



Housing Assistance Council

Building Rural Communities

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Affordable Rural Housing Issues and Recommendations: USDA RURAL DEVELOPMENT MISSION AND STRUCTURE

When the Farmers Home Administration began running the housing programs now overseen by the U.S. Department of Agriculture's Rural Development arm (USDA RD), it was said to be "the lender of last resort," funding new homes and housing improvements for the lowest-income rural Americans who could not obtain financing anywhere else. Before 1994, Farmers Home had an office in almost every rural county in the country, giving it a unique local presence that made its programs accessible to rural residents, even those without telephones.

More recently, however, RD has lost sight of its original mission and philosophy. RD officials have called the agency "rural America's venture capital firm" (2003) and a leader of a "rural renaissance" based on technology (2007). At the same time, cost-saving measures have led to consolidation of many field offices. Clients are now served by regional offices covering numerous counties, loan servicing is centralized in a single national office, and the agency's clients are encouraged to communicate electronically. These changes have not benefited low-income rural residents or their community organizations.

The Housing Assistance Council strongly encourages the Obama Administration and the 111th Congress to:

- ⊖ **Reinvigorate the original mission and philosophy of the USDA RD housing programs.** RD does not need to duplicate the private sector's functions. It should be rededicated to assist those who are not served by market-rate loans or by loan guarantees.
- ⊖ **Hold RD leadership accountable for meeting the agency's mission and goals.** Failure to use all available funds does not always indicate a lack of need for housing assistance. Leadership staff must be held accountable for any failures to reach out to communities, hold accessible office hours, obtain training needed, or take other steps to meet housing needs.
- ⊖ **Avoid further consolidation of USDA RD field offices.** Centralization works well for RD's multifamily programs, when the agency's customers are for-profit or nonprofit housing developers, and for water/sewer programs. But rural families needing RD assistance to purchase or repair their homes should be served by people who live near them and share their culture, at least until universal access to high-speed internet and computers are achieved, as well as universal ability to use them. In addition, local offices can implement flexible policies to serve local conditions where a single national model will not fit. Therefore servicing for the Section 502 and 504 programs should remain in local offices.
- ⊖ **Ensure the rural housing programs remain at USDA.** For the same reasons that USDA RD should maintain field offices nationwide, its rural housing programs should not be moved to the Department of Housing and Urban Development (HUD). The differences between rural and urban America are real. USDA's expertise and its established network of offices are needed to deliver housing assistance in rural places.
- ⊖ **Identify and train specialized RD staff.** Not every sub-state office around the country needs expertise in issues like Native American land tenure or rental housing preservation, but expert staff must be available to handle those subjects when they arise.
- ⊖ **Use local community organizations to supplement RD activities.** While some states or parts of states lack effective housing organizations, in many states local organizations have worked closely with RD for decades. In others the two do not have a long-term relationship but could be effective partners. RD would benefit from developing these partnerships whenever possible, as would the low-income rural residents it serves.
- ⊖ **Conduct outreach, based in local languages and cultures,** to ensure that low-income rural residents know the RD programs are available to them.
- ⊖ **Consult with stakeholders,** including community organizations, rural residents, and labor/employee organizations, at the state and national levels regarding RD's structure, goals, and program administration.
- ⊖ **Facilitate coordination of funding programs among housing agencies.** Currently a rural housing organization using funding from HUD, USDA, and other sources must undergo multiple environmental reviews, provide the same information repeatedly, and communicate separately with each funder. Agencies could streamline the process considerably, saving money and time for everyone involved, by coordinating their paperwork and requirements.