

HOUSING ASSISTANCE COUNCIL

2026 RURAL HOUSING POLICY PRIORITIES



2026



WWW.RURALHOME.ORG

2026 Policy Priorities

For over 50 years, the Housing Assistance Council (HAC) has been the voice for rural and persistently poor communities. Our independent and nonpartisan work with members of Congress, federal agencies, and affordable housing and community development organizations ensures the most vulnerable rural populations – especially those in regions with housing market dysfunction like the Mississippi Delta, rural Appalachia, farmworker communities, the Southwest border colonias, and Indian Country – have improved access to safe and affordable housing opportunities.

Rural America is home to about 20 percent of the U.S. population and covers more than 90 percent of the U.S. landmass. Small towns and rural regions are diverse demographically and economically, and face a wide array of local assets and challenges for developing their communities and housing. While each place is unique, HAC has documented several themes that run across rural places. Rural communities experience persistent poverty, substandard housing conditions, incomes well below the national median, increasing affordability challenges, and an aging housing stock. Complicating these challenges, a lack of reliable rural data obscures rural realities.

Despite these challenges, public investments in rural places pay off. Supporting healthy housing markets and wealth building in our rural places broadens national prosperity. Conversely, if a broad swath of places and the people who live there remain in or fall further into poverty, the long-run costs, both federally and in more general societal terms, are enormous.

In addressing these issues, HAC's policy priorities are:

1. Improving housing supply and affordability in small towns and rural places;
2. Building the capacity of local affordable housing and community development organizations deeply rooted in rural places;
3. Expanding access to credit and safe, affordable lending in rural communities;
4. Preserving the critical stock of USDA multifamily homes amid the growing maturing mortgage crisis; and
5. Preserving, increasing, and tailoring resources for federal affordable housing programs serving rural populations.

CHAPTER 1: RURAL HOUSING STOCK

Like in other parts of the country, housing supply and affordability have become crises for rural residents. However, unlike in other parts of the country, the economics of rural housing markets themselves are often broken. There is a national shortage of millions of units of housing in the U.S., driven largely by inadequate public and private investment, burdensome regulatory landscape and local land use policy, and few incentives to build modest starter homes. The number of housing units in rural communities increased by roughly 246,000 or 1 percent between 2013 and 2023 compared to a 10 percent increase in non-rural counties. HAC supports significant public investment in affordable housing, commonsense regulatory streamlining, and pro-housing local land use policies.

Rural Homeownership

Homeownership rates in rural areas are higher than the national average. The cost of homeownership is increasingly out of reach for rural residents, however, and the incidence of substandard housing and aging housing stock is also significantly higher in rural communities.

• Self-Help Housing

Affordable homeownership opportunities can change the economic outlook of both families and entire communities. Since its beginnings in 1996, HUD's Self-Help Homeownership Opportunity Program (SHOP) has helped create more than 35,000 homes, half of which are located in rural areas. SHOP helps hardworking low- and moderate-income families achieve homeownership through sweat equity. SHOP funds pay for land and infrastructure costs, which are often some of the most difficult items for local nonprofits to finance. HAC supports increased funding for the SHOP program.

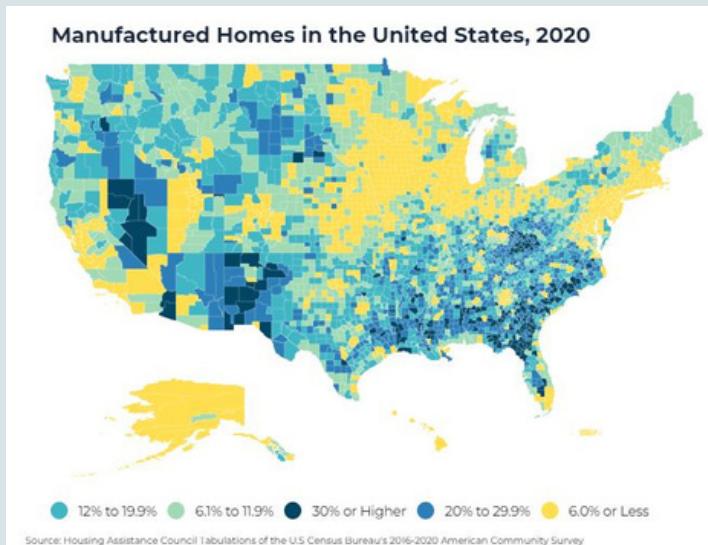
• USDA Direct Mortgage Loans

USDA's Section 502 direct loan program enables low- and very low-income rural residents to purchase homes with affordable, fixed-rate mortgages. The interest rate on a Section 502 loan can be as low as 1 percent, and no down payment is required. Inability to qualify for market-rate credit elsewhere is a

precondition for obtaining a Section 502 direct loan. Over two million families have become homeowners since 1950 through the Section 502 direct program. Yet this is a loan program, not a giveaway; the funds are repaid to USDA, with interest. HAC supports increased funding for the Section 502 direct loan program.

• **Factory-Built and Manufactured Housing**

In recent years, factory-built housing has become an area of significant affordable housing innovation and advancement. More than half of all manufactured homes are located in rural areas around the country and manufactured homes make up 13 percent of all occupied homes in rural and small town communities. In manufactured home communities, many residents own their homes and rent the land, which can devalue the asset. Financing options for manufactured homes are often limited and "lot rent" can be predatory. And in recent years, private equity investors have entered the market for manufactured housing communities, among other housing markets, driving prices up. HAC supports increased protections and standard mortgage financing opportunities for families in manufactured housing communities, and greater public and private investment in new factory-built housing models.



- **Home Repair and Aging in Place**

Rural areas have a disproportionate incidence of aging or substandard housing and a population that is trending older. Resources to support home repair and aging in place have become more important in recent decades, both to help families and seniors maintain their homes and to preserve the existing

rural housing stock more broadly. HAC supports funding for existing home repair programs like USDA's Section 504 loan and grant programs, and a more holistic housing agenda for rural seniors.

- **Heirs' Property**

Heirs' property is land passed down through generations without a clear, formal title, usually because the original owner died without a will. Research estimates that over 60 percent of all heirs' properties are in rural counties. Without clear title, heirs' property owners face many challenges including accessing loans for construction and rehabilitation and the ability to participate in market sale. Heirs' property owners are also vulnerable to land loss through forced sale and tax sales. HAC supports expanded definitions of homeownership, alternate documentation to demonstrate proof of ownership, and financing to support construction and rehabilitation of rural residential heirs' properties.

Rural Homelessness

Homelessness often looks different in rural communities than it does in more urban areas, where more supportive services are available. In rural places, people experiencing homelessness tend to live in vehicles, couch surf, or live in severely overcrowded situations, and are thus undercounted in federal homelessness estimates. Even so, the most recent federal point-in-time count found that predominantly rural areas experienced an 11.6 percent increase in homelessness and a 15.3 percent increase in unsheltered homelessness from 2023 to 2024. HAC supports increased rural-tailored, flexible resources to address homelessness. Additionally, while homelessness is fundamentally an issue of housing affordability, for many it co-occurs with substance use disorders, mental health struggles, and chronic health conditions which themselves become barriers to obtaining and maintaining stable housing. Rural communities need increased and customized funding to provide essential, evidence-based support services and treatment for residents facing these additional challenges.

HUD Multifamily Preservation

Preservation of the existing housing stock is critical when looking to increase overall supply. The U.S. Department of Housing and Urban Development

(HUD) oversees more than 22,000 privately owned multifamily properties and more than 1.4 million assisted housing units across the country. These homes were originally financed with FHA-insured or direct loans and many are supported with Section 8 or other rental assistance contracts. Housing subsidy contracts are expiring on thousands of privately owned multifamily properties with federally insured mortgages, and physical repairs to the properties are overdue. HAC supports preserving HUD multifamily properties and expanding access to Housing Choice Vouchers.

Property Insurance

The rising cost of property and liability insurance is rapidly becoming a crisis for the affordable housing industry. It can make both preservation and new construction projects prohibitively expensive. Insurers are leaving some states altogether. In others, older properties are being dropped from coverage. HAC supports innovative solutions to address this insurance issue at the federal level to ensure that property insurance is available and not an undue financial barrier to the success of critical housing projects.

Disaster Resiliency

Natural disasters come in different types and sizes, and so do the communities they affect. For rural communities especially, disaster resiliency depends on sufficient capacity and resources. It is important to ensure that short-term and long-term disaster assistance and recovery are equitably distributed to all segments of the community. HAC supports increased capacity building for disaster resiliency in rural places, better interagency collaboration in rural disaster response, the adoption of more innovative and sustainable models for long-term disaster recovery, and the equitable distribution of federal disaster relief funding streams to rural and persistently poor communities.

CHAPTER 2: CAPACITY BUILDING

The power of capacity building in rural communities cannot be overstated. Rural communities often have small and part-time local governments, inadequate philanthropic support, and a shortage of the specialists needed to navigate the complexities of federal programs and modern housing finance, and compete for government and philanthropic resources. But rural communities thrive when they

have both the local organizational capacity and the physical and economic infrastructure to compete and succeed.

Targeted capacity building through federal investments in training and technical assistance is how most local organizations build the skills, tap the information, and gain the wherewithal to do what they know needs to be done. Without deeply embedded, high-capacity local organizations, available federal funding and other capital will never evenly flow to rural communities. A variety of federal programs invest in local organizations with the training and technical assistance they need to serve their communities effectively. The Rural Capacity Building (RCB) Program at the U.S. Department of Housing and Urban Development (HUD) and the Rural Community Development Initiative (RCDI) at the U.S. Department of Agriculture (USDA) are two critically important capacity building programs that focus specifically on rural areas. Other targeted programs, like the Community Facilities Technical Assistance and Training Grant and the Multi-Family Housing Non-Profit Transfer Technical Assistance Grant, provide support for communities that hope to use specific, important USDA Rural Housing Service programs. HAC supports increased funding for these programs and the creation of a robustly funded federal rural housing intermediary.

CHAPTER 3: ACCESS TO CAPITAL

In recent decades, many rural regions have been stripped of their economic engines, financial establishments, and anchor institutions. Added to the shortage of federal and philanthropic investment, the result is that rural America faces a dire lack of access to capital. And it is in these rural places where you can find the nation's deepest and most persistent poverty. Without access to financial services and capital, individuals cannot access safe credit and financial literacy resources, businesses cannot grow and serve the needs of their communities, and ultimately the communities' economies cannot thrive. Building access to capital in underserved rural regions is critical for the long-term viability of rural communities.

Community Development Financial Institutions

Community development financial institutions (CDFIs) are private, mission-focused financial institutions that offer responsible, affordable lending to low-income, unbanked and under-resourced people and communities. For more than 30 years, CDFIs have established a proven track record of making an impact in the most high-needs rural regions. As banks have consolidated and pulled back from serving the deepest pockets of poverty, CDFIs have stepped into the breach and are working in rural regions and Tribal areas across the country to address the financial services needs of otherwise unbanked communities. HAC supports increased funding for CDFI Fund programs, in particular Financial Assistance grants and the Capital Magnet Fund, as well as efforts to ensure these competitive programs reward CDFIs that serve the highest need rural communities and households, and additional tailoring of CDFI Fund programs to better target rural needs.

Secondary Mortgage Markets

Mortgage finance is a powerful tool to promote development in rural places. Small financial institutions in rural areas often struggle to find access to the secondary mortgage market and larger lenders ignore rural and persistently poor markets altogether. This limits the overall liquidity available in rural communities. The Federal Housing Finance Agency (FHFA) has improved secondary mortgage market access for underserved communities, including the Duty to Serve (DTS) rule, which requires the Government Sponsored Enterprises (Fannie Mae and Freddie Mac) to provide a more proactive secondary market for mortgages in three focus areas: manufactured housing, affordable housing preservation, and rural housing. HAC supports the preservation and expansion of DTS requirements, regardless of the conservatorship status of the Enterprises, and deliberate consideration of rural conditions in all aspects of the secondary mortgage market.

Community Reinvestment Act

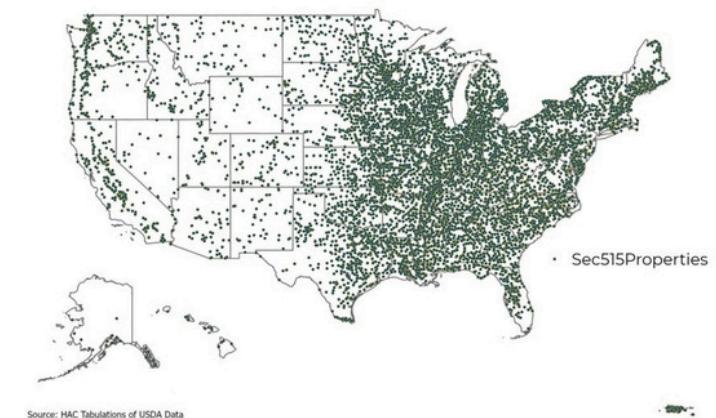
As banks consolidate their physical branches and financial services move online, careful consideration must be made to ensure that underserved rural areas are not forgotten. The Community Reinvestment Act (CRA) requires federally insured depository institutions to help meet the credit needs of their entire communities, including low- and moderate-

income neighborhoods. HAC supports tailoring of CRA requirements to ensure that rural places benefit from CRA investments.

CHAPTER 4: USDA MULTIFAMILY PRESERVATION

Rental housing options in rural America are not only sparse and often expensive, but also declining. Preserving existing affordable rental housing is a critical component of increasing the rural housing stock. In recent years, aging housing units are being lost in rural places at nearly the same rate that new units are being constructed.

USDA SECTION 515 MULTIFAMILY HOUSING PROPERTIES, June, 2021



An important source of housing in many rural communities are rental homes financed by USDA. Today, there are nearly 12,500 USDA rental properties providing around 360,000 affordable homes to families and individuals across rural America. However, due to federal funding cuts, no new USDA direct-financed rental housing has been developed in years, and the existing properties are increasingly losing their affordability provisions. Once the mortgage on the property matures, the units lose their rental subsidy and thus often their affordability. For many rural communities, these units constitute the only affordable rental housing available.

Significant federal commitment is needed to address this rising crisis. HAC supports increased funding for the USDA Section 515 program to allow for new multifamily construction to resume; increased funding for the Multifamily Preservation and Revitalization (MPR) program, the Preservation Revolving Loan Fund

(PRLF) program, and the Multifamily Preservation Technical Assistance program, to address the preservation needs of the multifamily portfolio; the extension of rural rental assistance to all USDA multifamily units; and improved protections for tenants in USDA properties that are being preserved. HAC supports the bipartisan Rural Housing Service Reform Act, which would decouple Section 521 rental assistance from Section 515 maturing mortgages to allow the rental assistance to continue after the mortgage is paid off.

CHAPTER 5: FEDERAL RESOURCES

Policy decisions at all levels of government have inadvertently contributed to the challenges faced by rural areas. Federal resources for affordable rural housing must be maintained and expanded in order to meet the growing housing crisis across rural America. And more broadly, the rural impact of all federal housing and community development programs should be analyzed to avoid unintended disproportionate or negative impacts.

Funding for RHS

Since the first USDA housing loan was made in the 1950s, the agency has funded the construction, purchase, or repair of over 5.1 million rural housing units. Rural Housing Service (RHS) loans, grants, and related assistance provide low-income families the opportunity to achieve affordable homeownership; provide affordable rental housing to families, the elderly, and farmworkers; support low-cost home repair for an aging rural housing stock; and help create strong local housing infrastructure through capacity building. However, like many rural solutions, the RHS programs have suffered from a lack of federal funding and challenges around modernizing and adequately staffing the agency. HAC supports robust funding for RHS programs, staffing, and modernization in order to ensure that programs are running effectively and serving rural residents at the highest level.

Tailoring of HUD Programs

Often, federal housing programs are not well-suited to function in the rural context. Capacity challenges make it difficult for rural places to compete for funding with larger metropolitan areas. HUD formula allocation programs like the Community Development Block Grant (CDBG) and the HOME

Investment Partnerships Program, which have been critical affordable housing resources, have not served rural areas proportionately. The public housing authorities (PHAs), private landlords, and mission driven developers that serve rural America struggle to participate effectively in the Housing Choice Voucher program, HUD's largest pool of funding, because the program's regulatory and administrative requirements have a disproportionately burdensome impact. They often also lack the scale to access financing tools such as Project Based Vouchers, Project Based Rental Assistance (PBRA), and the Rental Assistance Demonstration to recapitalize public housing. Additionally, available data on rural areas is often partial and inaccurate, making it difficult to define the true need. HAC supports the application of the 10-20-30 persistent poverty formula to federal spending, rural impact and proportionality requirements in regulatory and legislative efforts, adoption of a more precise rural definition such as the one used by the Federal Housing Finance Agency, streamlining of HUD programs, and improved rural data collection to better tailor federal programs to rural needs.

Tailoring of Tax Programs

Tax tools like the Low-Income Housing Tax Credit (LIHTC), Opportunity Zones, and the proposed Neighborhood Homes credit are some of the most important resources for creating and maintaining affordable housing in the United States today. Over 13,000 properties were allocated LIHTC funding during the 2006-2016 time frame, approximately 25 percent of which were in rural areas. HAC supports improving LIHTC and Opportunity Zones to better serve rural areas, including designating rural and Tribal areas as Difficult Development Areas, encouraging rural and Tribal set asides in state Qualified Allocation Plans, and exploring new tax credits to serve rural housing needs.

Federal Workforce Modernization

Federal investments have the power to shift the trajectory of struggling communities. But without a nimble, well-resourced, modern federal workforce, even the most well-intended investments will fall short of their potential impact. In recent years, federal agencies have become bogged down with inefficient and aging systems, mismatched layers of

administrative red tape, and a shrinking workforce. HAC supports a reinvestment in the federal workforce alongside modernization and streamlining of agency systems and processes.

Incentivizing Targeted Deregulation

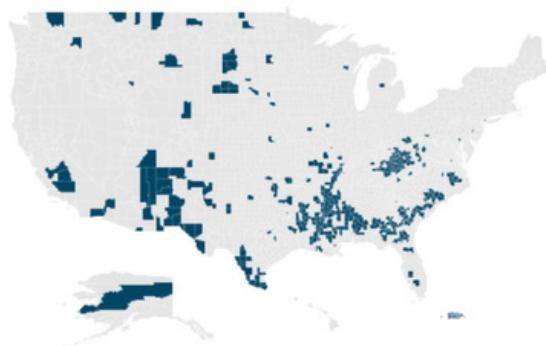
The layers of complex and often redundant federal regulations and sub regulatory guidance present within affordable housing and community development programs are disproportionately burdensome for small and under-resourced communities. HAC supports targeted deregulation at all levels of government, including federal incentives for state and local regulatory streamlining.

High-Needs Rural Regions

Many of the poorest rural Americans live in high needs regions or belong to vulnerable populations. These regions and populations are Tribal Lands, farmworker communities, the U.S.-Mexico border colonias, the Lower Mississippi Delta, and Central Appalachia. Special circumstances, especially around low area median incomes in these regions, must be deliberately considered in federal policymaking.

Persistent Poverty Counties, 2020

Counties with 20% or higher poverty rate in 2000, 2010, and 2020



● Not Persistent Poverty County in 2020 ● Persistent Poverty County in 2020

Source: Housing Assistance Council Tabulations of the U.S. Census Bureau's 2000 Census of Population and Housing, 2006-2010 American Community Survey, and 2016-2020 American Community Survey.

• Tribal Lands

Native communities face many of the same challenges characteristic of other persistently poor rural areas, with the addition of some unique barriers around land status and access to financial services. Often, traditional lenders will not lend in Indian Country because of the Tribal trust land status and a lack of lender recourse options in many Tribal legal systems. HAC supports reauthorization of the Native American Housing Assistance and Self Determination

Act (NAHASDA), expanding successful pilot programs like the USDA Section 502 Native CDFI relending program, addressing nontraditional titles, and increased funding for Tribal housing programs.

• Farmworker Communities

Farmworkers in the United States and their families disproportionately live below the poverty line in crowded and substandard dwellings. HAC supports increased funding for USDA's Section 514 and 516 programs, the only federal programs that provide affordable financing to purchase, construct, or repair rental housing specifically for America's farm laborers.

• Colonias

The border region between the United States and Mexico is dotted with thousands of rural communities characterized by extreme poverty and severely substandard living conditions. These communities, commonly called colonias, overwhelmingly lack basic infrastructure. Poor housing conditions are common in the colonias with an old, deteriorating housing stock, combined with newer units that do not meet building codes. HAC supports updating the definition of colonias, addressing nontraditional titles, and increasing targeted funds for colonias infrastructure.

• Black Belt

The Lower Mississippi Delta and Black Belt have distinct economies, cultures, and even languages. The region's economy, historically rooted in agriculture, faces significant challenges like poverty and slow employment growth, but also holds unique assets. HAC supports tailored federal efforts to improve housing in these regions, including addressing nontraditional titles, heirs' property, and area median income challenges.

• Central Appalachia

The Appalachians' plentiful natural resources, including coal, natural gas, and timber, played a key role in the growth of the United States during the 19th and 20th centuries and remain vital to the nation's economic well-being. In the present day, high poverty rates, poor housing, and limited economic opportunities have persisted. HAC supports tailored federal efforts to improve housing in Central Appalachia, including addressing nontraditional titles, heirs' property, an aging housing stock, and area median income challenges.

ABOUT HAC

The Housing Assistance Council (HAC) is a national nonprofit that supports affordable housing efforts throughout rural America.

BUILDING OPPORTUNITIES: Lending

HAC provides low interest rate loans to support homeownership and rental affordable housing projects throughout the United States and territories. Loans may be used for pre-development, acquisition, site development, rehabilitation, preservation, and construction activities.

BUILDING SKILLS: Capacity Building

Each year, HAC delivers thousands of hours of technical advice to improve housing conditions for low-income residents in the rural United States. Recipients include local governments, private developers, and nonprofit organizations. HAC also sponsors regional training sessions, webinars, peer exchanges, and the National Rural Housing Conference.

BUILDING KNOWLEDGE: Research & Information

HAC is the nation's foremost source of information on rural housing. In addition to a library of studies and reports on a wide range of topics related to rural housing, HAC maintains a biweekly newsletter and two data websites, ruraldatacentral.org and veteransdata.info. These offerings make HAC a leading resource on rural housing and help inform sound housing policy and strategy.

BUILDING A NATIONAL NETWORK: Rural Policy

The Housing Assistance Council is independent and nonpartisan and contributes to the national debate on important issues and topics through public comments, positions, and statements. HAC regularly responds to Congress, federal agencies, and policy advocacy coalitions with the research and information needed to make informed policy decisions.

Sign up for the bi-weekly
HAC News email list here

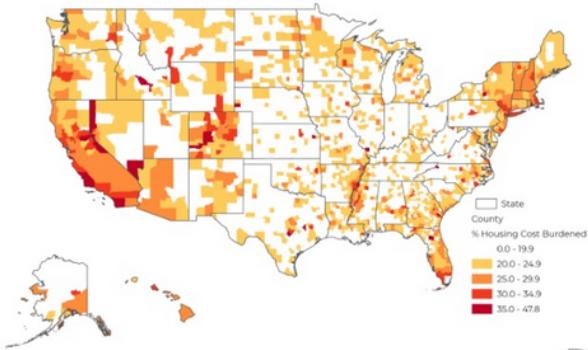


For more information contact policy@ruralhome.org.

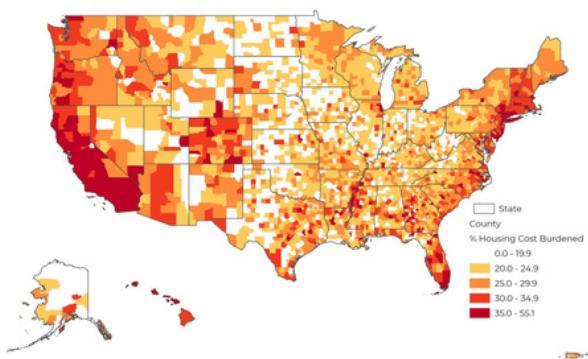
Rural Housing By The Numbers

Housing affordability, 1980 and 2021

Housing Affordability, 1980



Housing Affordability, 2021



44% of rural renters are
housing cost burdened

81% of persistent poverty
counties are located in
rural areas

1.4 million, or 5.6 percent, of homes
in rural areas are classified as
inadequate, with roughly 368,000 of these
substandard homes having serious deficiencies
with plumbing, heating, electric/wiring.

Explore more national and local rural
housing data at HAC's [Rural Data Central](http://ruraldatacentral.org)