

# HOUSING NEEDS IN RURAL AMERICA



**B**ecause of higher, more persistent levels of poverty and lower incomes, rural communities often struggle to provide decent, accessible, and affordable rental homes for its residents. Today, far too many rural renters live in unaffordable, overcrowded, or substandard homes. Despite the growing need, federal investment in affordable housing in rural America has been chronically underfunded for decades. The National Low Income Housing Coalition urges Congress to increase resources to build and preserve affordable rental homes for people with the greatest needs, including rural America's poorest seniors, people with disabilities, families with children, and others.

## Declining Federal Investments in Rural America

USDA's Section 515 Rural Rental Housing Loan Program – once the principal source of financing of affordable rental homes in rural America – has been cut by more than 95% over the past few decades, limiting the ability of rural communities to attract private-sector capital and other federal resources. Despite the growing need in rural America, there has been no new construction of rural rental homes under the Section 515 program since 2012.

Congress should significantly expand Section 515 and the national Housing Trust Fund to build affordable rental homes for the lowest-income people in rural communities. Congress should also expand and reform the Low Income Housing Tax Credit so that it better serves rural America.

## Growing Unmet Preservation Needs

According to USDA, nearly \$112 billion is needed over the next 20 years to preserve the more than 470,000 rental homes in USDA's portfolio for current and future residents. Without these much-needed resources, rural communities may lose what is often their only source of affordable rental housing due to disrepair and obsolescence. The longer Congress puts off these investments, the more expensive it will be to maintain these homes.

Congress should significantly expand investments in Section 515 and the Multifamily Housing Preservation and Revitalization Program (MPR) to preserve affordable homes in rural America. Congress should also permanently authorize MPR by enacting the *Rural Housing Preservation Act*, introduced by Senators Shaheen (D-NH) and Smith (D-MN) and Representatives Kuster (D-NH) and Shea-Porter (D-NH).

## Affordability Challenges

In the coming years, rural communities will face even greater challenges to maintaining its supply of affordable rental homes as more properties reach maturity on USDA-financed development loans. When USDA loans reach maturity, property owners are no longer required to meet affordability standards; many may convert their properties to market-rate housing or stop operating the property altogether. USDA estimates that nearly 1,800 rental homes will be lost annually due to maturing mortgages between 2016 and 2027, more than 16,000 rental homes will be lost each year between 2028 and 2032, and 22,000 homes will be lost annually in the following years.

Moreover, once the loan matures, low-income tenants are no longer eligible for USDA rural rental assistance. As a result, rural families have no choice but to pay far too much of their income on rent, putting them at increased risk of evictions and, in worst cases, homelessness.

Beyond increasing investments in Section 515 and MPR, Congress should enact the *Rural Housing Preservation Act* to ensure that low-income tenants can continue to receive the rental assistance they need when the property's mortgage matures.

## Barriers to Disaster Recovery

When disasters strike rural America, local communities can face significant barriers to rebuilding and long-term recovery. Because of the significant lack of affordable rental housing, rural families can be displaced more than one hundred miles away from their homes, schools, and jobs after a disaster. Too many survivors struggle to access FEMA assistance because its programs are designed with middle class households in mind and not the needs of more vulnerable families, including the lowest-income seniors, people with disabilities, families with children, people experiencing homelessness, and others. Because the Community Development Block Grant-Disaster Recovery (CDBG-DR) program is not formally authorized, there can be significant delays in providing states and communities with the flexible resources needed to rebuild affordable housing and infrastructure after a disaster.

Congress should enact the *Reforming Disaster Recovery Act*, introduced by Senators Schatz (D-HI) and Young (R-IN) and Representatives Green (D-TX) and Wagner (R-MO) to permanently authorize the CDBG-DR program and provide important safeguards and tools to ensure that disaster recovery efforts reach all impacted households, including those with the greatest needs. Congress should also enact the *Housing Survivors of Major Disasters Act* introduced by Senator Warren (D-MA) and Rep. Espaillat (D-NY) to provide temporary rental assistance and wrap-around services to displaced survivors through the Disaster Housing Assistance Program.

**For more information, contact NLIHC Senior Policy Director Sarah Mickelson at [smickelson@nlihc.org](mailto:smickelson@nlihc.org)**

1000 Vermont Avenue, NW | Suite 500 | Washington, DC 20005 | 202-662-1530 | [www.nlihc.org](http://www.nlihc.org)