

# Support Adequate Funding for USDA Rural Housing Service in the FY18 Budget

**DEADLINE: Monday April 3, 2017**

Dear Colleague,

Please join Representatives Sean Duffy and Jim Costa in sending the following letter to the House Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies to respectfully request adequate funding for United States Department of Agriculture (USDA) Rural Housing and water sewer programs.

USDA Rural Housing programs provide a critical lifeline to low-income, rural families. Through low-cost loans, grants, and other assistance, USDA programs improve housing conditions and quality of life in rural America.

For example Section 502 Direct Loan Program, which has helped more than 2.1 million families realize the American Dream and build their wealth by more than \$40 billion, is the only federal homeownership program that exclusively targets low- and very-low income rural families. The program provides essential funding to fill in the gap in the private market, allowing families who would otherwise be unable to access affordable mortgage credit achieve homeownership.

The Section 523 Mutual Self-Help Housing program is another critical component of USDA's Rural Housing initiatives. Self-Help Housing, which celebrated its 50 year anniversary and 50,000<sup>th</sup> family served in 2015, is the only federal program that combines "sweat equity" homeownership opportunities with technical assistance and affordable loans for some of America's neediest rural families.

Rural water –sewer loans and grants are essential for building communities.

Our rural communities are in dire need of affordable, livable housing. Please join us in supporting rural districts all over the country by signing this letter.

Please contact Ryan McCormack in Rep. Duffy's office ([Ryan.McCormack@mail.house.gov](mailto:Ryan.McCormack@mail.house.gov)) or Ben Goldeen in Rep. Costa's office ([Ben.Goldeen@mail.house.gov](mailto:Ben.Goldeen@mail.house.gov)) if you would like to sign or have further questions.

Sincerely,

March 17, 2017

The Honorable Rob Aderholt  
Chairman, Subcommittee on Agriculture,  
Rural Development, Food and Drug  
Administration, and Related Agencies  
House Committee on Appropriations  
Washington DC 20510

The Honorable Sanford Bishop Ranking  
Member, Subcommittee on Agriculture,  
Rural Development, Food and Drug  
Administration, and Related Agencies  
House Committee on Appropriations  
Washington DC 20510

Dear Chairman Aderholt and Ranking Member Bishop:

As the House Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies considers the Fiscal Year 2018 (FY 18) Appropriations Bill, we write to respectfully request adequate funding for United States Department of Agriculture (USDA) Rural Housing Programs and Rural Water-Sewer program.

Access to safe, decent, and affordable housing can transform lives. Yet, due to lower incomes and higher poverty rates, far too many rural families live in housing that is too expensive, in substandard condition, or both. According to U.S. Census data, approximately, 1.5 million rural homes—or about 5.9 percent—are in substandard condition. The poverty rate for rural areas, estimated at 18.1 percent according to the Economic Research Service, is both higher and more concentrated than the urban (15.1 percent) and national (15.5 percent) poverty rates. Overall, 82 percent of high-poverty counties—or 571 of the 703 counties with at least a 20 percent poverty rate—are rural. And, 86 percent of the nation’s “persistently poor” counties are rural, as well. Additionally, 30 percent of rural families (more than 8 million) spend more than 30 percent of their monthly gross income on housing. These households are considered “cost burdened,” and are likely to struggle to pay for other basic needs, such as health care and child care.

USDA Rural Housing homeownership and rental housing programs have a proven track record of overcoming these barriers to affordable housing in rural America. By providing low-cost loans, grants, and other related assistance, these key programs have not only helped millions of rural families improve their quality of life, but have created thousands of jobs in rural America. In 2016, RHS assisted over 150,000 rural families in improving their housing conditions through home ownership loans, home repair loans and grants and rental and farmworker housing programs.

The 2013 Drinking Water Needs Assessment indicated a national need of \$64.5 billion for small systems<sup>[3]</sup> (systems that serve 3,300 or fewer persons) in the 50 states, Puerto Rico and other U.S. Territories. This represents 17.4 percent of total national need and comprises some 41,000 systems (82.8 percent of all systems) and 24 percent of the population. The need of water systems in American Indians and Alaska Native villages totals \$3.3 billion.

USDA’s Water and Sewer loan and grant financing program is a key component of economic development in rural America. Every water and wastewater construction dollar generates nearly \$15 of private investment and adds \$14 to the local property tax base. The agency boasts a

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<sup>[3]</sup> A small system is defined by the EPA report “as serving 3,300 persons or fewer.” <https://www.epa.gov/sites/production/files/2015-07/documents/epa816r13006.pdf>.

portfolio of more than 18,000 active water/sewer loans, more than 19 million rural residents served, and a delinquency rate of just 0.18 percent.<sup>[1]</sup> Fiscal Year 2016, USDA funded 932 projects. Approximately 84 percent of the loan and grant dollars awarded in FY 2016 are bringing services to communities with populations less than 5,000

We urge the Subcommittee to support the Mutual Self-Help Program, Section 502 Direct Loans homeownership loans, rental assistance, new multi-family construction and preservation, farmworker housing as well as water sewer financing. All provide critical support to rural populations, improve rural communities and create jobs.

Sincerely,

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Rep. Sean Duffy  
Member of Congress

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Rep. Jim Costa  
Member of Congress