



Vol. 14, No. 1

February 14, 2011

## **A Budget Ronald Reagan Would Be Proud Of**

In the media there has been a lot of buzz about the centennial of Ronald Reagan's birth. In keeping with that spirit the Obama Administration has released an FY 12 rural housing budget that could only be described as 'Reaganesque'.

These so-called progressives have come up with a plan that provides less than 2000 units, only about 8000 units less than current, of section 502 direct loans for the entire country and eliminates the self help housing program. In its place there's plenty of money for guaranteed loans – never mind that the USDA's Economic Research Service recently released a report indicating that the guaranteed single family program is the least targeted of all USDA guarantees and provides the least assistance to smaller, more isolated communities and lower income households.

The cuts extend beyond section 502 and self help housing. Multi-family restructuring is closed down except for vouchers. Section 504 loans are eliminated, 504 grants reduced, Water sewer financing cut. Section 515 gets a

token increase, but that will hardly cover the loss of 8000 units of affordable housing through section 502 direct.

How bad is this budget? There is more money in rural housing in the Continuing Resolution drafted by the House Republican Appropriations Committee for FY 11 than in the Obama Administration FY 12 budget. The House cuts \$100 billion from domestic discretionary for the seven months remaining in the fiscal year but still found a way to continue section 502 at the current rate, fund 504 loans and provide \$37 million for self help. The House has more money for rental assistance than the FY 12 request(See [attached table](#))

There is ample evidence that section 502 direct loans are the least costly affordable housing program in the federal government. Over 50,000 families are on the wait list for self help housing so that they can spend nights and weekends working to build their own home.

These are Democrats so should come as no surprise. Under the Clinton Administration the wizards at USDA concocted payment assistance as a substitute for section 502 interest credit, which cut subsidy rates on section 502 direct loans by over a third and made it more difficult for low income families to qualify, cut section 502 to less than a billion dollars, presided over the dismantling of section 515 and was regularly outspent on rural housing by a Republican Congress.

The current crowd at the Whitten and South Buildings promised last year to double self help housing. They said that section 502 direct loans would be a priority. What's changed? Is the Rural Housing Service so far down the flag pole at USDA that the priorities of RHS are left on the cutting room floor? Apparently.

This week, along the Rural Community Assistance Partnership, NRHC is holding a briefing on rural housing and community facilities success stories. It is scheduled for Capital Hill; maybe it should be moved to USDA.

### **HUD and Elsewhere**

As advertised, there are substantial reductions in HUD. CDBG is down by a billion dollars. Some of that gets made up by eliminating earmarks and HUD initiatives for regional planning etc. Rural Innovation Grants continue at \$25 million. HUD Section 108 is increased to \$500 million, but without any budget authority request which means it will be self financing. HOME is set at a freeze \$1.65 billion. NeighborWorks gets a freeze.

### **What's Ahead?**

This week the House will take up the [FY 11 Continuing Resolution](#), which will keep the government operating from March 5 through the end of the Fiscal Year. As noted, the House bill provides substantial reductions from domestic discretionary spending. The House will consider the legislation under rules that allow further reductions so the cuts could exceed the \$100 billion total as proposed by the Appropriations Committee.

Both Houses are out next week for President's Day so the Senate will not act on the House bill and there will be another short term CR. The House cuts will be hard for the Senate to swallow and it may be that in the end the Congress passes a CR at the current rate for the balance of the fiscal year. This would provide around \$50 billion in cuts from the FY 11 request.

After Congress finishes FY 11 it turns to FY 12. The House will no doubt seek further reductions in domestic spending. Therein lies the great perils for rural housing interests. The Administration will attempt to defend its appalling budget for rural housing and the danger is the Congress, without a lot of calls and letters will be inclined to give in.

Watch this space for more.

## Fiscal Year 2011 Appropriations; Fiscal Year 2012 Budget

**FY 11 Appropriations State of Play:** The federal government is now funded under a Continuing Resolution, which runs through March 18. That bill continues most federal programs at the Fiscal Year 2010 rate.

The House has passed **HR 1**, a Continuing Resolution (CR) which provides appropriations for all federal agencies for the balance of FY 11. That bill includes on freeze on most rural housing programs, including \$1.1 billion for section 502 direct loans and \$37 million for mutual and self help housing. The House bill is more than \$60 billion below a FY 10 freeze and \$100 billion below the FY 11 Administration budget.

On March 4, the Senate Appropriations Committee released its version of an FY 11 CR. That bill is \$10 billion below a freeze and \$50 billion below the budget request. The Senate request follows the House on section 502 and self help and provides additional funding for multi-family restructuring.

**Next Steps:** On Tuesday, March 8, the Senate will vote on both HR 1 and on the Senate Appropriations Committee bill. Neither is expected to get the votes necessary to pass the Senate. After that vote, negotiations between House and Senate leadership, and the White House, led by Vice President Biden are expected to resume.

**FY 12 Budget:** The President's Budget reduces section 502 loans from \$1.1 billion to \$200 million and eliminates self help housing grants.

**Issue for Rural Housing:** The Administration has been increasing its efforts to pull FY 12 budget proposals into the FY 11 CR. The Senate Democrats are almost certain to look for additional saving to get close to the House number of \$60 billion in cuts. NRHC is urging rural housing advocates to contact their Senators to urge opposition to the 80% reduction in section 502 and elimination of self help housing. Congress should not approve these reductions in either the FY 11 Continuing Resolution or the FY 12 Agriculture Appropriations Bill.

**Timing:** Negotiations will pick –up steam immediately after the vote on Tuesday, so calls should go in as soon as possible.

## **Congress Enacts Continuing Resolution through April 8 –End Game in Sight?**

Earlier this week, Congress passed another Continuing Resolution that continues federal spending through April 8. The hope is that this three week spending bill, which generally continues spending at the FY 10 rate, will provide the breathing room for final negotiations. The House vote on the CR was passed over the objections of 54 Republicans who voted against the bill.

Initial, and some say final, negotiations are scheduled to take place between the Administration and House Republicans. There is some speculation that the Senate will not play a major role in working out the details. The other unknown is the role that House Democrats will play. The CR passed the House only because of their votes, the Democrats believe they will have a role in negotiations, particularly if the budget reduction number drops. In any event, this may be the beginning of the end game, or not.

The important point is that the facts haven't changed. The final continuing resolution will have significant spending cuts that will total over \$30 billion. The Administration will continue to try to accelerate their FY 12 reductions into the FY 11 bill. HR 1 cut a number of White House initiatives as well as curtailing policies that range from healthcare to climate change.

For these reasons, it is still important to support the rural housing provisions in HR 1, particularly as they relate to self help housing and section 502 direct loans. HR 1 holds most rural housing programs at a freeze or close to a freeze. While our focus has been on the Senate since HR 1 was passed, it is now time to turn back to the House to ask your Representative to contact the House Appropriations Committee to urge support for levels in HR 1.

It is also important to urge Members to oppose accelerating FY 12 budget cuts for rural housing into the FY 11 CR. For example, through March 14 USDA has 2,648 loans obligated, totaling \$298.5 million and has \$11 million distributed but unobligated. Taking into account unobligated funds USDA will make about 2800 loans through the end of the month. If rural housing loans are cut to budget request, ( \$220 million) this will mean that over 7000 low income families who would ordinarily expect to get a loan will not. This will be devastating for them as well as for the rural communities in which they live.

Congress is on recess for the week of March 21, contact your Member at home.



## Representative Costa Circulating Letter on Rural Housing Programs

Rep. James Costa (D-CA) is circulating a letter to the House Democratic Appropriations leadership in support of rural housing programs. Rep. Costa's letter indicates support for the appropriations levels for rural housing programs, particularly section 502 and self help, in HR 1, the continuing resolution for the balance of the current fiscal year. NRHC is supporting Costa's letter and is asking members of the Coalition to contact their **Democratic** Representatives to urge them to sign on. The deadline for the letter is Wednesday, March 30. The contact person is Costa's office is Ben Parmentier (202) 225- 3341. A copy of the letter is [attached](#).

## Representative Costa Letter on Rural Housing Programs

The deadline for the letter to the House Democratic Appropriations leadership in support of rural housing programs sponsored Rep. Costa has been extended until **Friday, April 1st**. Thanks to all of you who have reached out to your representatives thus far, with these extra days we hope to be able to get more members to sign on. So far we have Costa, Filner, Corrine Brown, Cardoza, and Hinojosa on the letter.

As a reminder Costa's letter indicates support for the appropriations levels for rural housing programs, particularly section 502 and self help, in HR 1, the continuing resolution for the balance of the current fiscal year. NRHC is supporting Costa's letter and is asking members of the Coalition to contact their **Democratic** Representatives to urge them to sign on. The contact person is Costa's office is Ben Parmentier (202) 225- 3341. A copy of the letter is [attached](#).

## Congress Poised to Complete Fiscal Year 11 Appropriations

Last night the House of Representatives filed HR 1473, the Full Year Continuing Resolution for FY 11. This bill, which will be considered by the House on Wednesday and by Senate on Thursday, completes action on appropriations for FY 11. With enactment of the current year spending Congress will immediately turn to the FY 12 appropriations process.

The bill cuts \$38.5 billion from the FY 10 rate of domestic discretionary spending. This amount is \$78.5 billion less than the FY 11 budget and more three-quarters of the way to the House Republican goal of cutting \$100 billion. That additional \$22 billion, or a little more, is contained in separate legislation – the House Budget Resolution for next fiscal year – FY 12 -- that is on the House floor today.

The [attached chart](#) contains a summary of spending decisions made in the bill for rural housing and other housing and community development programs. While there are few eliminations – HUD's Rural Innovation's Fund is one - there are plenty of reductions.

In general, rural housing programs were held at program level freeze and fared better than many other programs. The increase in fees on section 502 guarantees was an important factor in appropriations committee decision making. Based on FY 10 spending, the many short term continuing resolutions passed by Congress carried forward \$172 million in budget authority used to support the guarantee. In August, Congress changed the fee structure to make the guarantee a no cost program. However, because it was appropriated in FY 10, the subsidy cost for guaranteed was carried over, but was no longer necessary and therefore available to address cost cutting requirements of the initial House bill.

Congress, led by the House, increased budget authority to maintain FY 10 rates in the face of higher subsidy costs. Equally important, Congress did not accept any administration recommendations, based on the FY 12 budget. The budget proposed to end most rural housing programs. OMB officials attempted to insert administration proposals throughout final deliberations.

While this is an important victory, the spending debate is far from over. The Administration's rural housing budget is terrible and, if this CR is any guide, they are working at it. At least in the House, an additional \$20 billion or more in spending cuts is on the way. However, for the moment – from April 16 when

the final CR takes effect through September 30 – there is still a rural housing program.

Vol. 14, No. 7

April 14, 2011

**Final NRHC House Agriculture Appropriations  
Testimony**

[Attached](#) please find a final copy of NRHC's FY 12 statement before the House Ag Appropriations Committee that was submitted today.

## Senate Agriculture Appropriations Request for FY 12

Thank you to those who contacted the House last week, it is now time to turn our attention to the Senate. The deadline for Senators to submit requests for Ag Appropriations is May 27th. We encourage you to contact your Senators as soon as possible with specific requests on rural housing. Please find attached [additional information and guidelines](#) on submitting request as well as [updated charts](#) on budget authority for rural housing programs and NRHC's [appropriations testimony](#) that includes FY 12 recommendations.

## House Sets Timetable for Appropriations Action

On May 10, the House Appropriations Committee released a schedule for Committee and floor consideration and allocations for all subcommittees for Fiscal Year 2012 appropriations.

The schedule: Agriculture will have subcommittee consideration on May 24, full Committee on May 31 and will be on the floor in June.

The Money: Picking up where last month's deal on the CR left off, the House Appropriations Committee proposes another \$45.7 billion from domestic spending and foreign aid next year. Agriculture is down -\$2.6 billion from FY 11 and -\$5 billion from the budget request but those numbers mask about \$1.9 billion in mostly one time savings gained from the farm bill programs on the FY 11 bill. So, there is a big reduction in the topline number for USDA. The Appropriations Committee table for FY 12 is [here](#).

### What You Can Do: Rural Housing Call-In Day

On Wednesday, May 17th NRHC is urging its members to call their Representative on FY 12 rural housing budget. Ask your Representative to contact the Appropriations Committee and the Agriculture Appropriations Subcommittee to indicate support for a freeze in appropriations for rural housing programs. This is the level enacted last month in the FY 11 Full Year Continuing Resolution (HR1473). A table on FY 11 rural housing appropriations is [here](#).

- \$1.1 billion in direct homeownership loans;
- \$37 million for self help housing;
- \$69 million in rural rental housing loans;
- \$27 million for farm labor housing;
- \$44 million for rental housing preservation; and
- \$58 million in home repair loans and grants.

#### Key Points:

These programs provide tremendous benefit to smaller rural communities that have the fewest options for affordable housing. ***Of particular concern is Administration's proposal to all but eliminate the section 502 direct loan and eliminate the Mutual Self Help Housing program. These programs constitute the backbone of the rural housing programs and are principal affordable housing resource for rural America. Section 502 loans are***

***very cost efficient, with a projected cost only about \$5,000 per loan in FY 12. Self help housing allows family to gain equity in their own home by working nights and weekends to provide 65% of the labor necessary to build their home. Continuing these programs is essential. .***

Be sure to tell your representative that while federal spending on other programs has grown, that is not the case for rural housing loans and grants. ***Federal spending on rural housing loan and grant programs has dropped over recent years.*** In Fiscal 2003, budget authority devoted to rural housing totaled \$342 million. If Congress continues rural housing programs at the FY 11 rate, the cost to the federal government will be half the amount spent in 2003.

You can reach your Representative by calling the switchboard at the Capitol: 202-224-3121.

## Signing on for Rural Housing

Today, Senators Charles Schumer (D-NY) and Olympia Snowe (R-ME) issued a Dear Colleague seeking support for rural housing programs for Fiscal Year 2012. The letter seeks an adequate level of funding with the goal of continuing assistance at the Fiscal Year 2011 rate.

NRHC is asking members to contact their Senators to sign the Snowe-Schumer.

Time is tight; the deadline for submission of the letter is May 25.

Links to the letter as well as the FY 11 letter and Schumer-Snowe letters are attached. More information on rural housing budget cuts and appropriations, visit our website: [nationalruralhousingcoalition.org](http://nationalruralhousingcoalition.org)

[FY 2011 USDA Housing Appropriations](#)

[FY 2012 Rural Housing DC](#)

FY 2012 Senate Agriculture Appropriation May 20th document

## Appropriations Committee Mark-up Today

At 5 pm eastern time today, the House Appropriations Committee marks-up the FY 12 Agriculture Appropriations Bill. The Agriculture Appropriations Subcommittee reported the bill to full committee last week. The Subcommittee bill, while proposing reductions in rural housing programs did not adopt the Administration's proposal to eliminate self help housing grants or reduce section 502 direct loans by 80%. Self help housing is set at \$22 million, down from \$37 million and section 502 loans receive \$845 million, reduced from \$1.12 billion. Because self help and section 502 loans are substantially higher than the budget request, both programs are targets for amendments. See table [here](#).

At the Agriculture Appropriations Subcommittee mark-up last week, Rep. Cynthia Lummis (R-WY) proposed an amendment to eliminate self help housing grants in favor of broadband loans, which were eliminated in the subcommittee bill. That amendment failed on a voice vote. We understand that a similar amendment may be offered in full committee, although we have not yet confirmed a sponsor.

NRHC is urging its members to call their Representatives. Members on the Appropriations Committee should be asked to oppose any amendment to cut rural housing programs and to support the subcommittee's recommendation. For Representatives who are not on the Committee, please ask Republicans to call Appropriations Committee Chairman Rogers (KY) and AG Subcommittee Chairman Kingston (GA) and Democrats please call Ranking Full Committee Member Dicks (WA) and Ranking Subcommittee Member Farr (CA) to urge them to oppose any amendment to cut rural housing programs and to support the subcommittee's recommendation.

**The message: oppose any amendment to cut rural housing programs and support the subcommittee's recommendation.**

Key points:

- There are already substantial reductions in rural housing in the Subcommittee bill;
- Rural housing loan subsidies by 40%;
- Rural housing direct lending is down from \$1.292 billion to \$922 million;
- Self Help Housing grants are cut by 40%;

- Substituting guaranteed for direct loans will not work. USDA's Economic Research Service reports that section 502 guaranteed loans do not serve well smaller poorer, more remote rural communities; and
- Self Help housing families provide 65% of the labor to build their own home. More than 50,000 families across rural America are on waiting lists to participate in self help housing.

## House Agriculture Appropriations Bill Advance to the Floor

On May 31, the House Appropriations Committee reported to the floor the Fiscal Year 2012 Appropriations Bill. That bill includes funding for federal rural housing and community development programs. In the House, the focus continues to be on substantial reductions in domestic discretionary spending. The Fiscal Year 2011 full year continuing resolution cut non-defense spending by \$40 billion. The FY 12 House passed budget resolution proposes an additional \$47 million in cuts, bringing the total available to less than that of Fiscal Year 2006. The impact of the budget blueprint is clear on the House Agriculture Bill, which is \$2.7 billion below the FY 11 rate and more than \$5 billion below the President's budget.

The House bill proposes reductions in rural housing programs, but does not adopt the Administration's proposal to eliminate self help housing grants or reduce section 502 direct loans by 80%. Self help housing is set at \$22 million, down from \$37 million and section 502 loans, \$845 million, reduced from \$1.12 billion.

Overall rural housing loan subsidies are reduced by 40%, a substantial reduction but 30% higher than the USDA budget request. Rural housing direct lending is down from \$1.292 billion to \$922 million. Funding for farm labor housing is down from \$19 million to \$12 million. Section 504 loans and housing preservation grants are on the cutting room floor. Section 515 is set at \$58 million.

Rental assistance is reduced by \$63 million from the current rate and \$16 million from the budget request. Of the total provided for rental assistance \$4 million is for new construction. Multi-family revitalization is limited to \$11 million for vouchers. The bill cuts water sewer loans by \$40 million and water sewer grants by \$4 million, although \$16 million above the budget request. The IRP is cut back to \$15 million. RCDI is reduced to \$3 million. USDA salaries and expenses drop from \$688 million to \$594 million.

In an example of the damage done by the USDA budget proposal to eliminate self help housing grants, at both subcommittee and full committee, amendments were offered to follow the budget request. In both instances, the rationale advanced was mostly based on the question: If USDA doesn't want this, why do we?

In both instances the leadership of the Committee beat back these amendments and both failed on a voice vote. However, it is probably the case

that there will be a similar amendment when the bill hits the House floor, tentatively scheduled for the week of June 13.

Please find here the [bill](#), the [Committee report](#) and [our table](#).

Thank you for your support,

Sarah Mickelson

## House Agriculture Appropriation Bill Scheduled for Floor Action

### Introduction

This week and no later than Tuesday, the House of Representatives will vote on HR 2112 the Fiscal Year 2012 [Agriculture Appropriations Bill](#).

This legislation provides funding for federal rural housing and community development programs.

Since the release of the President's budget, NRHC has fought an uphill battle to save rural housing at the Agriculture Department. A new conservative Congress bent on cutting domestic spending and an FY 12 USDA budget that essentially ended affordable housing programs, have presented major challenges rural housing supporters. However, the full year continuing resolution continued a freeze on most programs and the House Ag Appropriations bill provides substantially more resources than the USDA budget.

The upcoming debate on the House floor presents the great challenge yet.

### State of Play

The House passed budget resolution cut domestic spending by \$47 billion. As a result, HR 2717 cuts funding for USDA by over \$2 billion. The bill includes substantial reductions to rural housing programs. See attached [table](#), [summary and talking points](#) for HR 2112. However the bill is far better than USDA budget and provides over \$600 million above the request for section 502 direct loans and rejects the budget's recommendation to eliminate mutual and self help housing, appropriating \$22 million. NRHC has [endorsed](#) the rural housing provisions of the bill.

In both subcommittee and full committee mark-ups, Members proposed amendments to eliminate appropriations for self help housing grants. In both cases, the principal argument was that the budget proposed elimination. (Both amendments were successfully opposed by the leadership of the Appropriations Committee.) For this reason, it is possible that self help and section 502 loans – with appropriations well above the budget request-- will be targets for amendments.

### What You Can Do

Please call your Member of Congress to urge opposition to any amendment reducing funding for rural housing programs including for section 502 direct loans and self help housing. HR 2112 keeps in place the core of rural housing programs. If section 502 is reduced to the budget request, then the future of the rural housing program at USDA is in doubt. Section 502 is the only affordable housing program of consequence at USDA. Elimination of self help housing grants will signal the demise of a delivery system of over 100 organizations across the country that work with families to gain a chance at home ownership.

A number of Members have signed rural housing support letters either on the [full year continuing resolution](#) or on the [FY 12 bill](#). If your Representative signed one, make a call and be sure they know that their letter had a positive effect and that we continue to need their help. If your Representative did not sign, there is still a chance to help, ask for opposition to any amendments that reduce rural housing appropriations.

Members of Congress will be returning to Washington today. More information about amendments should be available during the day and NRHC will get the word out as soon as it has it. In the meantime, please make your calls today.

There are fact sheets and related information on the NRHC [website](#). If you have any questions please let us know. You can reach you Representative by calling the Capitol 202-224-3121.

## House Agriculture Appropriations on the Floor Today

Today, June 14, the House will begin consideration of the HR 2112 Agriculture Appropriations Bill 2012 ([bill](#) and [report](#)). At this moment, there are two amendments expected on rural housing programs:

- Mutual and Self Help Housing – Sponsor Rep Jeff Flake (R-AZ) to eliminate funding for section 523 self help grants and place savings in the deficit spending reduction fund; and
- Rural Housing Assistance Grants – Sponsor Rep. Paul Broun (R-GA) reduce RHAG to budget request, which will reduce section 504 grants from \$32 million to \$11.5 million and place savings in the spending reduction account.

### Points on Mutual and Self help

- The House bill already cuts mutual and self help housing grants by 40% ( from \$37 million in FY 11 to \$22 million);
- Over 100 organizations in 37 states participate in the Self-Help Housing program. These organizations support groups of 8 to 12 self-help families who construct each other's homes, and perform 65 percent of the construction labor. Through this "sweat equity", each homeowner earns equity in his or her home, decreasing the cost burden and investing in the community;
- Over the last three years self-help housing organizations have constructed some 3500 units of self help housing. While providing the opportunity for home ownership is the principal benefit of self help housing, there are other, substantial community impacts. Based on estimates from the National Association of Home Builders the 3500 self help homes constructed in rural America account for over 11,000 jobs and over \$738 million in local income and \$77 million in taxes and revenue; and
- Over half of the participants in self-help housing are minority households. Despite the fact that families participating in self-help housing have lower incomes that others receiving Section 502 loans, default and delinquency rates for self-help families are lower; and
- Over 50,000 families are on waiting list to participate in self help housing

### Points on Section 504 grants

- Appropriations for section 504 grants are included in the Rural Housing Assistance Grant (RHAG) account and section 504 is the only program funded in the account;
- HR 2112 recommends \$32 million for section 504, which \$8 million below the FY 11 rate and \$20.5 million above the budget request;
- Section 504 grants are the only federal program targeted to home repair for elderly household living in rural America;
- In FY 10, over 6000 units were repaired with section 504 grants;
- Over 1 million units of occupied housing in rural America are substandard. HR 2112 eliminates two other home repair programs – section 504 loan and rural housing preservation grants. The section 504 grants program is the only resource left to improve substandard housing in small towns and farming communities.

Please make your calls to your Representative today.

## House Ready to Pass Agriculture Appropriations Bill

At this hour the House is poised to pass [HR 2112](#) the Fiscal Year 2012 Agriculture Appropriations Bill (see [Report](#)). The bill is almost \$7 billion below the FY 12 budget request and has substantial reductions throughout.

The legislation does not adopt the central USDA budget recommendation on rural housing – deep reductions in section 502 direct loans and elimination of mutual and self help housing grants. To be sure there are large cuts in rural housing and it is a far distance from the current level. It also a far distance from the Budget, which would have paved the way for the demise of rural housing programs at USDA.

There were a few amendments on rural housing. One would have reduced section 504 grants to the budget request – a reduction of about \$20 million, which was defeated on a voice vote. Another would have transferred \$100 million from the Foreign Ag Service – thereby kicking international food aid – and transfer that to B&I guarantees and rural housing vouchers. The sponsor was at least as interested in the offset as in increasing rural development funding and it was defeated, receiving less than 100 votes. An amendment eliminating mutual and self help housing grants never materialized. The only change from the reported bill is an across the board cut of .78% for all programs.

Action on the bill moves to the Senate where the terrain promises to be easier. Any agreement on the debt limit is likely to bring the overall target on domestic discretionary spending, which is cut by \$47 billion in the House overall budget blue print. If there is not a deal, than prospects for another long term continuing resolution increase.

It is important to note that the hole in the USDA budget created by the House bill is large and advocates for nutrition programs (-\$1.14 billion), among others, will be on the march. Additional resources for rural housing programs will be hard to come by.

Since the release of the President's Fiscal Year 2012 budget rural housing advocates and supporters have fought to defeat the budget and sustain affordable housing programs at USDA. The House, with much more conservative membership bent on budget cutting was always the greatest concern. Today, we should all take some satisfaction, and a measure of relief,

that we got past the worst, programs mostly intact, and now it is on to the Senate.

## Doing Better

On September 7th, the Senate Appropriations Committee reported the Fiscal Year 2012 Agriculture Appropriations Bill. The bill provides substantially more funding for rural housing programs than the House and much more than the President's budget. Click [here](#) to view our budget chart.

Like the House, the Senate bill rejects the Administration proposals to eliminate self-help housing, section 504 loans and phase out section 502 loans. The Senate includes \$30 million for self-help housing, \$10 million for section 504 and \$900 million for section 502. The Senate bill also restores House cuts in rental assistance, multi-family preservation and housing preservation grants. While both bills are below the current rate for most programs, both rejected the USDA budget proposals for rural housing. Whether the Administration gets message remains to be seen.

It is unlikely the Senate bill will get separate consideration on the floor. With the end of the fiscal year only three weeks away, Congress will soon pass a continuing resolution that will run through the fall. Sometime late in the calendar year both Houses of Congress will consider an omnibus appropriations bill that will reflect the House-passed and the Senate reported Ag bill. A conference committee on the omnibus will iron out differences between the two bills.

It is important to note that the House bill was based on lower spending allocations from the House passed budget resolution. The House allocation totaled \$17.25 billion, which is -\$2.6 billion from FY 11 and -\$5 billion from the budget request. The Senate bill received a larger allocation, \$ 19.78 billion, which is -\$140 million from FY 11 and \$1.9 billion below the budget request. The Senate allocation stems from the higher total discretionary spending approved by Congress in the debt ceiling legislation. In the conference committee the overall number for Agriculture will be higher than the House, which should have a positive impact on final rural housing numbers.

## Coburn Amendment to Cut Rural Development

When the Senate returns from recess next week, it will resume consideration of H.R. 2112, the FY 2012 Agriculture Appropriations Bill. Among the amendments under consideration is No. 800, sponsored by Sen. Tom Coburn (R-OK), which proposes a \$1 billion reduction in rural development programs. This is about a 40% cut from the levels recommended in the Senate's bill. We have drafted a letter to send to the Senate urging members to vote "NO" on the Coburn amendment. If you wish to sign on please follow this [link](#) and fill out the form below the letter. The closing date for signatures is Friday, October 28.

## On To Conference

Yesterday, the Senate cleared H.R. 2112, the Fiscal Year 2012 Agriculture Appropriations Bill yesterday by a vote of 60-30. The bill contains funding for rural housing and community development programs. The bill, which is described in the Senate as a 'minibus' (as opposed to an omnibus), also contains Senate reported bills for Transportation and HUD (S1596) and Commerce (S1572).

For rural development interests there was a moment of not so high drama, but of a show of significant bi-partisan support for programs under attack by an odd coalition comprised of a Democratic President and Secretary of Agriculture and the most conservative Senate Republicans. By a vote of 13-85 the Senate voted down an amendment sponsored by Senator Tom Coburn (R-OK) that proposed a 40% reduction in rural development appropriations. Here's the [vote](#).

While the Administration did not propose a 40% cut in rural development, it did propose a 28% reduction, with much of that coming from rural housing programs. Beginning with the FY 11 Continuing Resolution, Congress has consistently rejected the size and scope of the cuts proposed by USDA. The vote in the Senate, is the latest indication of substantial support for the array of programs administered by USDA that improve housing, public infrastructure, community facilities and economic opportunity in our nation's small town and farming communities.

The Senate vote was preceded by a significant lobbying effort by rural development organizations. In only two days some 1200 organizations signed a letter urging the Senate to oppose the Coburn amendment. A copy of the letter is [here](#).

The current continuing resolution for FY 12 expires on November 18. Congress is expected to complete action on the H.R. 2112 by that time. So, a conference agreement is in the works. The attached [table](#) illustrates the differences between the House and Senate bills. Since the House passed its version of H.R. 2112, was enacted, Congress has revised upward the total available for domestic discretionary spending. For that reason the Senate bill is higher than the House on most rural development programs. However nothing is settled and NRHC is working with Members of the Conference Committee –

which includes House and Senate Ag Appropriations Subcommittee – to push for the higher levels.

As the conference report will also include Transportation–HUD and Commerce, conferees will be meeting on those bills as well. A link to the HUD appropriations chart is [here](#).

## Mini-Bus Heads to the Floor

House- Senate Conferees have filed the [conference report](#) for FY 12 appropriations for a number of federal agencies and departments. The so-called 'mini-bus', as opposed to an omnibus, includes appropriations for Agriculture, Transportation, HUD and Commerce. The legislative vehicle is the FY 12 Agriculture Appropriations Bill (HR2112), one of the few bills to pass both Houses. The conference report is an attempt to return to 'regular order' in which Congress enacts separate appropriations on timely basis. In recent years Congress has mostly passed omnibus appropriations bills at (calendar) year's end, or later.

For federal housing and community development programs, the budget request had a lot to do with the perspective on how they fared. The FY 12 budget proposed substantial reductions in rural housing programs, which Congress rejected, but most programs are still below the FY 11 rate. On the other hand, HUD programs – such as CDBG or HOME –were treated far better in the budget but both were reduced. CDBG formula grants were reduced by half a billion dollars; HOME reduced by some \$660 million. Rural housing interests may be breathing a sigh of relief, having survived a perilous spending environment. The most conservative Congress in memory spent more money on rural housing than the Democratic President and Agriculture Secretary requested. However, the overall trend for federal housing and community development is mistakenly downward.

All of these cuts should be viewed in the context of the overall agreement on discretionary spending included in the debt limit legislation enacted this summer. That legislation limited spending to \$7 billion less than FY 11, which was cut by \$40 billion from FY 10. The topline number is \$70 billion below the request, the most that Congress has ever cut from the President's budget.

The conference report also includes an extension of the current continuing resolution, which expires on November 18, through December 16. The House is expected to vote on HR 2112 on Wednesday, with Senate action soon thereafter.

## Agriculture Appropriations Clears Congress

Last night, both Houses of Congress passed H.R. 2112, originally the Agriculture Appropriations Bill. The new title is the *Consolidated and Further Continuing Appropriations Act, 2012*. The House passed the bill, 298-121 and a few hours later the Senate followed suit, 70-30. The bill also includes an extension of the current continuing resolution that will keep other federal departments and agencies in business through December 16. Here is a link to the [House](#) and [Senate](#) votes.

On the NRHC [website](#) is a table with appropriations. Also available is a [table](#) that tracks budget authority for rural housing and community development programs.

Congress still has a long list of legislation to consider before the end of this session, which is about a month away. That list includes final appropriations, or another continuing resolution, for all the rest of the government, possible tax legislation and consideration of the "Super Committee" report. The success or failure of the Super Committee is a much speculated item in Washington, but most of the effect of Congressional action on the Committee report, if there is one, will be on programs outside of the regular appropriations process. Any impact on appropriated accounts, through a sequester or across the board cut comes in 2013.

In the meantime there will be plenty to do: the FY13 budget will be released in February.