



## Housing Assistance Council

Building Rural Communities

1025 Vermont Ave., N.W., Suite 606, Washington, DC 20005, Tel.: 202-842-8600, Fax: 202-347-3441, E-Mail: hac@ruralhome.org  
www.ruralhome.org

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### **Affordable Rural Housing Issues and Recommendations: SUSTAINED ECONOMIC RECOVERY**

Improving the current economy requires fast action to create new jobs and stabilize communities. The U.S. Department of Agriculture's rural housing programs are well situated to contribute to this effort, with a delivery system already in place and a backlog of applications that cannot be funded with current appropriations levels. USDA's housing programs can create jobs, provide stability for workers, make communities viable in the long term, and help save energy and protect the environment, while improving living conditions for low-income rural Americans. Employers make decisions about relocation into, expansion within, or departure from a rural town based in part on the availability of affordable housing for workers. Thus, the Housing Assistance Council encourages the Obama Administration and the 111<sup>th</sup> Congress to add the following amounts to existing appropriations for the following programs.<sup>1</sup>

- **\$1 billion for low-interest, fixed-rate mortgages** through the Section 502 direct homeownership loan program would enable first-time, low-income purchasers to buy 10,000 homes, creating as many as 30,500 jobs. While some places may have an oversupply of for-sale homes, many rural areas desperately need new houses constructed.
- **\$250 million for construction of 3,000 new rental units** financed by the Section 515 rural rental housing program could create almost 3,500 jobs.
- **\$400 million for the Multi-Family Housing Preservation and Revitalization Program (MPR)** would rehabilitate and preserve 14,870 Section 515 rental units and create 4,400 construction jobs over 18 to 24 months.
- **\$100 million for the Section 533 Housing Preservation Grants Program** would be used to rehabilitate 3,500 Section 515 units and create 1,100 jobs.
- **\$20 million for loans and \$80 million for grants in the Section 504 repair program** to would address health and safety concerns 12,000 homes owned by very low-income rural residents while creating up to 1,100 jobs.
- **\$50 million for loans and \$50 million for grants would fund construction of 10,000 rentals** for farmworkers through the Section 514/516 farm labor housing program.
- **\$35 million to help local organizations run "sweat equity" homeownership programs** in rural places using the Section 523 self-help housing program would help hundreds of low- and very low-income families become homeowners for the first time.
- **\$300 million for the Section 521 Rental Assistance program** would make rents affordable for 3,000 low-income rural renters over five years.
- **A proportion of Neighborhood Stabilization Program (NSP) funds in each state should be targeted to rural places.** In many states, rural areas will not receive funds from the first NSP round to address foreclosures because cities have greater numbers of foreclosures and the program structure poses some barriers. Under any additional NSP allocations, each state should be required to use a portion of its funds in non-entitlement areas according to their proportionate share of need as measured by HUD's formula; funds not used by a reasonable date should be returned to the state for re-allocation. In addition, to help make the program accessible to rural places, the provision rolling local sub-allocations of less than \$2 million into the state grant should be eliminated.
- **HAC supports recommendations submitted by others** regarding additional funds in the Department of Housing and Urban Development's programs for public housing and others.

<sup>1</sup> National Association of Home Builders calculations were used to estimate the numbers of jobs that could be generated by these resources.