

Senators Jones and Schatz invite your boss to join in their request for full funding for USDA rural housing and waste water financing programs.

FY19 signers: Schatz, Baldwin, Cortez Masto, Hassan, Manchin, Warren, Feinstein, Shaheen, Brown, Carper, Booker, Wyden, Gillibrand, Smith, King, Cantwell, Peters, Klobuchar, Reed, Cardin, Duckworth, Sanders, Durbin, Van Hollen, Coons, Harris, Stabenow, Hirono

Due date: COB April 3

To sign on, please contact me at mike.berman@jones.senate.gov or Trey Reffett in Sen. Schatz's office at Trey_Reffett@schatz.senate.gov

Letter text:

April xx, 2019

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

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

Dear Chairman Hoeven and Ranking Member Merkley,

We write to indicate our support for federal rural housing and community development programs administered by the US Department of Agriculture (USDA). It is apparent that there is a housing crisis in rural America; unfortunately USDA budget recommendations do not adequately address the lack of affordable housing in our small towns and farming communities. Likewise, we must also address the lack of adequate sewer systems in our rural communities.

Production of homes in rural America is at its lowest levels in recent memory. According to US Census data, between 1999 and 2008, the average annual production in non-metro areas totaled 221,000. In the period 2009 to 2017, average production fell to 68,000 per year.^[1] In addition, of the 25 million units located in rural and small communities, over 5 percent, or 1.5 million, of these homes are considered either moderately or severely substandard.^[2]

This is not only a housing problem; the lack of housing has become an impediment to economic growth in many rural communities. Many workers are forced to drive hours to get to their jobs;

^[1] United States Census Bureau. (2018). *Metropolitan Statistical Area Status for New Single-Family Houses Completed*. Retrieved from <https://www.census.gov/construction/chars/pdf/metro.pdf>

^[2] Housing Assistance Council, "Taking Stock: Rural People, Poverty, and Housing in the 21st Century." December 2012. http://www.ruralhome.org/storage/documents/ts2010/ts_full_report.pdf

rural businesses encounter difficulty in recruiting because prospective employees cannot find housing.^[3]

There is an urgent need to rehabilitate and preserve USDA rental housing portfolio, totaling some 422,000 units that provide affordable housing to low income families, including seniors, persons with disabilities, and farmworkers live USDA- financed rental housing developments.^[4] A 2016 USDA report indicated that the 20 year cost to preserve those units totaled \$5.6 billion.^[5]

According to the American Community Survey's 2017 numbers, over 470,000 U.S. households lack adequate access to water and wastewater systems. According to the Environment Protection Agency (EPA), nearly one in four households in the United States depends on an individual septic system or small community cluster system to treat its wastewater.^[6] A recent article in *The New York Times* indicated that nearly 500,000 households in the United States lack running water or a working toilet.^[7] According to the Housing Assistance Council, over 30 percent of housing units across the country that lack hot and cold running water are in small and rural communities. Further, on some Native American lands, the rate of homes lacking adequate plumbing is 10 times the national average.^[8]

In short, rural America needs more and better housing, and improved access to water and waste water facilities. The Fiscal Year 2020 USDA budget does not adequately address this need and we urge the Committee to reject it.

We believe a better alternative is to set most rural development programs at the FY 19 rate and provide modest targeted FY 2020 increases to certain high priority programs:

- To increase the supply of housing units in rural America we recommend a program level for section 502 direct loans of \$1.25 billion and provide \$35 million for Mutual Self Help Housing ;
- To preserve affordable rental housing financed by USDA, we support \$75 million for the Multi-family Preservation and Revitalization Program (MPR). The purpose of MPR is to recapitalize properties by restructuring USDA multifamily housing loans;
- In order to increase the supply of affordable housing for migrant and seasonal farmworkers, we recommend \$35 million in Section 514 loans and \$10 million in section 516 grants; and

^[3] Raice, Shayndi. "Rural America Has Jobs. Now It Just Needs Housing." *Wall Street Journal* May 30, 2018.

<https://www.wsj.com/articles/scarcity-of-housing-in-rural-america-drives-worker-shortage-1527672602>

^[4] United States Department of Agriculture Rural Development, "Results of the 2018 Multi-Family Housing Annual Fair Housing Occupancy Report." February 7, 2019. <https://www.rd.usda.gov/files/RDUL-MFH18.pdf>

^[5] "USDA 2016 Rural Development Multi-Family Housing Comprehensive Property Assessment," U.S. Department of Agriculture Rural Development (March 1, 2016). <https://www.rd.usda.gov/files/reports/USDA-RD-CPAMFH.pdf>.

^[6] Environmental Protection Agency, "Learn about Small Wastewater Systems." Accessed March 10, 2019.

<https://www.epa.gov/small-and-rural-wastewater-systems/learn-about-small-wastewater-systems>

^[7] Sabrina Tavernise, "A Toilet, but No Proper Plumbing: A Reality in 500,000 U.S. Homes," *The New York Times* (Sept. 26, 2016) http://www.nytimes.com/2016/09/27/health/plumbing-united-states-poverty.html?_r=0.

^[8] Taking Stock: Rural People, Poverty, and Housing in the 21st Century, Housing Assistance Council, 2012, http://www.ruralhome.org/storage/documents/ts2010/ts_full_report.pdf.

- USDA's Water and Sewer loan and grant financing program is a key component of economic development in rural America. We recommend at least water-waste loans of \$1.5 billion and not less than the FY 19 rate for water-waste water grants.

We also urge the Committee to provide adequate funding to renew all expiring rental assistance contracts and meet the need for rural housing vouchers.

We appreciate the past support of the Committee for these important programs and your attention to this matter.

Sincerely,