

# United States Senate

WASHINGTON, DC 20510

April 21, 2017

The Honorable John Hoeven  
Chairman  
Subcommittee on Agriculture,  
Rural Development, Food and  
Drug Administration, and  
Related Agencies  
Senate Committee on Appropriations  
Washington, DC 20510

The Honorable Jeff Merkley  
Ranking Member  
Subcommittee on Agriculture,  
Rural Development, Food and  
Drug Administration, and  
Related Agencies  
Senate Committee on Appropriations  
Washington, DC 20510

Dear Chairman Hoeven and Ranking Member Merkley:

As the Senate Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies considers the fiscal year (FY) 2018 appropriations bill, we write to respectfully request adequate funding for rural housing programs administered by the United States Department of Agriculture (USDA) Rural Housing Service (RHS) and the water-sewer financing program administered by the Rural Utility Service (RUS).

The USDA's rural housing programs and water-sewer program provide critical support to rural families, improve rural communities, and create jobs.

Rural housing programs provide low and very-low income rural families the opportunity to have a safe and decent home through low-cost loans, grants and related assistance. In 2016, RHS assisted more than 150,000 rural families in improving their housing conditions through home ownership loans, home repair loans and grants, and rental and farmworker housing programs.

Adequate funding levels for USDA's homeownership programs, including Section 502 Direct Loans and Section 523 Mutual Self-Help Housing, and rental housing programs such as Section 515 Rural Rental Housing Loans, Section 514/516 Farm Labor Housing programs, Section 521 Rural Rental Assistance, Multi-Family Housing Preservation and Revitalization, and Section 538 Rural Rental Housing Guaranteed Loans that finance farmworker and rural rental housing construction and preservation, are crucially important to America's rural communities.

The USDA RHS programs allow rural families to overcome unique barriers to rural homeownership. Under Section 502 direct loans, low income families are eligible to receive mortgage assistance to purchase or build their own home.

Under the Mutual and Self Help housing program, close to 100 organizations across the nation support families as they work on nights and weekends build their own home. Despite being the poorest families in the Section 502 Direct Loan portfolio, Self-Help Housing families have the lowest rates of default and delinquency. There are some 50,000 families on the waiting list for the Mutual Self Help program.

USDA programs also help address the pressing need to create and preserve affordable rental housing in rural America. Section 515 Rural Rental Housing Loans, Section 514/516 Farm Labor Housing programs, Section 521 Rural Rental Assistance, Multi-Family Housing Preservation and Revitalization, and Section 538 Rural Rental Housing Guaranteed Loans are all part of the toolbox that USDA employs to address the rural rental housing needs for low and very-low income residents. Any appropriation for Rural Rental Assistance should include adequate funding for existing and expiring rental assistance contracts and preservation.

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. In FY 2016, USDA funded 932 projects through this program. Approximately 84 percent of last year's loan and grant dollars were awarded to bring services to communities with populations of less than 5,000.

On March 16, OMB released its budget blue print for FY 2018. This included a proposal to eliminate the USDA water-sewer program. We are disappointed by this recommendation and strongly urge the subcommittee to continue to support this important program for rural America in FY 2018.

Thank you for your consideration and we look forward to working with you to ensure that our nation's rural housing and water infrastructure needs are appropriately met.

Sincerely,

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Brian Schatz  
United States Senator