

July 13, 2015

Chairman Jerry Moran
Senate Appropriations Subcommittee
on Agriculture, Rural Development,
Food, and Drug Administration
U.S. Senate
Washington, DC 20510

Ranking Member Jeff Merkley
Senate Appropriations Subcommittee
on Agriculture, Rural Development,
Food, and Drug Administration
U.S. Senate
Washington, DC 20510

Dear Chairman Moran and Ranking Member Merkley,

The undersigned national, state, and local organizations ask that the Senate Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration, on which you serve, take the following urgent actions when considering its funding bill for Fiscal Year (FY) 2016:

- Extend eligibility for Rural Development (RD) vouchers to households that are living in U.S. Department of Agriculture (USDA) financed rural rental and farm labor developments with mortgages that are maturing.
- Increase funding for the RD Voucher Program to \$27 million.
- Reject the Administration's proposal to preclude the renewal of Rental Assistance (RA) Contracts within the 12 month contract term.
- Adopt report language directing RD to issue Letters of Priority Entitlement (LOPEs) to residents of RD rental housing who are threatened with displacement due to maturing RD loans.

These provisions are necessary to protect the residents of RD rental housing, nearly 60 percent of whom are elderly or disabled. Without the requested modifications, the current terms of the RD Voucher and RA programs will have dire consequences for these households. Detailed support for our requests follows.

Extension of RD Voucher Program Eligibility

In the next 10 years, nearly 75 percent of the RD loans that financed the construction of all rural rental and farm labor housing developments will mature. When this occurs, these developments will lose their RA subsidies for low- and very low-income residents. Over 300,000 households, or 600,000 individuals, will be adversely affected by this loss of subsidy upon loan maturation and at risk of displacement because of rising rents. Nearly 60 percent of these households are headed by persons who are over the age of 62 or have a disability.

One way to assist these households after RA is terminated would be to provide RD vouchers that would enable them to remain in their homes or move to other housing in the community. Unfortunately, RD cannot extend vouchers to households displaced due to maturing mortgages because current statute limits their issuance to persons who are threatened by displacement due to loan prepayments.

The USDA Budget for FY 2016 requests the authority to issue vouchers to persons who are threatened with displacement due to loan maturation. We support this proposal and urge the Subcommittee to adopt it. We do not believe that the Administration's request to exercise discretion over which residents receive a voucher is needed or warranted, however. We urge you to reject this provision.

Increase Funding for the Rural Voucher Program

The Administration has requested \$15 million for the Rural Voucher program in FY 2016. This is the level at which the program is currently operating, with \$7 million coming from FY 2015 appropriations and \$8 million from FY 2014 carry-over funding. If the Rural Voucher program is funded at \$15 million in FY 2016, RD will have adequate funding only to renew outstanding vouchers, but not enough to issue any new vouchers. Based on available data, we understand that in order to meet the current demand for new and existing vouchers, the program would require \$27 million in FY 2016. Any lesser amount will cause residents of prepaying and maturing loan developments to be displaced and become homeless. We therefore urgently request that the Subcommittee fully fund the RD Voucher program at \$27 million.

Reject the Administration's Request to Restrict the Renewal of RA Contracts to a 12 Month Term

In FY 2015, Congress accepted USDA's request for authority to limit the renewal of RA contracts to a 12 month contract term. USDA repeated this request in its FY 2016 Budget. Contrary to the agency's expectations, this provision has caused problems with the administration of the RA program over the past year. We understand that this policy has caused over 40 RA contracts and 700 units of RD rental housing to run out of RA funding due to no fault of the owner operator. RD has had to find various ways to limit the displacement of residents from these developments due to its inability to renew the RA contracts in less than 12 months. This was not the intent of the provision under which the agency is operating in this fiscal year.

More significantly, this provision is not needed in FY 2016. This is because RD is modifying the methodology it uses to calculate the amount of funds needed to operate a RA contract over a 12 month term. As a result, practically all RA contracts will receive precisely the amount necessary to operate the development and there is no need to continue the restriction on the renewal of RA contracts within 12 months. Removing this provision will not have a budgetary impact, therefore we urge the Subcommittee to reject the extension of this provision in FY 2016.

Adopt Report Language Directing RD to Issue Letters of Priority Entitlement (LOPEs) to Persons Displaced Due to Loan Maturity

RD currently is issuing LOPEs to persons who are displaced from RD rental housing because owners are prepaying their RD loans. LOPEs grant displaced persons priority admission to other RD developments and help them to avoid hardship and potential homelessness.

RD officials have rejected requests to extend LOPEs to persons displaced by the maturation of an RD rental housing loan. The only reason RD has advanced for its position is that persons displaced by a loan maturity "are not displaced." This reason does not make sense, however, as persons displaced by loan maturity are no different than persons displaced by prepayment.

Report language directing RD to extend LOPEs to persons displaced by loan maturation will not have any budgetary impact. We therefore request that appropriate language be included in the Senate Report accompanying the FY 2016 appropriations bill, directing RD to change its position.

Thank you for your consideration. Should you need additional information with respect to these actions, please contact Gideon Anders at the National Housing Law Project (ganders@nhlp.org) or Ellen Lurie Hoffman at the National Housing Trust (eluriehoffman@nhtinc.org).

Sincerely,

Arizona Housing Alliance
Burbank Housing (California)
California Coalition for Rural Housing
CASA of Oregon
Coalition of Florida Farmworker Organizations
Coalition on Homeless and Housing in Ohio (COHHIO)
Coastal Enterprises, Inc. (Maine)
Community Housing Improvement Program (CHIP) (California)
Community Housing of Maine
Community Housing Partners (Virginia)
Council for Affordable and Rural Housing (CARH)
Empower Missouri
Florida Housing Coalition
Greater Hartford Legal Aid (Connecticut)
Greater Minnesota Housing Fund
HOME Line (Minnesota)
Homeless & Housing Coalition of Kentucky (HHCK)
Housing Action Illinois
Housing Action New Hampshire
Housing & Community Development Network of New Jersey
Housing Alliance of Pennsylvania
Housing Assistance Council (HAC)
Housing Justice Network (Minnesota)
Klamath Housing Authority (Oregon)
LeadingAge
Local Initiatives Support Corporation (LISC)
Louisiana Housing Alliance
Maine Affordable Housing Coalition
Maryland Affordable Housing Coalition
Mercy Housing
Michigan Disability Rights Organization (MDRC)
Minnesota Housing Finance Agency
Minnesota Housing Partnership (MHP)
National Affordable Housing Management Association (NAHMA)
National Council of State Housing Agencies (NCSHA)
National Housing Law Project (NHLP)
National Housing Trust (NHT)
National Leasing Housing Association (NLHA)
National Low Income Housing Coalition (NLIHC)
Native Community Finance (New Mexico)
NCALL Research (Delaware)
Network for Oregon Affordable Housing (NOAH)
Non-Profit Housing Association of Northern California (NPH)
North Carolina Housing Coalition (NCHC)
Oregon Law Center (OLC)
People's Self-Help Housing (California)
Rental Housing Information Network in Ohio (RHINO)
Rural Community Assistance Corporation (California)
Rural Housing Preservation Associates (Delaware)

Self-Help Enterprises (SHE) (California)
Southern Maryland Tri-County Community Action Committee (SMTCCAC)
Stewards of Affordable Housing for the Future (SAHF)
Texas Low Income Housing Information Service
The Caleb Group, Massachusetts
Utah Housing Coalition
Vermont Housing and Conservation Board
Vermont Legal Aid
Virginia Housing Coalition
Volunteers of America
Western Center on Law and Poverty (California)
Wisconsin Partnership for Housing Development

Cc: Senator Roy Blunt
Senator Thad Cochran
Senator Mitch McConnell
Senator Susan Collins
Senator John Hoeven
Senator Steve Daines
Senator Dianne Feinstein
Senator Jon Tester
Senator Tom Udall
Senator Patrick Leahy
Senator Tammy Baldwin