

WHAT DOES THE 2017 BUDGET MEAN FOR RURAL HOUSING?



HOUSING ASSISTANCE COUNCIL

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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



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 \$)



	FY15 Final	FY16 Final	FY17 Admin. Budget
Sec. 502 Dir.	\$900	\$900	\$900
Sec. 502 Guar.	24,000	24,000	24,000
Sec. 504 Loans	26.3	26.3	26.3
Sec. 504 Grants	28.7	28.7	28.7
Sec. 523 SH	27.5	27.5	18.5

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 \$)



	FY15 Final	FY16 Final	FY17 Admin. Budget
Sec. 515	\$28.4	\$28.4	\$33.1
Sec. 538	150	150	230
Sec. 514	23.6	23.6	23.9
Sec. 516	8.3	8.3	8.3

USDA SEC. 521 RA FUNDING

(in millions of \$)



	FY15 Final	FY16 Final	FY17 Admin. Budget
RA Total	1,089	1,390	1,405

USDA RA



- **No proposed minimum rent or re-renewal prohibition**
- **\$1,405,033,000 for:**
 - **286,108 renewal units @ \$4,911 each**
 - Total: \$1,405,076,388 (\$43,388 more than requested, ~ 9 units)
 - Sept. 2015: 270,879 RA units
 - **“Modest amount” of 514/516 new construction**
 - **Continued RA for maturing mortgage properties that stay**
 - **Preservation**
- **No RA setasides for new construction or preservation**

USDA RENTAL PRESERVATION PROGRAMS



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

USDA PRESERVATION FUNDING

(in millions of \$)



	FY15 Final	FY16 Final	FY17 Admin. Budget
MPR	\$17	\$22	\$19.4
PRLF	0	0	0
Sec. 542 Vchrs.	7	15	18

USDA RENTAL PRESERVATION



Budgeted amounts for MPR and “a portion” of Section 515 are “expected to preserve approximately 3,507 affordable housing units in 2017.”

MATURING MORTGAGES



- **Maturing/expiring mortgages**
 - 11,500 units in next 8 years
 - \$ in Sec. 521 RA account
 - \$3 million in vouchers

- **Sec. 542 vouchers**
 - Currently for prepaid Sec. 515
 - Proposed changes
 - Also for matured mortgage properties
 - USDA sets priorities

POLL QUESTIONS



Are maturing mortgage properties an issue in your part of the country?

- Yes
- No
- Not sure

U.S. DEPARTMENT 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 Secretary Castro emphasized HUD's reach to communities of all sizes during his budget briefing
- Context matters (beyond the #'s)

HUD IN THE 2017 BUDGET



- HUD's FY 2017 budget "prioritizes ending family homelessness and increasing opportunity for residents of low-income neighborhoods"
- Nearly all HUD programs slated for increased or level funding; CDBG slated for reduction
- HOME funding was a major battle last year; HOME slated for \$950 million this year. Rural advocates for HOME were prominent in last year's HOME funding discussions
- HUD ask is \$48.9 billion, a \$1.6 billion (3.5 percent) increase over FY 2016 level

HUD FUNDING

(in millions of \$)



	FY15 Final	FY16 Final	FY17 Admin. Budget
CDBG	\$3,066	\$3,060	\$2,800
HOME	900	950	950
SHOP Program *	10	10	10 *

HUD FUNDING

(in millions of \$)



	FY15 Final	FY16 Final	FY17 Admin. Budget
Tenant Based Rental Asst	\$19,304	\$19,628	\$20,854
VASH for homeless vets	75	75	- (but \$7 mil for Tribal VASH)
Proj. Based Rental Asst	9,330	10,622	10,816
Public Hsg. Capital Fund	1,875	1,900	1,865
Public Hsg. Oper. Fund	4,400	4,500	4,569

HUD FUNDING

(in millions of \$)



	FY15 Final	FY16 Final	FY17 Admin. Budget
Choice Neighbhd Init	\$80	\$125	\$200
Indian Hsg Block Grants	650	650	700
Homeless Assistance	2,135	2,250	2,664
HOPWA	330	335	335

HUD FUNDING

(in millions of \$)



	FY15 Final	FY16 Final	FY17 Admin. Budget
Sec. 202 for Elderly	420	433	505
Sec. 811 for Disabled	135	151	154
Fair Housing	65	65	70
Healthy Homes	110	110	110
SHOP	10	10	-
Housing Counseling	47	47	47

FY17 HUD BUDGET KEY POINTS



- \$11 Billion over 10 years proposed as MANDATORY spending to address homelessness; 80% housing choice vouchers and 20% rapid rehousing
- Mandatory spending (e.g. Medicare, some farm programs, food stamps, etc.) not subject to annual discretionary appropriations process
- AFFH Enforcement / Enactment
- Major cross-agency focus on breaking down silos, place-based initiatives, and creating a legacy of working across agencies (at federal and state/local levels) to address multi-generational poverty

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. This was proposed by the Administration last year, but Congress did not enact it

OTHER ADMINISTRATION PROPOSALS



In the **Upward Mobility Project**, states, localities or consortia would be allowed to blend funding across four block grants, including the Department of Health and Human Services' (HHS) Social Services Block Grant and Community Services Block Grant, as well as HUD's HOME Investment Partnerships Program and CDBG, that share a common goal of promoting opportunity and reducing poverty

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 FY17 BUDGET



- **Rural Innovation Fund \$0**
- **Rural Housing and Economic Development program \$0**
- **Rural Capacity Building \$0**
- **SHOP program proposed as a \$10 million setaside within the HOME budget; Congress has consistently rejected this proposal. SHOP funds land acquisition and infrastructure costs for Self-Help Housing. About ½ of SHOP funds go toward homes in rural areas**

HUD'S REVITALIZATION INITIATIVE



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INITIATIVES

- Urban Policy Working Groups
- Urban Tour
- Neighborhood Revitalization**

Neighborhood Revitalization Initiative

The Obama Administration recognizes that the interconnected challenges in high-poverty neighborhoods require interconnected solutions. Struggling schools, little access to capital, high unemployment, poor housing, persistent crime, and other challenges that feed into and perpetuate each other call for an integrated approach so residents can reach their full potential.

One piece of the Administration's strategy for catalyzing change in these communities is the Neighborhood Revitalization Initiative (NRI) —a bold new place-based approach to help neighborhoods in distress transform themselves into neighborhoods of opportunity. NRI engages the White House Domestic Policy Council (DPC), White House Office of Urban Affairs (WHOUA), and the Departments of Housing and Urban Development (HUD), Education (ED), Justice (DOJ), Health and Human Services (HHS) and Treasury in support of local solutions to revitalize and transform neighborhoods. The interagency strategy is designed to catalyze and empower local action while busting silos, prioritizing public-private partnerships, and making existing programs more effective and efficient.

<https://www.whitehouse.gov/administration/eop/oua/initiatives/neighborhood-revitalization>

HAC'S SERVICES



- **Loans and grants**
- **Training and technical assistance**
- **Research and information**
- **Initiatives –**
 - Rural veterans
 - Rural elderly
 - Rural homelessness
 - Persistent poverty
 - Self-help



HAC