

NATIONAL RURAL HOUSING COALITION

Press Release

Contact: Bob Rapoza
National Rural Housing Coalition
1331 G St NW, 10th Floor
Washington, DC 20005
Phone: (202) 393-5225
Fax (202) 393-3034

New Report Shows How Federal Programs Help Low-Income Rural Families Become Homeowners.

Section 502 Direct Loans and Self-Help Housing top list of cost-effective federal housing programs.

Washington, DC, January 8, 2013 – A new report issued by the National Rural Housing Coalition details how two USDA programs have expanded homeownership opportunities to the nation’s poorest rural families – at little expense to the federal government.

Over the past 60 years, more than 2.1 million low-income rural families have accessed affordable mortgages under the Section 502 Direct Loan program, which is credited with building more than \$40 billion in wealth for the nation’s rural poor. The Section 523 Mutual Self-Help Housing program is the only federal homeownership program of its kind; small groups of six to twelve rural families join together on nights and weekends to build each other’s homes, reducing construction costs, earning equity, and making lasting investments in their communities.

The Coalition report presents key findings from their analysis of USDA program data. Overall, the report finds that despite serving families with limited economic means, these programs are among the most cost-effective federal housing programs. Section 502 Direct Loans cost an average \$7,200 over the lifetime of the loan – less than the *annual* cost of other federal housing programs. Likewise, by providing at least 65 percent of the construction labor on each home – often more than 1,000 hours – Self-Help Housing families earn an average \$27,000 in equity.

The report also shows that benefits extend beyond participating families to rural communities and the nation. In the past 5 years, the Section 502 Direct Loan program has led to the creation of over 100,000 jobs and \$5.2 billion in local income. The Self-Help Housing program has resulted in nearly 18,000 jobs and \$1.16 billion local income.

The report includes twelve success stories that illustrate how these programs have been used by rural families to become homeowners.

“Underlying this report is a simple truth: responsible homeownership continues to be the single, best, long-term investment for most Americans, and the primary source of wealth and financial security for low-income rural families,” said Bob Rapoza, Executive Secretary of the National Rural Housing Coalition. “For many low-income families, these

NATIONAL RURAL HOUSING COALITION

programs are the only available source of safe, decent, and affordable housing. Instead of cutting funding for these programs, Congress should invest in them as key ways to help improve access to affordable housing.”

###

About Section 502 Direct Loans

Section 502 Direct Loans provide safe and sustainable fixed-rate mortgages – with up to 38-year terms and subsidized interest rates as low as just 1 percent – to help low-income rural families access clean, decent, and affordable housing. Demand for Section 502 loans continues to outpace supply; over 15,000 loan applications – amounting to more than \$1.9 billion – are currently on Section 502 waiting lists.

About Self-Help Housing

Under the Self-Help Housing program, rural families work on nights and weekends to build their own homes. In the past five years, more than 5,500 families have become homeowners under the program; yet, more than 50,000 families remain on Self-Help Housing wait lists across the nation.

About the National Rural Housing Coalition

NRHC is a national membership organization of non-profit housing organizations, housing developers, state and local officials, and housing advocates. Since 1969, NRHC has promoted and defended the principle that rural people have the right – regardless of income – to a decent, affordable place to live, clean drinking water, and basic community services.