



# NATIONAL RURAL HOUSING COALITION

## Fast Facts!

### Section 515: Ensuring Affordable Rental Housing in Rural America

Over the past 50 years, Section 515 has improved the quality of affordable rental housing, serving rural America's most vulnerable residents—including seniors, low-income families, and persons with disabilities. Despite the program's success, funding for Section 515 loans has been cut dramatically over the past 30 years.

Since its peak in 1982, the program's funding has been cut by more than 96 percent from \$954 million to just \$35 million today.

#### What it is:

- ◆ Section 515 is the principal source of financing for rental housing in rural communities. As of June 2016, there are 417,511 units of affordable rental housing in 13,877 properties financed by Section 515.

- ⇒ Through the Section 515 program, for-profit and non-profit developers are eligible for low cost long term direct loans for the construction or rehabilitation of rural rental housing. In return for low interest loans, tenant rents are set at 30 percent of the family's income and eligibility is limited to low-income households, with incomes not exceeding 50 percent of the median.
- ⇒ Section 515 loans are 50 year loans or 30 year loans amortized for up to 50 years and feature interest rates subsidized to as low as 1 percent.

#### Section 515 Rental Housing Loans

FY17 Final:	\$35 M
FY18 Budget:	\$0
FY18 House:	\$23.398 M
FY18 Senate:	TBD

#### Why it Matters:

- ◆ A vast majority (92.25 percent as of 2015) of Section 515 tenants have very low incomes, earning no more than 50 percent of the Area Median Income (AMI). The average Section 515 tenant earns just \$12,377 each year. In addition, 62 percent all Section 515 households are elderly or disabled tenants, 31.2 percent are headed by persons of color and 71.1 percent are headed by women.
- ◆ Because the Section 515 Loan Program can be combined with other rental subsidy programs, including the Section 521 Rural Rental Assistance program, rents are more affordable to these at-risk populations. In fact, the average rent for a one-bedroom, Section 515-financed housing unit is just \$488 per month.
- ◆ There is a maturing mortgage crisis for Section 515 financed properties, and the portfolio has an estimated need of \$5.5 billion over the next 20 years to maintain and preserve its existing developments.
- ◆ Section 515 plays an important role in attracting other housing resources to rural America, including the Low Income Housing Tax Credit (LIHTC). As funding for Section 515 has been cut, however, rural communities find it more difficult to attract LIHTCs. Between 1987 and 1994, 31 percent of all affordable housing properties financed with LIHTC also leveraged Section 515 Rural Rental Housing Loans. Between 1995 and 2009, only nine percent of LIHTC-financed rental properties leveraged Section 515 funds.

#### Learn more about how the FY 2017 budget impacts rural communities by reviewing NRHC's other Fast Fact Sheets!

The National Rural Housing Coalition (NRHC) is national member organization of community groups, public officials, and non-profit developers who believe that rural people have the right, regardless of income, to decent, affordable housing, clean drinking water, and basic community services.

#### Contact Us

National Rural Housing Coalition  
1331 G Street, N.W., 10th Floor  
Washington, DC 20005  
Phone: (202)393-5225  
Fax (202)393-3034  
<http://ruralhousingcoalition.org>