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Regarding **USDA Rural Development-Section 502 Single Family Direct Loan Program**

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LDCAA is requesting adequate funding provided to support \$900 million in lending authority for the Section 502 Single Family Direct Loan Program. It is disappointing to see the USDA relinquish the section 502 direct loan program. The section 502 direct loan program has far exceeded in successful outcomes any other federal homeownership program. No other federal program can equal the profile of families served: approximately 60% of the families receiving section 502 loans have incomes of less than 60% of the median income, and 40% of families participating in the program have incomes that do not exceed 50% of the median income.

Despite serving families with limited economic means, the section 502 direct loan program is the most cost effective affordable housing program in the federal government. In FY 10, the total per unit cost for a homeownership loan to a low income family was less than \$5,000. This stands in significant contrast to the Section 8 Rental Assistance program with the annual per unit costs exceeding the total federal expense of a section 502 direct loan.

Section 523 Mutual Self-Help Housing Program

LDCAA is requesting national funding of \$30 million for the Section 523 Mutual Self-Help Housing Program. Currently, more than 100 organizations across America participate in the self-help housing program. These organizations unite groups of 8 to 10 self-help families who work collectively in the construction of each family's home. They perform approximately 65% of the overall construction labor. This "Sweat Equity" results in each homeowner earning and gaining

instant equity in their homes. It also makes a significant investment in their community often resulting in the building of homes and neighborhoods together. And despite the fact that self-help families constitute the lowest incomes of participants in the section 502 portfolio, data demonstrates that these families prove to have the lowest rates of default and delinquency.

For the past three years, self-help housing organizations have constructed almost 3,500 homes.

This construction has in turn led to more than 11,000 jobs, more than \$738 million in local income and \$77 million in taxes and revenue in rural communities across the nation as evidenced from economic impact numbers from the National Association of Homebuilders.