solicit Support.**
The first step is to solicit the support of several of key players in the affordable housing industry in your state. This can generally be accomplished with phone calls.

   It is critical that you also seek the support of your state’s multifamily housing director and State Director at the local USDA/RD office. Policies typically prohibit USDA/RD officials from taking an active role in the organizational process, but agency officials should be invited to attend all meetings.

2. **Form and Organizational Committee.**
These key players then become the “Organizational Committee” who will then plan for a half day or full day meeting with all developers, owners, and managers in the state. The National CARH office will arrange to have a representative present to discuss the National CARH structure, the benefits of forming a state affiliated association, and provide a legislative and regulatory update for the attendees. Senior state USDA/RD officials should also be involved in the meeting.
3. Get Commitment.
By the end of the day at the organizational meeting, you will want to obtain a commitment from the attendees to form a state affiliated association and to agree on an annual financial commitment expected (i.e., membership dues levels).

Again, national CARH can assist you in structuring membership dues so that they are fair to all members. A portion of the dues will be paid to the national CARH organization and will entitle all of your state affiliated association members to be national CARH members as well. In this way, members can immediately receive national benefits such as the CARH News subscription, national training opportunities, discounts on products and services of national vendors, and an opportunity to attend national CARH meetings at discounted rates. The use of the trademarked words “CARH” or “Council for Affordable and Rural Housing” in your chapter’s name and materials is permitted as long as the chapter remains in good standing with the national organization.

4. Elect a Board.
If appropriate, the first meeting is a good time to elect a Board of Directors and establish an organizational mission statement. RD officials may be named as “ex officio” board members.

5. But Remember to Recruit Volunteers.
The early formation work will often be a pure volunteer effort and your Organizational Committee should be called upon to assist in carrying the workload. Remind them that the buck stops with them, pat them on the back and hope they don’t quit!

6. Use Resources Already Available.
Both National CARH and existing state affiliated association Executive Directors are excellent resources on getting the process started. Why reinvent the wheel? Others have already been through the process and you can avoid the mistakes that they’ve made.

7. Find Your Executive Director.
This is a good time to begin the search for a part-time Executive Director. A key attribute to examine when hiring your Executive Director is whether they have association management experience. While some believe that industry experience is important, most of the skills that an Executive Director uses will relate more to managing a membership association. Most of their duties will be focusing on setting up meetings, maintaining membership benefits, disseminating information to members, organizing conferences and trainings, and maintaining association records. They will not be dealing with the day-to-day grappling with Fair Housing questions, rural housing regulations, or Tax Credit Compliance issues—that’s YOUR job! Some fledging state affiliated associations have tried to
use members’ secretarial or accounting staff people to serve as an Executive Director. Our experience is that these ideas won’t be as successful as hiring an experienced association manager.

Often, there are independent contractors and consultants who are experienced in association management that can be engaged for 10-15 hours per week to get your state affiliated association off the ground. Your part time staff person can do such things as:

- Open the organization’s first bank account.
- Bill and collect membership dues.
- Prepare a budget, and maintain cash receipts and disbursements records.
- Market the organization to new members.
- Research and apply for non-profit status at the State and Federal levels.
- Begin plans for your state affiliated association annual conference
- Recruit vendors to become Associate Members
- Begin collecting sample leases, management plans and other documents.

**Independent Contractor vs. Employee?**
The decision to hire the Executive Director as either an independent contractor or as an employee requires forethought. Certain stringent criteria must be met for the organization to be able to successfully assert that the Executive Director is an independent contractor. Should that assertion fail and the Executive Director is subsequently found by the IRS to be an employee under those criteria, the state affiliated association might become liable for an extraordinary tax burden for both income taxes accrued as well as social security taxes unpaid, plus penalties, from its inception! Guidelines to consider are readily available from any IRS office or they can be downloaded from the IRS web site.

**How do we create and sustain a cash flow for our new state affiliated association?**
Existing state affiliated associations have been successful due to their ability to create and sustain an adequate operating cash flow. Cash flow does not have to come from membership dues alone. Your state affiliated association can immediately plan for trainings and workshops, utilizing pre-approved national CARH trainers and curricula; or you may desire to engage local experts in the area of property management, tax credit compliance or/maintenance and repair. Scheduling trainings and workshops on a regular basis will not only improve the skills of your members’ staff, but can provide another source of cash flow for the beginning days of your State affiliated association. USDA/RD officials strongly support training and education programs, as they serve to improve the way the program assets are managed.
Other state affiliated associations have found that holding annual statewide conferences ultimately become a landmark event that grows in importance in each passing year. For example, Washington State’s Annual Meeting and Conference typically draws over 250 attendees and the event provides over half of the organization’s budget for the year. A combination of national speakers, hands-on workshops, and in-depth involvement by local and HQ USDA/RD officials usually make for a successful conference formula. Again, other state affiliated associations and national CARH’s State Affiliated Association Committee can share with you what works, and what doesn’t work.

Another way to create cash flow is to create a special class of member—an Associate Member. An Associate Member can be a vendor or other service provider interested in increasing sales to your members. Associate Members get an “inside track” to your members and often will provide discounts to the voting members of your association in exchange for access. Associate Members also become excellent sponsors for your annual conference and can usually be counted on for generous door prizes! Examples of Associate Members are appliance dealers, carpet and flooring installers, painting contractors, software vendors, and insurance agents.

Another potential source of revenues is standardized or model documents. Pre-approved by USDA/RD and reviewed by lawyers prior to their sale, the documents can be sold as a package. Many states already offer these documents and your state affiliated association will benefit by working with them to create your own model document package.

What are other things I should consider as I set up my state affiliated association?

- **Website.** We are living in an age of technological revolution, and your new state affiliated association can benefit by creating a web site and email address. The costs associated with creating and maintaining a web site have fallen substantially over the past several years. Your part-time Executive Director should be able to set up and maintain a basic web site that informs the world about your organization, lists your members, announces upcoming trainings, provides breaking legislative and regulatory bulletins, and describes the benefits of membership.

- **Insurance.** Another thing to consider is the purchase of Directors and Officers (D&O) insurance for your key leaders. While you never anticipate problems, D&O insurance provides a measure of risk protection that puts your leadership at ease in their volunteer roles.
What do I do next?

Support is readily available. Contact national CARH and or the State Affiliated Association Committee to get started:

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