

January 28, 2013

The Honorable Tom Vilsack  
Secretary of Agriculture  
1400 Independence Ave, S.W.  
Washington, D.C. 20250

Acting Director Jeff Zients  
Office of Management and Budget  
725 17<sup>th</sup> Street, NW  
Washington, DC 20503

Dear Secretary Vilsack and Acting Director Zients,

As the Administration crafts its FY2014 budget proposal for the Department of Agriculture, we respectfully urge you to provide Rural Development's multifamily rental and farm labor housing programs adequate funding to preserve existing affordable apartments, fully renew rental assistance contracts and create new housing options for low-income renter households in rural communities. More specifically, we request that the Administration consider the following recommendations for the FY14 budget:

- Full funding for Rental Assistance in the Section 521 program;
- Permanent authorization for the Multifamily Preservation and Revitalization Demonstration program with funding;
- Adequate funding in the Section 515 and 514/516 programs to support both new development of rental housing and preservation transactions

We are a coalition of housing providers, developers, lenders, state Housing Finance Agencies, and housing advocates that utilize and support Rural Development's multifamily rental programs to provide stable, safe and affordable rental apartments to low-income households in rural areas across the country. The public-private partnership that these programs have created over the years has helped us produce and maintain affordable rural housing for thousands of low-income and vulnerable households.

USDA's multifamily housing programs all work in concert so that families, farmworkers, seniors and persons with disabilities in rural areas have affordable housing options. For many small rural communities, these programs provide the only decent and safe affordable rental housing. Cutting one program to fully fund another simply exacerbates the housing issues facing communities: shortage, unaffordable and deterioration of existing supply.

Over the past three years, USDA's budgets have failed to adequately provide enough funding to fully renew existing rental assistance contracts under the Section 521 program, or to meet their statutorily mandated prepayment prevention obligations. They have also proposed elimination of the Section 515 program that serves as an important tool for creating and preserving existing housing, and have been indefinite about how to address and fund the long-term capital needs of the aging Section 515 stock. Finally, the Department has implemented administrative practices that further reduce the effectiveness of these programs serving vulnerable rural populations.

With budget cuts looming we ask that USDA reaffirm its commitment to multifamily rental and farmlabor housing development and preservation. The need for affordable rental housing in rural communities is more critical than ever as rental housing options become scarcer, thus reducing the

already limited supply of decent and safe apartments. People living in rural areas are 1.2 to 2.3 times more likely to be poor than those living in metropolitan areas, with nearly one out of five rural counties having a poverty rate above 20%. The Section 515 program serves over 400,000 households, of which 63% are elderly or persons with disabilities. While many are helped by Rental Assistance, 70,000 are still rent-burdened and paying more than 30% of their income towards housing costs. Continuous under funding of Rental Assistance has led USDA to implement policies that takes rental assistance out of circulation, reduces the number of low-income households that can utilize the subsidy, and diminishes the quality of the housing provided. While these new policies may marginally affect program budgets they most certainly will have devastating effects on families struggling to live on less than \$1,000 a month.

RD's programs have been a crucial resource for addressing the housing needs of rural communities, and adequate and stable funding is necessary to leverage these funds with other state and federal assistance. For example, there are 27 states that have a rural set-aside in their Low-Income Housing Tax Credit program, prioritizing the allocation of tax credits to preserve existing federally subsidized housing. Significantly reducing or eliminating funding for one program will make it impossible to pool resources to create new apartments or help preserve the ones that need it the most. Further, RD's lack of a clear commitment and policy to preserve its aging Section 515 portfolio puts these state set-asides at risk potentially cutting off hundreds of millions of dollars in private capital investments annually.

We understand the complexities that go into crafting a fiscally responsible budget that promotes growth and stability and are appreciative of the hard choices that each department must make. However, the rural housing programs are some of the most efficient rental assistance programs run by the federal government, creating local jobs through rehab and construction and generating millions of dollars in local revenue across the country.

The House and Senate Agriculture Appropriations Subcommittees not only recognized the value and importance of these programs, but sent a clear message in either report language or in statute, that they are deeply concerned that the Department lacks clear goals in addressing the rural rental housing needs and that its "role in supporting affordable rental housing is out of focus." We strongly urge you to provide adequate funding to RD's entire multifamily rental housing programs to ensure the long-term sustainability of the stock and maintain rental assistance for low-income families.

Sincerely,

Addison County Community Trust, Vermont  
Arizona Housing Alliance  
Burbank Housing Development Corporation  
Cabrillo Economic Development Corporation  
CASA of Oregon  
California Coalition for Rural Housing  
California Housing Partnership  
Cathedral Square Corporation, Vermont  
Champlain Housing Trust  
Citizens Housing and Planning Association, MA  
Coastal Enterprises, Inc.  
Colorado Cross-Disability Coalition  
Community Economic Development Association of Michigan (CEDAM)  
Community Housing Partners, VA  
Community Housing Improvement Program (CHIP)  
Council for Affordable and Rural Housing  
Dalton-Whitfield Community Development Corporation

Delaware Housing Coalition  
Delta Studies Center-ASU  
Disability Rights Legal Center  
Florida Housing Coalition  
Greater Minnesota Housing Fund  
The Housing Foundation, Inc.  
Housing Action of New Hampshire  
HOME Line  
Housing California  
Housing Alliance of Pennsylvania  
Housing Assistance Council  
Housing Community Development Network of NJ  
Housing Preservation Project  
Housing Vermont  
Keneshie L. Morrison, Housing services and Policy Advocate, LA  
LeadingAge  
Louisiana Housing Alliance  
Low Income Investment Fund  
Lower 9th Ward Neighborhood Empowerment Network Association  
Lutheran Services  
Napa Valley Community Housing  
National Council of State Housing Finance Agencies  
National Church Residences  
National Housing Conference  
National Low Income Housing Coalition  
Network for Oregon Affordable Housing  
Maine Affordable Housing Coalition  
Mercy Housing  
Minnesota Housing Partnership  
National Housing Law Project  
Native Community Finance  
New Mexico Coalition to End Homelessness  
Ohio Poverty Law Center  
Ohio Capital Corporation for Housing  
The Philadelphia Center, LA  
Pasco County Housing Authority, FL  
Poverty and Race Research Action Council  
Preservation of Affordable Housing  
Project Build a Future, LA  
People's Self-Help Housing, San Luis Obispo, CA  
Public Justice Center  
Rural Community Assistance Corporation, Sacramento, CA  
Rural California Housing Corporation  
RuralEdge, Vermont  
Rural Housing Preservation Association  
Sargent Shriver National Center on Poverty Law  
Southern Maryland Tri-county Community Action Committee  
South County Housing, CA  
The Wisconsin Partnership  
Utah Housing Coalition  
Vermont Affordable Housing Coalition

Vermont Housing & Conservation Board  
Vermont State Housing Authority  
Volunteers of America  
Washington Low Income Housing Alliance

CC: Senate Agriculture Appropriations Subcommittee, House Agriculture Appropriations Subcommittee