

NATIONAL RURAL HOUSING COALITION

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Fiscal Year 2025 Appropriations

Introduction

The rural housing programs administered by the Rural Housing Service of the U.S. Department of Agriculture (USDA) provide assistance to improve homeownership opportunities for rural families, increase the supply of adequate, affordable housing, and preserve and maintain rental housing for rural households and farmworkers. There is ample evidence that this assistance is needed:

- From 2009-2017, annual rural home construction dropped by two-thirds. There is little evidence that it has picked up substantially;
- A 2021 study by the Harvard Joint Center for Housing Studies found that 38 percent of rural renters pay more than 30 percent of their income for housing costs, and 19 percent of rural renter households pay more than 50 percent of their income for housing;
- According to the most recent National Agricultural Workers Survey, 33% of all farmworkers and 45% of migrant farmworkers live in crowded dwellings¹;
- A rising tide of maturing U.S. Department of Agriculture's (USDA) rural rental housing loans threatens the availability of affordable housing and
- Over 1.5 million occupied substandard housing units in rural areas, and over 750,000 units lack piped water. This lack of basic plumbing is even higher on some Native American lands.
- IN FY 24, the number of direct Section 502 homeownership loans drops to 3500, the lowest since the mid-1950s.

Homeownership

Section 502 Direct Loans

FY25 Request: 1.585 billion (includes \$20.8 million for the Native American Relending Pilot)
The direct Section 502 program is a success story. Section 502 loans are targeted to low-income households; under the law, 40 percent of Section 502 loans must go to very low-income households. According to USDA, 91 percent of Section 502 direct borrowers are first-time homeowners. The amount requested will finance loans for over 6500 low-income rural households.

Section 523 Mutual Self-Help Housing

¹ "National Agricultural Workers Survey." January 2018.

https://www.dol.gov/sites/dolgov/files/ETA/naws/pdfs/NAWS_Research_Report_13.pdf

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FY25 Request: \$40 million Section 523 Mutual Self-Help Housing is the *only* federal program that combines "sweat equity" homeownership opportunities with technical assistance and affordable loans for America's rural families. Some 30,000 families are waiting to participate in Mutual Self-Help housing. By increasing the appropriation for Mutual Self Help housing to \$75 million, an additional 4500 low-income families can participate in this program. This is exactly the type of program that Congress and the administration should champion: Self-Help Housing encourages self-reliance and hard work, helps families build wealth, stimulates local economies, and is in high demand, with over 30,000 families currently on waiting lists for the program. Demand for affordable, decent rural housing for very low- and low-income families continues to outpace supply. More than 30,000 families are currently on Self-Help Housing waiting lists.

Home Repair Programs

FY25 Requested: \$ 76,000,000 for Section 504 housing repair loans; For grants for very low-income housing repair and rural housing preservation made by the Rural Housing Service, as authorized by 42 U.S.C. 1474, and 1490m, \$75,000,000 to remain available until expended.

The Section 504 Loan and Grant program and the Section 533 Housing Preservation Grant program are vital to many rural residents, particularly the elderly, who lack alternative financial resources to make basic repairs to preserve their homes. Most of the nation's occupied substandard housing is located in rural areas. As reported by the Housing Assistance Council, the 2010 Census revealed that of the approximately 116 million occupied housing units available in the United States, 25 million are in rural and small communities.ⁱ Over 5 percent, or 1.5 million, of these homes are moderately or severely substandard.ⁱⁱ In addition, the American Community Survey found that almost 630,000 occupied households in the country lack complete plumbing facilities – meaning they do not have one of the following: a toilet, tub, shower, or running water.

Rental Housing

Farm Labor Housing

Request: Section 514 loans \$50 million; Section 516 grants \$18 million

Sections 514 and 516 are the only federal programs providing affordable loans and grants to purchase, construct, or repair rental housing for America's farm laborers. There are approximately 3 million migrant and seasonal farmworkers in the United States. These essential workers show up to work every day to maintain our domestic food supply. Unfortunately, they also face the greatest housing challenges of all rural people. Moreover, farmworkers and their families also suffer from poverty. 61% of farmworkers earn incomes below the poverty line. Consequently, three out of every five farmworker families live below the federal poverty line.

Housing Occupancy & Vacancy in Rural America," *Rural Research Brief*, Housing Assistance Council. May 2012.
http://www.ruralhome.org/storage/research_notes/rrn-housing-vacancy-web.pdf.

ii¹ “Housing in Rural America,” *Taking Stock: Rural People, Poverty and Housing in the 21st Century*, Housing Assistance Council. 2012
http://www.ruralhome.org/storage/documents/ts2010/ts-report/ts10_rural_housing.pdf

Section 515 Rural Rental Housing Loans - FY25 Request: \$200 million
Multifamily Preservation and Revitalization (MPR) – FY25 request \$90 million.

This funding will allow USDA to better address the need to renovate, repair, and preserve at least a portion of its rental housing portfolio. Section 515 and MPR are used with other state and federal sources of affordable housing finance, including Low-Income Housing Tax Credits and state and local bond financing.

USDA’s Rural Housing programs provide much-needed access to affordable rental housing. According to USDA, as of October 2021, some 412,000 USDA finance rental housing units provide housing for rural seniors, people with disabilities, migrant and seasonal farmworkers, and low-income families. Most (91.6 percent) of Section 515 tenants have very low incomes. The average tenant earns just \$14,665 annually. In addition, 64 percent of all households are elderly or disabled tenants, persons of color head 35.7 percent, and women head 71 percent.¹

USDA must address two significant problems in its rural rental housing portfolio. The first is the deteriorating conditions of its developments. In 2016, USDA published a second Comprehensive Property Assessment and Portfolio Analysis.² This report looked at USDA’s Section 515 properties, farm labor housing properties, Section 538 financed developments, and projects refinanced under the Multifamily Preservation and Revitalization (MPR) program. The 2016 report found that the need had more than doubled in the past 12 years and raised the estimate to \$5.596 billion to preserve USDA’s rental housing stock (including farm labor, Multi-family Preservation, and guaranteed developments) over the next 20 years. Of that amount, \$4.7 billion relates to Section 515 developments.

The second problem facing USDA is maturing mortgages. Although Section 515 was established in 1968, the high point of Section 515 production was 1977-1985. As a result, today and in the near future, there is a rising tide of maturing mortgages that could reduce the availability of affordable rural rental housing. In 2018, the Government Accountability Office estimated that over 90% of USDA rental housing properties could exit the portfolio by 2050. The USDA has indicated that

1. *Results of the 2021 Multi-Family Housing Annual Fair Housing Occupancy Report* <https://www.rd.usda.gov/directives/results-2021-multi-family-housing-annual-fair-housing-occupancy-report>

2. *USDA 2016 Rural Development Multi-Family Housing Comprehensive Property Assessment*, U.S. Department of Agriculture Rural Development (March 1, 2016); United States Department of Agriculture Rural Development, “

228,000 units will be lost by 2050.

Rental Assistance

FY25 Request: \$1.69 billion for Section 521 rental assistance. This includes renewing 268,000 rental assistance contracts, extending ARPA-funded rental assistance, and rural housing vouchers. According to a USDA February 2022 report, In 2018, the average income of Section 515 tenants receiving Section 521 Rental Assistance was only \$12,501.

Rural Community Development Initiative: FY 25 request: \$22.745 million.

Rural Water/Waste Water loans: FY 25 request:\$1.61 billion; Grants: \$726 million