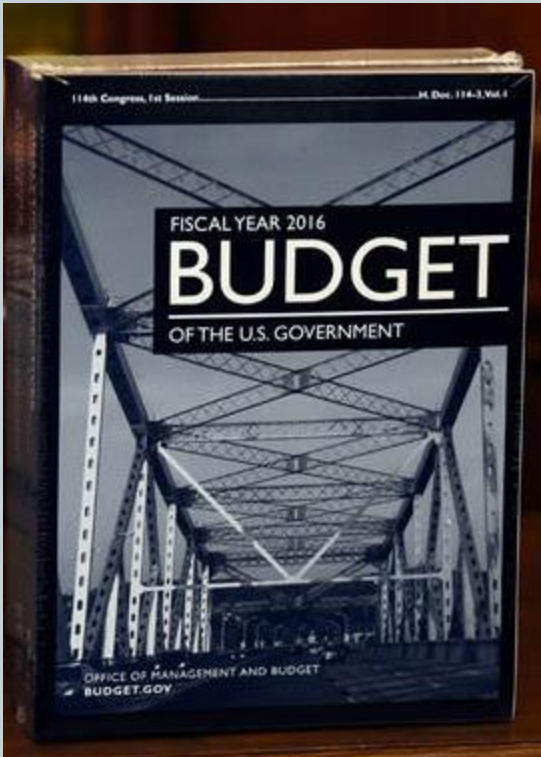




# *What Does the 2016 Budget Mean for Rural Housing?*



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# Webinar Instructions



- **Conference Audio**

- Phone Number: (800) 832-0736

- Access Code: 725468

- Send questions using the Q & A window on the bottom right

- For assistance please contact **202-842-8600 ext. 122** or call AdobeConnect customer support at **800-843-9166**

# Housing Assistance Council

*Building Rural Communities*



- Established in 1971
- National nonprofit organization
- Created to increase the availability of decent and affordable housing for low-income people in rural areas throughout the U.S.
- Provide services to local, state, and national organizations

[www.ruralhome.org](http://www.ruralhome.org)

# Poll Questions



How Familiar are you with USDA Housing Programs?

- Very Familiar
- Somewhat Familiar
- Not Familiar at All

# USDA PROGRAMS



## USDA has extensive programs for rural housing

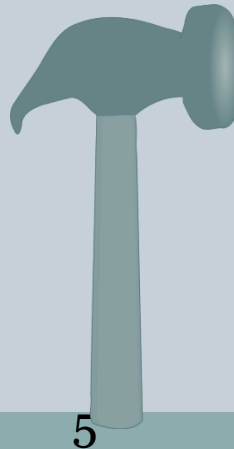


**USDA has funded over 400,000 apartments and 2.1 million homeownership units.**

single-family homeownership



home repairs



5

multifamily rentals



# USDA SINGLE-FAMILY PROGRAMS



- **Sec. 502 direct – USDA is the bank, with dwindling network of local offices**
- **Sec. 502 guaranteed – USDA guarantees mortgages made by private lenders**
- **Sec. 504 loans – for VLI homeowners**
- **Sec. 504 grants – for elderly VLI homeowners**

# USDA SINGLE-FAMILY SELF-HELP PROGRAMS



- **Many self-help, sweat equity homebuyer/builders use Sec. 502 direct mortgages**
- **Self-help sponsor organizations use Sec. 523 TA program**

# USDA SINGLE-FAMILY FUNDING

(in millions of \$)



	<b>FY14 Final</b>	<b>FY15 Final</b>	<b>FY16 Admin. Budget</b>
Sec. 502 Dir.	\$900	\$900	\$900
Sec. 502 Guar.	24,000	24,000	24,000
Sec. 504 Loans	26.3	28.7	26.3
Sec. 504 Grants	28.7	28.7	26
Sec. 523 SH	30	27.5	10



# USDA MULTIFAMILY PROGRAMS



- **Sec. 515 – loans to developers of rental housing; tenants up to 80% AMI; also for preservation**
- **Sec. 514/516 – loans and grants to developers of farmworker rental housing**
- **Sec. 521 Rental Assistance – project-based, only for tenants in 515 and 514/516**
- **Sec. 538 – loan guarantees to developers; tenants up to 115% AMI**

# USDA MULTIFAMILY FUNDING

(in millions of \$)



	<b>FY14 Final</b>	<b>FY15 Final</b>	<b>FY16 Admin. Budget</b>
Sec. 515	\$28.4	\$28.4	\$42.3
Sec. 538	150	150	200
Sec. 514	23.9	23.6	23.9
Sec. 516	8.3	8.3	8.3

# USDA RENTAL PRESERVATION PROGRAMS



- **Preservation and revitalization (MPR) demonstration**
- **Preservation Revolving Loan Fund demonstration**
- **Section 542 vouchers**

# USDA PRESERVATION FUNDING

(in millions of \$)



	<b>FY14 Final</b>	<b>FY15 Final</b>	<b>FY16 Admin. Budget</b>
MPR	\$20	\$20	\$19
PRLF	1	0	0
Sec. 42 Vchrs.	12.6	7	15

# USDA SEC. 521 RA FUNDING (in millions of \$)



	<b>FY14 Final</b>	<b>FY15 Final</b>	<b>FY16 Admin. Budget</b>
RA Total	1,110	1,089	1,172
(Preserv.)	0	0	0
(515 New Constr.)	0	0	0
(514/516 New Constr.)	0	0	0

# USDA RA



- **More old contracts expiring every year**
- **Proposed changes**
  - \$50 minimum rent
  - “Up to one year”
  - No renewal before 12 months
  - Renewed at USDA’s discretion

# RA and VOUCHERS



- **Maturing/expiring mortgages**
- **Sec. 542 vouchers – for prepayment or foreclosure**
- **Proposed voucher changes**
  - Vouchers for all properties leaving 515
  - USDA set priorities

# Poll Questions



The Budget was released on Groundhog Day. Does that mean we are in for a harsh winter?

- Yes
- No
- I roll with the Woolly Bear Caterpillar



# DEPT. OF HOUSING AND URBAN DEVELOPMENT



- **Despite its name, HUD does serve rural areas.**
- \* **E.g., a 2012 HAC study found that in rural America there are 227,000 public housing units, 211,000 Section 8 units, 64,000 Section 202 units for seniors, and 7,900 units of Section 811 housing for the disabled.**

# HUD in the 2016 Budget



- **The FY 2016 HUD budget mostly proposes increases in programs above the FY 2015 appropriated levels (which were only made final in December).**
- **Only CDBG is proposed for major cuts in 2016.**
- **This budget is the highest for HUD proposed during the Obama Administration. Overall increase would be from \$45.4 billion in 2015 to \$49.3 billion in 2016.**

# HUD FUNDING

(in millions of \$)



	FY14 Final	FY15 Final	FY16 Admin. Budget
CDBG	\$3,030	\$3,000	\$2,800
HOME	1,000	900	1,060
SHOP Set Aside	-	-	10

# HUD FUNDING

(in millions of \$)



	FY14 Final	FY15 Final	FY16 Admin. Budget
Tenant Based Rental Asst	\$19,177	\$19,304	\$21,124
VASH for homeless vets	75	75	-
Proj. Based Rental Asst	9,917	9,730	10,360
Public Hsg. Capital Fund	1,875	1,875	1,970
Public Hsg. Oper. Fund	4,400	4,400	4,600

# HUD FUNDING

(in millions of \$)



	FY14 Final	FY15 Final	FY16 Admin. Budget
Choice Neighbhd Init	\$90	\$80	\$250
Indian Hsg Block Grants	650	650	660
Homeless Assistance	2,105	2,135	2,480
HOPWA	330	330	332

# HUD FUNDING

(in millions of \$)



	<b>FY14 Final</b>	<b>FY15 Final</b>	<b>FY16 Admin. Budget</b>
Sec. 202 for Elderly	384	420	455
Sec. 811 for Disabled	126	135	177
Fair Housing	66	65	71
Healthy Homes	110	110	120
SHOP	10	10	-
Housing Counseling	45	47	60

# FY16 HUD BUDGET INCREASES



- **Tenant-based rental assistance**
- **HOME**
- **Public housing operating and capital funds**
- **Homeless assistance grants**
- **Sec. 202 and Sec. 811**
- **Choice Neighborhoods**
- **Housing counseling**

# Colonias Set Aside



- **Budget also proposes to increase the colonias set aside in CDBG from 10 % to 15 % for the border states of AZ, CA, NM and TX.**



# New Ideas



In the **Upward Mobility Project**, up to 10 states or localities could blend funding from HOME, CDBG, and HHS Social Services and Community Services Block Grants “to implement evidence-based or promising strategies for helping individuals” and communities. In exchange for more accountability, states and localities would get more flexibility in these programs.

**Local Housing Policy Grants** would be a new \$300 million program of funding to “localities and regional coalitions ... to support new policies, programs or regulatory initiatives, such as design options, process changes and land use regulations, to create a more elastic and diverse housing stock.”

# HUD RURAL PROGRAMS IN FY16 BUDGET



- **Rural Innovation Fund \$0**
- **Rural Housing and Economic Development program \$0**
- **Rural Capacity Building \$0**

# HAC'S SERVICES

[www.ruralhome.org](http://www.ruralhome.org)



- **Loans and grants**
- **Training and technical assistance**
- **Research and information**
- **Initiatives –**
  - Green building
  - Rural veterans
  - Rental preservation
  - Rural elderly
  - Rural homelessness



**HAC**