# LEGISLATIVE PRIORITIES

## RURAL HOUSING

Renters in rural areas are among the worst housed individuals and families in the country (American Housing Survey, 2011). Thirty-five percent of rural renters are cost-burdened, paying more than 30% of their income for housing costs. Almost one million rural renter households suffer from multiple housing problems, 60% of whom pay more than 70% of their income for housing. The preservation of affordable rental housing in rural areas is another crucial issue that needs to be addressed.

The U.S. Department of Agriculture (USDA) Section 515 Rural Rental Housing Program is an invaluable tool for rural rental housing production, repair, and preservation. Of the tenants residing in USDA multifamily housing, 94% have very-low incomes, earning no more than 50% of the area median income; 61% of all Section 515 households are headed by an elderly or disabled tenant, 30% are headed by persons of color, and 72% are headed by women. For many small rural communities, the rental housing financed by USDA is the only affordable rental housing available.

Current section 515 funding is less than $50 million per year. While USDA has devoted more resources to preservation activities and vouchers, that amount is nonetheless de minimis and there is essentially no new construction program at USDA. Because of this low level of funding approximately 100 developments per year, exit the section 515 program.

**USDA faces challenges in simply maintaining its current portfolio:**

1. The average age of the rural rental-housing portfolio is 28 years. A 2004 report indicated a 20 year, $2.6 billion cost for maintaining and preserving existing rural rental housing developments the approximately 400,000 units of existing rural rental housing In FY 15, USDA financed the revitalization of 3544 units of rental housing. There has not been an adequate level of resources aimed at preserving the existing portfolio;
2. A rising tide of maturing mortgages. Under current law, rural rental assistance is limited to developments that are financed under section 515 and farm labor units financed under section 514. As section 515 and 514 loans have matured, those developments and their tenants are no longer eligible for rental assistance. USDA has already lost a substantial number of units and the Fiscal Year 2017 federal budget estimates that many more projects will exit the programs in future years; and
3. A shortfall in Low Income Housing Tax Credit Resources. The funding level of rural LIHTC units leveraging section 515 has decreased by 85% from 1987 to 2010. This is because section 515 plays an important role in attracting other housing resources to rural America. A recent ABT report commissioned by HUD indicates a low rate of non-metro participation in the Low-Income Housing Tax Credit. During 1995-2004, non-metro communities had 25% of the projects but only 13% of the units financed by LIHTC.

### Policy Recommendations for Rural Housing

- ***Preserve LIHTC as a permanent part of the federal code;***
- ***Provide $40 million for the Section 515 Rural Rental Housing Loan program;***
- ***Provide $1 billion for the Section 502 direct homeownership program;***
- ***Provide $23.9 million for Section 514 (loans) and $8.4 million for Section 516 Farm Labor Housing Grants; and***
- ***Provide $30 million for the Self-Help Housing program.***