

# Federal Rural Housing Programs Update



Joe Belden and Leslie Strauss,  
Housing Assistance Council

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National Consumer Law Center  
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# Presenter – Joe Belden



- Deputy Executive Director of the Housing Assistance Council, a national nonprofit provider of loans, grants, research, information, and technical assistance for affordable rural housing.
- Previously a research associate at HAC, he has also worked for the U.S. Department of Agriculture, on Capitol Hill, and for several policy-oriented research organizations in Washington, DC.
- Belden is the author of *Housing in Rural America: Building Affordable and Inclusive Communities* (Sage 1998).
- He is a graduate of the University of Texas-Austin and the Baylor University Law School.



# Presenter –Leslie Strauss



- Senior Policy Analyst at the Housing Assistance Council.
- She began working at HAC in 1991 as Research and Information Director and has also served as HAC's Communications Director.
- Currently she is responsible for a variety of policy and information activities, including much of HAC's work on rental housing preservation.
- She has a law degree and practiced real estate law for several years before joining HAC.
- She serves on the board of the National Rural Housing Coalition.



## ***Working together to promote a vibrant rural America.***

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National Association of Community Health Centers · National Association of Development Organizations Research Foundation

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# FEDERAL RURAL HOUSING PROGRAMS UPDATE

Joe Belden and Leslie Strauss

Housing Assistance Council

NARP Webinar

March 27, 2014



# WHY?

- **Why does USDA have rural housing programs?**
- **What about HUD?**



# RURAL IS WHERE?

- “Rural” can be defined many different ways.
- Census defines rural as under 2,500 population. Over half the people in these rural areas live within metro areas (in outer counties).
- USDA defines rural as by several factors including population:
  - Under 20,000 in nonmetro places
  - Under 10,000 in metro areas
  - Under 35,000 (formerly 25,000) if eligible at one time and the population grew
- Many Native American and Native Alaskan lands are considered rural.

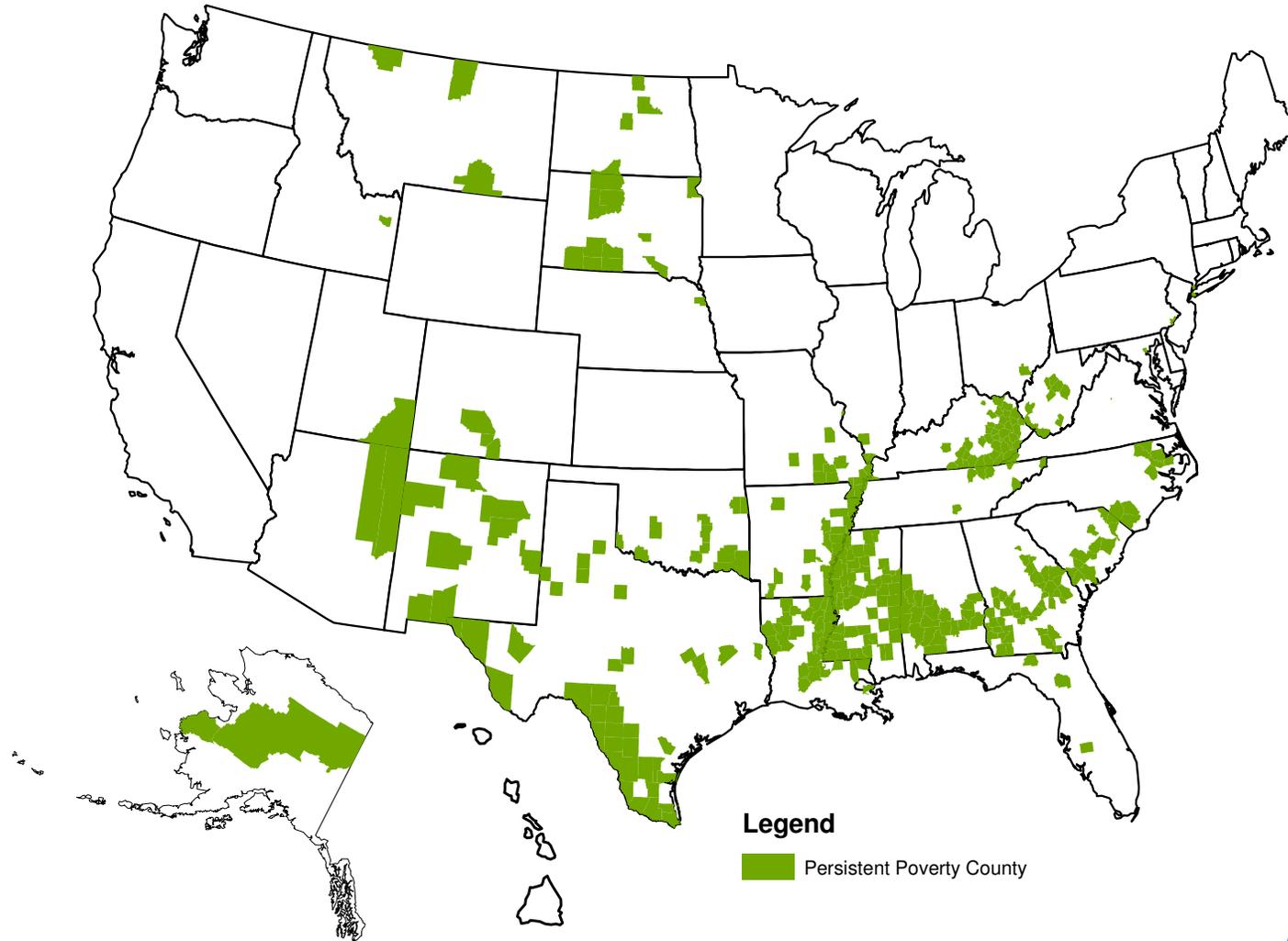


## POOREST OF THE POOR

- **363 nonmetro counties have had 20%+ poverty rates since 1960.**
- **Of the 200 highest poverty counties in the U.S., 192 are rural.**

# Persistent Poverty in the United States, 1980 - 2009

Counties with Poverty Rates of 20% or more in 1980, 1990, 2000, and 2009.



## Legend

 Persistent Poverty County





# USDA PROGRAMS

USDA has extensive programs for rural housing:

- **single-family homeownership**
- **multifamily rentals**
- **home repair**
- **other**

Farmworker housing program and repair grants for elderly homeowners are the only programs for specific populations – others are eligible based on income and location.

USDA has funded over 400,000 apartments and 2.1 million homeownership units.

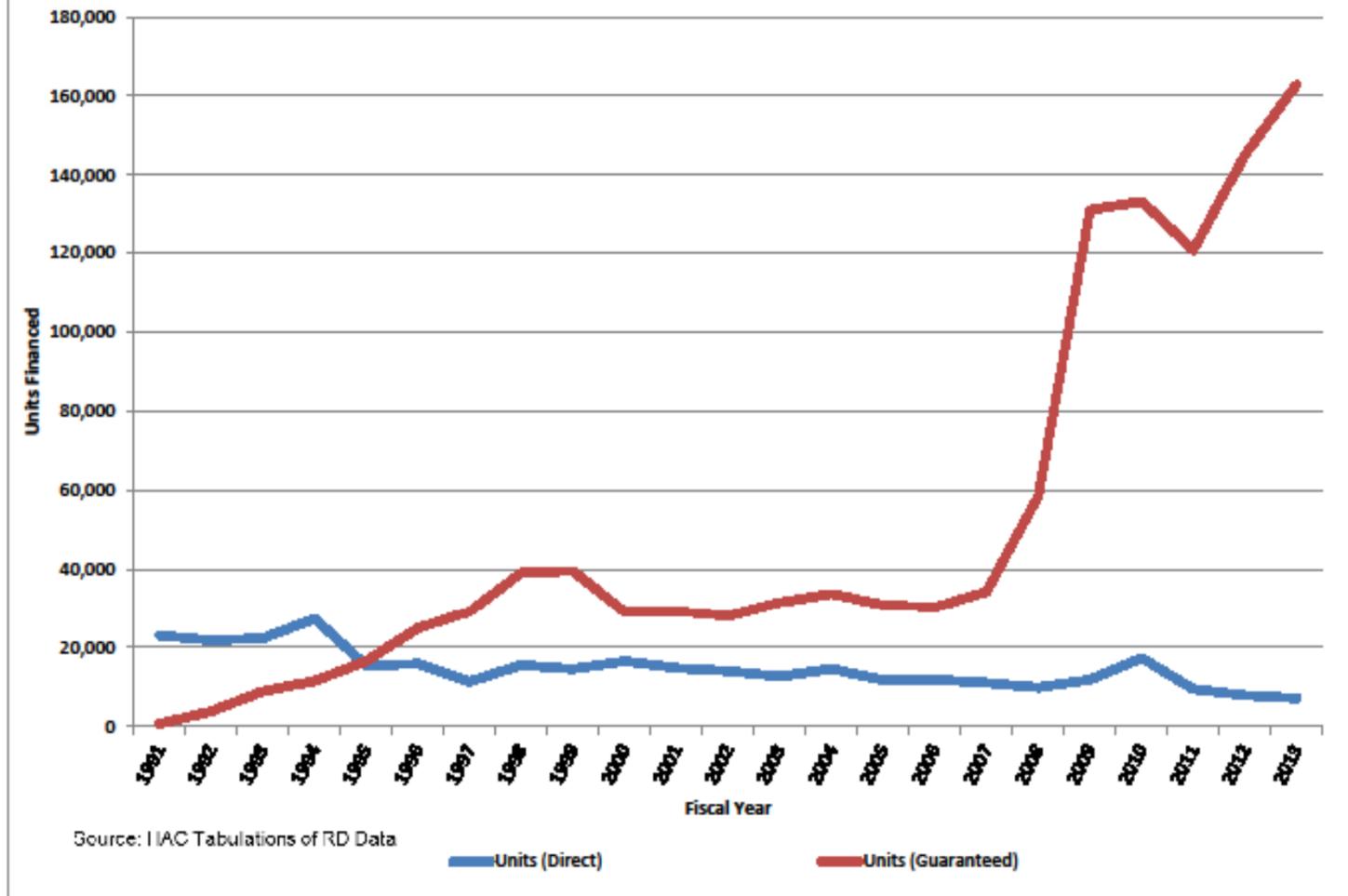


# SINGLE-FAMILY PROGRAMS

- Section 502 direct funded 7,111 units in 2013 . . . 12,633 in 2003 . . . and 133,000 in 1976.
  - **USDA is the bank**
  - **Dwindling network of local offices**
  - **Average income of 2013 buyers: \$28,268**
- Section 502 guaranteed funded 162,943 units in 2013 . . . 31,508 in 2003 . . . and 74 in 1977 (its first year).
  - **Average income of 2013 buyers: \$54,224**
- Section 504 repair loans and grants for very low-income homeowners
  - **To repair or improve homes or remove health and safety hazards**
  - **Loans to \$20,000 for 20 years at 1%**
  - **Grants for elderly only (62+), to \$7,500**
- Self-help, sweat equity building



## Section 502 Homeownership Loan Program, Direct and Guaranteed Lending, FY 1991-2013





# MULTIFAMILY PROGRAMS

- **Section 515**
  - **Direct loans to developers of rental housing**
  - **Tenants up to 80% AMI**
  - **No new development since 2011**
- **Section 515 portfolio (as of September 2013):**
  - **440,200 units in portfolio (5,000 less than in 2012)**
  - **Average annual income: \$11,747**
  - **Average annual income of tenants with RA: \$9,829**
  - **61.3% of tenants are elderly or disabled**



# MULTIFAMILY PROGRAMS cont'd

- **Section 538**
  - **Loan guarantees to developers**
  - **Tenants up to 115% AMI**
- **Section 514/516**
  - **Loans and grants to developers of farmworker rental housing**
- **Section 521 Rental Assistance**
  - **Project-based**
  - **Only for tenants in 515 and 514/516**



# RENTAL PRESERVATION PROGRAMS

- Multi-Family Preservation and Revitalization (MPR) demonstration
- Preservation Revolving Loan Fund demonstration
- Section 542 vouchers
  - **Only for residents in properties prepaid or foreclosed after 9/30/05**



# ISSUES - FUNDING

<b>USDA Rural Devel. Prog. (dollars in millions)</b>	<b>FY13 Approp.</b>	<b>FY14 Approp.</b>	<b>FY15 Admin. Budget</b>
502 Single Fam. Direct	900	900	360
502 Single Fam. Guar.	24,000	24,000	24,000
504 VLI Repair Loans	28	26.3	26.3
504 VLI Repair Grants	29.5	28.7	25
515 Rental Direct	31.3	28.4	28.4
514 Farm Labor Loans	20.8	23.9	23.9
516 Farm Labor Grants	7.1	8.3	8.3
521 Rental Assistance	907.1	1,110	1,089
523 Self-Help TA	30	25	10
538 Rental Hsg. Guar.	150	150	150
Rental Prsrv. (MPR)	17.8	20	20
Rural Cmnty. Dev't Init.	6.1	6	0



# ISSUES cont'd

- Section 521 RA cost
  - **\$35 million shortfall in 2013**
  - **Solutions**
    - Minimum rent?
    - Cut units?
    - Cut program cost?
- Rural rental preservation
  - **Physical preservation**
  - **Prepayment**
  - **Expiration of mortgages**
- Direct or guaranteed?
- Funding for other programs
  - **SHOP**
  - **HOME**
  - **CDBG**
  - **NHTF**



# ABOUT HAC

**The mission  
of the Housing Assistance Council  
is to improve housing conditions  
for the rural poor,  
with an emphasis  
on the poorest of the poor  
in the most rural places.**



# ABOUT HAC

- Is a national nonprofit corporation headquartered in D.C., founded in 1971
- Helps local organizations and governments improve affordable housing in rural America
- Is an intermediary and CDFI
- Is an equal opportunity lender



# RESOURCES

**Joe Belden – [joe@ruralhome.org](mailto:joe@ruralhome.org)**  
**Leslie Strauss – [leslie@ruralhome.org](mailto:leslie@ruralhome.org)**

**Housing Assistance Council**  
**1025 Vermont Ave., NW, Suite 606**  
**Washington, DC 20005**  
**202-842-8600**

**[www.ruralhome.org](http://www.ruralhome.org)**



# USDA RD RESOURCES

USDA Rural Development

[www.rurdev.usda.gov](http://www.rurdev.usda.gov)

- **To find local offices: click “State Offices”**
- **To find geographic areas covered: click “Income and Housing Eligibility”**
- **For mortgage servicing, including foreclosure:  
Centralized Servicing Center, St. Louis, 1-800-793-8861,  
rdquestion@stl.usda.gov**