



# **NATIONAL RURAL HOUSING COALITION**



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## **Congress Reaches an FY15 Budget Agreement**

Late last night, the House published a copy of an [FY15 Omnibus Appropriations bill](#). We expect the bill will go up for a vote on the House floor later this week, with the Senate following closely behind.

### **USDA Rural Development Programs**

Overall, most Rural Housing programs fared quite well, especially compared to USDA's proposed budget. Section 502 Direct Loans were funded at \$900 million, or 150% greater than the \$360 million proposed by USDA. This is a particularly good outcome considering that the subsidy rate for Section 502 Direct Loans increased between FY14 and FY15 and therefore, additional Budget Authority (\$40 million) was needed to keep program levels steady. Likewise, Section 523 Mutual Self-Help Housing was funded \$27.5 million, splitting the difference between the House level (\$30 million) and Senate level (\$25 million). It is also nearly three times greater than the \$10 million proposed by USDA. In addition, Water/Sewer programs were funded

at \$464.9 million in total Budget Authority, or more than \$160 million greater than USDA's proposed \$304 million level.

Other programs saw a freeze in funding from FY14 rates, including Section 502 Guaranteed Loans, Section 504 Home Repair Loans and Grants, Section 514/516 Farm Labor Housing Loans and Grants, Section 515 Rural Rental Housing Loans, Section 533 Housing Preservation Grants, Section 538 Rental Housing Guaranteed Loans, and Community Facilities Direct Loans.

Section 521 Rural Rental Assistance programs were funded at \$1.089 billion--matching USDA's requested amount. However, the Appropriations bill did not include any of the policy changes proposed by USDA for this account, including minimum rents, less-than-1-year contracts, wage matching, and selective renewals.

The MPR program, however, was set at \$24 million, compared to \$32.6 million in FY14 and \$28 million in USDA's proposed budget.

The Appropriations bill also includes legislative language regarding the Section 502 Intermediaries Pilot Program. Section 729 requires USDA to continue the pilot program, add additional intermediaries, provide priority processing, and set aside funds from its national reserve. It states, "The Secretary shall continue agreements with current intermediary organizations and not later than 90 days after enactment of this Act enter into additional agreements that increase the number of participating intermediary organizations to not less than 10. The Secretary shall work with these organizations to increase the effectiveness of the Section 502 Single Family Direct Loan Program in rural communities and shall set aside and make available from the national reserve Section 502 loan an amount necessary to support the work of such intermediaries and provide a priority for review of such loans."

## **USDA Rural Housing Programs**

**(\$ in Millions)**

| RHS/RUS Programs  | FY14<br>Final | FY 15<br>Budget | FY 15<br>House | FY 15<br>Senate | FY15<br>Final |
|---|---------------|-----------------|----------------|-----------------|---------------|
| <b>Rural Housing Loans/Grants</b>                             |               |                 |                |                 |               |
| Section 502 Single Family Direct                              | 900           | 360             | 1,042          | 900             | 900           |
| Section 502 Single Family Guaranteed                          | 24,000        | 24,000          | 24,000         | 24,000          | 24,000        |
| Section 504 Housing Repair Loans                              | 26.3          | 26.3            | 26.4           | 26.3            | 26.3          |
| Section 504 Housing Repair Grants                             | 28.7          | 25.0            | 27.0           | 28.7            | 28.7          |
| Section 514 Farm Labor Housing Loans                          | 23.8          | 23.9            | 23.9           | 23.9            | 23.6          |
| Section 515 Rural Rental Housing                              | 28.4          | 28.4            | 28.4           | 28.4            | 28.4          |
| Section 516 Farm Labor Housing Grants                         | 8.3           | 8.3             | 8.3            | 8.3             | 8.3           |
| Section 521 Rural Rental Assistance                           | 1,110         | 1,089           | 1,089          | 1,094           | 1,089         |
| Section 523 Mutual Self-Help Housing                          | 25            | 10              | 30             | 25              | 27.5          |
| Section 533 Housing Preservation Grants                       | 3.5           | 0.0             | 0.0            | 3.5             | 3.5           |
| Section 538 Rental Housing Guaranteed                         | 150           | 150             | 150            | 150             | 150           |
| Multifamily Preservation & Revitalization B.A.                | 32.6          | 28.0            | 28.0           | 32.6            | 24.0          |
| 542 Preservation Demonstration Revolver                       | 0             | 0               | 0              | 0               | 0.0           |
| 542 Voucher Demonstration                                     | 12.6          | 8.0             | 8.0            | 12.6            | 7.0           |
| Supervisory TA Grants   | 0             | 0               | 0              | 0               | 0.0           |
| <b>Community Facilities Loans/Grants</b>                      |               |                 |                |                 |               |
| CF Direct   | 2,200         | 2,200           | 2,200          | 2,200           | 2,200         |
| CF Guarantee  | 60            | 0               | 73             | 75              | 73.2          |
| CF Grants   | 29            | 21              | 27             | 29              | 13            |
| Section 306 RCDI Grants                                       | 5.97          | 0.00            | 5.00           | 5.97            | 4             |
| <b>Water and Waste Disposal Loans/Grants</b>                  |               |                 |                |                 |               |
| W/S Total BA  | 462           | 304             | 452            | 463             | 464.9         |
| W/S Direct Loans  | \$(1,200)     | \$ (1,200)      | \$(1,200)      | \$(1,200)       | \$(1,200)     |
| W/S Guarantee Loans   | 50            | 0               | 84             | 50              | 50            |
| W/S Grants  | 345           | 247             | 345            | 345             | 347           |
| W/S Solid Waste Grants  | 4.0           | 4.0             | 4.0            | 4.0             | 4.0           |
| W/S Small Systems Revolver                                    | 1.0           | 0.0             | 1.0            | 1.0             | 1.0           |
| <b>Rural Business--Cooperative Loans/Grants</b>               |               |                 |                |                 |               |
| Rural Business Account Program B.A.                           | 97            | 30              | 65             | 79              | 74            |
| B&I Loan B.A  | 67            | 30              | 45             | 49              | 47            |
| RB Development Grants   | 26.6          | 0               | 20             | 27              | 24            |
| Rural Business Cooperative Grants                             | 0**           | 58              | 0              | 0               | 22.1          |
| Intermediary Relending Program Level                          | 19            | 10.0            | 16.2           | 18.9            | 18.9          |
| Intermediary Relending BA                                     | 4.1           | 3.1             | 5.0            | 5.8             | 5.8           |
| Rural Microenterprise Investment                              | 0.0           | 3.3             | 0.0            | 0.0             | 0.0           |
| **WH proposes to combine RBEG, RBOG, RCDI, Cooperative Grants |               |                 |                |                 |               |

## HUD Programs

Overall, the outcome for HUD programs was mixed. Several programs fared better than HUD's proposed budget or received a freeze or increase from FY14 rates. This includes Neighborhood Reinvestment Corporation, Mortgage Foreclosure Mitigation, Section 4 Capacity Building, Housing Counseling, SHOP, and Section 202 Housing for the Elderly.

Other programs received reductions in funding compared to FY14. The HOME Investment Partnerships Program was funded at \$900 million, or \$100 million less than in FY14. Community Development Block Grants saw a \$34 million decrease from \$3.1 billion in FY14 to \$3.066 billion in FY15. Choice Neighborhoods was cut by about \$10 million from \$90 million in FY14 to \$80 million in FY15.

Section 108's program level was increased from \$150 million in FY14 to \$500 million in FY15, but its Budget Authority was zeroed out and replaced with fees.

## HUD Programs

(\$ in Millions)

| HUD  | FY 14<br>Final | FY 15<br>Budget | FY 15<br>House | FY 15<br>Senate | FY 15<br>Final |
|--|----------------|-----------------|----------------|-----------------|----------------|
| Neighborhood Reinvestment Corporation          | 136.6          | 132             | 132            | 136.6           | 135            |
| Mortgage Foreclosure Mitigation                | 67.5           | 50              | 50             | 50              | 50             |
| HOME   | 1,000          | 945             | 700            | 950             | 900            |
| Section 4 Capacity Building                    | 35             | 20              | 35             | 35              | 35             |
| Transformation Initiative                      | 40             | 40              | 0              | 40              | 0              |
| Housing Counseling                             | 45             | 55              | 45             | 49              | 47             |
| Community Development Fund                     | 3,100          | 2,870           | 3,060          | 3,090           | 3,066          |
| CDBG Formula funding                           | 3,030          | 2,837           | 3,000          | 3,020           | 3,000          |
| Choice Neighborhoods Initiative                | 90             | 120             | 25             | 90              | 80             |
| Housing Trust Fund                             | 0              | 1,000           | 0              | 0               | 0              |
| SHOP   | 50             | 10***           | 10             | 50              | 50             |
| Section 108 Program Level                      | 150            | 500             | 500            | 500             | 500            |
| Section 108 Budget Authority                   | 3              | 0               | 0****          | 0               | 0              |
| Section 202 Housing for Elderly                | 383            | 440             | 420            | 420             | 420            |
| ***Budget Request would put under HOME program |                |                 |                |                 |                |
| ****House bill also recinded previous B.A.     |                |                 |                |                 |                |

Thank you for your support,

Sarah Mickelson