



## 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 HAC is an equal opportunity lender.

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### **Affordable Rural Housing Issues and Recommendations: RURAL HOUSING PROGRAM FUNDING LEVELS**

Efforts to improve housing conditions for low-income rural Americans could benefit from some new ideas – but tried and true ideas must be retained as well. Most of the U.S. Department of Agriculture (USDA) rural housing programs have proven their effectiveness over several decades, and recent additions at USDA and the Department of Housing and Urban Development (HUD) have added valuable new tools.

Adequate funding levels for existing programs, therefore, are essential to continued progress in rural housing. The Housing Assistance Council encourages the Obama Administration and the 111<sup>th</sup> Congress to:

- △ **Restore and maintain full funding for HUD and USDA housing programs.** Recommended funding levels for key rural housing programs are shown in Table 1.
- △ **Fund and implement the recently authorized national Housing Trust Fund**, which is targeted to develop rental housing for the very lowest income Americans. In 2010, the national Housing Trust Fund created by the Housing and Economic Recovery Act of 2008 should begin receiving funding from Fannie Mae and Freddie Mac that is not subject to the annual appropriations process. This funding could be jeopardized, however, if Fannie Mae and Freddie Mac are in poor financial health in 2010. To make this unique program as effective as possible in addressing the needs of the poorest rural Americans, HAC recommends:
  - **Add other sources of dedicated funding** for the Housing Trust Fund, beginning in FY 2009, in addition to any funds allocated from Fannie Mae and Freddie Mac.
  - **Ensure that HUD's program regulations require states**, which will administer the funds, to provide a fair share of funding to rural areas.
  - **Ensure that by mid-summer 2009 HUD issues initial regulations and the formula it will use to allocate funds to the states**, so that implementation will be fast and smooth when funds become available.
  - **Provide vouchers for tenants in trust fund housing as needed.** For example, in rural areas with very high poverty levels and low median incomes, even the relatively low rents in trust fund housing may be too high for tenants to pay within 30 percent of their incomes.
- △ **Ensure adequate funding to meet the operations and capital needs of public housing.** Although public housing receives little positive attention, it remains a valuable housing resource for the lowest-income people in rural and urban areas. Furthermore, taxpayers have made considerable investments in these properties already. Public housing authorities, whether operating 20 units in a small town or hundreds in a major city, need continued federal support and funding because people continue to need the housing they provide.
- △ **Encourage and fund green building methods.** Efficient use of energy and natural resources, healthy surroundings, and sensitivity to the environment are as important in affordable housing as in market rate buildings.

**Table 1**  
**Recommended Rural Housing Program Funding Levels**  
**Housing Assistance Council**

<b>USDA Rural Development Program</b>	<b>HAC Recommndtn for FY 2009 Approp. (dollars in millions)</b>	<b>HAC Recommndtn for Econ. Recovery (dollars in millions)</b>
<i>Loans and Guarantees</i>		
502 Single Fam. Direct	\$1,000	\$1,000
502 Single Family Guar.	4,800	
504 Very Low-inc. Repair	30	25
514 Farm Labor Hsg.	50	50
515 Rental Hsg. Direct	150	250
538 Rental Hsg. Guar.	150	
<i>Grants and Payments</i>		
Rental Prsrv. Revlg. Loans	*	
504 Very Low-inc. Repair	30	25
516 Farm Labor Hsg.	50	50
523 Self-Help TA	60	35
533 Hsg. Prsrv. Grants	50	
521 Rental Assistance**	997	300
542 Rural Hsg. Vouchers	*	
Rental Prsrv. Demo. (MPR)	50*	400
Rural Cmnty. Dev't Init.	10	
<b>HUD Program</b>		
Rural Hsg. & Econ. Dev. (RHED)	25	

\* HAC recommends a total of \$50 million be appropriated for USDA's Multifamily Rental Preservation Demonstration, Section 542 preservation vouchers, and the Rental Preservation Revolving Loan Fund (PRLF), to be allocated among those three programs by USDA. USDA should allocate at least \$10 million for the PRLF.

\*\* HAC recommends \$997 million to renew expiring one-year Rental Assistance contracts and an additional \$300 million to provide 3,000 new contracts for five years each.