

# United States Senate

WASHINGTON, DC 20510

May 27, 2011

The Honorable Herb Kohl  
Chairman  
Subcommittee on Agriculture,  
Rural Development, Food and  
Drug Administration, and  
Related Agencies  
Senate Committee on Appropriations  
Washington, D.C. 20510

The Honorable Roy Blunt  
Ranking Member  
Subcommittee on Agriculture,  
Rural Development, Food and  
Drug Administration, and  
Related Agencies  
Senate Committee on Appropriations  
Washington, D.C. 20510

Dear Chairman Kohl and Ranking Member Blunt:

As the Senate Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies considers the Fiscal Year 2012 Appropriations Bill, we write to respectfully request that you adequately fund rural housing programs administered by the United States Department of Agriculture (USDA) and the Rural Housing Service (RHS). These federal rural housing programs provide loans, grants and related assistance that create jobs and ensure that low income families live in safe, decent housing. In writing to you in support of rural housing programs, it is our goal to support a level of assistance equal to the current rate.

Of particular importance is maintaining adequate funding levels for the Section 502 Direct Loan program and the Mutual Self-Help Housing Loan program. Under the Section 502 Direct Loan program, nearly 60% of the families receiving loans have incomes at or below 60% of area median income and 40% of the loans go to households with incomes at or below 50% of area median income. In Fiscal Year 2010, the average total cost to the government for a section 502 loan was less than \$5000 per unit.

Currently, more than 100 organizations across America participate in the Mutual Self-Help Housing Loan program. These organizations support groups of eight to 12 self-help families who construct each other's homes by performing approximately 65% of the construction labor. Through this "sweat equity," each homeowner earns equity in his or her home, which decreases the cost burden and increases local investment in their community. Despite being the poorest families in the Section 502 portfolio, self-help families have the lowest rates of default and delinquency. For the last three years, self-help housing organizations have constructed about 3,500 homes. This construction has led to over 11,000 jobs, more than \$738 million in local income and \$77 million in taxes and revenue in rural communities across the country.

We also ask that the Subcommittee maintain adequate funding for programs that contribute to addressing the pressing need for affordable rental housing in rural America. These rural housing programs are crucial to the creation and repair of housing units in rural communities across America. The Section 515 program, rural rental assistance, rental housing

loan guarantees and multi-family restructuring are all part of the toolbox that USDA employs address the shortfall in development of new units of rental housing and repair and preserve the existing Section 515 portfolio. Providing sufficient appropriations for rural housing programs, which also includes capacity building assistance, is essential to efforts to improve the quality of life and economic opportunity in rural America.

Thank you for your consideration and we look forward to working with you to ensure that our nation's rural housing needs are appropriately met.

Sincerely,

Chuck Sch

Don Dault

Tom Harkin

Jon Tester

Kirsten E. Gillibrand

Carl Levin

Chris Coons

Jim Johnson

Olympic Snowy

Tom Carper

Ben Sandman

Ron Wyden

Patrick Leahy

Jim Webb

Daniel K. Akaka

Barbara Boxer