



Housing Assistance Council

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**Statement for the Record of
David Lipsetz, Executive Director,
Housing Assistance Council**

House Appropriations Subcommittee on Agriculture, Rural Development,
Food and Drug Administration, and Related Agencies
April 13, 2018

The Housing Assistance Council (HAC) appreciates this opportunity to submit testimony regarding the U.S. Department of Agriculture (USDA) rural development budget for fiscal year 2019. HAC is part of the National Rural Housing Coalition (NRHC) and supports NRHC's testimony including the recommended funding levels and the accompanying assessment of rural housing needs. HAC has consistently championed all USDA rural development programs because they help improve the quality of life and self-sufficiency of rural residents and their communities. HAC also works with USDA and Congress to improve the delivery of such programs. HAC has been helping local organizations build affordable homes and stronger rural communities since 1971 and views changes to rural development policies, governance structures, and funding levels through an unchanging lens: the impact on the most vulnerable rural people.

The Administration's fiscal year 2019 USDA rural development budget request would decimate rural housing and community development infrastructure, and it is wholly inconsistent with the Administration's "Rural Prosperity" rhetoric. However, HAC is encouraged by Congress's rejection of similar cuts proposed in fiscal year 2018 and by the consistent efforts of Secretary Perdue and his team including Assistant to the Secretary for Rural Development Anne Hazlett and Rural Housing Service Acting Administrator Curtis Anderson to engage HAC and our partners, locally and

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nationally. Such engagement builds trust and helps HAC and our partners leverage USDA funding and expertise to better serve rural America.

Rural capacity matters

With a new Farm Bill under consideration and rural needs including the opioid crisis in the national spotlight, HAC is encouraging Congress to support existing programs at USDA that bring capacity building to rural communities and to consider new funding streams for such efforts. An example is the competitive Rural Community Development Initiative (RCDI) awards which allow experienced rural-focused organizations to bring capacity (e.g., homeownership training, strategic planning, fundraising assistance) to grassroots entities that take on affordable housing and economic development in rural communities. Without exception, HAC partners in all 50 states—especially those serving communities mired in persistent poverty—note that capacity building is both vital to their work, and difficult to sustain without reliable funding sources. In short, RCDI makes public and private investments possible, especially in communities where such investments are most needed. HAC supports at least \$6.1 million for RCDI, which the program received in fiscal year 2013.

Moreover, HAC encourages the Subcommittee to consider additional funding streams to support rural capacity building and to convey the need for such to members of the Agriculture Committee. For example, HAC is part of a coalition including the National Cooperative Business Association, the Rural Communities Assistance Partnership, Rural LISC, American Bankers Association, Farm Credit Council and others that recently shared Farm Bill priorities with the House and Senate Agriculture Committees. These priorities include strengthening and funding national intermediaries for capacity building. Federal investment through HAC from the early 1970s through 2010 led to the founding and growth of fledgling rural housing organizations serving poor and remote rural and tribal communities. A number of these organizations are now industry leaders, leveraging private capital, producing and preserving thousands of affordable homes, and leading broader development

efforts. Quite simply, such organizations would not exist without Congress' sustained support of national rural capacity building. We know what works, and we are eager to join our partners in discussing this need with the Subcommittee.

Support continued funding for programs targeting the most vulnerable

It is important that Section 504 grants and loans and Section 533 grants remain as stand-alone programs and funded at least at the fiscal year 2018 levels. HAC applauds the doubling of Section 533 grant funding (now at \$10 million) in fiscal year 2018. Both programs provide some of the poorest rural Americans with the opportunity to remain in their homes via the removal of health and safety hazards and other upgrades such as handicap accessibility. HAC also encourages the Subcommittee to engage in stakeholder discussions toward making regulations for both programs aligned with contemporary needs.

Support the Section 502 direct loan program and Section 523 mutual self-help program

HAC's stalwart advocacy for the Section 502 direct loan program is rooted in the program's effectiveness: it brings homeownership to those who could otherwise not attain it. With its "credit elsewhere" test, it avoids competing with private sector mortgages. Instead, it builds markets and cultivates new homebuyers. The total cost to the federal government of each loan is \$5,100—far less than other federal housing programs serving similar income levels. Also notable is the program's alignment with the Section 523 Mutual Self-Help program, which has brought stability to well over 50,000 families, while also building life skills and stronger neighborhoods for those participating. HAC supports \$1.2 billion for 502 direct loans and \$38 million for self-help housing. Notable is the USDA's partnership over the last few years with HAC and other entities to train packagers of 502 direct loans. Such partnerships maximize USDA resources with the strengths of HAC and other nonprofits, allowing more 502 direct loans to flow to where they are needed. USDA—across Administrations—deserves accolades for such a forward-thinking partnership.

This [HAC report](#) provides historical context, including the income average income level (\$32,500) for households served by 502 direct. Sustained support for 502 direct loans allows low-income Americans to attain homeownership and the accompanying economic benefits.

Enable USDA's rental programs to support preservation of existing properties and development of new ones

USDA's rental programs provide stability for rural America's most vulnerable, including seniors, farmworkers, and those with disabilities. The average Section 515 tenant's income is under \$13,000 per year. And low-income rural people are often geographically separated from needed services including health care and transportation, thus increasing the importance of their housing stability. Outcomes of investment in rural rental programs include academic gains for students and reduced health care costs.

HAC concurs with NRHC's concerns regarding the average age (28 years) of the rental housing portfolio and the challenges preserving the existing portfolio. HAC's analysis [available here](#) provides a highly detailed and interactive map of 515 expiring mortgages.

It is essential to protect current tenants by ensuring sufficient funding to maintain their homes. HAC suggests \$28 million for the rural voucher program. HAC supports Section 521 Rental Assistance funding at a level sufficient to renew all expiring contracts and to provide new Rental Assistance for new farmworker housing properties; this should be the \$1.331 requested by the Administration plus the amounts the budget assumed would be provided by charging tenants minimum rents and by recapturing Rental Assistance from current projects. HAC maintains its long-held position in strongly opposing minimum rents for tenants with poverty-level incomes, a majority of whom are elderly and disabled.

HAC also suggests no less than \$60 million for the Multifamily Preservation and Revitalization Program, which has been proven successful in helping to preserve affordable homes and has never had enough resources to meet demand.

Finally, HAC notes the formidable barriers to decent and affordable living conditions for farmworkers. While farmworkers of today are less transitory than in the past, their housing conditions are still, too often, crowded, unsafe, and unsanitary. Waiting lists are long due to the chronic underfunding of Section 514/516. In fiscal year 2019, \$10 million for Section 516 grants and \$30 million for Section 514 farm labor housing loans will help to address an immediate need. Again, thank you for the opportunity to provide testimony. HAC's rural housing experts—national and field-based—often assist the public, private and philanthropic sectors as they assess rural needs. Please let me know if this expertise might be of assistance to the Subcommittee.