

April XX, 2019

The Honorable Susan Collins
Chairwoman
Subcommittee on Transportation-HUD
Committee on Appropriations
United States Senate
Washington, D.C. 20510

The Honorable Jack Reed
Ranking Member
Subcommittee on Transportation-HUD
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Chairwoman Collins and Ranking Member Reed,

We write to express our strong support for maintaining stable funding in Fiscal Year 2020 for two small HUD programs that support affordable housing in rural communities—the Self-Help Homeownership Opportunity Program (SHOP) and the Rural Capacity Building (RCB) program. SHOP has been a uniquely effective tool for creating successful low-income homeownership nationwide, especially in rural America where affordable housing support is very limited. The RCB program builds the capacity of local entities taking on affordable housing and community development activities that benefit low and moderate income families in rural areas. In light of limited federal funding available to support low-income homeownership, especially in rural areas, preserving funding for these successful and efficient programs has never been more important.

Since 1996, SHOP funding has supported the work of nonprofit organizations that employ the self-help homeownership model, a method that has assisted tens of thousands of low-income families, and fostered them to be committed, successful homeowners. Through this approach, low-income families must put in at least 100 hours of “sweat equity” in their homes, and most families average more than 350 hours. SHOP funds are used to defray land acquisition, property and infrastructure costs, some of the most difficult activities for local nonprofits to finance.

SHOP is one of HUD’s most successful programs, and has made a huge impact in rural America. This small, effective program has enabled local nonprofit organizations since 1996 to build more than 35,000 homes and house more than 80,000 adults and children. Of these homes, approximately 50% are in rural areas. SHOP grantees have raised a significant amount of private leverage and brought in more than \$2 billion of investment into communities. SHOP is also one of only four federal housing programs out of 40 studies that received a top rating in OMB’s PART evaluation system.

National nonprofits compete for SHOP allocations annually through HUD and then grant funding to hundreds of local nonprofits in every state, the District of Columbia and Puerto Rico. Current grantees include Habitat for Humanity International, Community Frameworks, the Housing Assistance Council, and Tierra del Sol Housing Corporation. Given SHOP’s consistent,

strong track record of providing homeownership opportunities to low-income families and high private leverage, we are asking for a \$5 million increase for the program to equal \$15 million.

HUD's RCB program allows national organizations to provide a wide range of help to local housing and community development nonprofits. This includes training, technical assistance, information, and financing targeted to rural low-income communities. RCB also aids local organizations in marshaling private and public capital to their communities.

The need for affordable housing continues to increase, and distressed housing conditions and concentrated poverty disproportionately affects rural communities. Providing sufficient appropriations for these capacity building and financial assistance programs will leverage millions of additional dollars into communities, and improve the quality of life in rural America.

We respectfully request that you provide \$15 million for SHOP and \$5 million for the RCB program in the FY20 THUD Appropriations bill to ensure that our nation's rural needs are served.

Thank you for your consideration of this request and for your support of affordable homeownership.

Sincerely,

Jeffrey A. Merkley
United States Senator