

March XX, 2012

The Honorable Herb Kohl
Chairman
Agriculture, Rural Development, Food
and Drug Administration Appropriations
XXX Dirksen Senate Office Building
Washington, DC 20510

The Honorable Roy Blunt
Ranking Member
Agriculture, Rural Development, Food
and Drug Administration Appropriations
XXX Dirksen Senate Office Building
Washington, DC 20510

The Honorable Jack Kingston
Chairman
Agriculture, Rural Development, Food
and Drug Administration Appropriations
2362-A Rayburn House Office Building
Washington, DC 20515

The Honorable Sam Farr
Ranking Member
Agriculture, Rural Development, Food
and Drug Administration Appropriations
1016 Longworth House Office Building
Washington, DC 20515

Dear Chairmen Kohl and Kingston and Ranking Members Blunt and Farr,

On behalf of the national Preservation Working Group (PWG), we are writing regarding the Department of Agriculture's proposed FY2013 budget for the Rural Housing Service. The PWG is a national coalition of nonprofit, tenant advocates and state and local housing agencies dedicated to the preservation of existing federally assisted multifamily affordable housing.

We commend the Administration and the Department for their recognition of the importance of affordable rental housing preservation in rural communities. As you are aware, there are 3.1 million low-income renters that live in nonmetropolitan communities across the country and nearly 36% of those households pay more than half of their income for housing. The Rural Housing Service programs have helped develop over 550,000 affordable apartments and currently provide about 370,000 households with rental assistance.

We support the FY2013 budget's \$34 million request for the Multifamily Housing Preservation and Revitalization Program (MPR), which funds rehabilitation of rural multifamily rental properties that have been financed through the Section 515 and 514/516 programs. This funding will be used to maintain the physical condition and affordability of rentals in rural communities across the country. In addition, the proposed budget provides \$12.75 million in rental housing voucher assistance to those tenants that live in properties whose owners have prepaid their USDA Section 515 mortgages. Rental housing voucher assistance is critical so that tenants who reside in these properties will not be displaced.

We are concerned about the amount requested in the USDA Section 521 Rental Assistance program for properties that receive funding from the MPR program. While the budget request is sufficient to renew assistance for existing units and to provide assistance for tenants in new Section 514/516 farmworker rentals, the budget fails to consider rental assistance needed for additional properties that receive MPR funding. Under the requested amount in MPR, at least an additional \$6 million will be needed to provide rental assistance to property owners to cover property operations and expenses.

Finally, we are disappointed that the President's budget does not request any funding for the Section 515 Rental Housing Direct loan program. Section 515 is a principal source of financing for rental housing in rural communities – both for new construction and for equity loans that serve as incentives for owners of older properties to remain in the Section 515 program. The budget does propose to fund the Section 538 guarantee program, but it cannot replace Section 515; the incomes of the more than 400,000 households in Section 515 properties average about \$11,000 per year, whereas the Section 538 guarantee program serves tenants with average incomes above \$18,000. At a time where demand for affordable apartments continues to grow, eliminating the Section 515 program will increase the conversion of existing developments, cause displacement of assisted residents, and put further strains on the most vulnerable populations as they seek safe and decent housing.

We respectfully request that you fund rural rental housing programs at adequate levels to support the growing demand for affordable apartments and support community development activities in rural communities.

Sincerely,

ACTION-Housing
California Coalition for Rural Housing
CASA of Oregon
Coastal Enterprises, Inc.
Enterprise Community Partners
Homes for America
Housing Assistance Council
LeadingAge
Local Initiatives Support Corporation
Lutheran Services in America
Mercy Housing, Inc.
National Council of State Housing Agencies
National Housing Conference
National Housing Law Project
National Low Income Housing Coalition
Network for Oregon Affordable Housing
Stewards of Affordable Housing for the Future