

August 25, 2017

Rural Preservation Working Group
c/o Housing Assistance Council
1025 Vermont Ave., NW
Suite 606
Washington, DC 20005

Anne Hazlett
Assistant to the Secretary for Rural Development
U.S. Department of Agriculture
1400 Independence Avenue, SW
Washington, DC 20250

Dear Ms. Hazlett:

Congratulations on your appointment to oversee Rural Development (RD) at the United States Department of Agriculture (USDA). The undersigned are members of the Rural Preservation Working Group (RPWG), an organization of primarily nonprofit stakeholders deeply interested in the provision and preservation of affordable rental housing in rural areas. We wish you well in your new position and hope to work with you in support of your efforts at USDA.

On behalf of thousands of struggling rural residents and hundreds of vulnerable rural communities, we urge you to make FY 2017 Rental Assistance (RA) units available before the end of the fiscal year to help preserve and protect the multi-family housing (MFH) properties financed by the Rural Housing Service (RHS). We would welcome the opportunity to meet with you in person to talk in depth about the challenges faced by many working with USDA to preserve this much needed rental housing, but for now we would like to briefly outline a critical RA funding need that you can address before the end of FY 2017.

Congress provided USDA \$1.4 billion to fund RA needs during FY 2017. The Administration's list of options for reducing 2017 spending indicated that \$50 million of that total are not needed to renew RA contracts expiring this year. With no new direction, RD will use those monies to "forward fund" contracts expiring during the first few weeks of FY 2018 to provide a cushion in case funds arrive late for FY 2018. While that may be reasonable, it ignores the tremendous need for RA to be deployed to preserve and protect the tenants and properties that remain in the portfolio. This critical preservation need has not been addressed for several years. In fact, over the last three years, the RD portfolio has seen a net loss each year of 1,300 RA units available for use.

Briefly, that need includes 52,000 tenant families who are overburdened by their shelter costs and qualify for RA, but do not receive it, over 800 tenants who are in projects on waiting lists for prepayment prevention protection RA, and several

hundred additional tenants who are in properties that have received “MPR” (RD’s preservation program) deferral funding and are waiting for some type of protection from higher rents. Potential need also includes many hundreds of RA units in properties where owners’ and purchasers’ efforts to bring in third party preservation funding have been frustrated by RHS’s refusal to make additional RA available to protect tenants from rent increases required when new funding is obtained. On an August 16 call with multifamily industry stakeholders, RHS Deputy Administrator Bryan Hooper stated there were 800 units on the prepayment prevention RA waiting list and no decision had been made about funding them.

Without the protection provided by RA, tenants in USDA-financed properties can become unable to afford their rents. They may be evicted and, given the shortage of affordable rental housing in rural places, become homeless. Not only does that harm the tenants, over 60 percent of whom are elderly or disabled, but it also generates bad publicity for USDA and its housing programs at a time when housing assistance is badly needed.

To aid owners, purchasers, tenants, and its programs, RD could responsibly distribute several thousand RA units before the end of the fiscal year. The RA funding is available, and no additional statutory or regulatory action is required to make this happen. Your direction to the Acting Administrator of RHS to make preservation RA available is all that is needed.

We feel strongly that RHS’s MFH office can play a leading role in addressing the affordable housing needs of often overlooked rural communities. We urge you to make preservation RA available now and we stand ready to assist you. For more information, please feel free to contact Moises Loza at the Housing Assistance Council, coordinator of the Rural Preservation Working Group, at 202-842-8600, moises@ruralhome.org.

Sincerely,

Bienestar (Oregon)
CASA of Oregon
Coastal Enterprises, Inc.
Enterprise Community Partners
Housing Assistance Council
Housing Justice Center
National Affordable Housing Management Association
National Housing Conference
National Housing Law Project
National Housing Trust
National Low Income Housing Coalition
Network for Oregon Affordable Housing
Rural Housing Preservation Associates