



FY16 FUNDING PROCESS BEGINS. On February 2 the Obama Administration released its budget request for FY16, which begins October 1, 2015. The total for discretionary programs exceeds the Budget Control Act's caps. The next step will be congressional hearings. More details about the budget's housing portions are on HAC's website. HAC will present a rural housing budget webinar on February 6, which will be archived online for later listening.

RURAL HOUSING BUDGET REQUESTS MORE RENTAL FUNDING, LESS FOR SELF-HELP, AND MINIMUM RENT FOR TENANTS. The budget would keep many of USDA's rural housing programs at or near their FY15 levels, and would increase funds for some. Only \$10 million is requested for Section 523 self-help; RD officials told HAC they expect to have enough carryover funds available to renew expiring contracts. Like last year's budget, this one proposes some changes in the Rental Assistance program, including a \$50 minimum rent. Some Section 515 funds would be available for new construction. Section 542 voucher funding would be more than doubled, and vouchers would be available for tenants of Section 515 properties leaving the program for any reason, not just foreclosure.

USDA Rural Dev. Prog. (dollars in millions)	FY13 Approp. ^a	FY14 Approp.	FY15 Admin. Bdgt.	FY15 Approp.	FY16 Admin. Bdgt.
502 Single Fam. Direct Self-Help setaside	\$900 5	\$900 5	\$360 0	\$900 5	\$900 0
502 Single Family Guar.	24,000	24,000	24,000	24,000	24,000
504 VLI Repair Loans	28	26.3	26.3	26.3	26.3
504 VLI Repair Grants	29.5	28.7	25	28.7	26
515 Rental Hsg. Direct Lns.	31.3	28.4	28.4	28.4	42.3
514 Farm Labor Hsg. Lns.	20.8	23.9	23.9	23.6	23.9
516 Farm Labor Hsg. Grts.	7.1	8.3	8.3	8.3	8.3
521 Rental Assistance ^b	907.1	1,110	1,089	1,089	1,172
523 Self-Help TA	30	25	10	27.5	10
533 Hsg. Prsrv. Grants	3.6	3.5	0	3.5	0
538 Rental Hsg. Guar.	150	150	150	150	200
Rental Prsrv. Demo. (MPR)	17.8	20	20	17	19
542 Rural Hsg. Vouchers	10	12.6	8	7	15
Rural Cmnty. Dev't Init.	6.1	6	0	4	4

a. Figures shown do not include 5% sequester or 2.5% across the board cut. b. The final FY13 appropriation for RA included a \$3 million 514/516 setaside; the final appropriations for FY14 and FY15 have no setasides.

HUD PROPOSED BUDGET FOR 2016 BOOSTS FUNDING. The budget proposes increases above 2015 appropriated levels in almost all HUD programs. CDBG would be cut, but it and many others are proposed at the same levels as in the President's FY15 budget. The maximum CDBG setaside for Southwest border colonias would increase to 15% from the current 10%. No funds are requested for the Rural Innovation Fund or the Rural Housing and Economic Development program. For the third year in a row, the budget proposes to make SHOP a \$10 million setaside within HOME. Also proposed is a new \$300 million "Local Housing Policy Grants" program for localities "to support new policies, programs, or regulatory initiatives, such as design options, process changes, and land use regulations."

HUD Program (dollars in millions)	FY13 Approp. ^a	FY14 Approp.	FY15 Admin. Bdgt.	FY15 Approp.	FY16 Admin. Bdgt.
Cmty. Devel. Fund	3,308	3,100	2,870	3,066	2,880
CDBG	2,948	3,030	2,800	3,000	2,800
HOME	1,000	1,000	950	900	1,060
SHOP setaside	b	b	10	b	10
Self-Help Homeownshp. (SHOP)	13.5	10	b	10	b
Tenant-Based Rental Assistance	18,939.4	19,177.2	20,100	19,304	21,123
VASH setaside	75	75	75	75	c
Project-Based Rental Asstnce.	9,339.7	9,516.6	9,346	9,330	10,360
Public Hsg. Capital Fund	1,886	1,875	1,925	1,875	1,970
Public Hsg. Operating Fund	4,262	4,400	4,600	4,440	4,600

HUD Program (dollars in millions)	FY13 Approp.^a	FY14 Approp.	FY15 Admin. Bdgt.	FY15 Approp.	FY16 Admin. Bdgt.
Choice Neighbhrhd. Initiative	120	90	120	80	250
Native Amer. Hsg. Block Grant	650	650	650	650	660
Homeless Assistance Grants ^d	2,033	2,105	2,406.4	2,135	2,480
Hsg. Opps. for Persons w/ AIDS	334	330	332	330	332
202 Hsg. for Elderly	377	385.3	440	436	455
811 Hsg. for Disabled	165	126	160	135	177
Fair Housing	70.8	66	71	65.3	71
Healthy Homes & Lead Haz. Cntl.	120	110	120	110	120
Housing Counseling	45	45	60	47	60
Local Housing Policy Grants	-	-	-	-	300

a. Figures shown do not include 5% sequester. **b.** In FY13, FY14, and FY15 SHOP was funded under the Self-Help & Assisted Homeownership Opportunity Program account. Recent Obama budgets have proposed making the program a setaside in HOME. Congress has rejected that proposal. **c.** VASH vouchers for homeless veterans would be part of a new \$177.5 million account of incremental rental vouchers for families, veterans, and tribal families experiencing homelessness and for victims of domestic violence. **d.** Includes the Rural Housing Stability Program, which is not yet operational.

HUD ISSUES HOUSING TRUST FUND INTERIM RULE. HUD will request public comments on the interim rule after funding is available and states gain experience administering the HTF. Contact Marcia Sigal, HUD, 202-708-2684. HUD has also launched an HTF resource page and an email list. HTF funding is expected to be available from Fannie Mae and Freddie Mac (see HAC News, 12/22/14), although H.R. 574, introduced in Congress, would block those monies.

PROPERTY OWNERS MUST NOTIFY TENANTS BEFORE FINAL PAYMENT ON SECTION 515 OR 514 LOANS. An Unnumbered Letter dated Jan. 16, 2015 provides a form letter for property owners, requiring them to notify tenants 12 months before a USDA loan will be paid off in the regular course of business. (It does not apply when a loan is prepaid.) The form letter lists provisions to be included in the letter to tenants. HAC recommended this action in a letter to USDA last August (see HAC News, 8/20/14). Contact Laura L. Horn, 386-328-5051, ext. 100.

GUIDANCE ISSUED TO HELP RD STAFF SET VOUCHER AMOUNTS. Section 542 vouchers – for tenants in properties with prepaid or foreclosed Section 515 mortgages – are based on rents for modest apartments in the same market area. An Unnumbered Letter dated Jan. 16, 2015 explains how to calculate these comparable market rents. Contact Thomas Ale, USDA, 202-720-1620.

RD ANNOUNCES FY15 FUNDING POLICY FOR SEC. 523 SELF-HELP GRANTS. A message sent to USDA RD’s single-family email list explains that grantees funded in FY14 at 90% of their request can request the remaining 10%. Existing grantees performing satisfactorily may renew at the same amount as their current grants. One new grantee will be selected in each region and new grantees can also replace grantees that have left the program. Contact an RD office.

CFPB HOPES TO FACILITATE SMALL CREDITOR AND RURAL LENDING. Comments are due March 30 on a proposed rule that would expand the definitions of small creditors and rural places in the Consumer Financial Protection Bureau’s mortgage regulations. It would also make some time frames more flexible for small creditors and those serving rural or underserved places. Contact Amanda Quester, CFPB, 202-435-7700.

SUPPORTIVE SERVICES FOR VETERAN FAMILIES GRANTEEES CAN APPLY FOR RENEWALS. Nonprofits and consumer cooperatives with existing SSVF programs can apply by March 17 for grants to prevent veteran homelessness. Contact the VA’s SSVF staff, 877-737-0111, SSVF@va.gov.

FHFA PROPOSES MINIMUM FINANCIAL THRESHOLDS FOR NON-BANKS. These new eligibility requirements include net worth, capital, and liquidity criteria for mortgage seller/servicers to do business with Fannie Mae and Freddie Mac. FHFA is accepting comments before finalizing the criteria in the second quarter of 2015, but has no specific deadline.

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