

## ISSUE: Prioritize the Affordable Housing Needs of Rural Americans

More than 59 million Americans live in rural America, where getting access to credit and capital for affordable housing is especially difficult (see Figure 12). The U.S. Department of Agriculture's (USDA) Section 502 Single Family Direct Loan Program, the Section 515 Rural Rental Housing Direct Loan Program, and the Section 521 Rural Rental Assistance Program are all critical to homeownership and rental housing in rural communities.

The Section 502 Program Direct Loan program offers mortgages for low-income homebuyers in rural areas.<sup>41</sup> At least 40 percent of the funds appropriated each year must be used to assist families with incomes less than 50 percent of area median income (AMI).<sup>42</sup> In the past 60 years, Section 502 Direct Loans have helped more than 2.1 million rural families buy homes and build their wealth by more than \$40 billion.<sup>43</sup> The Section 515 Program has financed more than 550,000 decent, safe, sanitary and affordable homes, often the only such housing in rural communities.<sup>44</sup> USDA's Section 521 Rental Assistance (RA) program helps tenants whose incomes are so low they cannot afford the rent in certain USDA-financed properties.<sup>45</sup>

### Who Can Act:

The U.S. Congress House and Senate Budget and Appropriations Committees, the U.S. Department of Agriculture (USDA), the Federal Housing Finance Agency (FHFA)

### NCRC's Position:

Congress and the Trump Administration should prioritize and support capacity building for Section 502 Direct Loans so that more rural Americans can access and use the program. Although the program has recently been automated, it still takes far too long to process loan applications.

The House and Senate Appropriations Committees should also maintain funding for all USDA rural housing programs, including Section 502, 514, 515, 516 and 521. Congressional appropriators should also provide enough funding to renew all Section 521 rental assistance contracts, oppose implementing minimum rents in Section 521-assisted units or other USDA rentals, and work with USDA Rural Development to find positive ways to reduce Section 521 costs through energy efficiency measures, refinancing USDA mortgages, and reducing administrative costs.

41 USDA, Rural Home Loans (Direct Program). (2015, September). Retrieved from <https://www.rd.usda.gov/files/fact-sheet/RD-FactSheet-RHS-SFH502Direct.pdf>. U.S. Department of Agriculture.

42 USDA Homeownership Direct Loan Program (Section 502). (January 2014). Retrieved from <http://www.ruralhome.org/storage/documents/rd502direct.pdf>. Housing Assistance Council.

43 The National Rural Housing Coalition, Section 502 Direct Loan Program. (July 30, 2014). Retrieved from <http://ruralhousingcoalition.org/section-502-direct-loan-program>

44 USDA Rural Rental Housing Loans (Section 515), The Housing Assistance Council (April 2011). Retrieved from <http://ruralhome.org/storage/documents/rd515rental.pdf>.

45 USDA Rural Housing Programs for Seniors, The Housing Assistance Council (September 2011) Retrieved from <http://ruralhome.org/component/content/article/45-announcements/437-seniorhousing>. Housing Assistance Council.

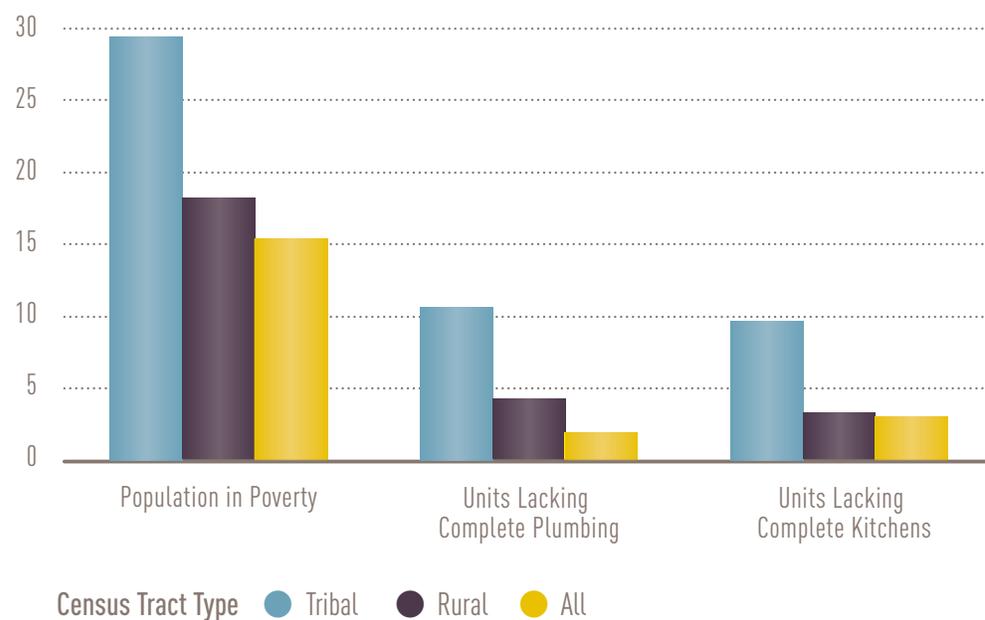
**FHFA's Duty to Serve Rule:** The *Underserved Market Plans* developed by Fannie Mae and Freddie Mac as part of their Duty to Serve obligations for the manufactured housing market should promote strong homeowner and tenant protections in the market, including long-term leasing, investments in mission-owned communities, safe and sound financing as part of the chattel loan pilot program, and no restrictions on the right to sell.

Fannie and Freddie should be able allowed to reenter the low-income housing tax credit (LIHTC) market in rural areas, and receive credit for partnering on the USDA's Section 515 and 538 multifamily housing programs.

The Enterprises should also support and finance more housing counseling as part of their *Underserved Market Plans*.

### Residents of Rural Areas and Tribal Lands Are Especially Likely to Live in Poverty and Have Substandard Housing

Share of Population and Housing Units (Percent)



Notes: Tribal census tracts are as defined by the US Census Bureau for 2010. Rural census tracts are in non-metro areas.  
 Source: JCHS tabulations of US Census Bureau, 2010–2014 American Community Survey 5-Year Estimates.

FIGURE 12: Source: Harvard Joint Center for Housing Studies, *The State of the Nation's Housing 2016*, [www.jchs.harvard.edu](http://www.jchs.harvard.edu). All rights reserved