



Housing Assistance Council

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August 13, 2012

The Honorable Tom Vilsack
Secretary of Agriculture
1400 Independence Ave., S.W.
Washington, DC 20250

Dear Mr. Secretary:

As you know, in June USDA Rural Development released a list of over 900 places that will become ineligible for USDA's housing programs when 2010 Census data are applied to the relevant definition of rural. Some of these places have been "grandfathered in" since 1990. I am writing to ask you to postpone implementation of this change.

Nonprofit rural housing producers have contacted the Housing Assistance Council (HAC) to express concern about the impact of a sudden change in area eligibility. These are strong, reliable organizations that have made good use of USDA's housing programs to improve housing conditions for thousands of rural Americans over several decades. Because they are experienced developers, they plan ahead, securing options to purchase land or even purchasing land, conducting engineering and environmental studies, and making other preparations, as much as four or five years before actual construction.

These good business practices will put them in a difficult position now, however, if USDA implements the change on October 1 or shortly after that date. They would lose time, effort, and money invested in many of the places that will become ineligible. While it is reasonable to focus USDA's housing programs in places that are rural now, rather than those that were rural in the past, the change should not inadvertently penalize local developers.

A workable alternative would be to institute a grace period before putting the change into effect. If developers have advance notice that the change will take effect on October 1, 2013, they will have time to change plans and avoid making new investments in soon-to-be non-rural places. Given the long lead time needed for housing development, an even longer grace period would not be unreasonable.

Please contact me if you would like to discuss this issue further, or if HAC can be of assistance.

Sincerely,

Moises Loza
Executive Director

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