2017 Explanatory Notes
Rural Housing Service

Contents

RURAL DEVELOPMENT HOUSING PROGRAMS

Purpose Statement

The Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 established the Rural Housing Service (RHS)[1] with the direct mission to improve the quality of life in rural areas. The agency is comprised of three program areas: (1) Single Family Housing (SFH), (2) Multi-Family Housing (MFH), and (3) Community Facilities (CF).

RHS delivers both housing programs authorized by the Housing Act of 1949 (Act), as amended and the Cranston-Gonzalez National Affordable Housing Act of 1990, and community facilities programs authorized by the Consolidated Farm and Rural Development Act of 1972, as amended. In addition, Omnibus Farm Bills are often used to address issues related to rural development.

In section 2 of the Act, Congress outlined its Declaration of National Housing Policy which stated, "The Congress declares that the general welfare and security of the Nation and the health and living standards of its people require housing production and related community development sufficient to remedy the serious housing shortage, the elimination of substandard and other inadequate housing through the clearance of slums and blighted areas, and the realization as soon as feasible of the goal of a decent home and a suitable living environment for every American family, thus contributing to the development and redevelopment of communities and to the advancement of the growth, wealth, and security of the Nation."

In response to this Congressional mandate, RHS strives to improve the quality of life and invigorate local economies in Rural America by: 1) providing decent, safe, and affordable housing, and 2) developing community infrastructure. In partnership with nonprofits, Indian tribes, State and Federal government agencies, and local communities, RHS provides technical assistance and loan and grant funds to assist rural communities and individuals.

Authorization and Program Descriptions

RHS offers a SFH program for individual homeownership, a MFH program which offers rental housing for rural communities across America, and a CF program which provides affordable funding to develop essential community facilities in rural areas. Programs do not require annual reauthorization and funding is provided through yearly Congressional budget appropriations. Funding can be for one year, no year or multiple years, depending upon the program. RHS programs include:

Section 502 SFH Guaranteed Loan Program. Authorized in 1990 by the Cranston-Gonzalez National Affordable Housing Act, this program provides low- and moderate-income borrowers access to mortgage credit by guaranteeing loans issued by agency-approved private sector lenders. By providing government guarantees of 90 percent of the loan principal, the government encourages private sector lenders to offer mortgages to rural residents with repayment ability and household incomes of up to 115 percent of the area median who would otherwise be unable to obtain credit. Loans may finance the full construction and acquisition cost of a property up to 100 percent of the appraised value, and the loan amount may include the guarantee fee. Mortgages have 30-year terms with fixed rates negotiated with the lender that cannot exceed an agency-determined cap. Financing may also be used to refinance existing USDA guaranteed or direct loans. The program maintains its neutral or slightly negative subsidy status through guarantee and annual loan fees.

Section 502 SFH Direct Loan Program. Authorized by the Housing Act of 1949, as amended, fixed-interest direct loans are available to low- and very low-income families unable to obtain credit elsewhere to purchase, build, repair or renovate, modest homes in rural areas. The standard loan term is 33 years; however, 38-year loans are available

[1] Other applicable legislation: Consolidated Farm and Rural Development Act; Rural Development Policy Act of 1980; Rural Economic Development Act of 1990; the Omnibus Budget Reconciliation Act of 1993; Federal Agriculture Improvement and Reform Act of 1996; Food, Conservation, and Energy Act of 2008, the Agricultural Act of 2014; the American Recovery and Reinvestment Act of 2009; the Housing and Urban Development Act of 1968; and the Rural Housing Amendments of 1983.

to borrowers unable to afford a 33-year repayment structure. Program-eligible, credit-worthy borrowers may obtain up to 100 percent financing from USDA. In addition, mortgage payments are subsidized so as not to exceed 24 percent of a borrower's adjusted income. Subsidy, which is repaid when a loan is paid off or refinanced, allows this program to reach a portion of the population whose income is too low to obtain credit elsewhere, even with a government guarantee.

Section 504 SFH Housing Repair and Rehabilitation Loans and Grants Program. Authorized by the Housing Act, P.L. 89-117, P.L. 89-754, and 42 U.S.C. 1474, this program provides loans and grants for very low-income and elderly borrowers who own and occupy a home in need of repairs to remove identified health and safety hazards or to make homes accessible for household members with disabilities. Funding may also be used to modernize these homes and is typically used for repair or replacement of heating, plumbing or electrical services, roof or structural components, water or waste disposal systems, or weatherization. Loans are available to very low-income rural residents unable to obtain credit elsewhere and are amortized over terms up to 20 years, with an interest rate of one percent. The maximum loan amount available to a borrower is $20,000. The maximum lifetime grant assistance is $7,500.

Section 523 SFH Mutual Self-Help Grants Program. Authorized by the Housing Act, P.L.89-117, P.L. 89-754, and 42 U.S.C. 1490c, these two-year technical assistance grants allow qualified nonprofit organizations and public entities to help very low- and low-income individuals and families work cooperatively to build their own homes by the self-help method. Any State, political subdivision, private or public nonprofit corporation is eligible to receive funding. Funding may be used to pay salaries, rent, and office expenses of the nonprofit organization. Pre-development grants up to $10,000 may be available to qualified organizations. Mortgage financing, which the families investing sweat equity in self-help home construction need, is provided through the section 502 direct program.

Section 523/524 SFH Site Development Loans Program. These two-year site development loans provide funding to purchase and develop building sites, including construction of access roads, streets and utilities in rural areas. Section 523 funding prepares self-help build sites and section 524 funding prepares low- or moderate-income home sites; however, funding can be used interchangeably. Loans are available to public and private nonprofit organizations, local governments and tribal entities. Organizations receiving site loans must make home sites available to low-to-moderate income buyers receiving RHS or similar affordable mortgage financing. Section 523 loan interest rates are capped at 3 percent.

SFH Credit Sales Program. As authorized by the Housing Act, RHS offers section 502 direct loan financing at non-program rates and terms to buyers purchasing USDA Real Estate Owned property. Loan terms range from ten years for investors to a maximum of 30 years for purchasers intending to occupy a property. A down payment of two-to-five percent of the purchase price is required. Administrative price reductions may be taken over time to facilitate property sales.

Section 515 MFH Rural Rental Housing Direct Loans Program. Authorized by the Housing Act, P.L. 102-550, and 42 U.S.C. 1485, 1490a, this program offers direct loan financing to purchase, construct or rehabilitate affordable rental or cooperative housing or to develop manufactured housing projects for very low-, low- and moderate-income residents. Section 521 rental assistance (RA) grants are often offered for some units within the underwritten property to enable tenants to pay no more than 30 percent of their income toward rent and utilities. Funding may also be used to provide approved recreational and service facilities appropriate for use in connection with the housing, and to buy and improve the land on which the buildings are to be located.

Section 514/516 MFH Farm Labor Housing (FLH) Loans and Grant Program. Authorized by the Housing Act, P.L. 89-117, and P.L. 89-754, and 42 U.S.C 1484 and 1486, these programs provides decent, safe, and sanitary housing for farm laborers by providing loans to farmers for small on-farm housing, or off-farm multi-family developments. Funding may be used for housing development in urban areas to house nearby farm labor. All FLH must be occupied by domestic farm laborers or retirees or individuals deriving a substantial portion of their income from farm labor or food processing. FLH occupants must be U.S. citizens or permanent residents and the majority of their income must come from farm work.

Funding supports construction, repair, or purchase of year-round or seasonal housing; acquisition of the necessary land and improvements; and development of related support facilities including central cooking and dining facilities, small infirmaries, laundry facilities, day care centers, other essential equipment and facilities or recreation areas. Funding may also be used to pay certain fees and interest incidental to the project. Restrictions on the use of funds include developers' fees, resident services, cost of unrelated commercial space, and costs associated with other lenders/grantors.

Section 521 MFH Rental Assistance Grant Program (RA). Authorized by Title V, Section 521(a)(2) of the Housing Act of 1949, 42 U.S.C. 1490a, these grants are used in conjunction with Section 515 and Section 514/516 loans and grants to provide assistance to eligible tenants residing in assisted housing to allow them to pay no more than 30 percent of their income for rent. Funding pays the difference between the monthly rental cost and the tenant's contribution. Projects receiving RA on behalf of tenants must be financed by an agency direct loan made to a for-profit, broad-based nonprofit organization, or State or local agency.

Section 538 MFH Guaranteed Loan Program. Authorized by Title V, Section 538 of the Housing Act of 1949 and 42 U.S.C. 1485, the guaranteed program increases the supply of affordable MFH in rural areas through partnerships between RD and major lending sources, as well as State and local housing finance agencies and bond insurers. Guarantees are offered on loans made by approved public and private lenders to build or preserve affordable housing. Loans made for the construction, acquisition, or rehabilitation of rural MFH can be guaranteed up to 90 percent of principal and interest.

Section 542 MFH Rural Housing Vouchers. Authorized by the Housing Act, P.L. 93-128, and 42 U.S.C. 1471 et. seq., vouchers are available to provide tenant protections in section 515 properties prepaying mortgages after September 30, 2005, or paying off the mortgage completely. Vouchers are portable and enable tenants to continue to access affordable housing without the benefit of the traditional rural RA program.

MFH Preservation and Revitalization Demonstration Program. The MFH revitalization program rehabilitates housing, rental properties, or co-ops owned and/or occupied by very low- and low-income rural persons. Funds are used to meet the physical needs of rental and FLH properties financed under section 515 and 514/516 of the Housing Act. To ensure properties are used for low-income housing, owners or buyers agree to a Restrictive Use Covenant for 20 years, the remaining term of any loans, or the remaining term of any existing restrictive-use provisions, whichever ends later.

CF Direct and Guaranteed Loans and Grants. Authorized by Section 306 of the Consolidated Farm and Rural Development Act of 1972, P.L. 92-419, and 7 USC 1926, these loans and grants provide essential services to rural residents. Financing is available to local governments, nonprofit corporations, or Federally-recognized Indian tribes. There are no set minimum or maximum loan amounts for these direct and guaranteed loans; however, limits may exist depending on the availability of funds and/or the project's feasibility. Loan repayment terms are limited to the useful life of the facility, State statute or 40 years, whichever is less.

Funded projects comprise community, social, health care, education, cultural, transportation, industrial park sites, fire and rescue services, access ways, and utility extensions. Funded facilities include, but are not limited to, hospitals, fire stations, child care facilities, food recovery and distribution centers; assisted-living facilities; group homes, mental health clinics and shelters; and educational facilities.

CF Rural Community Development Initiative Grants (RCDI). These grants enable qualified intermediary organizations to provide financial and technical assistance to recipients to develop their capacity and ability to undertake projects related to housing, community facilities, or community and economic development.

CF Tribal College Grants. These grants to tribal colleges and universities (land grant status under the 1994 Native American Education Act) help defray the cost to develop or improve specific tribal colleges and universities.

Geographic dispersion of offices and employees
RD is comprised of three programs: Housing and Community Facilities, Utilities, and Business and Cooperative Development. RD's headquarters is located in Washington, DC. As of September 30, 2015, there were 4,811 permanent full-time employees, including 1,491in the headquarters and 3,320 in the field offices.

OIG Reports – Completed

#04703-003-HY	Loss Claims Related to Single Family Housing Loans Guaranteed With Recovery Act Funds. Audit was closed 11/6/2014.
#04703-002-CH	ARRA (Recovery Act) – Controls Over Eligibility Determinations for Single Family Housing Guaranteed Loan Recovery Act Funds (Phase 2). Audit was closed 7/31/2015.

OIG Reports – In Progress

#04601-018-CH	MFH Rural Rental Housing Program Project Costs and Inspection Procedures (Cross Reference: 04601-020-CH) (Report Date: 09/27/2012) -- Recommendations: 7; Closed: 1; Pending: 6. Some issues will be resolved by the White House Domestic Policy Council's standardization efforts. The final rule implementing recommendations is expected to be published by 3/31/2016.
#04601-001-31-KC	Survey: SFH Direct Loan Servicing and Payment Assistance Recapture (Report Date: 10/22/2012). Recommendations: 15; Closed: 14; Pending: 1. The Department is working with the OIG to develop an acceptable solution to one of their concerns. In addition, testing is about finished for two information technology related remedies. Staff will continue working toward final implementation of these actions.
#04901-0001-13-TE	MFH Review of Rural Rental Housing's Tenant and Owner Information Using Data Analysis Recommendations: 9; Closed: 0. Staff expects to complete action on all recommendations by 9/30/2016.
#04601-022-31-KC	Rural Development Single Family Housing Direct Loan Credit Reporting. RHS is awaiting issuance of the OIG report.
#50703-002-013-KC	ARRA – Analysis of Jobs Created for American Recovery and Reinvestment Act – USDA Federal Reporting.gov Data Quality Review (This audit is being conducted at the Department level.)
12345-014-11	CF: Rural Development Administration of ARC Grants.
50024-009-11	SFH/MFH/CF: FY 2015 Compliance with Improper Payments Requirement (MFH, SHF, CF).
50024-010-11	SFH/MFH/CF: FY 2015 Reducing Improper Payments, High Dollar Overpayments Reports Review.

GAO Reports – Completed

GAO-14-552	Housing Finance System: A Framework for Accessing Potential Changes. Report was closed 10/7/2014.
GAO-100023	Federal Programs for Low-Income Families and Individuals. Report was published 7/30/2015, with no recommendations for USDA. Review is closed.

GAO Reports – In Progress

GAO-11-329	Final Report – RHS: Opportunities Exist to Strengthen FLH Program Management and Oversight (Report Date: 07/13/2011). Recommendations: 6; Completed: 4. RHS updates sent to GAO (2/2014). The agency is awaiting a response from GAO.
GAO-12-296	Final Report – Foreclosure Mitigation: Agencies Could Improve Effectiveness of Federal Efforts with Additional Data Collection and Analysis (Report Date: 06/01/2012). Recommendations: 3: Completed: 0. Staff is working on software remedies at this time. Work will continue into 2016.
GAO-12-554	Final Report – Housing Assistance: Opportunities Exist to Increase Collaboration and Consider Consolidation (Report Date: 08/16/2012). Recommendations: 3; Completed: 1. The report recommends USDA, HUD, and others continue efforts to consolidate and align housing program policies and services that serve similar populations and purposes. These evaluation efforts are ongoing. The White House Working Group is addressing this issue. The outcome may include program statutory and regulatory adjustments.

GAO-12-624	Final Report – Rural Housing Service: Efforts to Identify and Reduce Improper RA Assistance Payments Could Be Enhanced (Report Date: 07/03/2012). Efforts are ongoing. The 2016 Consolidated Appropriations Bill recently provided RHS the authority to access the same income information available to the Department of Housing and Urban Development to help reduce improper payments. Staff will work to implement program changes in response to this new authority.
GAO-14-255	Final Report -- Native American Housing: Additional Actions Needed to Better Support Tribal Efforts (Report Date: 3/27/2014). GAO directed agencies involved in Native American housing to develop and implement a coordinated environmental review process. The Senate Report accompanying the 2015 appropriations bill designated HUD as the lead agency for this effort. A report to Congress was submitted December 2015. This report developed several short- and long-term recommendations to increase the efficiency of environmental reviews for jointly-funded Tribal projects. Recommendations included such things as harmonizing each agency's categorical excluded actions, providing training and outreach for agency staff as well as Tribes, creating of an online tool for Tribal use, as well as several other measures. Working group meetings will continue with a focus on developing a Memorandum of Understanding (MOU) to allow all agencies to easily incorporate by reference much of the environmental information developed pursuant to HUD's Part 58 process. This MOU will reduce agency workload, as well as streamline the process for Tribal applicants for housing projects. Outreach opportunities with Tribes are also being developed.
100066	SFH: Nonbank Mortgage Servicers
250818	SFH: Mortgage Servicing Rights
100096	SFH/MFH/CF: Older Adult Housing Needs
197247	SFH/MFH/CF: Oversight of Single Adults (Multi-Agency)
250741	SFH/MFH/CF: GAO Questionnaire for Consumer Product Safety Oversight
150788	SFH: RHS Guarantees for Single-Family Mortgage Loans
441286	SFH/MFH/CF: Federal Disaster Assistance Expenditures (Multi-Agency)
451159	Risk Management: Enterprise Risk Management Practices (Multi-Agency)

RURAL HOUSING SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Rural Community Facilities Program Account (including transfers of funds)

1 For gross obligations for the principal amount of direct [and guaranteed] loans as authorized by section 306 and described in section 381E(d)(1) of the Consolidated Farm and Rural Development Act, $2,200,000,000 for direct
2 loans [and $148,305,000 for guaranteed loans].

3 [For the cost of guaranteed loans, including the cost of modifying loans, as defined in section 502 of the Congressional Budget Act of 1974, $3,500,000, to remain available until expended.]

For the cost of grants for rural community facilities programs as authorized by section 306 and described in section 381E(d)(1) of the Consolidated Farm and Rural Development Act, [$38,778,000] $37,000,000, to remain available until expended: *Provided,* That $4,000,000 of the amount appropriated under this heading shall be available for a Rural Community Development Initiative: *Provided further*, That such funds shall be used solely to develop the capacity and ability of private, nonprofit community-based housing and community development organizations, low-income rural communities, and Federally Recognized Native American Tribes to undertake projects to improve housing, community facilities, community and economic development projects in rural areas: *Provided further*, That such funds shall be made available to qualified private, nonprofit and public intermediary organizations proposing to carry out a program of financial and technical assistance: *Provided further*, That such intermediary organizations shall provide matching funds from other sources, including Federal funds for related
4 activities, in an amount not less than funds provided: [*Provided further,* That $5,778,000 of the amount appropriated under this heading shall be to provide grants for facilities in rural communities with extreme unemployment and severe economic depression (Public Law 106-387), with up to 5 percent for administration and capacity building in the State rural development offices:] *Provided further,* That [$4,000,000] $8,000,000 of the amount appropriated under this heading shall be available for community facilities grants to tribal colleges, as authorized by section 306(a)(19) of such Act: *Provided further,* That sections 381E-H and 381N of the Consolidated Farm and Rural Development Act are not applicable to the funds made available under this heading: *Provided further,* That for the purposes of determining eligibility or level of program assistance the Secretary shall not include incarcerated prison populations.

The first change removes language referencing the community facility guaranteed loan program which is not proposed for funding. The guaranteed loan program serves the same organizations and purposes as the direct loan funding, the primary difference being that the guaranteed loans are made and serviced by a bank or other commercial lender and guaranteed by the Federal government. With a program level of $2.2 billion in the community facility direct loan program, communities will still have access to funding for eligible facilities.

The second change removes language referencing the community facility guaranteed loan level as the program is not proposed for funding.

The third change removes language referencing the community facility guaranteed loan subsidy as the program is not proposed for funding.

The fourth change removes language for the economic impact initiative (EII) grant program which assists rural municipalities and non-profit organizations in areas with severe economic depression to finance the most essential community facilities to improve the quality of life for their residents. Eligible purposes include: health care; fire, rescue, and public safety facilities and equipment; and educational facilities. This grant program provides assistance to rural communities with extreme unemployment and severe economic depression. The regular CF grant program can be used to fund these projects; therefore, funding is not proposed for this program.

RURAL HOUSING SERVICE

RURAL COMMUNITY FACILITIES PROGRAM ACCOUNT

Lead-Off Tabular Statement

	Loan Level	Subsidy	Grants
Budget Estimate, 2017	$2,200,000,000	-	$37,000,000
2016 Enacted	2,348,305,000	$3,500,000	38,778,000
Change in Appropriation	-148,305,000	-3,500,000	-1,778,000

Summary of Increases and Decreases
(Dollars in thousands)

Program	2014 Actual	2015 Change	2016 Change	2017 Change	2017 Estimate
Discretionary Appropriations:					
Community facility guaranteed loans	$3,775	-$275	-	-$3,500	-
Community facility grants	13,000	-	+$12,000	-	$25,000
Rural community devel. initiative grants	5,967	-1,967	-	-	4,000
Economic impact initiative grants	5,778	-	-	-5,778	-
Tribal college grants	4,000	-	-	+4,000	8,000
Subtotal	32,520	-2,242	+12,000	-5,278	37,000
Total	32,520	-2,242	+12,000	-5,278	37,000

RURAL HOUSING SERVICE

RURAL COMMUNITY FACILITIES PROGRAM ACCOUNT

Project Statement
Adjusted Appropriations Detail and Staff Years (SYs)
(Dollars in thousands)

Program	2014 Actual			2015 Actual			2016 Enacted			Inc. or Dec.			2017 Estimate		
	Program Level	Budget Authority	SYs	Program Level	Budget Authority	SYs	Program Level	Budget Authority	SYs	Program Level	Budget Authority	SYs	Program Level	Budget Authority	SYs
Discretionary Appropriations:															
Community facility direct loans.................... a/	$2,200,000	-	595	$2,200,000	-	623	$2,200,000	-	640	- (1)	-	-	$2,200,000	-	640
Community facility guaranteed loans...........	74,750	$3,775	-	73,222	$3,500	-	148,305	$3,500	-	-$148,305 (2)	-$3,500 (7)	-	-	-	-
Community facility grants...........................	13,000	13,000	96	13,000	13,000	100	25,000	25,000	103	- (3)	-	-	25,000	$25,000	103
Rural community devel. initiative grants......	5,967	5,967	30	4,000	4,000	32	4,000	4,000	32	- (4)	-	-	4,000	4,000	32
Economic impact initiative grants...............	5,778	5,778	-	5,778	5,778	-	5,778	5,778	-	-5,778 (5)	-5,778	-	-	-	-
Tribal college grants....................................	4,000	4,000	23	4,000	4,000	24	4,000	4,000	24	+4,000 (6)	+4,000	-	8,000	8,000	24
Total Appropriation.....................................	2,303,495	32,520	744	2,300,000	30,278	779	2,387,083	42,278	799	-150,083	-5,278	-	2,237,000	37,000	799
Bal. Available, SOY...	27,695	16,256	-	74,600	15,795	-	108,953	13,513	-	-24,159	-4,868	-	84,794	8,645	-
Recoveries, Other (Net)...................................	105,291	7,280	-	50,128	4,175	-	75,523	3,369	-	-20,417	-634	-	55,106	2,735	-
Total Available..	2,436,481	56,056	744	2,424,729	50,248	779	2,571,560	59,160	799	-194,659	-10,780	-	2,376,901	48,380	799
Lapsing Balances...	-1,270,488	-	-	-487,263	-	-	-	-	-	-	-	-	-	-	-
Unobligated balances rescinded....................... b/	-	-	-	-	-	-	-	-	-	-621	-621	-	-621	-621	-
Bal. Available, EOY...	-76,908	-15,795	-	-59,012	-13,513	-	-80,834	-8,645	-	+20,661	+880	-	-60,173	-7,765	-
Total Obligations...	1,089,085	40,261	744	1,878,454	36,735	779	2,490,726	50,515	799	-174,619	-10,521	-	2,316,107	39,994	799

a/ Negative subsidy rates of 13.21% was calculated for 2014, 12.41% was calculated for 2015, 8.04% was calculated 2016, and 2.56% was calculated for 2017. Therefore, corresponding budget authority is not required to support the program levels.

b/ A rescission of $620,803.69 in unobligated balances in the account is proposed for 2017.

RURAL HOUSING SERVICE

RURAL COMMUNITY FACILITIES PROGRAM ACCOUNT

Project Statement
Obligations Detail and Staff Years (SYs)
(Dollars in thousands)

Program	2014 Actual			2015 Actual			2016 Enacted			Inc. or Dec.			2017 Estimate		
	Program Level	Budget Authority	SYs	Program Level	Budget Authority	SYs	Program Level	Budget Authority	SYs	Program Level	Budget Authority	SYs	Program Level	Budget Authority	SYs
Discretionary Obligations:															
Community facility direct loans.................... a/	$929,512	-	595	$1,712,737	-	623	$2,200,000	-	640	- (1)	-	-	$2,200,000	-	640
Community facility guaranteed loans...........	125,611	$6,300	-	135,456	$6,475	-	246,017	$5,806	-	-$168,160 (2)	-$4,062 (7)	-	77,857	$1,744	-
Community facility grants...........................	15,867	15,867	96	13,733	13,733	100	25,894	25,894	103	-244 (3)	-244	-	25,650	25,650	103
Rural community devel. initiative grants......	6,835	6,835	30	6,290	6,290	32	8,531	8,531	32	-4,131 (4)	-4,131	-	4,400	4,400	32
Economic impact initiative grants................	7,134	7,134	-	6,221	6,221	-	6,280	6,280	-	-6,080 (5)	-6,080	-	200	200	-
Tribal college grants....................................	4,126	4,126	23	4,017	4,017	24	4,004	4,004	24	+3,996 (6)	+3,996	-	8,000	8,000	24
Subtotal..	1,089,085	40,261	744	1,878,454	36,735	779	2,490,726	50,515	799	-174,619	-10,521	-	2,316,107	39,994	799
Total Obligations...	1,089,085	40,261	744	1,878,454	36,735	779	2,490,726	50,515	799	-174,619	-10,521	-	2,316,107	39,994	799
Lapsing Balances..	1,270,488	-	-	487,263	-	-	-	-	-	-	-	-	-	-	-
Unobligated balances rescinded....................... b/	-	-	-	-	-	-	-	-	-	+621	+621	-	621	621	-
Bal. Available, EOY..	76,908	15,795	-	59,012	13,513	-	80,834	8,645	-	-20,661	-880	-	60,173	7,765	-
Total Available..	2,436,481	56,056	744	2,424,729	50,248	779	2,571,560	59,160	799	-194,659	-10,780	-	2,376,901	48,380	799
Bal. Available, SOY...	-27,695	-16,256	-	-74,600	-15,795	-	-108,953	-13,513	-	+24,159	+4,868	-	-84,794	-8,645	-
Other Adjustments (Net)..................................	-105,291	-7,280	-	-50,128	-4,175	-	-75,523	-3,369	-	+20,417	+634	-	-55,106	-2,735	-
Total Appropriation.....................................	2,303,495	32,520	744	2,300,000	30,278	779	2,387,083	42,278	799	-150,083	-5,278	-	2,237,000	37,000	799

a/ Negative subsidy rates of 13.21% was calculated for 2014, 12.41% was calculated for 2015, 8.04% was calculated 2016, and 2.56% was calculated for 2017. Therefore, corresponding budget authority is not required to support the program levels.

b/ A rescission of $620,803.69 in unobligated balances in the account is proposed for 2017.

Justification of Increases and Decreases

(1) No change in funding for direct community facilities (CF) loans ($2,200,000,000 available in 2016).

Funding of $2.2 billion for 2017 will allow the Rural Housing Service (RHS) to continue to deliver this critical program to those communities across rural America with community infrastructure. This base funding will support the CF direct loan program in assisting rural municipalities, nonprofit organizations, and Federally-recognized Indian tribes to finance critical community infrastructure and the most essential community facilities needed to improve the quality of life for their residents.

Continuation of the program is critical because:

- It is the primary program furthering the Department's goal to develop rural communities through the financing of community infrastructure projects.
- It provides direct loans to public sector institutions to improve or develop community infrastructure projects, and to ensure rural communities are strong, vibrant and economically sustainable.

CF facilities help achieve the Department's strategic goal of assisting rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving. Direct loans are primarily targeted to health care, education, and public safety. The performance of these loans, combined with the current economic assumptions projecting low interest rates, make the credit subsidy cost for this program negative.

CF creates and leverages partnerships to maximize its ability to invest and strengthen rural America's community infrastructure. Examples of our collaboration efforts include:

- *Local and Regional Food Systems:* A priority focus of the CF program for 2017 and beyond will be to increase projects related to local and regional food system infrastructure. CF will assist in building new markets for local and regional value-added agricultural products by strengthening local/regional food system infrastructure.

- *Improving Access to Critical Mental and Behavior Health Services:* In December 2013, USDA established a goal of investing up to $50 million in CF funding over the next three years to develop or improve mental health facilities and services in rural areas. For 2017, USDA Rural Development (RD), in partnership with Department of Health and Human Services (HHS), will continue to use its CF direct loan program to improve access to critical mental and behavior healthcare facilities and services. CF will reach out to stakeholders and field staff to explore opportunities for collaboration. Some of these stakeholders include Federal, State, and regional organizations such as the White House's Office of National Drug Control Policy, the National Rural Health Resource Center, National Association of Rural Mental Health, National Rural Health Association, HHS, Environmental Protection Agency, mental health care practitioners, Universities, certified public accountant firms, and our private sector lending partners. Stakeholders will assist with outreach, due diligence, and help implement this important initiative to improve access to rural mental health care.

- *Public Private Partnerships:* RD, through its CF programs, will continue to take a leadership role in facilitating and strengthening Public Private Partnerships to ensure that rural residents have an opportunity for a brighter future with good schools, quality health care, and other critical community infrastructure needs. Strong infrastructure is critical to creating economic opportunities, improving the standard of living, and social cohesiveness. CF is committed to building on its prior successes and relationships with institutional investors, investment bankers, and the capital credit markets interested in long-term investment opportunities in rural community infrastructure.

  Partnership outreach will not only be important in the overall effort of leveraging CF funding to better manage credit risk, but will also be a key component to improve rural America's access to capital. Therefore, CF proposes to require 50 percent of the total number of projects funded to be leveraged with a minimum of 35 percent from the capital credit markets, institutional investors, and other funding sources such as foundations and broad based community fund raising efforts in 2017 and beyond. These Public Private

Partnerships will strengthen relationships with the capital credit markets, institutional investors and protect the safety and soundness of the CF loan portfolio.

These Private Public Partnerships will also bring critical financial, project development and technical expertise, resources, and innovations to large complex community infrastructure projects at a time when staffing resources and expertise have been impacted. These partnerships will provide another set of eyes to better manage credit risk, long-term relationships for improved oversight of the portfolio, and an avenue for better communication with borrowers. Lastly, partnering together will allow USDA to assist more rural residents and communities, and invest in more community infrastructure projects.

- *Memorandum of Understanding (MOU) between USDA and HHS:* As one of the top employers in the rural market, healthcare facilities will continue to receive strategic support and investment from CF programs. The MOU between RD and HHS is designed to improve collaboration and strengthen the healthcare infrastructure in rural communities. It demonstrates in a tangible way, CF's commitment to ensuring rural America has access to quality health care. As a result of this effort, rural communities will be able to attract new businesses, quality jobs and improve their economic growth and sustainability.

- *Memorandum of Understanding with the Rural Community College Alliance and the American Association of Community Colleges*: CF funding will help facilitate access to capital for rural community college infrastructure projects, increase cooperation between RD and rural community colleges, and allow all parties to work together more effectively with the goal of reaching more and teaching more. This funding will support efforts to strengthen the rural economy by improving human capital in rural areas.

Funding supports USDA's Strategic Goal to assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving. Base loan funding of $2.2 billion will create 52,140 jobs in 2017.

(2) <u>A decrease of $148,305,000 for the Guaranteed Community Facility Loan Program ($148,305,000 available in 2016).</u>

This program originated as an inexpensive alternative to the equivalent direct loan program and to stimulate additional assistance to moderate income communities in rural areas. However, defaults in the program have been higher than initially projected, making it more expensive than the direct loan program. The guaranteed loan program serves the same organizations and purposes as the direct loan funding, the primary difference being that the guaranteed loans are made and serviced by a bank or other commercial lender and guaranteed by the Federal government. With a program level of $2.2 billion in the CF direct loan program, communities will still have access to funding for eligible facilities.

(3) <u>No change in funding for the community facilities grant program ($25,000,000 available in 2016).</u>

While there is always a need for grant funding in rural America to help communities meet critical needs, base funding will allow CF to continue helping rural communities reach their goals of creating prosperity so they are self-sustaining, repopulating, and economically thriving. This funding will also help target investment to high poverty, high need areas, and is expected to create/save an estimated 505 jobs and improve access to quality health care, education, public safety, and other community facilities and services by investing in 914 community facilities.

CF programs provide both direct and guaranteed loans and grants to help rural communities develop or improve essential community infrastructure and facilities for public use in rural communities of 20,000 or less. The program is available to public entities such as cities, towns and special purpose districts, as well as nonprofit corporations with significant community support and Federally-recognized Indian tribes. These facilities include: hospitals, health clinics, schools, fire, rescue, and public safety, nursing homes and assisted living facilities, child and adult day care, and public buildings to name a few. CF programs have the flexibility to finance over 100 separate types of community infrastructure projects and priority for funding is given to applicants in rural communities with a population of 5,000 or less with low-to-medium household incomes.

Continuation of the program funding is critical because:

- It is one of the primary programs furthering the Department's goal to develop rural communities through the financing of community infrastructure projects that will spur economic growth, job creation and improved access to essential facilities and services.
- It provides grants to nonprofit organizations in high-need, high-poverty areas to develop or improve essential community facilities and services to ensure that rural residents – young and old – have an opportunity for a brighter future with good schools, quality healthcare, and adequate public safety facilities and service.

(4) No change in funding for rural community development initiative (RCDI) grants ($4,000,000 available in 2016).

Base funding of $4 million will allow the agency to create or save 81 quality jobs and support 29 projects for organizations to undertake projects related to housing, community facilities, and community and economic development. This grant program provides assistance for intermediary organizations to provide technical assistance and capacity building to rural nonprofit community-based organizations, low-income rural communities, and Federally-recognized Indian Tribes. Grants allow organizations to undertake projects related to community and economic development. RCDI supports the Administration's Ladders of Opportunity agenda by addressing poverty, growing economies, and creating opportunity in poverty-stricken rural communities by giving priority to fund the StrikeForce for Rural Growth and Opportunity Initiative; the President's Promise Zone Initiative targeting poverty in rural and tribal communities; and RD's poverty targeting initiative.

In addition, RCDI supports regional innovation efforts and regional economic development, which can bring together multiple units of government and nonprofit organizations, developing their capacities to collaborate to create needed jobs and economic hubs through increased development. Continuation of this program is critical because it helps develop the capacity and ability of private, nonprofit community-based housing and community development organizations, and low-income rural communities to improve community facilities and community and economic development projects in rural areas.

(5) A decrease of $5,778,000 for the community facility economic impact initiative grants ($5,778,000 available in 2016).

This grant program provides assistance to rural communities with extreme unemployment and severe economic depression. Since the regular CF grant program may be used to fund these projects, funding is not proposed for this program. Any remaining carryover will be used to carry out activities and functions consistent with the full range of authorities and activities delegated to the agency.

(6) An increase of $4,000,000 in funding for the community facilities tribal college grants ($4,000,000 available in 2016).

Base funding for the tribal college grant program provides grants to tribal colleges and universities (land grant status under the 1994 Native American Education Act) to help defray the cost to develop or improve specific tribal colleges and universities. Awarded funds help develop facilities to improve the quality of education, and lay the foundation for sustainable economic development by building an educated workforce.

Continuation of the program is critical because it:

- Provides the 32 Indian Tribal institutions identified in Section 7402 of the Equity in Educational Land-Grant Status Act of 1994 with access to grant funding for necessary equipment and capital improvements needed to deliver educational services to tribal communities.
- Provides 1994 Land Grant Institutions with access to grant funding for 95 percent of the total project costs, thus reducing the tribal college's costs to make capital improvements.
- Supports the White House Initiative, Generation Indigenous, by improving the lives of Native youth through investments in higher education.

Funding supports USDA's Strategic Goal to assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving. Total funding of $8 million for tribal college grants will create 162 jobs.

(7) A decrease of $3,500,000 in funding for the community facilities guaranteed loan subsidy ($3,500,000 available in 2016).

There is no requested subsidy for the community facilities loan programs since there is no program level is requested for community facility guaranteed loans.

RURAL HOUSING SERVICE
Rural Community Facility Loan Program - Direct
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	2017 Estimate Amount
Alabama	$1,131	$23,479	-	-
Alaska	-	176,393	-	-
Arizona	-	26,401	-	-
Arkansas	92	-	-	-
California	10,903	74,036	-	-
Colorado	10,159	25,872	-	-
Connecticut	21,386	17,817	-	-
Delaware	18,100	31,050	-	-
Florida	671	22,692	-	-
Georgia	82,932	82,059	-	-
Hawaii	1,000	5,029	-	-
Idaho	3,307	21,850	-	-
Illinois	10,863	3,798	-	-
Indiana	2,184	1,432	-	-
Iowa	24,080	108,414	-	-
Kansas	25,602	12,367	-	-
Kentucky	72,088	162,054	-	-
Louisiana	17,575	20,888	-	-
Maine	769	11,228	-	-
Maryland	7,934	6,380	-	-
Massachusetts	6,174	26,353	-	-
Michigan	65,016	66,053	-	-
Minnesota	95,319	20,672	-	-
Mississippi	3,942	-	-	-
Missouri	7,619	24,953	-	-
Montana	2,290	9,950	-	-
Nebraska	47,357	8,808	-	-
Nevada	3,728	802	-	-
New Hampshire	-	4,883	-	-
New Jersey	2,966	35	-	-
New Mexico	1,103	503	-	-
New York	15,236	6,601	-	-
North Carolina	33,957	74,525	-	-
North Dakota	44,787	19,731	-	-
Ohio	10,699	92,227	-	-
Oklahoma	252	89	-	-
Oregon	-	20,961	-	-
Pennsylvania	47,246	182,327	-	-
Rhode Island	900	6,254	-	-
South Carolina	44,874	74,237	-	-
South Dakota	6,037	12,543	-	-
Tennessee	36,387	88,235	-	-
Texas	26,049	45,056	-	-
Utah	70	7,242	-	-
Vermont	773	3,898	-	-
Virginia	8,234	10,561	-	-
Washington	5,367	3,716	-	-
West Virginia	17,651	6,572	-	-
Wisconsin	41,600	42,632	-	-
Wyoming	1,000	5,200	-	-
Guam	26,700	-	-	-
Puerto Rico	15,406	13,879	-	-
Undistributed	-	-	$2,200,000 a/	$2,200,000 a/
Obligations	929,512	1,712,737	2,200,000	2,200,000
Lapsing Balances	1,270,488	487,263	-	-
Total, Available	2,200,000	2,200,000	2,200,000	2,200,000

a/ Totals cannot be distributed at this time.

RURAL HOUSING SERVICE
Rural Community Facility Loan Program - Guaranteed
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2014 Actual	2015 Actual	2016 Enacted	2017 Estimate
	Amount	Amount	Amount	Amount
Colorado............................	-	$5,750	-	-
Florida................................	$860	10,300	-	-
Idaho..................................	300	-	-	-
Indiana................................	2,000	-	-	-
Iowa....................................	-	342	-	-
Louisiana............................	8,000	8,000	-	-
Maine..................................	3,473	5,000	-	-
Massachusetts.....................	-	1,240	-	-
Michigan.............................	-	5,227	-	-
Minnesota...........................	7,581	9,833	-	-
Missouri..............................	120	-	-	-
Montana..............................	-	1,150	-	-
Nebraska.............................	4,000	6,100	-	-
New Hampshire..................	1,500	-	-	-
New York...........................	1,500	-	-	-
North Carolina....................	16,830	4,600	-	-
North Dakota......................	150	10,300	-	-
Oklahoma............................	900	30,000	-	-
Pennsylvania.......................	56,020	16,950	-	-
South Carolina....................	15,000	15,000	-	-
Texas..................................	1,000	3,000	-	-
Utah....................................	2,000	-	-	-
Vermont..............................	162	65	-	-
Wisconsin...........................	2,215	2,600	-	-
Puerto Rico.........................	2,000	-	-	-
Undistributed......................	-	-	$246,017 a/	$77,857 a/
Obligations......................	125,611	135,456	246,017	77,857

a/ Totals cannot be distributed at this time.

RURAL HOUSING SERVICE
Rural Community Facility Grants
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	2017 Estimate Amount
Alabama..............................	$207	$405	-	-
Alaska................................	127	75	-	-
Arizona..............................	-	133	-	-
Arkansas............................	580	406	-	-
California...........................	367	370	-	-
Colorado............................	148	146	-	-
Connecticut.........................	98	96	-	-
Delaware............................	70	125	-	-
Florida................................	438	261	-	-
Georgia..............................	473	484	-	-
Hawaii................................	68	46	-	-
Idaho..................................	159	122	-	-
Illinois................................	329	240	-	-
Indiana...............................	152	233	-	-
Iowa...................................	788	181	-	-
Kansas................................	137	141	-	-
Kentucky............................	695	579	-	-
Louisiana...........................	265	257	-	-
Maine.................................	156	152	-	-
Maryland............................	281	186	-	-
Massachusetts.....................	113	111	-	-
Michigan............................	677	492	-	-
Minnesota..........................	223	219	-	-
Mississippi.........................	1,005	337	-	-
Missouri.............................	365	314	-	-
Montana.............................	49	109	-	-
Nebraska............................	96	71	-	-
Nevada...............................	91	90	-	-
New Hampshire..................	110	108	-	-
New Jersey.........................	131	104	-	-
New Mexico.......................	137	120	-	-
New York..........................	379	501	-	-
North Carolina....................	480	474	-	-
North Dakota......................	140	238	-	-
Ohio...................................	512	399	-	-
Oklahoma..........................	331	1,316	-	-
Oregon...............................	160	101	-	-
Pennsylvania.......................	458	402	-	-
Rhode Island.......................	61	61	-	-
South Carolina....................	1,265	440	-	-
South Dakota......................	169	192	-	-
Tennessee...........................	447	391	-	-
Texas..................................	346	534	-	-
Utah...................................	135	84	-	-
Vermont.............................	205	401	-	-
Virginia..............................	1,285	524	-	-
Washington.........................	145	200	-	-
West Virginia......................	212	206	-	-
Wisconsin..........................	304	308	-	-
Wyoming............................	76	75	-	-
Puerto Rico.........................	175	128	-	-
Other Countries..................	50	45	-	-
Undistributed......................	-	-	$25,894 a/	$25,650 a/
Obligations.....................	15,867	13,733	25,894	25,650

a/ Totals cannot be distributed at this time.

RURAL HOUSING SERVICE
Rural Community Development Initiative Grants
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	2017 Estimate Amount
Arkansas.............................	$305	$250	-	-
California...........................	995	1,088	-	-
Colorado............................	152	626	-	-
Connecticut.........................	152	-	-	-
Delaware............................	152	-	-	-
Georgia...............................	110	-	-	-
Hawaii................................	152	250	-	-
Idaho..................................	152	-	-	-
Illinois................................	71	-	-	-
Indiana...............................	136	-	-	-
Iowa...................................	607	-	-	-
Kentucky............................	95	804	-	-
Maine.................................	152	250	-	-
Maryland............................	305	500	-	-
Massachusetts....................	305	325	-	-
Minnesota...........................	305	380	-	-
Missouri.............................	-	155	-	-
Montana.............................	152	-	-	-
Nebraska............................	130	-	-	-
New Hampshire..................	260	250	-	-
New Mexico.......................	152	-	-	-
New York...........................	430	250	-	-
North Carolina...................	457	400	-	-
Ohio...................................	152	-	-	-
Oklahoma...........................	152	-	-	-
Oregon...............................	-	60	-	-
Pennsylvania......................	-	140	-	-
South Dakota......................	305	250	-	-
Tennessee...........................	-	125	-	-
Texas.................................	50	-	-	-
Virginia..............................	50	-	-	-
West Virginia.....................	-	188	-	-
Wisconsin..........................	240	-	-	-
Puerto Rico........................	152	-	-	-
Undistributed......................	-	-	$8,531 a/	$4,400 a/
Obligations......................	6,835	6,290	8,531	4,400

a/ Totals cannot be distributed at this time.

RURAL HOUSING SERVICE
Economic Impact Initiative Grants
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	2017 Estimate Amount
Alabama	$129	$130	-	-
Alaska	73	50	-	-
Arkansas	848	654	-	-
California	131	129	-	-
Colorado	62	75	-	-
Connecticut	59	62	-	-
Delaware	55	56	-	-
Florida	106	72	-	-
Georgia	96	163	-	-
Hawaii	55	55	-	-
Idaho	69	69	-	-
Illinois	111	100	-	-
Indiana	50	97	-	-
Iowa	85	84	-	-
Kansas	69	-	-	-
Kentucky	297	213	-	-
Louisiana	105	104	-	-
Maine	77	77	-	-
Maryland	67	72	-	-
Massachusetts	66	66	-	-
Michigan	144	143	-	-
Minnesota	95	94	-	-
Mississippi	558	115	-	-
Missouri	162	119	-	-
Montana	8	66	-	-
Nebraska	67	67	-	-
Nevada	61	60	-	-
New Hampshire	65	65	-	-
New Jersey	64	50	-	-
New Mexico	72	66	-	-
New York	79	128	-	-
North Carolina	99	163	-	-
North Dakota	60	60	-	-
Ohio	-	141	-	-
Oklahoma	531	196	-	-
Oregon	69	61	-	-
Pennsylvania	131	142	-	-
Rhode Island	53	53	-	-
South Carolina	835	949	-	-
South Dakota	64	64	-	-
Tennessee	190	139	-	-
Utah	50	-	-	-
Vermont	62	100	-	-
Virginia	340	250	-	-
Washington	63	88	-	-
West Virginia	91	91	-	-
Wisconsin	106	105	-	-
District of Columbia	289	201	-	-
Puerto Rico	71	70	-	-
Other Countries	50	49	-	-
Undistributed	-	-	$6,280 a/	$200 a/
Obligations	7,134	6,221	6,280	200

a/ Totals cannot be distributed at this time.

RURAL HOUSING SERVICE
Tribal College Grants
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	2017 Estimate Amount
Alaska	$145	-	-	-
Arizona	291	-	-	-
Michigan	.	$482	-	-
Minnesota	268	322	-	-
Montana	1,016	1,125	-	-
Nebraska	145	161	-	-
New Mexico	271	161	-	-
North Dakota	727	643	-	-
Oklahoma	145	161	-	-
South Dakota	391	482	-	-
Washington	145	159	-	-
Wisconsin	145	322	-	-
Undistributed	436	-	$4,004 a/	$8,000 a/
Obligations	4,126	4,017	4,004	8,000

a/ Totals cannot be distributed at this time.

Classification by Objects
(Dollars in thousands)

	2014 Actual	2015 Actual	2016 Enacted	2017 Estimate
41.0 Grants, subsidies, and contributions	$40,261	$36,735	$50,515	$39,994
99.9 Total, new obligations	40,261	36,735	50,515	39,994

RURAL HOUSING SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Rural Housing Insurance Fund Program Account (including transfers of funds)

For gross obligations for the principal amount of direct and guaranteed loans as authorized by title V of the Housing Act of 1949, to be available from funds in the rural housing insurance fund, as follows: $900,000,000 shall be for direct loans and $24,000,000,000 shall be for unsubsidized guaranteed loans; [$26,278,000] $26,277,000 for section 504 housing repair loans; [$28,398,000] $33,074,000 for section 515 rental housing; [$150,000,000] $230,000,000 for section 538 guaranteed multi-family housing loans; $10,000,000 for credit sales of single family housing acquired property; $5,000,000 for section 523 self-help housing land development loans; and $5,000,000 for section 524 site development loans.

For the cost of direct and guaranteed loans, including the cost of modifying loans, as defined in section 502 of
the Congressional Budget Act of 1974, as follows: section 502 loans [$60,750,000] $60,930,000 shall be for
1 direct loans; section 504 housing repair loans, [$3,424,000] $3,663,000; [and] repair, rehabilitation, and
2 new construction of section 515 rental housing, [$8,414,000] $9,790,000; section 523 self-help housing land
development loans, $417,000; and section 524 site development loans, $111,000: *Provided*, That to support the
loan program level for section 538 guaranteed loans made available under this heading the Secretary may charge
or adjust any fees to cover the projected cost of such loan guarantees pursuant to the provisions of the Credit
3 Reform Act of 1990 (2 U.S.C. 661 et seq.), and the interest on such loans may not be subsidized[: *Provided*
further, That applicants in communities that have a current rural area waiver under section 541 of the Housing Act of 1949 (42 U.S.C. 1490q) shall be treated as living in a rural area for purposes of section 502 guaranteed loans provided under this heading: *Provided further*, That of the amounts available under this paragraph for section 502 direct loans, no less than $5,000,000 shall be available for direct loans for individuals whose homes will be built pursuant to a program funded with a mutual and self-help housing grant authorized by section 523 of the Housing Act of 1949 until June 1, 2016].

In addition, for the cost of direct loans, grants, and contracts, as authorized by 42 U.S.C. 1484 and 1486, [$15,125,000] $15,388,000, to remain available until expended, for direct farm labor housing loans and domestic farm labor housing grants and contracts: *Provided*, That any balances available for the Farm Labor Program Account shall be transferred to and merged with this account.

In addition, for administrative expenses necessary to carry out the direct and guaranteed loan programs,
4 [$417,854,000] $426,821,000 shall be [transferred to and merged with] paid to the appropriation for "Rural
Development, Salaries and Expenses".

The first change removes the word "and" for grammatical purposes due to the insertion of language for additional positive subsidy rate loan programs.

The second change adds language for section 523 self-help housing land development loans and section 524 site development loans.

The third change removes the language specifying rural areas eligible for the section 502 guaranteed loans and the specific earmark for the section 502 direct loans for houses built using the mutual and self-help housing program.

The fourth change adds language simplifying the transfer and consolidation of funds from the individually appropriated administrative expense accounts to the Rural Development, Salaries and Expense account.

RURAL HOUSING SERVICE

RURAL HOUSING INSURANCE FUND PROGRAM ACCOUNT

Lead-Off Tabular Statement

	Loan Level	Subsidy	Grants	Administrative Expenses
Budget Estimate, 2017	$25,233,208,000	$81,963,000	$8,336,000	$426,821,000
2016 Enacted	25,148,529,000	79,377,000	8,336,000	417,854,000
Change in Appropriation	84,679,000	2,586,000	-	8,967,000

Summary of Increases and Decreases
(Dollars in thousands)

Programs	2014 Actual	2015 Change	2016 Change	2017 Change	2017 Estimate
Discretionary Appropriations:					
Sec. 502 single family housing direct loans	$22,018	+$44,402	-$5,670	+$180	$60,930
Sec. 515 rural rental housing direct loans	6,656	+3,144	-1,386	+1,376	9,790
Sec. 504 housing repair direct loans	1,182	+2,505	-263	+239	3,663
Sec. 524 direct site dev. loans	-	-	-	+111	111
Sec. 523 self-help housing land dev. loans	-	-	-	+417	417
Sec. 514 farm labor housing loans	5,656	+1,944	-811	+263	7,052
Sec. 516 farm labor housing grants	8,336	-	-	-	8,336
Administrative expenses	415,100	-	+2,754	+8,967	426,821
Total	458,948	+51,995	-5,376	+11,553	517,120

RURAL HOUSING SERVICE

RURAL HOUSING INSURANCE FUND PROGRAM ACCOUNT

Project Statement
Adjusted Appropriations Detail and Staff Years (SYs)
(Dollars in thousands)

Program	2014 Actual Program Level	2014 Actual Budget Authority	2014 Actual SYs	2015 Actual Program Level	2015 Actual Budget Authority	2015 Actual SYs	2016 Enacted Program Level	2016 Enacted Budget Authority	2016 Enacted SYs	Inc. or Dec. Program Level	Inc. or Dec. Budget Authority	Inc. or Dec. SYs	2017 Estimate Program Level	2017 Estimate Budget Authority	2017 Estimate SYs
Discretionary Appropriations:															
Sec. 502 single family housing direct loans..........	$809,470	$22,018	474	$900,000	$66,420	496	$900,000	$60,750	517	- (1)	+$180 (11)	-	$900,000	$60,930	517
Sec. 502 SFH guaranteed loans - blended............. a/	24,000,000	-	677	24,000,000	-	708	24,000,000	-	727	- (2)	-	+20	24,000,000	-	747
Sec. 515 rural rental housing direct loans.............	28,432	6,656	237	28,398	9,800	248	28,397	8,414	254	+$4,677 (3)	+$1,376 (11)	+8	33,074	9,790	262
Sec. 538 multi-family housing guaranteed loans... b/	150,000	-	169	150,000	-	178	150,000	-	182	+80,000 (4)	-	+48	230,000	-	230
Sec. 504 housing repair direct loans.....................	14,280	1,182	41	26,279	3,687	43	26,278	3,424	43	-1 (5)	+239 (11)	-	26,277	3,663	43
Sec. 524 direct site dev. loans.............................. c/	5,000	-	-	5,000	-	-	5,000	-	-	- (6)	+111 (11)	-	5,000	111	-
Sec. 523 self-help housing land dev. loans........... d/	5,000	-	17	5,000	-	18	5,000	-	9	- (7)	+417 (11)	-	5,000	417	9
Single-family housing credit sales......................... e/	10,000	-	34	10,000	-	35	10,000	-	36	- (8)	-	-	10,000	-	36
Sec. 514 farm labor housing loans........................	23,855	5,656	101	23,602	7,600	106	23,855	6,789	109	+2 (9)	+263 (11)	-	23,857	7,052	109
Sec. 516 farm labor housing grants.......................	8,336	8,336	101	8,336	8,336	106	8,336	8,336	109	- (10)	-	-	8,336	8,336	109
Administrative expenses...................................... f/	-	415,100	-	-	415,100	-	-	417,854	-	-	+8,967	-	-	426,821	-
Total Adjusted Approp...	25,054,373	458,948	1,851	25,156,615	510,943	1,938	25,156,865	505,567	1,986	+84,679	+11,553	+76	25,241,544	517,120	2,062
Recissions, Transfers and Seq. (Net)..........................	102,530	3,456	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Appropriation..	25,156,903	462,404	1,851	25,156,615	510,943	1,938	25,156,865	505,567	1,986	+84,679	+11,553	+76	25,241,544	517,120	2,062
Transfers Out:															
Working capital transfer...	-102,530	-3,456	-	-	-	-	-	-	-	-	-	-	-	-	-
Rescission... g/	-1,314	-1,314	-	-	-	-	-	-	-	-	-	-	-	-	-
Bal. Available, SOY..	85,650	22,946	-	32,785	14,512	-	52,771	22,036	-	-20,450	-5,050	-	32,321	16,986	-
Recoveries, Other (Net)...	1,561	753	-	4,334	3,863	-	4,827	2,721	-	-432	-120	-	4,395	2,601	-
Total Available...	25,140,270	481,333	1,851	25,193,734	529,318	1,938	25,214,463	530,324	1,986	63,797	6,384	+76	25,278,260	536,707	2,062
Lapsing Balances..	-4,985,372	-361	-	-5,438,112	-1,615	-	-6,028,000	-	-	+2,209,000	-	-	-3,819,000	-	-
Bal. Available, EOY..	-67,492	-14,512	-	-47,588	-21,657	-	-37,362	-16,986	-	+18,368	+5,159	-	-18,994	-11,827	-
Total Obligations..	20,087,405	466,461	1,851	19,708,034	506,045	1,938	19,149,102	513,338	1,986	+2,291,165	+11,542	+76	21,440,266	524,880	2,062

RURAL HOUSING SERVICE

RURAL HOUSING INSURANCE FUND PROGRAM ACCOUNT

Project Statement
Obligations Detail and Staff Years (SYs)
(Dollars in thousands)

Program		2014 Actual Program Level	2014 Actual Budget Authority	2014 Actual SYs	2015 Actual Program Level	2015 Actual Budget Authority	2015 Actual SYs	2016 Enacted Program Level	2016 Enacted Budget Authority	2016 Enacted SYs	Inc. or Dec. Program Level		Inc. or Dec. Budget Authority		Inc. or Dec. SYs	2017 Estimate Program Level	2017 Estimate Budget Authority	2017 Estimate SYs
Discretionary Appropriations:																		
Sec. 502 single family housing direct loans....................		$808,101	$21,980	474	$899,814	$66,406	496	$900,000	$60,750	517	-	(1)	+$180	(11)	-	$900,000	$60,930	517
Sec. 502 SFH guaranteed loans - blended.......................	a/	19,050,563	-	677	18,623,238	-	708	18,000,000	-	727	+$2,211,000	(2)	-		+20	20,211,000	-	747
Sec. 515 rural rental housing direct loans.......................		27,219	6,372	237	28,290	9,763	248	28,397	8,414	254	+4,677	(3)	+1,376	(11)	+8	33,074	9,790	262
Sec. 538 multi-family housing guaranteed loans..............	b/	136,162	-	169	113,912	-	178	130,000	-	182	+70,000	(4)	-		+48	200,000	-	230
Sec. 504 housing repair direct loans...............................		13,806	1,143	41	15,127	2,122	43	26,278	3,424	43	-1	(5)	+239	(11)	-	26,277	3,663	43
Sec. 524 direct site dev. loans...	c/	-	-	-	489	-	-	5,000	-	-	-	(6)	111	(11)	-	5,000	111	-
Sec. 523 self-help housing land dev. loans.....................	d/	-	-	17	-	-	18	5,000	-	9	-	(7)	417	(11)	-	5,000	417	9
Single-family housing credit sales..................................	e/	960	-	34	1,396	-	35	2,000	-	36	+8,000	(8)	-		-	10,000	-	36
Sec. 514 farm labor housing loans..................................		37,659	8,929	101	19,340	6,228	106	41,279	11,748	109	-3,279	(9)	-515	(11)	-	38,000	11,233	109
Sec. 516 farm labor housing grants.................................		12,936	12,936	101	6,426	6,426	106	11,148	11,148	109	+767	(10)	+767	(11)	-	11,915	11,915	109
Administrative expenses..	f/	-	415,100	-	-	415,100	-	-	417,854	-	-		+8,967		-	-	426,821	-
Total Obligations..		20,087,405	466,461	1,851	19,708,034	506,045	1,938	19,149,102	513,338	1,986	2,291,165		11,542		76	21,440,266	524,880	2,062
Recoveries, Other (Net)..		-1,561	-753	-	-4,334	-3,863	-	-4,827	-2,721	-	432		+120		-	-4,395	-2,601	-
Lapsing Balances...		4,985,372	361	-	5,438,112	1,615	-	6,028,000	-	-	-2,209,000		-		-	3,819,000	-	-
Bal. Available, EOY..		67,492	14,512	-	47,588	21,657	-	37,362	16,986	-	-18,368		-5,159		-	18,994	11,827	-
Total Available..		25,138,710	480,580	1,851	25,189,400	525,455	1,938	25,209,636	527,603	1,986	64,229		6,503		76	25,273,865	534,106	2,062
Transfers Out...		102,530	3,456	-	-	-	-	-	-	-	-		-		-	-	-	-
Rescission..	g/	1,314	1,314	-	-	-	-	-	-	-	-		-		-	-	-	-
Bal. Available, SOY..		-85,650	-22,946	-	-32,785	-14,512	-	-52,771	-22,036	-	20,450		+5,050		-	-32,321	-16,986	-
Total Appropriation...		25,156,903	462,404	1,851	25,156,615	510,943	1,938	25,156,865	505,567	1,986	84,679		+11,553		76	25,241,544	517,120	2,062

Project Statement Footnotes

a/ Negative subsidy rates of 0.14% was calculated for 2014, blended rate of 0.60% was calculated for 2015, 0.15% was calculated for 2016, and 0.76% was calculated for 2017. Therefore, corresponding budget authority is not required to support the program levels.

b/ Negative subsidy rates of 0.19% was calculated for 2014, 1.27% was calculated for 2015, 2.97% was calculated for 2016, and 3.53% was calculated for 2017. Therefore, corresponding budget authority is not required to support the program levels.

c/ Negative subsidy rates of 5.95% was calculated for 2014, 4.82% was calculated for 2015, and 1.53% was calculated for 2016. Therefore, corresponding budget authority is not required to support the program levels.

d/ Negative subsidy rates of 4.51% was calculated for 2014, 2.48% was calculated for 2015, and 0.30% was calculated for 2016. Therefore, corresponding budget authority is not required to support the program levels.

e/ Negative subsidy rates of 8.97% was calculated for 2014, 6.41% was calculated for 2015, 4.87% was calculated for 2016, and 2.36% was calculated for 2017. Therefore, corresponding budget authority is not required to support the program levels.

f/ In 2014, funding of $415,100,100 was appropriated and transferred to the Rural Development Salaries and Expense Account. In 2015, funding of $415,100,000 was appropriated and transferred to the Rural Development Salaries and Expennse Account. In 2016, funding of $417,854,000 was appropriated and transferred to the Rural Development Salaries and Expennse Account. In 2017, funding of $426,821,000 is requested and will be paid to the Rural Development Salaries and Expense Account.

g/ The amounts are rescinded pursuant to the Consolidated Appropriations Act, 2014, Public Law 113-76, signed January 17, 2014, in accordance with section 733.

Justification of Increases and Decreases

(1) No change in funding for the section 502 direct single family housing (SFH) loans ($900,000,000 available in 2016).

Base funding allows the agency to continue offering homeownership opportunities to low- and very low-income families in rural America. Continued program funding at $900 million will provide an estimated 6,532 home loans in rural America by providing direct subsidized financing to income-eligible borrowers who are creditworthy.

The direct SFH loan program is critical to achieving USDA's Strategic Goal of creating rural prosperity and fostering self-sustaining, re-populating, and economically thriving communities. This subsidized housing mortgage program provides essential credit access that promotes wealth creation over time and enables rural Americans to invest in their own futures, as well as the future of their communities.

In 2017, this program will continue to provide homebuyers unique opportunities to improve their living conditions and financial footing through investment in their own neighborhoods. It supports local jobs in retail and services, as well as residential construction that help invigorate local rural economies. It also reinforces foundational community qualities such as stability and security that appeal to businesses seeking new locations and opportunities for expansion.

Continuation of the direct program is critical because:

- The very low- and low-income borrowers served by the direct program truly have no other option available to them to obtain homeownership at rates and terms they can reasonably afford and maintain.
- The unique servicing options available under the direct program help borrowers facing financial setbacks and temporary challenges remain in their homes while confronting those challenges.

Mortgage interest rates remain relatively low, providing housing at more affordable levels for millions of rural Americans through the guaranteed loan program. However, these guaranteed loans do not meet the needs of lower income families who require the payment assistance offered through the direct program to become successful homeowners. Without the benefit of payment assistance, many very low- and low-income applicants are unable to meet monthly mortgage payment obligations, today's low interest rates notwithstanding.

(2) No change in funding for section 502 guaranteed single family housing loans ($24,000,000,000 available in 2016).

Base funding of $24 billion could potentially guarantee an estimated 159,959 guaranteed home loans in 2017, including home purchases and the refinancing of existing Rural Housing Service (RHS) loans. This section 502 SFH guaranteed loan program (GLP) provides low- and moderate-income rural families access to mortgage credit by guaranteeing loans issued by agency-approved private sector lenders. These loans require no down payment, have low up-front costs and can finance up to 100 percent of the appraised value, plus the guarantee fee. Loan terms of 30 years are provided at a competitive rate which is capped by the agency. The program also re-finances higher interest, existing USDA guaranteed or direct loans.

The GLP continues to advance the strategic goal of creating prosperity in rural America by addressing the critical need for credit access in rural areas. Without the USDA loan guarantee, lenders will not extend mortgage credit and tens of thousands of creditworthy low- and moderate-income rural Americans who cannot meet down payment requirements will not have homeownership opportunities in 2017.

Continuation of the program is crucial because:

- The need for low- and moderate-income housing in rural communities is increasing. Housing inventory is tight, and the existing supply of decent and affordable housing cannot satisfy this pressing need.
- The program strengthens rural housing markets and provides desperately needed support for new construction, as well as fortifies communities through job creation and the reinvigoration of the local economy.

(3) An increase of $4,677,000 for section 515 direct rural rental housing loans ($28,397,000 available in 2016).

Funding will allow the agency to continue funding preservation and revitalization of existing rental housing in USDA's multi-family (MFH) direct loan program. Continued base funding is crucial to ensuring the continued success of the MFH program and for building a sound portfolio that will serve rural residents for years to come.

Continuation of the program is crucial because:

- The need for low- and very low-income housing in rural communities is increasing. Not enough housing is available to meet the current or projected need.
- The portfolio is aging and revitalization funding is crucial to ensuring facilities are safe, sanitary and available.

Rural Development's (RD) primary program partner is the Low-Income Housing Tax Credit (LIHTC) program, which provides private equity capital for project preservation and reduces debt service, requiring less rental assistance to support the affordable housing. RD also is collaborating with other agencies, such as Housing and Urban Development (HUD) and Treasury, to streamline the MFH program requirements of RD, HUD, and LIHTC, and working with the Department of Energy to identify alternative approaches to energy conservation. RHS will also target investment opportunities in areas of need through an emphasis on funding rehabilitation of its rental housing in persistent poverty areas.

Funding supports USDA's Strategic Goal to assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving. This funding will also target RD properties where the promissory note is maturing in an effort to retain properties in the portfolio and enable tenants to continue living in affordable housing. Funding will also address high poverty areas and serve to revitalize the MFH portfolio. Section 515 funding will be used in conjunction with MFH's Rental Assistance, Preservation and Revitalization, and section 538 Guaranteed Loan programs.

A key measure of the program's effectiveness is its use of private capital to support preservation efforts. The section 515 program leverages capital markets, particularly through the use of LIHTC, at a minimum ratio of $3 dollars to every dollar of section 515 funding.

(4) An increase of $80,000,000 for the section 538 guaranteed multi-family housing loans ($150,000,000 available in 2016).

Base funding will allow the guaranteed MFH program to provide a loan guarantee to approved lenders to develop and repair apartments for tenants of very low-, low-, or moderate-income households, elderly, and/or disabled. Funding will encourage the new construction and rehabilitation of rural rental housing and support the USDA Strategic Goal of assisting rural communities to create prosperity so they are self-sustaining, re-populating, and economically thriving.

Continuation of the program is critical because:

- It encourages investment in housing facilities for rural residents unable to afford housing at other facilities.
- Without this program, rural homelessness could increase.
- Other programs do not exist to meet this critical housing need in rural America.

The section 538 Guaranteed MFH loan program promotes strategic investment in America's housing infrastructure by leveraging high levels of third-party funding that reduces the size of the section 538 loan in the overall transaction, minimizing the cost of the loan to the project and the impact on tenant rents. The primary program partner is the LIHTC program. RD partners with many State tax credit allocating agencies to include the use of tax credits for rural rental housing preservation and construction in those States' Qualified Allocation Plans. For a $1 invested from the section 538 program, the agency can leverage about $5.50 of public-private funding.

Two other important partners in the section 538 program are RD-approved lenders and Ginnie Mae. Lenders provide financing through section 538 loans for new construction or rehabilitation of rural rental housing; the financing is made possible through investment by capital markets using Ginnie Mae as a guarantor of securities backed by the section 538 loans. The program's delinquency rate is near zero, providing strong evidence of the low level of risk required of RD to bring additional wealth to the community through new or modernized rental housing.

Section 538 loans can be used for either new construction or substantial rehabilitation of existing projects. Over the past five years, approximately half of section 538 loans have been used to revitalize existing section 515 projects, while the remaining half has been used for new construction. The level of funding in the section 538 program will help replace new construction not funded through the section 515 program, while both the 538 and preservation and revitalization programs will assist in the rehabilitation of the existing section 515 housing stock.

The requested level of funding supports the Department's Strategic Goal of assisting rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving. Funding will allow RD to grow the MFH program at a pace consistent with expected program demand, as RD continues program outreach efforts. Increased funding will allow the agency to more effectively address the growing need for new housing and rehabilitation of existing facilities. The total budget request of $230 million in guaranteed loan funding will support the development or rehabilitation of 7,820 units, although the number of units will depend upon the amount of third-party funding leverage and ratio of revitalization to new construction for projects awarded section 538 funding.

(5) <u>A decrease of $1,000 in funding for the section 504 housing repair loans ($26,278,000 available in 2016)</u>.

Base funding for the section 504 housing repair loans is available to very low-income applicants owning and occupying a home in rural areas. This level of funding, which is largely unchanged from 2016, will be sufficient to support approximately 4,191 very low-income rural homeowners who require necessary home improvements and repairs.

Continuation of this program is critical because it provides:

- Much needed funding for rural very low-income homeowners to make essential repairs to keep their properties decent, safe, and sanitary.
- Loans up to $20,000 that can be used to repair, modernize or remove health and safety hazards from rural homes. Loans are amortized at 1 percent for up to 20 years.
- Support of USDA's Strategic Goal to create prosperity that fosters self-sustaining, repopulating, and economically thriving rural communities.

(6) <u>No change for the section 524 direct site development loans ($5,000,000 available in 2016)</u>.

Base funding for the section 524 direct site development loan program provides loans to non-profit entities to purchase and develop land which will be subdivided into adequate building sites and sold on a non-profit basis to low-income families. This program supports USDA's Strategic Goal of creating prosperity to foster self-sustaining, repopulating, and economically thriving rural communities.

To expand participation in the program, RHS will enhance the term structure of these loans. Currently, the term is limited to two years. The agency will amend regulation to broaden the term to three years with two one-year options that could potentially extend the loan term to five years. These changes should benefit non-profit groups developing SFH sites by ensuring adequate time for site development and marketing.

(7) <u>No change for the section 523 self-help rural housing site (RHS) loans ($5,000,000 available in 2016)</u>.

Base funding for the Section 523 self-help RHS loans helps non-profit entities to purchase and develop land to be subdivided into adequate building sites and sold on a non-profit basis to low-income families who will construct their homes through the self-help method.

The program provides a convenient option for residential development financing which is not always available to non-profit groups working in rural areas. Many self-help providers utilize the HUD's Self-Help Opportunity Program (SHOP) funds for land development. However, SHOP funds may be reduced or eliminated, leaving many self-help providers with no source of funding for land purchase or development.

No loans have been approved in the past six years. The short (two-year) term of these loans does not provide adequate time for non-profit developers both to complete all work needed to convert properties to suitable home sites with supporting facilities and then to market the lots to participants in the self-help program. To expand participation in the program, RHS will enhance the term structure of these loans. Currently, the term is limited to two years. The agency will amend regulation to broaden the term to three years with two one-year options that could potentially extend the loan term to five years.

The new loan term length should promote increased interest in the program and ensure more affordable home sites are made available to lower income families in rural areas. These enhancements will also help the mutual self-help housing sponsor agencies more effectively leverage program capabilities.

(8) <u>No change in funding for single family housing credit sales ($10,000,000 available in 2016)</u>.

Base funding for credit sales assists RHS with the sale of real estate owned (REO) properties. As USDA already owns these properties, no cash is required for this funding. Funding of $10 million fully supports or exceeds any expected seller-financed sales of REO properties to individuals or entities that do not meet program eligibility requirements. This credit sales funding is essential to assure the success of the combined agencies in assuring REO properties are made available to homebuyers in rural areas.

With this program, the agency is able to offer SFH funding at competitive, loan terms. This credit is offered for buyers not eligible for section 502 assistance or for properties that do not qualify as a program property. Funding allows agency staff to expedite the sale and disposition of REO properties, which spares the government the cost of maintaining these properties.

REO volume is difficult to predict, and investor appetite for program funding can vary widely from one year to the next. For example, in 2014, there were 15 non-program credit sales, as compared to a high of 136 loans in 2000, and a low of two loans in 2008. In light of this wide variance and volatility, no projection of credit sales has been completed.

An agreement finalized in 2015 with the Department of Veterans Affairs (VA) to utilize their contract for the management and sale of certain REO properties is expected to greatly benefit RHS. The service provider working with VA has demonstrated the ability to effectively market and dispose of properties similar to those in the USDA inventory.

(9) <u>An increase of $2,000 funding for section 514 farm labor housing loans ($23,855,000 available in 2016)</u>.

Base funding for the section 514 farm labor housing loans will allow the agency to continue providing decent, safe, and sanitary housing for farmers for small, on-farm housing or off-farm MFH developments. Funding supports new construction and rehabilitation of farmworker rural rental housing and provides support to communities with agricultural or food processing industries as they work to increase local economic prosperity.

Continuation of the program is critical because:

- It provides a safe environment for hard-working residents in rural America.
- It fosters the growth of families, communities and the economy.

The use of third-party funds and section 516 farm labor housing grants provide additional leverage to minimize the cost of new construction, and allows the projects to maintain rents at affordable levels. A key program used to access capital markets to leverage RD's sections 514 and 516 funding is the LIHTC program. A few States also provide assistance through grant programs designed to attract farm labor housing development opportunities; RD works very closely with those States to coordinate efforts. For each dollar invested in 2015, RHS leveraged 2.10 dollars.

This base funding also supports RD's objective to provide decent, safe and affordable housing to rural residents residing in MFH facilities and to create thriving communities. Funding also supports USDA's Strategic Goal to assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving.

(10) No change in funding for section 516 farm labor housing grants ($8,336,000 available in 2016).

Base funding for the section 516 farm labor housing grant program will provide farmworkers with decent, safe, and sanitary housing for off-farm MFH farm labor housing developments. Funding will support new construction and rehabilitation of farmworker rural rental housing and communities with agricultural or food processing industries as they work to increase local economic prosperity.

Continuation of the program is critical because:

- It provides a safe environment for hard-working residents in rural America.
- It fosters the growth of families, communities and the economy.

Section 516 grants are limited to off-farm housing and RHS typically provides a combination of section 514 loans and section 516 grants to fund these projects. Section 516 grants are critical to off-farm MFH because they reduce the amount of debt service, reducing project expenses and the amount of rental assistance needed to support the project. The use of third-party funding and section 514 farm labor housing loans provides additional leverage to minimize the cost of new construction, and allows projects to maintain rents at affordable levels.

(11) An increase of $2,586,000 in direct loan subsidy ($87,713,000 available in 2016).

The increase in subsidy budget authority is related primarily to the increase in the subsidy rates. The subsidy amount is necessary to support the estimated loan obligations associated with the requested 2017 loan levels for the programs.

Summary of Proposed Legislation

Program: Section 502 Single Family Housing Guaranteed Loan Program

Proposal: This proposal will: (1) establish a Guaranteed Underwriting User Fee; and (2) allow the User Fee to be retained for information technology (IT) purposes related to enhancement and maintenance costs for the Guaranteed Underwriting System (GUS) and other technology-related purposes. As noted in the legislative language below, the fee revenue shall not exceed $50 per loan, and is not to be used for salaries or other non IT- purposes. It should be:

"…*deposited into the Rural Development Salaries and Expense Account and shall remain available until expended for obligation and expenditure by the Secretary for information technology enhancements and maintenance of the guaranteed underwriting system for loans guaranteed under such section, and for other technology-related purposes.*

Rationale: This proposal will support the cost of developing and maintaining the Single Family Housing Guaranteed Loan Program (SFHGLP) automated underwriting platform and enable the program to continue to be effectively administered. Congress provided one-year authorization through a 2016 General Provision for the User Fee (Sec. 762). The current proposal requests permanent authorization to ensure that funds will be expended to support an ongoing initiative.

GUS development, which is necessary for sound portfolio risk management, creates operational efficiencies that support both field staff and private sector lenders. The platform enables faster underwriting and promotes higher portfolio loan quality. Important program improvements supported by the fee will include the delegation of underwriting to preferred lenders, and the automated enforceability of a GUS participation requirement. The fee will also ensure the underwriting system incorporates current technological capabilities, including enhanced loan and lender oversight, metrics, and programmatic controls.

The agency believes given the time required for development, no user fee revenue will be realized until 2019. Due to the complexity associated with required system enhancements and the completion of prerequisite projects (GUS broker access and system integration), the estimated time for development and user-acceptance testing is two years. During that period, systems will be readied for implementation and regulation requiring the use of GUS will be cleared. These are essential preliminary steps. GUS user fees will not be collected from lenders during this time. The user fee project will be funded within RD's base appropriations for salaries and expenses. The critical process efficiencies the fees support will allow USDA staff to allocate the necessary time and resources to the most complex underwriting decisions.

Goal: The goal of this proposal is to ensure that program underwriting and other automation keeps pace with changing industry standards so the Section 502 program, through ongoing technology enhancements, benefits from superior risk management, improved program oversight and more efficient application processing.

Legislative Language: Paragraph (8) of section 502(h) of the Housing Act of 1949 (42 U.S.C. 1472 (h)(8)) shall be amended to read as follows:

"(8) FEES – Notwithstanding paragraph (14)(D), with respect to a guaranteed loan issued or modified under this subsection, the Secretary may collect from the lender:

(A) At the time of issuance of the guarantee or modification, a fee not to exceed 3.5 percent of the principal obligation of the loan;

(B) an annual fee not to exceed 0.5 percent of the outstanding principal balance of the loan for the life of the loan; and

(C) Nonrefundable Guaranteed Underwriting System (GUS) user fees not to exceed $50 per GUS submission(unless otherwise provided by the Secretary) which shall be made available to the Secretary without further appropriation, and be deposited and maintained in the Rural Development Salaries and Expense Account, and shall remain available until expended for obligation and expenditure by the Secretary for information technology enhancements, improvements, maintenance and development for GUS and section 502 automated underwriting systems and other technology-related purposes, and not for salaries or other purposes.

Budget Impact: During the first three post-implementation years, it is expected that a fee of $25, which is below the proposed $50 limit, will provide sufficient support for early system development. Further refinement of the platform to improve capability and efficiency in the future may result in increased development and enhancement costs that require the fee structure flexibility proposed. Collections for the first three years are based on a fee of $25.

($ in thousands)	2016	2017	2018	2019	2020
Discretionary Budget Authority	N/A	$960	N/A	N/A	N/A
Discretionary Outlays	N/A	$960	N/A	$50	$10

Outlays are calculated as follows:

($ in thousands)	2017	2018	2019	2020	2021	Sub-total
Additional Budget Authority	$960	N/A	N/A	N/A	N/A	N/A
Additional Budget Outlays	$960	N/A	$50	$10	$10	$1,030
Savings in Budget Authority	N/A	N/A	N/A	N/A	N/A	N/A
Savings in Outlays (User Fee Revenue)	N/A	N/A	$3,785	$3,640	$3,500	$10,925
Net Savings to Budget Outlays:[1]						$9,895

As indicated in the tables above, the current projected cost for system enhancements necessary to implement the collection of GUS user fees is $960,000 in 2017. No additional investment is required in 2018.

Due to the complexity associated with required system enhancements and the completion of prerequisite projects (GUS broker access and system integration), the estimated time for development and user acceptance testing is two years. This means the agency would not realize any fee revenue during the first two years of the project. Revenues are not expected prior to the first quarter of 2019.

This time period will be dedicated to readying systems for implementation and clearing regulation requiring the use of GUS. GUS user fees will not be collected from lenders during this time. In addition to the $960,000 in 2017, outlays of $50,000 in 2019, and $10,000 in both 2020 and 2021 would be necessary

[1] Equals "Savings in Outlays" less "Additional Budget Outlays."

to ensure minor changes to the system can be made following the initial implementation, as is customary with any major system enhancement. These outlays are included on the charts for explanatory purposes only. They will be recovered through fees and do not represent a commitment for future budget requests.

Summary of Proposed Legislation

Program: Section 502 Single Family Housing Guaranteed Loan Program – Delegated Lender Authority

Proposal: This proposal is to provide statutory authority for the section 502 single family housing guaranteed loan program (GLP) to delegate loan approval authority to preferred lenders. This authority is similar to current practices at the Federal Housing Administration (FHA) and the Veterans Administration, and is already available in the section 538 multi-family guaranteed loan program statute.

Rationale: The GLP, which is now a negative subsidy program as a result of a fee schedule restructuring, has grown from a commitment authority of approximately $3 billion in 2007 to its current level of $24 billion. This dramatic growth has necessitated new process improvements to enable the program to continue to be effectively administered. Congress provided one-year authorization through a 2016 General Provision (Sec. 743) for the delegation of loan approval authority. The current proposal requests permanent authorization to ensure that funds will be expended to support an ongoing initiative.

The importance of maintaining the GLP is evident. Low and moderate-income rural households rely on the GLP to secure affordable housing. Commercial lending institutions are reluctant to extend mortgage credit absent support from the government. Many other industries benefit as well, including realtors, construction workers, landscapers, home improvement specialists, title closers, real estate appraisers, and others participating in the housing industry.

With delegated lender authority, the average loan closing time will be improved. The time-savings benefits will extend both to "Preferred" (i.e., delegation-authorized) lenders, who will not have to await RHS loan approval, and to traditional lenders, who will see fewer loans in the queue for RHS to approve. This will also provide some relief to borrowers who must adhere to specific timeframes throughout the loan-making process as, for example, when locking into an interest rate for 60 days. In addition, this authority will enable RHS staff to focus on approving remaining loans.

This change will also allow RHS to engage in what is considered a "best practice" for Federal home loan guarantee programs, and it will better align RHS operationally with the Veterans Administration and FHA. To ensure the risk mitigation benefits of this best practice, RHS intends to: (i) allow only lenders with proven track records be delegated lending authority; (ii) direct that all loans be approved through the Guaranteed Underwriting System (GUS) which evaluates credit; and (iii) conduct post-closing reviews of a statistically meaningful sample of loans to ensure lender compliance with program origination requirements.

Goal: To delegate loan approval authority to preferred lenders while continuing to closely supervise other lenders participating in the GLP.

Legislative language: Section 502(h)(18) (42 USC 1472(h)(18)) shall read as follows:

"**Authority for Lenders to Approve Loans**
In carrying out subsection (h) of section 502 of the Housing Act of 1949 (42 U.S.C. 1472(h)), the Secretary may use the authority described in subsections (h) and (j) of section 538 of such Act (42 U.S.C. 1490p-2(h) and (j))."

Budget Impact: Development costs will not be incurred until F2018, as follows:

($ in thousands)	2016	2017	2018	2019	2020
Discretionary Budget Authority	N/A	N/A	N/A	N/A	N/A
Discretionary Outlays	N/A	N/A	$2,400	$1,600	$350

Extensive modifications to existing IT systems, as well as new systems development, will require significant upfront funding for preferred or delegated lender implementation. For example, preferred lenders will need access to Government systems in order to obligate or commit funds from the SFHGLP's accounting system without assistance from the Agency. Currently approved lenders do not have access to the government financial systems through which guaranteed loans are approved and obligated.

As noted in the table above, the projected cost for system enhancements necessary to implement delegated authority is $4 million which, like future outlays, will be funded within RD's base appropriations for salaries and expenses. This cost would be spread over a two-year period for system development and user acceptance testing (2018 and 2019). The first year covered by this analysis will be dedicated to publishing a final rule and regulation (2017).

An additional $450,000 would be necessary to ensure minor changes to the system can be made following the initial implementation (2020, 2021, and 2022—see Extended Cost/Benefit Detail below), as is customary with any major system enhancement. The agency would not realize any revenue during the first three years of the project. This time period will be dedicated to publishing regulation and readying systems for implementation. Delegated authority will not be extended to preferred lenders during this time.

Extended Cost/Benefit Detail:

($ in thousands)	2017	2018	2019	2020	2021	2022	Cumulative Totals*
Additional Budget Authority	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Additional Budget Outlays	N/A	$2,400	$1,600	$350	$50	$50	$4,450
Savings in Budget Authority	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Savings in Outlays (Reduced # of FTE's)	N/A	N/A	N/A	$536 (14,815 staff hours-benefits adjusted)	$965 (26,668 staff hours-benefits adjusted)	$1,340 (37,038 staff hours-benefits adjusted)	$2,841 (78,521 staff hours-benefits adjusted)
Net Savings	N/A	-$2,400	-$1,600	$186	$915	$1,290	-$1,609 (Full Investment recovery expected in 2023)

* Full implementation would occur in 2022, and the $1,340,087 in reallocated staffing costs in 2022 would be realized in each subsequent year. The recovery of the full development cost is expected in 2024. The dollar cost savings reflect wages and benefits of the employees made available to address other critical program functions.

Summary of Proposed Legislation

Program: Income Verification of RHS Programs: Sections 502 Single Family Housing, 504 Housing Repair, Section 542 Housing Vouchers, and 521 Rental Assistance

Current legislative authority to be amended:

Section 453 (j) of the Social Security Act (42 U.S.C. 653 (j)) and section 6103 (l)(7)(D)(ix) of the Internal Revenue Code of 1986 (26 U.S.C. 6103 (l)(7)(D)(ix)) to verify the income for individuals, participating in sections 502, 504, 521, and 542 of the Housing Act of 1949 (42 U.S.C. 1472, 1474, 1490(a) and 1490(r).

Proposal: The 2017 Budget includes a package of proposals to allow additional programs and agencies authority to access the National Directory of New Hire Data, a federal database of employment and unemployment insurance information administered by the Office of Child Support Enforcement within the Department of Health and Human Services. Access to this data is tightly controlled by statute, and HHS implements strong privacy, confidentiality, and security protections to protect the data from unauthorized use or disclosure. Currently several programs are successfully using this data for program integrity, implementation, and research purposes, and the use of that data has led to important insights and program integrity gains. The Budget proposes to build on this strong history of data stewardship and protection to allow additional programs and agencies to access this valuable data to learn what works and improve program implementation, while continuing to protect the privacy, security and confidentiality of that data. Included in this package is a request by Rural Development to access both the Internal Revenue Service and Department of Health and Human Services income verification databases for use by the multi-family and single family housing programs. Because the primary cause for improper payments is related to information received from applicants and borrowers which RD cannot verify by an independent source, the agency needs access to updated and reliable data sources to effectively manage its programs.

The collective approach will require that all proposals have HHS review each agency’s security position before they allow that agency to access the data, prohibit HHS from granting access to the data for any purpose not authorized in statute, specify authorized users and uses in section 453(j), prohibit access to NDNH data for any purpose not established in section 453(j), and requires HHS to generate public notification (i.e., Systems of Record Notice[SORN]) and reporting on the use of NDNH data. Please see Budget Chapter, *A Government of the Future,* and HHS’s Administration for Children and Families Congressional Justification for additional information on the full package of NDNH access proposals and the criteria for considering access to NDNH data.

Rationale: Gaining these authorities will be a successful strategy for complying with the Improper Payments Elimination and Recovery Act. By sharing readily available government data, RD will save the USDA both time and money and reduce improper payment rates for its programs. USDA's Rental Assistance (RA) Program is the rural equivalent to the project base Section 8 program in HUD. HUD has had the authority to access to the NDNH and IRS data since 1996, and NDNH data matching has resulted in reductions in improper payments; however gaining access for the USDA's RA program has not materialize despite efforts by USDA to make the necessary legislative changes. Providing USDA the authority to access NDNH and IRS data will serve to reduce its improper payment rate.

Goal: Ensure the agency provides assistance to eligible program participants within their qualification boundaries. Over time, this proposal is expected to save $20 million a year, once fully implemented.

RURAL HOUSING SERVICE
Section 502 Direct Single Family Housing Loans
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2014 Actual	2015 Actual	2016 Enacted	2017 Estimate
	Amount	Amount	Amount	Amount
Alabama	$13,559	$17,621	-	-
Alaska	10,849	11,385	-	-
Arizona	10,457	16,175	-	-
Arkansas	11,447	13,619	-	-
California	65,241	100,560	-	-
Colorado	17,944	19,777	-	-
Connecticut	3,200	4,117	-	-
Delaware	6,289	5,299	-	-
Florida	24,748	28,598	-	-
Georgia	10,820	10,830	-	-
Hawaii	10,626	14,896	-	-
Idaho	7,393	4,875	-	-
Illinois	18,583	19,621	-	-
Indiana	20,876	22,181	-	-
Iowa	6,029	9,068	-	-
Kansas	7,691	5,424	-	-
Kentucky	25,828	30,691	-	-
Louisiana	21,739	26,233	-	-
Maine	27,622	16,303	-	-
Maryland	7,278	9,973	-	-
Massachusetts	7,923	6,625	-	-
Michigan	23,352	26,679	-	-
Minnesota	13,480	19,067	-	-
Mississippi	25,142	26,879	-	-
Missouri	22,264	20,186	-	-
Montana	5,577	7,137	-	-
Nebraska	2,547	2,107	-	-
Nevada	10,209	7,921	-	-
New Hampshire	10,063	9,039	-	-
New Jersey	7,816	10,315	-	-
New Mexico	16,181	15,332	-	-
New York	12,761	18,107	-	-
North Carolina	39,167	49,010	-	-
North Dakota	3,677	3,892	-	-
Ohio	17,586	20,368	-	-
Oklahoma	10,135	16,037	-	-
Oregon	9,670	11,479	-	-
Pennsylvania	17,232	21,184	-	-
Rhode Island	2,030	2,730	-	-
South Carolina	27,812	27,182	-	-
South Dakota	8,250	11,133	-	-
Tennessee	19,503	20,515	-	-
Texas	44,247	29,400	-	-
Utah	37,759	25,561	-	-
Vermont	7,378	9,685	-	-
Virginia	9,475	13,753	-	-
Washington	20,885	28,329	-	-
West Virginia	5,455	7,275	-	-
Wisconsin	16,100	13,617	-	-
Wyoming	3,438	7,099	-	-
Guam	8,410	7,911	-	-
Puerto Rico	11,481	13,734	-	-
Virgin Islands	2,194	2,445	-	-
Other Countries	681	835	-	-
Undistributed	-	-	$900,000 a/	$900,000 a/
Obligations	808,101	899,814	900,000	900,000
Lapsing Balances	1,369	186	-	-
Total, Available	809,470	900,000	900,000	900,000

a/ Totals cannot be distributed at this time.

RURAL HOUSING SERVICE
Section 502 Guaranteed Single Family Housing Loans
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	2017 Estimate Amount
Alabama	$432,632	$447,382	-	-
Alaska	67,730	102,668	-	-
Arizona	382,669	278,000	-	-
Arkansas	392,007	366,935	-	-
California	658,141	562,997	-	-
Colorado	313,382	306,931	-	-
Connecticut	139,034	130,921	-	-
Delaware	124,316	133,945	-	-
Florida	668,418	629,696	-	-
Georgia	525,813	524,739	-	-
Hawaii	223,347	217,177	-	-
Idaho	220,311	219,807	-	-
Illinois	369,392	326,498	-	-
Indiana	540,934	594,828	-	-
Iowa	240,685	237,103	-	-
Kansas	147,276	142,263	-	-
Kentucky	492,924	482,003	-	-
Louisiana	694,047	686,196	-	-
Maine	268,786	244,170	-	-
Maryland	450,630	506,791	-	-
Massachusetts	217,583	204,994	-	-
Michigan	719,648	753,774	-	-
Minnesota	502,958	517,122	-	-
Mississippi	327,722	321,838	-	-
Missouri	576,834	579,164	-	-
Montana	210,739	196,911	-	-
Nebraska	104,447	103,083	-	-
Nevada	125,028	118,378	-	-
New Hampshire	148,412	146,878	-	-
New Jersey	224,098	168,300	-	-
New Mexico	48,190	50,479	-	-
New York	256,750	232,789	-	-
North Carolina	879,867	941,431	-	-
North Dakota	57,080	56,919	-	-
Ohio	481,549	557,193	-	-
Oklahoma	281,798	255,185	-	-
Oregon	419,175	445,414	-	-
Pennsylvania	684,169	641,995	-	-
Rhode Island	31,724	32,893	-	-
South Carolina	542,557	521,860	-	-
South Dakota	188,303	179,092	-	-
Tennessee	817,727	931,691	-	-
Texas	926,895	764,208	-	-
Utah	398,450	422,648	-	-
Vermont	88,884	80,614	-	-
Virginia	619,750	626,215	-	-
Washington	581,833	537,446	-	-
West Virginia	242,954	231,305	-	-
Wisconsin	414,611	372,483	-	-
Wyoming	245,182	235,187	-	-
Guam	8,569	7,671	-	-
Puerto Rico	324,116	245,216	-	-
Virgin Islands	489	1,586	-	-
Other Countries	-	225	-	-
Undistributed	-	-	$18,000,000 a/	$20,211,000 a/
Obligations	19,050,563	18,623,238	18,000,000	20,211,000
Lapsing Balances	4,949,437	5,376,762	6,000,000	3,789,000
Total, Available	24,000,000	24,000,000	24,000,000	24,000,000

a/ Totals cannot be distributed at this time.

RURAL HOUSING SERVICE
Section 515 Rural Rental Housing Direct Loans
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2014 Actual Amount	2014 Actual Amount	2016 Enacted Amount	2017 Estimate Amount
Alabama	$8,105	-	-	-
California	-	$4,148	-	-
Connecticut	468	710	-	-
Illinois	2,082	1,401	-	-
Kansas	924	-	-	-
Kentucky	1,268	4,869	-	-
Louisiana	368	-	-	-
Maryland	276	-	-	-
Massachusetts	493	50	-	-
Nebraska	-	211	-	-
New Hampshire	-	8,088	-	-
New Jersey	1,040	-	-	-
New York	2,655	3,000	-	-
North Carolina	-	563	-	-
Ohio	1,712	65	-	-
Oregon	893	449	-	-
Pennsylvania	-	171	-	-
South Carolina	4,200	-	-	-
Tennessee	-	2,618	-	-
Vermont	1,901	1,950	-	-
Wisconsin	388	-	-	-
Wyoming	447	-	-	-
Undistributed	-	-	$28,397 a/	$33,074 a/
Obligations	27,219	28,290	28,397	33,074
Lapsing Balances	1,213	107	-	-
Total, Available	28,432	28,398	28,397	33,074

Section 538 Multi-Family Housing Guaranteed Loans
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	2017 Estimate Amount
Alabama	$2,493	$1,729	-	-
Arizona	968	2,400	-	-
California	18,833	35,265	-	-
Florida	-	1,750	-	-
Georgia	15,825	1,650	-	-
Idaho	-	4,041	-	-
Kansas	500	1,115	-	-
Louisiana	1,160	702	-	-
Maryland	4,496	-	-	-
Michigan	650	1,150	-	-
Nevada	-	1,561	-	-
New Jersey	5,000	-	-	-
New Mexico	-	1,791	-	-
North Carolina	5,996	4,875	-	-
North Dakota	19,339	1,000	-	-
Ohio	4,577	4,941	-	-
Oklahoma	2,099	725	-	-
Oregon	7,850	-	-	-
Pennsylvania	-	3,500	-	-
South Carolina	12,240	-	-	-
South Dakota	1,226	-	-	-
Tennessee	8,875	20,351	-	-
Texas	17,664	14,620	-	-
Utah	-	940	-	-
Virginia	2,223	-	-	-
Washington	-	7,558	-	-
West Virginia	2,115	1,610	-	-
Wyoming	2,035	637	-	-
Undistributed	-	-	$130,000 a/	$200,000 a/
Obligations	136,162	113,912	130,000	200,000
Lapsing Balances	13,838	36,088	20,000	30,000
Total, Available	150,000	150,000	150,000	230,000

a/ Totals cannot be distributed at this time.

RURAL HOUSING SERVICE
Section 504 Direct Housing Repair Loans
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	2017 Estimate Amount
Alabama	$647	$748	-	-
Alaska	50	38	-	-
Arizona	92	106	-	-
Arkansas	132	186	-	-
California	56	117	-	-
Colorado	10	91	-	-
Connecticut	35	46	-	-
Delaware	2	8	-	-
Florida	290	397	-	-
Georgia	313	235	-	-
Hawaii	97	217	-	-
Idaho	72	64	-	-
Illinois	959	1,021	-	-
Indiana	378	210	-	-
Iowa	244	359	-	-
Kansas	77	29	-	-
Kentucky	1,217	1,284	-	-
Louisiana	476	820	-	-
Maine	283	187	-	-
Maryland	83	72	-	-
Massachusetts	45	94	-	-
Michigan	542	814	-	-
Minnesota	241	262	-	-
Mississippi	998	824	-	-
Missouri	537	379	-	-
Montana	3	18	-	-
Nebraska	56	24	-	-
Nevada	98	24	-	-
New Hampshire	255	291	-	-
New Jersey	22	9	-	-
New Mexico	177	131	-	-
New York	188	222	-	-
North Carolina	1,052	1,109	-	-
North Dakota	54	17	-	-
Ohio	241	451	-	-
Oklahoma	132	199	-	-
Oregon	30	43	-	-
Pennsylvania	157	434	-	-
Rhode Island	15	11	-	-
South Carolina	551	380	-	-
South Dakota	123	104	-	-
Tennessee	489	624	-	-
Texas	766	876	-	-
Utah	66	10	-	-
Vermont	140	120	-	-
Virginia	117	349	-	-
Washington	60	97	-	-
West Virginia	208	131	-	-
Wisconsin	325	280	-	-
Wyoming	11	14	-	-
Guam	7	-	-	-
Puerto Rico	149	92	-	-
Virgin Islands	-	3	-	-
Other Countries	437	453	-	-
Undistributed	-	-	$26,278 a/	$26,277 a/
Obligations	13,806	15,127	26,278	26,277
Lapsing Balances	475	11,152	-	-
Total, Available	14,280	26,279	26,278	26,277

a/ Totals cannot be distributed at this time.

RURAL HOUSING SERVICE
Section 524 Direct Site Development Loans
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	2017 Estimate Amount
South Dakota......................	-	$489	-	-
Undistributed......................	-	-	$5,000 a/	$5,000 a/
Obligations......................	-	489	5,000	5,000
Lapsing Balances................	$5,000	4,511	-	-
Total, Available...............	5,000	5,000	5,000	5,000

Section 523 Self-Help Housing Land Development Loans
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	2017 Estimate Amount
Undistributed......................	-	-	$5,000 a/	$5,000 a/
Obligations......................	-	-	5,000	5,000
Lapsing Balances................	$5,000	$5,000	-	-
Total, Available...............	5,000	5,000	5,000	5,000

Single Family Housing Credit Sales
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	2017 Estimate Amount
Alabama..............................	-	$132	-	-
Arizona...............................	-	116	-	-
Florida................................	$19	-	-	-
Idaho...................................	182	143	-	-
Illinois................................	21	204	-	-
Missouri..............................	-	98	-	-
New York...........................	-	115	-	-
Oregon................................	643	548	-	-
Virginia..............................	-	40	-	-
Washington.........................	95	-	-	-
Undistributed......................	-	-	$2,000 a/	$10,000 a/
Obligations......................	960	1,396	2,000	10,000
Lapsing Balances................	9,040	8,604	8,000	-
Total, Available...............	10,000	10,000	10,000	10,000

a/ Totals cannot be distributed at this time.

RURAL HOUSING SERVICE
Section 514 Farm Labor Housing Loans
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	2017 Estimate Amount
Arkansas	$282	$328	-	-
California	20,995	14,613	-	-
Colorado	2,250	-	-	-
Florida	4,000	-	-	-
Michigan	147	-	-	-
Mississippi	1,533	-	-	-
New Mexico	4,053	-	-	-
Oregon	1,000	-	-	-
South Carolina	-	1,377	-	-
Virginia	1,000	2,700	-	-
Washington	2,400	323	-	-
Undistributed	-	-	$41,279 a/	$38,000 a/
Obligations	37,659	19,340	41,279	38,000

Section 516 Farm Labor Housing Grants
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	2017 Estimate Amount
California	-	$2,000	-	-
Colorado	$3,174	-	-	-
Florida	3,000	-	-	-
Hawaii	-	1,876	-	-
Mississippi	1,162	-	-	-
Oregon	2,000	-	-	-
South Carolina	-	1,000	-	-
Virginia	1,000	1,550	-	-
Washington	2,600	-	-	-
Undistributed	-	-	$11,148 a/	$11,915 a/
Obligations	12,936	6,426	11,148	11,915

a/ Totals cannot be distributed at this time.

Classification by Objects
(Dollars in thousands)

		2014 Actual	2015 Actual	2016 Enacted	2017 Estimate
25.0	Other purchases of goods and services from government accounts	$415,100	$415,100	$417,854	$426,821
41.0	Grants, subsidies, and contributions	51,361	90,945	95,484	98,059
99.9	Total, new obligations	466,461	506,045	513,338	524,880

RURAL HOUSING SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Rental Assistance Program

For rental assistance agreements entered into or renewed pursuant to the authority under section 521(a)(2) or
agreements entered into in lieu of debt forgiveness or payments for eligible households as authorized by section
502(c)(5)(D) of the Housing Act of 1949, [$1,389,695,000] $1,405,033,000; and in addition such sums as may
be necessary, as authorized by section 521(c) of the Act, to liquidate debt incurred prior to fiscal year 1992 to
carry out the rental assistance program under section 521(a)(2) of the Act: *Provided*, That rental assistance
agreements entered into or renewed during the current fiscal year shall be funded for a one-year period:
Provided further, That any unexpended balances remaining at the end of such one-year agreements may be
transferred and used for purposes of any debt reduction; maintenance, repair, or rehabilitation of any existing
projects; preservation; and rental assistance activities authorized under title V of the Act: *Provided further*, That
1 rental assistance provided under agreements entered into prior to fiscal year [2016] 2017 for a farm labor multi-
family housing project financed under section 514 or 516 of the Act may not be recaptured for use in another
project until such assistance has remained unused for a period of 12 consecutive months, if such project has a
waiting list of tenants seeking such assistance or the project has rental assistance eligible tenants who are not
receiving such assistance: *Provided further,* That such recaptured rental assistance shall, to the extent
practicable, be applied to another farm labor multi-family housing project financed under section 514 or 516 of
2 the Act[: *Provided further*, That of the total amount provided, up to $75,000,000 shall be available until
September 30, 2017, for renewal of rental assistance agreements within the 12-month contract period: *Provided
further*, That the Secretary shall provide to the Committees on Appropriations of both Houses of Congress
quarterly reports on the number of renewals approved pursuant to the preceding proviso, on the amount of rental
assistance available, and the anticipated need for rental assistance for the remainder of the fiscal year]: *Provided
3 further*, That except as provided in the [second] third proviso under this heading and notwithstanding any other
provision of the Act, the Secretary may recapture rental assistance provided under agreements entered into prior
4 to fiscal year [2016] 2017 for a project that the Secretary determines no longer needs rental assistance and use
5 such recaptured funds for current needs [as well as unmet rental assistance needs from fiscal year 2015].

The first change modifies the fiscal year from 2016 to 2017 concerning the recapture limitations on rental assistance agreements made for the farm labor multi-family housing projects financed under sections 514 and 516 of the Housing Act of 1949, as amended.

The second change removes the language no longer needed for unexpended funding for contract renewals within the 12-month contract period.

The third change modifies the change from the second to the third proviso concerning the recapture on rental assistance agreements.

The fourth change modifies the fiscal year from 2016 to 2017 concerning the recapture on rental assistance agreements entered.

The fifth change removes language no longer required pertaining to rental assistance needs.

RURAL HOUSING SERVICE

RENTAL ASSISTANCE PROGRAM

Lead-Off Tabular Statement

Budget Estimate, 2017	$1,405,033,000
2016 Enacted	1,389,695,000
Change in Appropriation	15,338,000

Summary of Increases and Decreases
(Dollars in thousands)

Program	2014 Actual	2015 Change	2016 Change	2017 Change	2017 Estimate
Discretionary Appropriations:					
Rental assistance (sec. 521)	$1,110,000	-$21,500	+$301,195	+$15,338	$1,405,033
Total	1,110,000	-21,500	301,195	15,338	1,405,033

RURAL HOUSING SERVICE

RENTAL ASSISTANCE PROGRAM

Project Statement
Adjusted Appropriations in Detail and Staff Years (SYs)
(Dollars in thousands)

Program	2014 Actual		2015 Actual		2016 Enacted		2017 Estimate	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Discretionary Appropriations:								
Rental assistance (sec.521)	$1,110,000	-	$1,088,500	-	$1,389,695	-	$1,405,033	-
Total Appropriation	1,110,000	135	1,088,500	141	1,389,695	145	1,405,033	161
Total Available	1,110,000	135	1,088,500	141	1,389,695	145	1,405,033	161
Lapsing Balances	-87	-	-0	-	-	-	-	-
Total Obligations	1,109,913	135	1,088,500	141	1,389,695	145	1,405,033	161

Project Statement
Obligations Detail and Staff Years (SYs)
(Dollars in thousands)

Program	2014 Actual		2015 Actual		2016 Enacted		2017 Estimate	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Discretionary Obligations:								
Rental assistance (sec. 521)	$1,109,913	-	$1,088,500	-	$1,389,695	-	$1,405,033	-
Total Obligations	1,109,913	135	1,088,500	141	1,389,695	145	1,405,033	161
Lapsing Balances	87	-	0	-	-	-	-	-
Total Available	1,110,000	135	1,088,500	141	1,389,695	145	1,405,033	161
Total Appropriation	1,110,000	135	1,088,500	141	1,389,695	145	1,405,033	161

Justification of Increases and Decreases

(1) An increase of $15,338,000 for section 521 rental assistance (RA) program grants ($1,389,695,000 available in 2016).

RA is a rent subsidy program for the benefit of tenants in Rural Development (RD)-financed Multi-Family Housing (MFH) properties. The RA program provides assistance to eligible tenants residing in section 515 and 514/516 assisted housing to allow them to pay no more than 30 percent of their incomes for rent. It pays the difference between the rent and the tenant's contribution to rent. Projects receiving RA must be financed by an agency direct loan made to a for-profit entity, broad-based nonprofit organization, or State or local agency.

Base funding supports RD's objective to provide decent, safe and affordable housing to rural residents residing in MFH facilities and to create thriving communities. This funding also supports USDA's Strategic Goal to help rural communities create prosperity so they are self-sustaining, repopulating, and economically thriving. Funding also helps create a stable environment needed for building strong communities, families and supportive networks that allow people to thrive, grow and, where possible, become fully self-sufficient.

Total funding of $1.4 billion will support the renewal of RA agreements consisting of 286,108 units at an estimated cost of $4,911 per unit. This funding will also support a modest amount of new construction in the farm labor housing program.

Funding for this program is critical because:

- RA provides tenants with financial support needed to remain in their home, providing a stable home life to support the tenant and their family.
- Housing stability is critical to elderly and disabled tenants without the means to otherwise live on their own.
- It helps to house residents who may otherwise be homeless.
- It allows RD to continue working collaboratively with other agencies to search for ways to increase opportunities for tenants to improve their skill sets to obtain more rewarding employment, while maintaining a secure home life.

Proposed funding will also allow the agency to continue working with other Federal housing agencies to improve program efficiencies. While improved program efficiencies are expected to reduce project operating costs and rental assistance needed, these savings are insufficient to offset the increasing cost of RA across the Nation.

Over the next eight years, approximately 11,500 RD section 515 MFH apartments will have their mortgages mature. As these mortgages mature, the property is no longer eligible for RA, and the families in those apartments risk the loss of the affordable housing they have lived in for years. The loss of affordable housing within that rural community will be irreplaceable. In response, RD proposes to utilize several tools designed to ensure that critically needed section 515 housing, in danger of leaving the program after the mortgages mature, is retained as affordable housing with housing assistance for the families that reside there. Funding at the proposed level will enable the agency to continue providing RA to section 515 properties that are retained in RD's portfolio.

The funding level will also be used to support rehabilitation of existing section 515 housing. Most of RD's section 515 housing is more than 30 years old and may never have been renovated. This housing desperately needs to be revitalized to meet current needs and provide affordable housing that is a source of pride to its residents and the community at large. Revitalization of this affordable housing will also ensure that the properties will remain available to very-low and low-income individuals for many years to come. This RA will be provided to help support additional debt service resulting from MPR or other loans used to renovate housing.

RURAL HOUSING SERVICE
Rural Rental Assistance Grants
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	2017 Estimate Amount
Alabama	$29,501	$29,315	-	-
Alaska	6,966	5,183	-	-
Arizona	16,803	16,502	-	-
Arkansas	22,269	22,210	-	-
California	85,548	91,089	-	-
Colorado	13,334	11,963	-	-
Connecticut	7,382	8,523	-	-
Delaware	8,265	7,622	-	-
Florida	54,872	54,652	-	-
Georgia	29,814	28,578	-	-
Hawaii	7,056	7,809	-	-
Idaho	16,529	13,519	-	-
Illinois	24,129	26,841	-	-
Indiana	20,818	19,433	-	-
Iowa	20,476	19,651	-	-
Kansas	9,672	9,532	-	-
Kentucky	20,126	19,882	-	-
Louisiana	36,585	38,090	-	-
Maine	31,540	28,148	-	-
Maryland	16,379	15,451	-	-
Massachusetts	10,559	10,841	-	-
Michigan	33,455	30,300	-	-
Minnesota	19,543	18,264	-	-
Mississippi	42,716	43,992	-	-
Missouri	20,616	18,575	-	-
Montana	5,768	5,813	-	-
Nebraska	6,847	5,758	-	-
Nevada	8,995	9,024	-	-
New Hampshire	12,612	12,370	-	-
New Jersey	12,607	8,957	-	-
New Mexico	16,508	15,977	-	-
New York	23,083	23,821	-	-
North Carolina	73,239	69,933	-	-
North Dakota	4,808	4,020	-	-
Ohio	25,835	24,862	-	-
Oklahoma	19,298	18,718	-	-
Oregon	19,393	18,801	-	-
Pennsylvania	25,267	26,531	-	-
Rhode Island	2,537	1,872	-	-
South Carolina	29,322	27,121	-	-
South Dakota	13,612	11,236	-	-
Tennessee	25,829	26,231	-	-
Texas	47,649	47,882	-	-
Utah	7,924	8,127	-	-
Vermont	9,408	7,339	-	-
Virginia	27,846	29,084	-	-
Washington	26,769	28,216	-	-
West Virginia	13,122	16,104	-	-
Wisconsin	16,873	18,585	-	-
Wyoming	4,879	4,099	-	-
Puerto Rico	19,344	17,573	-	-
Virgin Islands	5,583	4,480	-	-
Undistributed	-	-	$1,389,695 a/	$1,405,033 a/
Obligations	1,109,913	1,088,500	1,389,695	1,405,033
Lapsing Balances	87	0	-	-
Total, Available	1,110,000	1,088,500	1,389,695	1,405,033

a/ Totals cannot be distributed at this time.

Classification by Objects
(Dollars in thousands)

	2014 Actual	2015 Actual	2016 Enacted	2017 Estimate
41.0 Grants, subsidies, and contributions	$1,109,913	$1,088,500	$1,389,695	$1,405,033
99.9 Total, new obligations	1,109,913	1,088,500	1,389,695	1,405,033

RURAL HOUSING SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Multi-family Housing Revitalization Program Account

For the rural housing voucher program as authorized under section 542 of the Housing Act of 1949, but notwithstanding subsection (b) of such section, and for additional costs to conduct a demonstration program for the preservation and revitalization of multi-family rental housing properties described in this paragraph, [$37,000,000] $37,362,000, to remain available until expended: *Provided*, That of the funds made available under this heading, [$15,000,000] $18,000,000, shall be available for rural housing vouchers to any low-income household (including those not receiving rental assistance) residing in a property financed with a section 515
1 loan which has been prepaid after September 30, 2005, or that is otherwise paying off the section 515 financing as based on prioritization as determined by the Secretary: *Provided further*, That the amount of such voucher shall be the difference between comparable market rent for the section 515 unit and the tenant paid rent for such unit: *Provided further*, That funds made available for such vouchers shall be subject to the availability of annual appropriations: *Provided further*, That the Secretary shall, to the maximum extent practicable, administer such vouchers with current regulations and administrative guidance applicable to section 8 housing vouchers administered by the Secretary of the Department of Housing and Urban Development: *Provided further*, That if the Secretary determines that the amount made available for vouchers in this or any other Act is not needed for vouchers, the Secretary may use such funds for the demonstration program for the preservation and revitalization of multi-family rental housing properties described in this paragraph: *Provided further*, That of the funds made available under this heading, [$22,000,000] $19,362,000 shall be available for a demonstration program for the preservation and revitalization of the sections 514, 515, and 516 multi-family rental housing properties to restructure existing USDA multi-family housing loans, as the Secretary deems appropriate, expressly for the purposes of ensuring the project has sufficient resources to preserve the project for the purpose of providing safe and affordable housing for low-income residents and farm laborers including reducing or eliminating interest; deferring loan payments, subordinating, reducing or reamortizing loan debt; and other
2 financial assistance including advances, rental assistance agreements, payments and incentives (including the ability of owners to obtain reasonable returns on investment) required by the Secretary: *Provided further*, That the Secretary shall as part of the preservation and revitalization agreement obtain a restrictive use agreement consistent with the terms of the restructuring: *Provided further*, That if the Secretary determines that additional funds for vouchers described in this paragraph are needed, funds for the preservation and revitalization demonstration program may be used for such vouchers: *Provided further*, That if Congress enacts legislation to permanently authorize a multi-family rental housing loan restructuring program similar to the demonstration program described herein, the Secretary may use funds made available for the demonstration program under this
3 heading to carry out such legislation with [the prior approval of] notice to the Committees on Appropriations of both Houses of Congress: *Provided further*, That in addition to any other available funds, the Secretary may expend not more than $1,000,000 total, from the program funds made available under this heading, for administrative expenses for activities funded under this heading.

The first change adds language about eligibility for voucher funding for tenants displaced by properties paying off the section 515 financing other than prepaying the loan.

The second change adds language making rental assistance agreements eligible for multi-family housing revitalization funding.

The third change changes language for approval to carry out a multi-family rental housing loan restructuring program.

RURAL HOUSING SERVICE

MULTI-FAMILY HOUSING REVITALIZATION PROGRAM ACCOUNT

Lead-Off Tabular Statement

	Loan Level	Subsidy	Grants	Vouchers
Budget Estimate, 2017	$31,174,000	$17,062,000	$2,300,000	$18,000,000
2016 Enacted	31,917,000	17,000,000	5,000,000	15,000,000
Change in Appropriation	-743,000	62,000	-2,700,000	3,000,000

Summary of Increases and Decreases
(Dollars in thousands)

	2014 Actual	2015 Change	2016 Change	2017 Change	2017 Estimate
Discretionary Appropriations:					
Rural housing voucher program and admininstrative	$12,575	-$5,575	+$8,000	+$3,000	$18,000
MFH revitalization zero percent (Sec. 515)	7,478	-1,528	+4,050	-3,630	6,370
MFH revitalization soft seconds (Sec. 515)	10,522	-1,172	-2,350	+3,692	10,692
MFH revitalization grants (Sec. 515)	2,000	-300	+3,300	-2,700	2,300
Total Discretionary Appropriations	32,575	-8,575	+13,000	+362	37,362

RURAL HOUSING SERVICE

MULTI-FAMILY HOUSING REVITALIZATION PROGRAM ACCOUNT

Project Statement
Adjusted Appropriations Detail and Staff Years (SYs)
(Dollars in thousands)

Program	2014 Actual			2015 Actual			2016 Enacted			Inc. or Dec.			2017 Estimate		
	Program Level	Budget Authority	SYs	Program Level	Budget Authority	SYs	Program Level	Budget Authority	SYs	Program Level	Budget Authority	SYs	Program Level	Budget Authority	SYs
Discretionary Appropriations:															
Rural housing voucher program and administrative.....	$12,575	$12,575	34	$7,000	$7,000	35	$15,000	$15,000	36	+$3,000 (1)	+$3,000	6	$18,000	$18,000	42
MFH revitalization zero percent (Sec. 515).................	15,304	7,478	-	10,583	5,950	-	18,983	10,000	-	-6,563 (2)	-3,630 (3)	-	12,420	6,370	-
MFH revitalization soft seconds (Sec. 515).................	20,531	10,522	-	15,401	9,350	-	12,934	7,000	-	+5,820 (2)	+3,692 (3)	-	18,755	10,692	-
MFH revitalization grants (Sec. 515)...........................	2,000	2,000	-	1,700	1,700	-	5,000	5,000	-	-2,700 (2)	-2,700	-	2,300	2,300	-
Total Appropriation..	50,410	32,575	376	34,685	24,000	389	51,917	37,000	399	-443	+362	6	51,474	37,362	405
Bal. Available, SOY...	53,483	32,232	-	61,084	43,323	-	35,107	23,898	-	-11,679	-6,966	-	23,428	16,932	-
Recoveries, Other (Net)..	4,429	1,821	-	5,253	5,253	-	3,126	2,900	-	-217	-158	-	2,909	2,742	-
Total Available...	108,322	66,628	376	101,021	72,575	389	90,150	63,798	399	-12,338	-6,762	6	77,811	57,036	405
Unobligated balances rescinded.. a/	-	-	-	-	-	-	-	-	-	-100	-100	-	-100	-100	-
Bal. Available, EOY...	-79,109	-41,839	-	-36,645	-23,898	-	-23,621	-16,932	-	+4,337	+3,512	-	-19,283	-13,420	-
Total Obligations..	29,212	24,790	376	64,376	48,677	389	66,529	46,866	399	-8,101	-3,350	6	58,428	43,516	405

a/ A rescission of unobligated balances in the amount of $99,927 is proposed for this account in 2017.

RURAL HOUSING SERVICE

MULTI-FAMILY HOUSING REVITALIZATION PROGRAM ACCOUNT

Project Statement
Obligations Detail and Staff Years (SYs)
(Dollars in thousands)

Program	2014 Actual			2015 Actual			2016 Enacted			Inc. or Dec.			2017 Estimate		
	Program Level	Budget Authority	SYs	Program Level	Budget Authority	SYs	Program Level	Budget Authority	SYs	Program Level	Budget Authority	SYs	Program Level	Budget Authority	SYs
Discretionary Appropriations:															
Rural housing voucher program and administrative	$15,093	$15,093	34	$17,046	$17,046	35	$18,930	$18,930	36	+$3,183 (1)	+$3,183	6	$22,113	$22,113	42
MFH revitalization modifications (Sec. 515).............	-	2,762	-	-	6,383	-	-	667	-	-	-84	-	-	583	-
MFH revitalization zero percent (Sec. 515)................	6,265	3,061	-	19,765	11,112	-	21,093	11,112	-	-5,847 (2)	-3,292 (3)	-	15,247	7,820	-
MFH revitalization soft seconds (Sec. 515)................	6,651	3,409	-	17,293	10,498	-	19,398	10,498	-	-629 (2)	+202 (3)	-	18,769	10,700	-
MFH revitalization grants (Sec. 515)........................	203	203	-	-	-	-	5,000	5,000	-	-2,700 (2)	-2,700	-	2,300	2,300	-
Multi-family housing preservation demo revolving loan fund..	1,000	262	-	10,272	3,637	-	2,108	659	-	-2,108	-659	-	-	-	-
Total Obligations...	29,212	24,790	376	64,376	48,677	389	66,529	46,866	399	-8,101	-3,350	6	58,428	43,516	405
Unobligated balances rescinded.................................... a/	-	-	-	-	-	-	-	-	-	+100	+100	-	100	100	-
Bal. Available, EOY..	79,109	41,839	-	36,645	23,898	-	23,621	16,932	-	-4,337	-3,512	-	19,283	13,420	-
Total Available...	108,322	66,628	376	101,021	72,575	389	90,150	63,798	399	-12,338	-6,762	6	77,811	57,036	405
Bal. Available, SOY...	-53,483	-32,232	-	-61,084	-43,323	-	-35,107	-23,898	-	+11,679	+6,966	-	-23,428	-16,932	-
Other Adjustments (Net)..	-4,429	-1,821	-	-5,253	-5,253	-	-3,126	-2,900	-	+217	+158	-	-2,909	-2,742	-
Total Appropriation...	50,410	32,575	376	34,685	24,000	389	51,917	37,000	399	-443	+362	6	51,474	37,362	405

a/ A rescission of unobligated balances in the amount of $99,927 is proposed for this account in 2017.

Justification of Increases and Decreases

(1) An increase of $3,000,000 for the section 542 rural housing voucher program ($15,000,000 available in 2016).

A total of $18,000,000 in funding will be used as follows:

- Regular rural housing vouchers ($15,000,000): This base funding enables tenants in mortgage prepayment properties to continue to access affordable housing without benefit of the traditional rental assistance program. Base funding also allows the agency to continue serving families with affordable housing needs who are affected by the loss of affordable Rural Development (RD) housing in rural communities.

- Maturing Mortgages Mitigation Efforts ($3,000,000): Funding of $3 million will be used to mitigate the effects of section 515 mortgage maturities. This funding will support an extension of the voucher protection to tenants in properties whose section 515 mortgage is maturing.

Regular program funds for the section 542 rural housing voucher program will continue to provide tenant protections in properties that prepay their mortgages after September 30, 2005. In 2015, RHS provided new and renewed vouchers to 4,469 families at a cost of $15.6 million.

Continuation of the program is critical because:
- Recipients of vouchers are low- and very low-income households that may otherwise be unable to afford higher market rents they may be forced to pay as the property shifts from affordable to market rate housing.
- The voucher assistance allows needy tenants time to find other affordable housing, such as section 515 rural rental housing or other subsidy assistance programs, that may not be immediately available.

Funding supports the agency's objective of providing decent, safe and sanitary housing to rural America. It will also help create stabilizing environments needed for building strong communities, families and supportive networks that allow people to thrive, grow and, where possible, become fully self-sufficient.

The average voucher pays approximately $286 per month per household. Because some of the properties are in suburban areas, alternative housing opportunities may include affordable housing developed through the Low-income Housing Tax Credits (LIHTC) program or housing with available Housing and Urban Development (HUD) Section 8 or HUD vouchers.

On August 14, 2013, the Rural Housing Service (RHS) issued a proposed rule to make the program permanent. RHS is now preparing the final rule which is expected to be published in the spring of 2016. RHS is also completing work on a voucher data management system to streamline the program.

When the property mortgage matures, tenants no longer receive the benefit of rental assistance. Housing vouchers would assist tenants facing potential rent increases due to the elimination of their rental assistance subsidy; the program currently provides protection only for tenants in properties that prepay their section 515 mortgage. The 2017 budget includes a proposal to address the housing affordability issue faced by residents in properties that are coming up on natural maturity of the promissory notes.

Regular program funding supports RD's objective to provide decent, safe and affordable housing to rural residents residing in multi-family housing (MFH) facilities and helps create thriving communities. Funding also supports USDA's Strategic Goal to assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving. Total funding of $18 million, including administrative funding, will support 4,738 vouchers for low- and very low-income households that were former tenants of RD-financed properties. The revitalization account consists of voucher and MFH preservation and revitalization (MPR) funding, and funds may be interchanged between the two programs as funding needs change during the year.

(2) A decrease of $3,443,000 for the section 515 multi-family housing revitalization program level ($36,917,000 available in 2016).

Base funding for the MFH revitalization program rehabilitates housing, rental properties, or co-ops owned and/or occupied by very low- and low-income rural persons. In 2015, RHS preserved section 515 and section 514/516 properties consisting of 3,544 units of housing through the section 515 MFH revitalization demonstration program. Most, if not all, of the preservation was completed using multiple revitalization strategies. Funding of the MFH revitalization program will provide RHS with an appropriate mix of funds that can be used according to whichever program best suits the individual needs of each revitalization transaction. Continued base funding is crucial to ensuring the continued success of the MFH program and for building a sound portfolio that will serve rural residents for years to come.

A legislative proposal is included in 2017 budget to make the revitalization program permanent. Creating permanent authority would increase interest in use of the program by owners of Section 515 properties in need of revitalization. It would also allow the agency to establish permanent regulatory authority to more effectively manage the program.

Continuation of the program is critical because:

- The average age of the section 515 assisted housing portfolio is 28 years.
- Much of the housing stock is in need of revitalization.
- Projects do not have sufficient reserves to fund ongoing rehabilitation.

Zero percent loan, soft second loan, and revitalization grant programs provide an inexpensive source of funding to preserve and modernize RHS' direct loan housing, increasing the value of the property and instilling its residents with a greater sense of pride in the vitality of their community. A portion of the zero percent, soft second, and revitalization grant funds will be used for the modification program, once subsidy rates can be established for the modifications.

The revitalization tools are critical to attract capital market investment into rural communities through the modernization of existing RD housing. RHS uses the revitalization tools to provide gap financing not covered through the LIHTC or other State or Federal programs. As a result, RHS is able to leverage approximately three times its funds in investments from LIHTC and other sources. A close partnership with State tax credit allocating agencies is critical, because without a financial commitment by RHS through the revitalization tools, the credits and other third-party funding will decrease and rehabilitation of RHS's aging stock of rural rental housing is less likely to occur.

Funding is split between the various revitalization programs according to a general trend of use of those programs; however, these levels are estimates and are not binding. Actual funding for each strategy will be based on the demand and restructuring needs of each project approved for funding. Requested funding is expected to be leveraged into a greater amount of assistance based on how it is disbursed between the various strategies approved under the demonstration program.

Preservation and revitalization projects usually involve more than one revitalization strategy, and may also include the use of funding from the section 515 direct loan program. Therefore, it is not possible to define the impact of an increase in one of the revitalization strategies on the number of units of section 515 or section 514/516 rental housing that will benefit from the revitalization. The average program cost for revitalization in 2015 was approximately $29,800 per unit, or approximately $5,520 per unit in budget authority depending on the types of revitalization tools used. Based on this cost, funding across all of the revitalization strategies and a portion of the section 515 program is expected to preserve approximately 3,507 affordable housing units in 2017.

Continuation of the program is crucial because, over the next eight years, aproximately 11,500 RD section 515 MFH apartments will have their mortgages mature. As these mortgages mature, the property is no longer eligible for rental assistance (RA), and the families in those apartments risk the loss of the affordable housing they have lived in for years. The loss of affordable housing within that rural community would be irreplaceable.

Total mitigation funding will be allocated between the section 515 program, the MFH Preservation and revitalization demonstration, rental assistance, and the housing voucher program (under the proposal to extend voucher protection to tenants losing their affordable home due to maturity of the section 515 mortgage). Funding in the revitalization program will be used for rehabilitation of existing section 515 housing.

Most of RD's section 515 housing is more than 30 years old and may never have been renovated. This housing desperately needs to be revitalized to meet current needs and provide affordable housing that is a source of pride to its residents and the community at large. Revitalization of this affordable housing will also ensure that the properties will remain available to very-low and low income individuals for many years to come and qualify the tenants to continue benefitting from rental assistance. Section 515 funding will be used in conjunction with RD's revitalization tools to modernize existing section 515 housing.

Regular program funding supports RD's objective to provide decent, safe and affordable housing to rural residents residing in MFH facilities and to create thriving communities. Funding also supports USDA's Strategic Goal to assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving.

Obligations will utilize new-year as well as prior-year unobligated and de-obligated funding. The MPR program involves funding from many outside sources and coordination of final closing of the RHS loans usually relies on other funders' timing. RHS has been working with the White House Rental Policy Working Group to better align Federal and State funding agency requirements to streamline requirements and eliminate overlap where possible. In addition, RHS has undertaken a business process improvement initiative in the Direct Loans division that will reduce loan processing times.

The budget proposes legislation to make this program permanent because the Section 515 direct loan program does not contain authority to utilize many of the revitalization tools available in the MPR demonstration program. The MPR demonstration program is not currently contained in the statute, and the agency risks not having these critical tools to provide financial support for existing MFH in need of preservation and revitalization if the MPR demonstration program is not re-authorized and the authority for these tools is not added to the direct loan program.

(3) An increase of $62,000 in direct loan subsidy ($17,000,000 available in 2016).

The increase in subsidy budget authority is related primarily to the increase in the subsidy rates. The subsidy amount is necessary to support the estimated loan obligations associated with the requested 2017 loan levels for the programs.

Summary of Proposed Legislation

Program: 515 Revitalization Program

Proposal: The Rural Housing Service (RHS) seeks permanent authority for the revitalization program, which has been a demonstration program since 2006. The multi-family housing preservation and revitalization (MPR) program is an effective tool to modernize Rural Development's (RD) existing multi-family housing portfolio. The average age of rental housing in the section 515 portfolio is 28 years; much of the housing is in need of revitalization, and projects do not have sufficient reserves to fund ongoing rehabilitation.

The MPR program uses a variety of financing options to successfully preserve the housing in the most flexible manner possible. MPR is also effective attracting capital market investment into rural communities through the revitalization of existing RD housing, particularly through Low-Income Housing Tax Credits (LIHTC) or other State or Federal programs. As a result, RHS is able to leverage approximately three times its funds in investments from LIHTC and other sources. This leverage reduces the cost of project preservation, especially the cost of additional debt service to finance the rehabilitation. By reducing preservation costs, MPR helps reduce the need to invest additional rental assistance to support the project's additional debt service needs.

Advantages include:

- For Tenants: A permanent program will provide greater certainty in program funding to provide tenants with decent, safe, sanitary and modern affordable housing.
- For Borrowers: A permanent program will provide borrowers with a certain funding source to fund rehabilitation and repairs.
- For the agency: A permanent program will enable RHS to make long-term strategic plans for the Direct Loan portfolio, continue to meet the mission of providing affordable housing, and modernize its rental housing stock.

Rationale: Adding authority for current MPR tools to existing direct loan statutory authority will provide financing flexibility not currently available in the direct loan program.

Goal: The Section 515 direct loan program does not contain authority to utilize many of the revitalization tools available in the MPR demonstration program. The MPR demonstration program is not currently contained in the statute, and the agency risks not having these critical tools to provide financial support for existing multi-family housing in need of preservation and revitalization if the MPR demonstration program is not re-authorized and the authority for these tools is not added to the direct loan program.

Legislative Language: Title V of the Housing Act of 1949, as amended (42 U.S.C. 1471 et seq.), shall be amended by inserting after Section 543 the following new section:

SEC. 544. PRESERVATION OF MULTIFAMILY HOUSING AND PROTECTION OF TENANTS.

(a) PRESERVATION PROGRAM.—The Secretary shall, subject to the availability of appropriations, carry out a preservation program to provide financial incentives and other assistance to properties financed under Section 514 or Section 515 of this title (42 U.S.C. §§1484 and 1485) .

(b) ELIGIBILITY CRITERIA-

(1) IN GENERAL.—The Secretary shall establish eligibility criteria for owners of eligible properties and establish an application process for property owners to participate in the preservation program under this section.

(2) PRIORITY.— The Secretary may give priority to properties that are located on tribal trust lands or other Indian areas, in colonias (as such term is defined in section 916(e) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 5306 note)), or in other small, poor, low income communities as determined by the Secretary.

c) FINANCIAL ASSISTANCE.—

1) IN GENERAL. --The Secretary may provide financial assistance in the form of a grant, direct loan, or guaranteed loan or modify an existing grant or loan provided for the property under any other provision of this title for the purpose of preserving or rehabilitating the Section 514 or 515 property for continued use as affordable housing pursuant to a long-term viability plan approved by the Secretary.

(2) FINANCIAL RESTRUCTURING PLAN; PRESERVATION INCENTIVES.—

(A) IN GENERAL.-Based on the long-term viability plan for an eligible project, the Secretary may offer a property owner a financial restructuring plan for the property.

(B) INCENTIVES.-Such a plan may include one or more of the following preservation incentives:

(i) Reduction or elimination of interest on the loan or loans for the property made under Section 515 or Section 514 of this chapter regardless of the original closing date or the remaining term of the loan or loans.

(ii) Partial or full deferral of principal and interest payments due under such loan or loans.

(iii) Forgiveness of such loan or loans.

(iv) Subordination of such loan or loans, subject to such terms and conditions as the Secretary shall determine.

(v) Reamortization of loan principal and interest payments under such loan or loans over extended terms.

(vi) A grant from the Secretary for the project.

(vii) Permission to use project funds for payment of property costs associated with developing the long-term viability plan.

vii) Additional rental assistance.

(d) LONG-TERM VIABILITY PLAN.— The Secretary shall approve a long-term viability plan under this subsection for every eligible property whose application has been accepted.

(e) LONG-TERM USE AGREEMENT.— If the property owner agrees to the terms of a financial restructuring plan for a property under subsection (c), the Secretary and the property owner shall enter into a long-term use agreement to continue utilizing the assisted housing and related facilities for the purposes specified in section 514 or 515, as the case may be, for a period of 20 years, or the remaining term of the original loan or grant under this title, whichever ends later.

(f) INELIGIBILITY. — A property owner shall be ineligible for participation in the preservation program under this section as to a particular property if that property—

(1) is the subject of an ongoing civil action brought to authorize the prepayment of the section 515 loan, or is the subject of a damages action brought to recover damages caused by the passage of the Emergency Low Income Housing Preservation Act of 1987 or amendments to such Act, for which a final judgment, settlement agreement, or consent decree has not yet been issued; or

(2) was the subject of a civil action brought to authorize the prepayment of the section 515 loan, or was the subject of a damages action brought to recover damages caused by the passage of the Emergency Low Income Housing Preservation Act of 1987 or amendments to such Act, under which damages were awarded to the project owner.

(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the preservation program under this section.

Budget Impact:

	2016	2017	2018	2019	2020
Budget Authority	N/A	N/A	N/A	N/A	N/A
Outlays	N/A	N/A	N/A	N/A	N/A

RURAL HOUSING SERVICE
Rural Housing Voucher Program
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	2017 Estimate Amount
Alabama	$166	$146	-	-
Alaska	28	28	-	-
Arizona	20	114	-	-
Arkansas	24	83	-	-
California	47	33	-	-
Colorado	17	24	-	-
Delaware	33	33	-	-
Florida	1,166	1,204	-	-
Georgia	254	252	-	-
Idaho	238	360	-	-
Illinois	552	655	-	-
Indiana	550	733	-	-
Iowa	982	968	-	-
Kansas	232	331	-	-
Kentucky	132	109	-	-
Louisiana	6	6	-	-
Maine	134	96	-	-
Maryland	14	14	-	-
Massachusetts	107	108	-	-
Michigan	826	1,058	-	-
Minnesota	337	373	-	-
Mississippi	22	65	-	-
Missouri	1,120	1,051	-	-
Montana	284	210	-	-
Nebraska	342	525	-	-
Nevada	9	9	-	-
New Hampshire	86	59	-	-
New Jersey	295	271	-	-
New Mexico	111	161	-	-
New York	901	905	-	-
North Carolina	219	229	-	-
North Dakota	150	143	-	-
Ohio	418	339	-	-
Oklahoma	123	144	-	-
Oregon	49	94	-	-
Pennsylvania	13	19	-	-
Rhode Island	31	24	-	-
South Carolina	542	755	-	-
South Dakota	652	629	-	-
Tennessee	126	113	-	-
Texas	723	645	-	-
Utah	6	5	-	-
Virginia	33	79	-	-
Washington	923	860	-	-
West Virginia	32	142	-	-
Wisconsin	912	1,216	-	-
Wyoming	78	80	-	-
District of Columbia	1,000	1,409	-	-
Puerto Rico	27	5	-	-
Virgin Islands	-	129	-	-
Undistributed	-	-	$18,930 a/	$22,113 a/
Obligations	15,093	17,046	18,930	22,113

Multi-Family Housing Revitalization Zero Percent Loans
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	2017 Estimate Amount
Alabama	$493	-	-	-
Connecticut	-	$83	-	-
Indiana	172	790	-	-
Kentucky	-	10,955	-	-
Louisiana	2,050	4,705	-	-
Massachusetts	-	437	-	-
Missouri	-	900	-	-
New Hampshire	281	-	-	-
New York	2,927	-	-	-
North Carolina	-	1,896	-	-
Ohio	344	-	-	-
Undistributed	-	-	$21,093 a/	$15,247 a/
Obligations	6,265	19,765	21,093	15,247

a/ Totals cannot be distributed at this time.

RURAL HOUSING SERVICE
Multi-Family Housing Revitalization Soft Seconds Loans
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	2017 Estimate Amount
Connecticut	-	$1,537	-	-
Illinois	-	615	-	-
Indiana	-	23	-	-
Kansas	$684	176	-	-
Louisiana	-	419	-	-
Maine	-	1,284	-	-
Maryland	1,226	2,906	-	-
Massachusetts	-	93	-	-
Michigan	290	-	-	-
Missouri	-	846	-	-
Nebraska	1,065	-	-	-
New Hampshire	-	695	-	-
New Mexico	356	-	-	-
North Carolina	-	6,665	-	-
North Dakota	255	-	-	-
Oregon	1,929	-	-	-
Texas	-	1,780	-	-
West Virginia	846	-	-	-
Wisconsin	-	255	-	-
Undistributed	-	-	$19,398 a/	$18,769 a/
Obligations	6,651	17,293	19,398	18,769

Multi-Family Housing Revitalization Grants
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	2017 Estimate Amount
Missouri	$203	-	-	-
Undistributed	-	-	$5,000 a/	$2,300 a/
Obligations	203	-	5,000	2,300

Multi-Family Housing Preservation Demonstration Revolving Loans
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	2017 Estimate Amount
Arkansas	-	$2,125	-	-
Kentucky	-	2,125	-	-
Maryland	-	1,772	-	-
New Mexico	-	2,125	-	-
Pennsylvania	$1,000	-	-	-
District of Columbia	-	2,125	-	-
Undistributed	-	-	$2,108 a/	-
Obligations	1,000	10,272	2,108	-

a/ Totals cannot be distributed at this time.

Classification by Objects
(Dollars in thousands)

	2014 Actual	2015 Actual	2016 Enacted	2017 Estimate
41.0 Grants, subsidies, and contributions	$24,790	$48,677	$46,866	$43,516
99.9 Total, new obligations	24,790	48,677	46,866	43,516

RURAL HOUSING SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Rural Housing Assistance Grants

1 For grants for very low-income housing repair [and rural housing preservation] made by the Rural Housing
2 Service, as authorized by 42 U.S.C. 1474, [and 1490m, $32,239,000] $28,701,000, to remain available until expended.

The first change removes reference to housing preservations grants as the program is not requesting funding in 2017.

The second change removes authorizing legislation reference for the housing preservation grants program as there is no proposed program in 2017.

RURAL HOUSING SERVICE

RURAL HOUSING ASSISTANCE GRANTS

Lead-Off Tabular Statement

Budget Estimate, 2017	$28,701,000
2016 Enacted	32,239,000
Change in Appropriation	-3,538,000

Summary of Increases and Decreases
(Dollars in thousands)

Program	2014 Actual	2015 Change	2016 Change	2017 Change	2017 Estimate
Discretionary Appropriation:					
Very low-income housing repair grants....	$28,701	-	-	-	$28,701
Rural housing preservation grants............	3,538	-	-	-$3,538	-
Total Discretionary Appropriations.......	32,239	-	-	-3,538	28,701

RURAL HOUSING SERVICE

RURAL HOUSING ASSISTANCE GRANTS

Project Statement
Adjusted Appropriations Detail and Staff Years (SYs)
(Dollars in thousands)

Program	2014 Actual		2015 Actual		2016 Enacted		Inc. or Dec.		2017 Estimate	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Discretionary Appropriations:										
Very low-income housing repair grants................	$28,701	-	$28,701	-	$28,701	-	- (1)	-	$28,701	-
Rural housing preservation grants.........................	3,538	-	3,538	-	3,538	-	-$3,538 (2)	-	-	-
Total Appropriation...	32,239	264	32,239	276	32,239	283	-3,538	-	28,701	283
Bal. Available, SOY...	3,578	-	3,701	-	4,313	-	-458	-	3,855	-
Recoveries, Other (Net)...	997	-	1,625	-	500	-	-	-	500	-
Total Available...	36,813	264	37,566	276	37,052	283	-3,996	-	33,056	283
Unobligated balances rescinded............................... a/	-	-	-	-	-	-	-	-	-2,302	-
Bal. Available, EOY..	-3,701	-	-4,313	-	-3,855	-	+3,081	-	-773	-
Total Obligations...	33,112	264	33,253	276	33,197	283	-915	-	29,980	283

a/ A rescission of unobligated balances in the amount of $2,302,342.75 is proposed for this account in 2017.

RURAL HOUSING SERVICE

RURAL HOUSING ASSISTANCE GRANTS

Project Statement
Obligations Detail and Staff Years (SYs)
(Dollars in thousands)

Program	2014 Actual		2015 Actual		2016 Enacted		Inc. or Dec.		2017 Estimate	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Discretionary Obligations:										
Very low-income housing repair grants......	$28,289	-	$28,997	-	$29,296	-	+$404 (1)	-	$29,700	-
Rural housing preservation grants...............	4,808	-	4,256	-	3,871	-	-3,621 (2)	-	250	-
Compensation for construction defects.......	15	-	-	-	30	-	-	-	30	-
Total Obligations......................................	33,112	264	33,253	276	33,197	283	-3,217	-	29,980	283
Unobligated balances rescinded.................... a/	-	-	-	-	-	-	+2,302	-	2,302	-
Bal. Available, EOY....................................	3,701	-	4,313	-	3,855	-	-3,081	-	773	-
Total Available..	36,813	264	37,566	276	37,052	283	-3,996	-	33,056	283
Bal. Available, SOY.....................................	-3,578	-	-3,701	-	-4,313	-	+458	-	-3,855	-
Recoveries, Other (Net)................................	-997	-	-1,625	-	-500	-	-	-	-500	-
Total Appropriation....................................	32,239	264	32,239	276	32,239	283	-3,538	-	28,701	283

a/ A rescission of unobligated balances in the amount of $2,302,342.75 is proposed for this account in 2017.

Justification of Increases and Decreases

(1) No change in funding for section 504 housing repair grants ($28,701,000 available in 2016).

Base funding will allow agency staff to provide assistance to the neediest elderly rural families for essential home repairs. With an estimated average grant of $6,132, base funding will provide approximately 4,680 elderly homeowners an opportunity to benefit from the program. Funding also supports USDA's Strategic Goal to create prosperity that fosters self-sustaining, repopulating, and economically thriving rural communities.

Continuation of the program is essential because repair grants assist very low-income elderly rural homeowners needing critical home repairs. Recipients are unable to afford a loan and have no other means or access to funding. Grants up to $7,500 are available to improve accessibility or to remove health and safety hazards. Grants must be repaid to the government if the property is sold within three years.

Although this program is limited in size, grants allow very low-income elderly homeowners on a fixed budget to remain at home and live independently. This program improves their quality of life by assuring a safe and functional environment. By providing these small grants, Rural Development secures decent, safe and affordable housing for rural residents, which is a fundamental agency objective.

(2) A decrease of $3,538,000 for section 533 housing preservation grants ($3,538,000 available in 2016).

The budget does not propose funding for this program. Since MFH projects are generally funded from this account and these projects can also be funded through the revitalization program, no additional funding is being requested for 2017. Carryover funding will be utilized in 2017 to carry out activities and functions consistent with the full range of authorities and activities delegated to the agency.

RURAL HOUSING SERVICE
Section 504 Very Low-Income Housing Repair Grants
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	2017 Estimate Amount
Alabama	$958	$1,078	-	-
Alaska	118	223	-	-
Arizona	475	533	-	-
Arkansas	386	531	-	-
California	426	401	-	-
Colorado	294	170	-	-
Connecticut	95	97	-	-
Delaware	34	52	-	-
Florida	506	624	-	-
Georgia	908	1,024	-	-
Hawaii	145	147	-	-
Idaho	150	188	-	-
Illinois	1,080	1,171	-	-
Indiana	680	766	-	-
Iowa	496	640	-	-
Kansas	328	166	-	-
Kentucky	1,580	1,405	-	-
Louisiana	995	1,172	-	-
Maine	481	442	-	-
Maryland	236	155	-	-
Massachusetts	144	173	-	-
Michigan	999	1,086	-	-
Minnesota	472	469	-	-
Mississippi	1,888	1,407	-	-
Missouri	933	808	-	-
Montana	64	117	-	-
Nebraska	81	72	-	-
Nevada	199	134	-	-
New Hampshire	366	483	-	-
New Jersey	138	85	-	-
New Mexico	495	327	-	-
New York	847	706	-	-
North Carolina	1,785	2,209	-	-
North Dakota	83	114	-	-
Ohio	730	786	-	-
Oklahoma	478	560	-	-
Oregon	184	73	-	-
Pennsylvania	863	1,020	-	-
Rhode Island	35	78	-	-
South Carolina	1,337	879	-	-
South Dakota	189	159	-	-
Tennessee	1,241	1,033	-	-
Texas	1,613	1,925	-	-
Utah	137	150	-	-
Vermont	243	180	-	-
Virginia	409	767	-	-
Washington	210	205	-	-
West Virginia	415	419	-	-
Wisconsin	622	648	-	-
Wyoming	14	30	-	-
Guam	8	-	-	-
Puerto Rico	290	421	-	-
Virgin Islands	22	60	-	-
Other Countries	385	426	-	-
Undistributed	-	-	$29,296 a/	$29,700 a/
Obligations	28,289	28,997	29,296	29,700

a/ Totals cannot be distributed at this time.

RURAL HOUSING SERVICE
Section 533 Rural Housing Preservation Grants
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	2017 Estimate Amount
Alabama	$92	$72	-	-
Alaska	50	50	-	-
Arizona	105	52	-	-
Arkansas	72	56	-	-
California	847	921	-	-
Colorado	50	50	-	-
Connecticut	50	50	-	-
Delaware	50	50	-	-
Florida	90	-	-	-
Georgia	120	94	-	-
Hawaii	50	50	-	-
Idaho	-	50	-	-
Illinois	70	55	-	-
Indiana	67	53	-	-
Iowa	42	46	-	-
Kansas	35	50	-	-
Kentucky	106	85	-	-
Louisiana	99	77	-	-
Maine	58	50	-	-
Maryland	92	50	-	-
Massachusetts	-	50	-	-
Michigan	93	73	-	-
Minnesota	202	108	-	-
Mississippi	99	78	-	-
Missouri	77	86	-	-
Montana	50	-	-	-
Nevada	50	50	-	-
New Hampshire	50	50	-	-
New Jersey	92	50	-	-
New Mexico	50	50	-	-
New York	116	64	-	-
North Carolina	140	110	-	-
North Dakota	50	50	-	-
Ohio	107	124	-	-
Oklahoma	60	47	-	-
Oregon	44	50	-	-
Pennsylvania	115	50	-	-
South Carolina	84	66	-	-
South Dakota	50	50	-	-
Tennessee	137	72	-	-
Texas	238	187	-	-
Utah	50	50	-	-
Vermont	250	400	-	-
Virginia	83	65	-	-
Washington	54	50	-	-
West Virginia	60	47	-	-
Wisconsin	58	46	-	-
Wyoming	50	50	-	-
Puerto Rico	153	120	-	-
Undistributed	-	-	$3,871 a/	$250 a/
Obligations	4,808	4,256	3,871	250

a/ Totals cannot be distributed at this time.

RURAL HOUSING SERVICE
Compensation for Construction Defects
Geographic Breakdown of Obligations
(Dollars in thousands)

	2014 Actual	2015 Actual	2016 Enacted	2017 Estimate
	Amount	Amount	Amount	Amount
Alabama	$6	-	-	-
Georgia	9	-	-	-
Undistributed	-	-	$30 a/	$30 a/
Obligations	15	-	30	30

a/ Totals cannot be distributed at this time.

RURAL HOUSING ASSISTANCE GRANTS

Classification by Objects
(Dollars in thousands)

	2014 Actual	2015 Actual	2016 Enacted	2017 Estimate
41.0 Grants, subsidies, and contributions	$33,112	$33,253	$33,197	$29,980
99.9 Total, new obligations	33,112	33,253	33,197	29,980

RURAL HOUSING SERVICE

The estimates include appropriation language for this item as follows (new language underscored, deleted matter enclosed in brackets):

Mutual and Self-Help Housing Grants

For grants and contracts pursuant to section 523(b)(1)(A) of the Housing Act of 1949 (42U.S.C. 1490c), [$27,500,000] $18,493,000, to remain available until expended.

RURAL HOUSING SERVICE

MUTUAL AND SELF-HELP HOUSING GRANTS

Lead-Off Tabular Statement

	Amount
Budget Estimate, 2017	$18,493,000
2016 Enacted	27,500,000
Change in Appropriation	-9,007,000

Summary of Increases and Decreases
(Dollars in thousands)

Program	2014 Actual	2015 Change	2016 Change	2017 Change	2017 Estimate
Mutual and self-help housing grants	$25,000	+$2,500	-	-$9,007	$18,493
Total	25,000	+2,500	-	-9,007	18,493

RURAL HOUSING SERVICE

MUTUAL AND SELF-HELP HOUSING GRANTS

Project Statement
Adjusted Appropriations Detail and Staff Years (SYs)
(Dollars in thousands)

Program	2014 Actual		2015 Actual		2016 Enacted		Inc. or Dec.		2017 Estimate	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Discretionary Appropriations:										
Mutual and self-help housing grants............	$25,000	18	$27,500	18	$27,500	18	-$9,007 (1)	-	$18,493	18
Total Appropriation......................................	25,000	18	27,500	18	27,500	18	-9,007	-	18,493	18
Bal. Available, SOY.......................................	9,080	-	18,008	-	8,972	-	+715	-	9,687	-
Recoveries, Other (Net)..................................	2,219	-	1,857	-	778	-	-6	-	772	-
Total Available..	36,299	18	47,365	18	37,250	18	-8,298	-	28,952	18
Unobligated balances rescinded...................... a/	-	-	-	-	-	-	-	-	-30	-
Bal. Available, EOY.......................................	-18,008	-	-8,972	-	-9,687	-	+8,865	-	-822	-
Total Obligations...	18,291	18	38,393	18	27,563	18	+567	-	28,100	18

a/ A rescission of unobligated balances in the amount of $30,229.52 is proposed for this account in 2017.

RURAL HOUSING SERVICE

MUTUAL AND SELF-HELP HOUSING GRANTS

Project Statement
Obligation Detail and Staff Years (SYs)
(Dollars in thousands)

Program	2014 Actual		2015 Actual		2016 Enacted		Inc. or Dec.		2017 Estimate	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Discretionary Obligations:										
Mutual and self-help housing grants...........	$18,291	18	$38,393	18	$27,563	18	+$537 (1)	-	$28,100	18
Total Obligations.......................................	18,291	18	38,393	18	27,563	18	+537	-	28,100	18
Unobligated balances rescinded..................... a/	-	-	-	-	-	-	-	-	30	-
Bal. Available, EOY.....................................	18,008	-	8,972	-	9,687	-	-	-	822	-
Total Available...	36,299	18	47,365	18	37,250	18	-8,298	-	28,952	18
Bal. Available, SOY.....................................	-9,080	-	-18,008	-	-8,972	-	-715	-	-9,687	-
Recoveries, Other (Net)................................	-2,219	-	-1,857	-	-778	-	+6	-	-772	-
Total Appropriation...................................	25,000	18	27,500	18	27,500	18	-9,007	-	18,493	18

a/ A rescission of unobligated balances in the amount of $30,229.52 is proposed for this account in 2017.

Justification of Increases and Decreases

(1) A decrease of $9,007,000 in funding for the section 523 mutual and self-help housing (MSHH) grants ($27,500,000 available in 2016).

MSHH grants advance Rural Development's (RD) strategic objectives of: 1) ensuring decent, safe and affordable housing for rural Americans; and 2) building stronger, more sustainable and economically thriving rural communities. This funding supports local nonprofit organizations providing technical assistance to low- and very low-income families building their own homes through the mutual self-help method in rural areas. It gives families, especially minorities and those with very low incomes, an opportunity to own a home.

Families participating in the MSHH program work together in teams of six-to-ten to build each other's homes under the supervision of qualified contractors. This program makes homes more affordable through sweat equity. In addition to the activities and functions specifically described above, all mutual and self-help housing grants funding will be used to carry out activities and functions consistent with the full range of authorities and activities delegated to the agency

Continuation of this program is critical because:

- It provides many very low-income families their only opportunity to achieve homeownership.
- It provides permanent full- time jobs and critical job training in rural areas in both construction and non-construction industries, including contracting and subcontracting, building supply operations, maintenance, real estate sales and marketing, and administrative jobs with sponsoring agencies and other nonprofits.

These grants are available to rural public and private not-for-profit organizations, local governments and Tribal organizations willing to assist in self-help build projects. Grant terms are two years and funds may be used, among other things, to pay salaries, office rent, and expenses associated with operating the organization.

In 2015, 840 families benefited from this program with new homes that were made possible through the program funding that supports two-year technical and management assistance grants and contracts. With a $27.5 million funding level enacted in 2016, the program is expected to serve a similar number of families. The proposed $18.5 million in funding for 2017 will enable critical housing programs to be preserved, and approximately 600 rural families to benefit from the Self Help program.

RURAL HOUSING SERVICE
Mutual and Self-Help Housing Grants
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	2017 Estimate Amount
Alaska	$944	$54	-	-
Arizona	297	1,824	-	-
Arkansas	487	678	-	-
California	3,063	10,931	-	-
Colorado	540	1,116	-	-
Delaware	852	878	-	-
Florida	1,046	3,203	-	-
Hawaii	-	1,409	-	-
Idaho	380	502	-	-
Indiana	-	628	-	-
Kansas	-	15	-	-
Kentucky	-	525	-	-
Louisiana	279	-	-	-
Maine	-	794	-	-
Maryland	320	36	-	-
Michigan	-	239	-	-
Mississippi	612	68	-	-
Montana	-	532	-	-
New Mexico	-	1,422	-	-
North Carolina	184	1,086	-	-
Oklahoma	2,842	2,684	-	-
Oregon	-	655	-	-
Pennsylvania	270	150	-	-
South Dakota	-	993	-	-
Texas	547	61	-	-
Utah	1,657	3,466	-	-
Washington	3,864	2,583	-	-
West Virginia	-	300	-	-
Wisconsin	-	608	-	-
District of Columbia	107	107	-	-
Guam	-	512	-	-
Other Countries	-	334	-	-
Undistributed	-	-	$27,563 a/	$28,100 a/
Obligations	18,291	38,393	27,563	28,100
Bal. Available, SOY	-9,080	-18,008	-8,972	-9,687
Recoveries	-2,219	-1,857	-778	-772
Bal. Available, EOY	18,008	8,972	9,687	822
Total, Adjusted Approp.	25,000	27,500	27,500	18,463

a/ Totals cannot be distributed at this time.

Classification by Objects
(Dollars in thousands)

	2014 Actual	2015 Actual	2016 Enacted	2017 Estimate
41.0 Grants, subsidies, and contributions	$18,291	$38,393	$27,563	$28,100
99.9 Total, new obligations	18,291	38,393	27,563	28,100

RURAL HOUSING SERVICE

STATUS OF PROGRAMS

The Rural Housing Service (RHS) improves the quality of life in rural areas in partnership with non-profits, Indian tribes, State and Federal government agencies, and local communities by creating packages of technical and financial assistance to assist individuals and rural communities. Direct loans, loans guarantees, and grants provide support through the Single Family Housing (SFH), Multi-Family Housing (MFH) and Community Facilities (CF) programs.

RHS-wide Strategic Management Initiative

<u>Current Activities</u>:

RHS is focused on meeting the needs of rural America today and into the future. To this end, RHS is evaluating its use of resources (i.e., financial, staffing), program implementation tools (i.e., Information Technology (IT) systems) and policies and procedures to identify ways to streamline program delivery, reduce costs through program efficiencies, improve customer service and satisfaction and ensure program flexibility needed to adjust to future trends. Thus far, findings have shown that the agency needs to:

- Standardize program delivery across servicing offices and better manage resources and workload to mitigate processing delays;
- Upgrade IT capabilities to allow greater program participation in the guaranteed loan program to facilitate program reach into areas typically unserved by rural housing programs;
- Further improve program and customer outreach and servicing;
- Continue streamlining work processes to bring the organization into the 21st century by designing IT systems and work processes that can easily and quickly change to meet fluctuating program demand and changing customer needs, as well as weather the ups and downs of communities in the early stages of growth or facing market dependencies which often significantly impact the success of such community;
- Find ways to retain and grow the Multi-Family Housing (MFH) portfolio to support rural America's increasing need for affordable housing; and
- Expand data access and use for program management, policy development and needs analyses.

<u>Selected Examples of Recent Progress</u>:

In 2015, RHS developed and implemented digital dashboards as a tool to track performance and program trends. Data snapshots by State and region are enabling RHS to monitor progress towards agency goals and align strategies; identify and correct trends; quickly identify outliers; make decisions and deploy resources based on weekly data; and save time and resources.

RHS is creating and implementing strategic marketing and communications plans. The strategic marketing plan will define the language to be used to explain, promote, and advocate for each RHS program while the strategic communications plan will lay out the channels in which specific communications tactics will be enacted. With a unified message and intentional customer-based focus, RHS expects to further extend its customer outreach to those who can benefit the most from its programs.

The Single Family Housing (SFH) program introduced streamlining measures that leverage data-driven innovations necessary to modernize its loan origination and servicing systems. The most recent decennial census figures (2010) continue to show lower incomes and higher poverty rates in rural areas relative to urban areas. These differences are particularly notable in persistent poverty and other remote areas, a disproportionate number of which are rural. RHS expanded its use of data analysis within fundamental program operations to enable a more targeted response that meets these needs as well as provides stronger portfolio risk management.

Community Facilities (CF)

Current Activities:

The CF program continues to take a leadership role in coordinating, facilitating and implementing the White House's "We Can't Wait" Public Private Partnership Initiative to strengthen investment in community infrastructures such as health care, public safety, and education facilities through increased collaboration and partnerships with the capital credit markets and institutional investors to improve the quality of life in rural America. The Public Private Partnership initiative seeks institutional investors interested in long-term investment opportunities in rural community facilities infrastructure to:

- Improve rural America's access to capital for rural community facilities infrastructure;
- Strengthen CF underwriting and oversight;
- Reduce the agency's exposure to risk; and
- Protect the safety and soundness of our portfolio

The quality of our schools, health care and public safety facilities has a direct impact on the quality of life and competitiveness of rural communities, and is often a threshold condition for rural economic prosperity. In 2015, RHS focused on program enhancements designed to improve program delivery and ensure CF is capable of meeting current and future challenges with today's reduced staffing levels across the country. Improvements include:

- Building Partnerships: CF successfully facilitated five multi-state public-private partnership roundtable meetings designed to generate synergies, networks and relationships between RD field staff and its private sector partners. These meetings included attendees from the capital credit markets, local lenders, certified public accounting firms, industry experts, trade associations, and infrastructure developers. This initiative has brought critical financial and project development expertise, technical resources and fostered innovations for large complex community infrastructure projects; strengthened underwriting; and provided the agency with a long-term partnership loan servicing.

- As a result of CF's continued outreach efforts, CF invested in 416 Public Private Partnership community infrastructure projects across rural America in 49 states from FY 2012-15. CF leveraged over $2.7 billion in CF direct loan funds, with $1.4 billion from institutional investors and the capital credit markets to strengthen investment in rural community infrastructure spurring economic growth, job creation and access to improved health care, education and other critical services. CF investments are projected to create or save 97,474 quality paying jobs. In FY15, CF invested in 81 Public Private Partnership community infrastructure projects across rural America in 32 states. CF leveraged over $667 million in CF direct loan funds, with $277 million from institutional investors and the capital credit markets.
- CF spearheaded the planning, design and development of a Community Infrastructure Tool Kit (Tool Kit). This Tool Kit provides information about how to develop a community infrastructure project including, lessons learned and best practices into a combined resource available to rural communities. The Tool Kit is designed to help community developers plan, design, finance, and construct community infrastructure projects such as education, healthcare, and other critical community facilities. This document includes input from our private sector partners such as CPA firms, the capital credit markets, infrastructure developers, fiscal advisors, health care administrators, college presidents, charter school administrators and the Environmental Protection Agency. The draft Tool Kit was completed in September 2015, and the final Tool Kit will be available in 2016. This information is especially important for communities not familiar with CF programs and services.

- Field Training: As a result of significant reductions in staffing resources and expertise, and the need for remaining personnel to maintain the safety and soundness of the CF portfolio, CF focused on capacity building, staff development, and improving operating efficiencies. CF successfully facilitated intermediate and advanced regional comprehensive credit analysis training. Training attendees included field specialists, State Office specialists, and Program Directors from across the nation. Intermediate training topics included a broad and comprehensive grounding in credit. Attendees received reference material for use when structuring large complex transactions and the tools needed to limit the agency's exposure to direct lending transactional risks.

Advanced training topics included a discussion of the financial environment of hospitals and other healthcare facilities, the impact of third-party payment plans upon revenue generation, and understanding useful benchmarks when evaluating financing performance. The combination of reference materials and training received will advance the capacity building needed to expand access to high quality patient care in rural communities across the country. .

<u>New Rule</u>: In FY 2015, a CF task force drafted a proposed rule for Technical Assistance and Training (TAT) Grants assist public bodies, non-profits, and/or Indian tribes in meeting eligibility requirements for CF Direct and Guaranteed Loan Programs and the CF Grant Program. RHS is working on a draft regulation.

<u>Automated Applications System</u>: CF is automating its application process to create a more efficient, consistent and customer- friendly application process. Once fully implemented, RD Apply is expected to be a key technology enhancement to the CF program and improve the customer service experience.

<u>Selected Examples of Recent Progress</u>:

Ensuring rural America has access to quality health care services is a top priority for RD through its CF Programs. In recent years, several changes have impacted the health care delivery system in rural America including: shifts from inpatient to outpatient care; changes in Medicare and Medicaid cost reimbursement models; and hospital mergers and acquisitions. These trends can adversely impact the financial health of rural health care facilities, and in some instances, cause a rural health care facility to close. In fact, since the beginning of 2013, 41 rural hospitals have closed across the Nation.

Approximately 35 percent of the CF Direct Loan portfolio is invested in rural health care facilities. In response to these changing trends in the rural health care market, CF evaluated and enhanced its loan making and servicing activities. These evaluations and enhancements will not only improve CF's loan making and servicing activities for health care facilities, but will improve CF's loan making and servicing activities for all types of community facilities loan and grant projects.

Examples of health care projects include:

- In FY 2015, Yukon-Kuskokwim Health Corporation (YKHC) located in Bethel, Alaska was awarded a $165 million Community Facilities (CF) loan. The CF loan will be used in conjunction with other funding for a total project cost of $287 million. The financing for this $287 million facility was possible due to a strong partnership between YKHC, the State of Alaska, the Indian Health Service and USDA-Rural Housing Service. The funding will be used to construct a new Primary Care Clinic and renovate space in the existing hospital as well as the Community Health Services Building. The proposed 246,502 square feet total construction and renovation includes 129,662 ft^2 new Primary Care Clinic, 105,600 ft^2 renovated hospital and 11,240 renovated CHSB.YKHC is the only full service health provider in the Yukon-Kuskokwim delta, an area almost the size of Oregon. They are not connected to the standard road system, so transportation to the area is either by boat or airplane.

- Also in FY 2015, a $3.8 million CF direct loan obligated in FY15 to Pathways Psychiatric Hospital, Inc. (d/b/a Royal Oaks Hospital), will be used to rehab and add on to an existing psychiatric hospital located in Windsor, MO. Royal Oaks operates an acute care psychiatric hospital which serves the needs of children, adolescents and adults. The patients range in age from as young as two years of age up through the elderly. Royal Oaks currently has 41 beds and the project will include the addition of 14 more beds. The facility is located in a targeted rural poverty area.

Rural Housing Insurance Fund – SFH

SFH programs offer loans and grants designed to meet most homeowner needs for moderate-, low- and very low-income customers in rural America. These programs help homeowners purchase, build or repair their homes. Programs are also available to assist qualified organizations with the purchase and development of home sites for self-help home build projects.

Current Activities:

The SFH Direct and Guaranteed Loan Programs together constitute more than half of the entire RD credit portfolio. These programs not only ensure that thousands of moderate, low, and very low-income rural Americans meet their homeownership goals and home repair needs, they also create local jobs and build stronger communities. The agency actively strives to increase outreach so that Promise Zone, StrikeForce, persistent poverty, remote and other underserved areas derive the program benefits they need to become more economically vibrant. Program highlights include:

- RHS invested in a Google AdWords campaign which uses strategically selected keywords and phrases associated with the SFH program to cause RHS landing pages to appear first in the search results of potential customers. With this campaign, RHS will geo-target the Vermont REAP Zone, the South Carolina Promise Zone, and select StrikeForce counties in Georgia. Campaign results will be measured on both State and National levels and the effectiveness will determine future use across RHS programs.

- RHS created a one-minute customer outreach video for the SFH Home Loan Programs. This video was made available on multiple National level social media platforms and shared with RD State Public Information Coordinators (PICs) for outreach at the State level. As a result of the positive feedback, RHS is working on a similar video for the SFH Home Repair Loans and Grants Programs.

Guaranteed Loan Program:

From loan volume and portfolio share perspectives, the Section 502 SFH Guaranteed Loan Program is the largest lending program within RD. Including refinance loans, the program enabled 134,254 homeownership opportunities in communities throughout rural America in 2015. The program provides low- and moderate-income borrowers who cannot afford conventional financing terms access to mortgage credit by guaranteeing loans issued by agency-approved private sector lenders.

Current Activities:

Dramatic recent year program growth, coupled with staffing reductions, has sharpened the program's focus on operational efficiency and risk management, but other fundamental improvements also contributed to the program achievements of 2015. One significant improvement includes the new final rule (7 CFR Part 3555) governing program activities, which became effective December 1, 2014. New provisions include a "single close" feature which eliminates the need for two loan closings (pre- and post-construction) when purchasing a newly constructed home. This new loan feature is expected to foster the construction of new homes in rural America, where the housing stock has badly deteriorated. In addition, smaller lenders, including credit unions, are now able to participate in this loan program, thereby expanding credit access to smaller, more remote communities.

Selected Examples of Progress:

Automated Loan Closing System (ALCS): The ALCS was rolled out in March 2015, allowing loan application and closing to now be handled electronically. Lending partners can now remit documents electronically and USDA in turn, can generate, approve, sign, and deliver all supplemental and final documents electronically.

This automated process represents a dramatic improvement over the previous manual process. As a result, the agency expects loan processing time to be reduced by 57 minutes per loan, equating to approximately 133,000 staff hours per year, an important consideration given Federal workforce expansion constraints. The estimated cumulative savings for lenders participating in the program is $3.5 million.

Operationally, the benefits of these process improvements are already evident in the reduction of application processing time requirements at RD State Offices. The average length of Conditional Commitment and Loan Note Guarantee issuance backlogs decreased from 8.8 days and 19.2 days, respectively, in October 2014, to 2.9 days and 4.2 days, respectively, in September, 2015. This represents significant improvements of 67 percent and 78 percent in these respective processes, both of which are critical to program delivery.

Econometric Modeling: A new econometric model is being developed for the SFH Guaranteed Loan Program that will enable program managers to better predict portfolio performance, isolate factors impacting performance, and make adjustments to program delivery to optimize performance and mitigate risk. This model will also help managers better manage the program's subsidy rate so that it remains slightly negative, which contributes significantly to long-term program stability and sustainability.

This new model represents an important step forward from today's reliance on projections based solely on historic default rates. By incorporating macro data and exploring correlations between that information and loan-level data, this new model will enable the program to be far more nimble, help staff establish a better understanding of borrower needs, and minimize taxpayer risk exposure.

Direct Loan Programs:

In addition to guaranteeing loans made through private banks and lenders, RHS provides financing directly to households through various SFH "direct" loan programs. These programs focus exclusively on the credit access, homeownership, home repair and site needs of low- and very low- income rural families.

The *Section 502 Direct Loan Program* enables loan applicants, who are willing and financially able to meet their monthly loan obligations, to obtain 100 percent financing to purchase a newly constructed or existing dwelling, or a site on which to construct a home. This program has provided mortgage financing in rural American communities for more than five decades. In 2015, the program provided homeownership opportunities to 7,060 low- and very low-income rural families, a substantial 7.6 percent increase over the previous year.

The *Section 504 Home Repair Loan Program* provides assistance for repairs to very low-income homeowners. These one-percent interest loans of up to $20,000 are used to improve or modernize a home, and also to address health and safety issues. Since 1950, USDA has provided more than 190,000 rural families with repair loans totaling $793.7 million. In 2015, the program provided 2,510 loans totaling $15.1 million with an average loan size of approximately $6,027.

The *Section 523 Self Help Loans* provide two-year loans to Native American tribal, public, and non-profit organizations seeking to acquire and develop sites for housing in rural areas built through the "Self Help" method.[1] The two-year term restriction has limited the popularity of the program for developers who may require more time to complete their projects. In 2015, no loans were funded.

The *Section 524 Site Loans* provide two-year loans to Native American tribal, public, and non-profit organizations seeking to acquire and develop sites for low and moderate-income families in eligible rural areas. The two-year term restriction has limited the popularity of the program for developers who may require more time to complete their projects. In 2015, one loan was funded for $489,000.

Credit Sales provide market rate financing for USDA-owned housing to non-program owners and investors. In 2015, the program extended approximately $1.4 million in financing for 17 credit sales of these properties, which are taken into USDA inventory after a foreclosure.

[1] The "Self Help" method is described below under the heading "Mutual and Self Help Grants".

Current Activities:

The direct loan programs continue to serve communities within rural America where credit access for low- and very low-income borrowers is exceedingly limited. Program implementation requires broad outreach at a time when fewer USDA field staff is available. SFH's 2015 priorities included streamlining operations, increasing integration of technology solutions, expanding utilization of data, and leveraging of third-party resources to maximize the effectiveness of program delivery in the years ahead.

The agency continued developing its partnerships with non-profit organizations to facilitate program outreach and delivery. The Loan Packager Certification Rule moved forward, as public comments were addressed and strategy-focused communication with non-profit leadership expanded. Once published, this rule will formalize training and certification requirements for individuals and organizations that identify and pre-qualify prospective borrowers and ensure that loan application submissions to RD are complete. This community outreach extension is expected to increase the number of high-quality loan applications RD receives for processing.
Process improvements have also been implemented at USDA's Centralized Servicing Center (CSC) which supports the 502 SFH Direct and Guaranteed Loan programs. In the past year, CSC participated in three process improvement exercises which are ongoing.

CSC reached an Interagency Agreement under the Economy Act with the Department of Veterans Affairs (VA) to sell Real Estate Owned (REO) properties through their contract vehicle. As a result, retention times for holding REOs should be reduced from approximately 600 days to much closer to VA's standard of approximately 150 days. Holding costs, risk of liability and deterioration, and value due to shifting market conditions should also be reduced.

The Guaranteed Rural Housing Servicing and Loss Claim processing unit at CSC conducted an extensive Lean Six Sigma. As a result, the following is being implemented to reduce loss claims processing times. The first two phases of automation changes, along with pilots to allow lenders to provide information directly into the system, will reduce the time required to process claims. Regulatory changes, process changes in the work area, and additional automation to be completed over the next two fiscal years will completely revamp and modernize the loss claims process, shifting the process from a 100 percent review to an automated process with post-payment audits.

Finally, CSC undertook an Enhanced Correspondence Project (ENCORR) which utilized staff and a team of contractors to evaluate and improve the methods by which CSC communicates with its clients. By assuring communications are clear, concise, and appropriate, and that the number and types of letters that are sent are completed timely and with optimal impact, CSC expects to reduce postage, provide better communication that ties into a new web presence, reduce call volumes, and provide a better overall customer service.

Selected Examples of Recent Progress:

Loan Underwriting and Lending Analysis for the Direct Loan Program: Automated loan underwriting systems provide risk assessment accuracy and processing efficiency that far surpass manual underwriting. RD has therefore invested financial and staffing resources in developing an automated underwriting system for the direct programs. This system consists of two components, a custom scorecard and an underwriting rules engine. The scorecard will enable a consistent risk prediction that is more sensitive to the direct program's unique lending environment. The underwriting rules engine will further evaluate eligibility and qualification requirements for each loan application. Successful implementation is expected to reduce workload, improve processing times, and reduce the delinquency rate.

Rural Housing Insurance Fund – Multi-Family Housing (MFH)

RD's affordable rental housing helps create stabilizing environments needed to build strong communities, families and supportive networks that allow people to thrive, grow and, where possible, become self-sufficient.
These loans and grants support the purchase, construction, and rehabilitation of housing facilities for rural residents and farm laborers.

Current Activities:

The *Section 515 Direct Rural Rental Housing Program* supports both the preservation and revitalization of existing multi-family housing in USDA's MFH direct loan program. This program is critical because the need for low- and very low-income housing in rural communities is increasing, as income growth in rural areas lags growth in non-rural areas. However, RD's Section 515 portfolio is aging and needs to be revitalized. Recognizing the limited funding opportunities within direct loan programs, USDA is focusing its MFH direct loan funding on the revitalization and repair of the section 515 loan portfolio through the MFH preservation and revitalization demonstration program. The focus on revitalization is consistent with RD's priority of maintaining and servicing its existing housing portfolio.

In 2015, MFH rehabilitated approximately 101 existing properties using $133.9 million in RD funds, plus funding from outside sources, in order to continue offering decent, safe and sanitary housing for more than 3,600 rural American families in those properties. In the past few years, MFH focused its efforts on preservation of portfolio of up to 20 properties in one consolidated transaction, rather than single property rehabilitation efforts (although RD continues to process single property revitalization applications). These portfolio transactions are a more efficient way to rehabilitate a greater share of the portfolio, and are a more effective way to facilitate the use of Low-Income Housing Tax Credits to assist RD's preservation efforts. One example of a portfolio transaction occurred in Tennessee.

RD partnered with a property owner, investors, advisors, and Tennessee Housing Development Authority to use 515 and 538 program dollars in combination with $16 million in capital contributions from the investor through Low Income Housing Tax Credits and private equity bonds to renovate a portfolio of properties throughout Tennessee. A total of 20 Section 515 properties with 793 units of affordable housing were completely refurbished. As an added benefit, fifteen of the 20 properties had original loans scheduled to mature within 5 years, so the additional RD financing extended the availability of this affordable housing by up to 20 years.

MFH is also heavily engaged in efforts to retain its affordable housing that may be lost as its Section 515 and Farm Labor Housing loans mature. By law, when MFH direct loans mature, the property (and its tenants) is no longer eligible to benefit from Rental Assistance. Through 2024, direct loans for approximately 11,500 properties will mature, resulting in a significant loss of affordable housing in rural communities that have little (if any) other affordable housing alternatives. RD is using tools available through its servicing policies, as well as its Revitalization Demonstration Program, to incentivize owners of maturing mortgage properties to retain their affordable RD rental housing in 2015, RD successfully retained 63 properties with mortgages scheduled to mature between 2015 and 2019, including 29 maturing in 2015.

The *Section 538 Guaranteed Rural Rental Housing Program* made great strides in attracting lenders and investors into the guaranteed rural rental housing program (GRRHP). In prior years, a fraction of the loans guaranteed were sold in the secondary market. Because of strong relationships with Ginnie Mae and Fannie Mae, this program has been able to attract new lenders and investors. Rural markets are attracting more private capital as a result of these relationships and through the program's expanding lender network. The GRRHP and its associated private capital has created new rental housing construction in rural communities, and helped preserve existing section 515 direct rental housing.

In 2015, MFH stepped up marketing of its Section 538 program to attract new lenders to the program. Five new lenders were approved to participate in the program, and one of the lenders obligated program funds for an affordable housing property. MFH will continue its aggressive marketing of the program to attract additional lenders. Staff is also working with both new and existing lenders to increase their lending activity to create or renovate affordable rental housing in rural areas.

In 2015, the GRRHP committed loan guarantee funds in excess of $113.9 million, and those funds helped rehabilitate or construct nearly 4,500 affordable housing units. The 89 properties using the GRRHP during 2014 utilized other public and private funding, as well as RD Section 515 and preservation funding, through RD's public/private partnerships.

Section 538 loans often provide the critical financing needed to finalize the construction of affordable housing created through State tax credit programs. One example is Stone Ridge Village, located in,Louisville, Ohio. The property is a 40-unit affordable rental housing complex for tenants age 55 and older. The property is located on 3 acres of open green space while providing easy access to community services. The cost of the development was $8 million and includes tax credit equity, a $660,000 Section 538 loan, Housing Development Assistance and HUD HOME Investment Partnership Program (HOME) funds from the State housing finance agency, and an Affordable Housing Program grant from the Federal Home Loan Bank. Project amenities include; library, arts and craft room, computer room, fitness room, laundry facility, keyless entry system, digital video door viewer, and resident transportation.

Selected examples of recent progress:

One of the most significant challenges facing the MFH program is the turnover rate for RD staff. Many staff members are new to the program or have less than five years of experience servicing the loan portfolio or underwriting transfer transactions. MFH is responding by conducting regional trainings on a number of important subjects. In 2015, staff provided a total of ten regional trainings, including four new trainings on the Section 538 program. There were a total of 554 participants in these training sessions. In addition, ten state-level training sessions were conducted at the request of field staff.

Rental Assistance (RA) Program

The MFH RA program offers a rental subsidy to qualified residents residing in RD-financed housing. Assistance is paid on behalf of residents and covers the difference between the actual monthly rental cost and 30 percent of the tenant's adjusted income. In 2015, $1.088 billion was used to fund 244,505 agreements, including 366 new RA units for Farm Labor Housing new construction.

Current Activities:

During 2015, MFH continued developing and testing its RA Obligation Tool (Tool), which will greatly improve the RA obligation process. This Tool improves the obligation process by calculating properties' estimated financial needs based on each individual property's RA history rather than the former method of using a state-wide estimation process. This Tool, which will significantly increase the accuracy of RA estimates and streamline the obligation process, includes an updated calculation methodology for forecasting. With about 10,000 RA agreement processed yearly, this obligation tool is expected to save thousands of staff hours currently expended on this administrative process through increased automation or RA obligations – hours that can be used for other critical program purposes.

Selected examples of recent progress:

MFH continues to look for ways to use technology and automation to help RD field staff do their job more effectively. In 2015, electronic devices were provided to the field to assist in inspections, supervisory visits, and tenant interviews performed at the property. Prior to the issuance of these devices, RD personnel used pen and paper to note property deficiencies, record tenant interviews, and take notes on the results of property management reviews. RD reviewers would then travel back to their office and enter all of the data into RD's Multi-Family Information System (MFIS), a process which could take hours. The reviewer would then have to write a letter providing the review results, after which the property manager would be responsible to address problems at the property.

These devices gives staff access to previous on-site review results and allow them to ensure previous problems have been corrected. It also gives staff the ability to record the results of their review directly into MFIS while still at the property location. It also allows them to provide the property manager with a real-time property assessment, reducing the time needed for the manager to fix problems at the property. The device also allows staff to store reference materials (including handbooks and regulations) in case any questions are raised about RD servicing requirements while at the property.

In addition, staff continues to work with industry groups to ensure appropriate property manager training in an effort to lower improper payment error rates. The error rate for 2015 declined to 1.41 percent. Staff has also undertaken efforts to improve transparency by enhancing information available on the electronic portal used by borrowers to submit data to the agency. Information now available includes the date of RA agreement renewal, the number of RA units funded, the balance remaining on the RA agreement, and the expected remaining term of the agreement based on current RA usage rates. Internally, the agency has made technological improvements as well, to assist loan specialists in the field to better monitor and manage the RA program.

MFH Revitalization Program

The *Section 515 MFH Preservation and Revitalization Program* provides alternative financing tools for repair or rehabilitation, including zero percent loans, soft second loans, grants, and loan modifications of existing section 515 or section 514/516 farm labor housing loans. The program is also a critical part of the rehabilitation program as it helps attract third-party funding to assist in the preservation of projects. In addition, RHS uses these revitalization tools to provide gap financing not covered through Low-Income Housing Tax Credit (LIHTC) or other State or Federal programs. As a result, RHS is able to leverage approximately two and a half times its funding in investments from LIHTC and other sources. A close partnership with State tax credit allocating agencies is critical, because without a financial commitment by RHS through the revitalization tools, the credits and other third-party funding will dry up and rehabilitation of the agency's aging stock of rural rental housing will not occur.

The *Section 542 Rural Housing Voucher Program* provides a rent subsidy to tenants of former Section 515 properties that have left the program due to either prepayment or foreclosure of the Section 515 loan. Vouchers may be provided to eligible tenants, even if the tenants had not formerly received RA. These vouchers are transportable; a recipient can use the voucher at any property that is unable to provide the tenant with another form of rent subsidy, as long as the voucher is accepted at the property.

MFH continues to focus on attracting private funding for preservation and rehabilitation projects in order to make RD's funding go further. In 2015, the MFH housing programs attracted approximately $2.90 in external project funding for each $1 of RD funding.

<u>Current Activities</u>:

The Voucher program is funded as a demonstration program through annual appropriations. In 2013, RD published proposed regulations to create certainty around policies and management of the program. RD received a number of comments on the proposed regulation, and continues to address those comments in the development of its final regulations. A total of 4,469 vouchers were provided in 2015 at an average annual cost of $3,011.
In 2015, MFH began reassessing the physical condition of its portfolio. This reassessment is a follow up to a comprehensive assessment of the portfolio's condition performed in 2004. RD will use results from this analysis, including on-site reviews of portfolio projects, to determine the cost to maintain the portfolio as safe and decent housing. These results will also help RD develop additional solutions needed to help finance revitalization projects and better demonstrate the need for added federal resources. In addition, RD intends to use the results as a basis for additional program analysis and stakeholder outreach, as staff continues looking for ways to improving the program.

<u>Selected examples of recent progress</u>:

<u>MFH Transfer Application Process Continuous Process Improvement</u>: Industry stakeholders expressed concern about the length of time needed for RD to approve transfers of property ownership. In May 2014, RD began streamlining the transfer process through a Transfer Application Project using Lean Six Sigma continuous process improvement tools. With the help of two Lean Six Sigma experts, the MFH team began the improvement effort by defining the scope, measuring the data, and evaluating and analyzing the current transfer process. As a result, RD will improve its customer service while continuing to meet agency goals, as well as attract private partners able to provide the financial resources needed to address the renovation requirements of the current aging affordable rural rental housing.

In 2015, MFH completed two significant steps in the process improvement. First, it developed and released a transfer assessment tool for property owners and RD staff. This tool simplified the transfer application process, highlighted potential areas of concern in applications to enable the owner and applicant to proactively address those concerns up front, and automated most of the data input process to eliminate potential errors. Training was provided and RD received very positive feedback about the tool's simplicity and ease of use.

Second, on October 26, 2015, MFH issued guidance on underwriting of preservation and property transfer transactions that use the assessment tool. The guidance clarified RD's underwriting requirements, which had been an issue of concern that was raised during the Lean Six Sigma process. The guidance also incorporated many "industry standard" processing requirements to better align RD's transfer requirements with the rest of the industry. Since most of the MFH preservation and transfer transactions include other funding sources, the improved alignment with other funders should reduce RD processing times.

Preliminary transfer processing times indicate these steps have reduced the number of days it takes RD to approve transfers by nearly 20 percent, or 31 days. RD expects processing times to continue to improve as further enhancements are implemented.

Rural Housing Assistance Grants

Housing Repair Grants help very low-income senior homeowners who cannot afford necessary home repairs to remove health and safety hazards and make homes accessible the household members with disabilities. In 2015, the average amount of the 4,728 grants awarded was approximately $6,133.

Current Activities:

Repair grants provide urgently needed financial assistance for seniors living in rural communities across America. The program is typically oversubscribed and the need cannot be met by current allocations. Therefore, the agency is considering ways to ensure greater access to financing that is affordable to this growing segment of society so that for seniors so inclined, the benefits of aging in place can be fully realized in rural communities.

Selected examples of recent progress:

In 2016, increased emphasis is being placed on the use of grant funds in conjunction with Section 504 Home Repair loans to make home improvements for senior more affordable.

Mutual and Self-Help Grants

The Section 523 grant program provides funding to Native American tribal, public and non-profit grantees that supervise groups of four-to-ten low- and very low-income families who work together to build each other's homes. Since inception in 1966, more than 50,000 families with direct loans have built their homes through the Self-Help program. A high percentage of these families would never have been able to obtain a home through other means. Program grantees provide the technical support needed to guide construction, and families invest the "sweat equity."

Current Activities:

The program continues to prioritize funding utilization so that grantees have an opportunity to help aspiring homeowners build desperately needed new housing in rural America.

Selected examples of Recent Progress:

Refinement of the agency's grant award procedures contributed to an increase in grant obligations from 2014 to 2015 of approximately 111 percent. In 2015, the program provided $38.4 million in financing to support 74 grants which assisted 840 families. Of the families participating in the program-supported home construction, more than 60 percent were minorities.

RURAL HOUSING SERVICE

Summary of Budget and Performance
Key Performance Outcomes and Measures

The Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 established the Rural Housing Service (RHS)[1] with the direct mission to improve the quality of life in rural areas. The agency is comprised of three program areas: (1) Single Family Housing (SFH), (2) Multi-Family Housing (MFH), and (3) Community Facilities.

The Rural Housing Service (RHS) delivers both housing programs authorized by the Housing Act of 1949 (Act), as amended, and the Cranston-Gonzalez National Affordable Housing Act of 1990, and community facilities programs authorized by the Consolidated Farm and Rural Development Act of 1972, as amended. In addition, Omnibus Farm Bills are often used to address issues related to rural development.

RHS has one strategic goal and one strategic objective that contribute to the

USDA Strategic Goal: *Assist Rural Communities to Create Prosperity so They Are Self-Sustaining, Repopulating, and Economically Thriving*

USDA Strategic Objective 1.1: *Enhance rural prosperity, including leveraging capital markets to increase Government's investment in rural America.*

Performance results for Objective 1.1 are mixed for 2015. Homeownership opportunities did not meet anticipated levels as the rural housing market continued to be challenged by limited housing inventory and tepid household income growth. In addition, the shortfall reflected the continuing weakness in mortgage refinancing interest. The CF program did not experience similar demand pressure. The number of residents served through 2015 CF funding far surpassed RHS's expectations. As a result, demand for RHS loans also decreased. However, CF funding, coupled with current community needs, allowed RHS to reach a significantly greater number of rural residents in 2015, especially with its cultural and educational, as well as public buildings and improvements project funding.

Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
Assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving	Objective 1.2: Create thriving communities	• Single Family Housing • Multi-Family Housing • Community Facilities	Housing and community facility needs of rural America are met.

[1] Other applicable legislation: Consolidated Farm and Rural Development Act; Rural Development Policy Act of 1980; Rural Economic Development Act of 1990; the Omnibus Budget Reconciliation Act of 1993; Federal Agriculture Improvement and Reform Act of 1996; Food, Conservation, and Energy Act of 2008, the Agricultural Act of 2014; the American Recovery and Reinvestment Act of 2009; the Housing and Urban Development Act of 1968; and the Rural Housing Amendments of 1983.

Key Performance Measures

Community Facilities Programs

Annual Performance Goals, Indicators, and Trends	Actual				Target	Actuals	Result	Estimate Target	Target
	2011	2012	2013	2014	2015			2016	2017
Percentage of rural residents who are provided access to new or improved essential community facilities – (1) Health Facilities, (2) Safety Facilities, and (3) Educational Facilities									
(1) Heath Care	5.2	7.3	5.4	6.8	4.5	12.0	Exceeded	4.5	5.0
(2) Public Safety	4.3	3.7	3.4	3.7	3.7	7.2	Exceeded	2.7	3.2
3) Education	3.8	6.4	9.3	6.2	4.5	7.9	Exceeded	4.5	5.0
Allowable Data Range for Met - Given the range of eligible CF project types and the varying service area to be expected for each, developing a rationale is difficult. Results within 0.2 points on either side of the target will be considered to "meet" the goal.									
Assessment of Performance Data									
Data Source - Field staff uses information applications received to input data into the population served field in the Commercial Programs Application Processing (CPAP) and/or Guaranteed Loan System (GLS). CF National Office staff generates weekly reports to track and analyze performance targets using queries from the Data Warehouse. Finally, completed reports are reconciled with the data within the Program Fund Control System.									
Completeness of Data – Applications received from applicants at the State level are considered final and complete.									
Reliability of Data – Data collected from CPAP and the Data Warehouse is considered reliable.									
Quality of Data – CF uses a number of processes and controls to ensure data quality and validity. In the field, managers, supervisors and staff are responsible for reviewing the completeness and accuracy of loan application data submitted by applicants.									

Analysis of Results

Selected Past Accomplishments Toward the Achievement of the Key Outcome FY 2015:

- CF obligated 1,324 loans and grants for over $1.8 billion, the highest totals since program inception back in 1974 (excluding funding under the American Recovery and Reinvestment Act of 2009).
- CF successfully facilitated five multi-state public-private partnership roundtable meetings designed to generate synergies, networks and relationships between RD field staff and its private sector partners.
- CF invested in 81 Public Private Partnership community infrastructure projects across rural America in 32 states. CF leveraged over $667 million in CF direct loan funds, with $277 million from institutional investors and the capital credit markets.
- In support of the Vice President and Secretary's Rural Mental Health Initiative, CF invested $128 million in 50 projects in 25 States to develop or improve access to rural mental health services (more than 2 ½ times the three-year goal). CF leveraged over $42 million in other funding sources.
- In 2015, CF invested $134,073,403 in 77 Know Your Farmer, Know Your Food (KYF2) projects in 30 States. These investments supported a variety of KYF2 projects including the establishment of farmer's markets, vehicles for food distribution, construction of greenhouses and food pantries. Other investments supported facility improvements to enhance or sustain existing healthy food programs, to purchase and use locally grown foods and for educational facilities that supply their own food for their campus dining system.
- In 2015, CF invested $4,017,170 in Tribal College Initiative projects to 25 tribes. These investments supported eligible community facilities projects such as schools, education equipment, libraries, dorms, renovation and improvements, vehicles and major equipment, and education and cultural projects.

Selected Accomplishments Expected at the FY 2017 Proposed Resource level/Challenges for the Future

- **Continue to Increase Fund Utilization through Public Private Partnerships:** The CF team continues to move forward with plans to host four Public Private Partnership (P3) multi-state round table meetings in 2016. With the recent success of the P3 roundtable meetings, the CF team has identified several new strategic markets and strategies that could significantly increase funding utilization for 2016 and 2017. Strategies under consideration include expanding the round table meetings to include new industries, partnering with Community Development Financial Institutions (CDFI), national nonprofit organizations, as well as local stakeholders and municipalities.
- **Broadband Funding:** There is an urgent need to provide and improve access to broadband in underserved rural areas. In today's global economy, broadband is essential to fully participate in our Nation's economy and have access to essential services such as health care and education. Broadband networks can accommodate distance learning, telework, and telemedicine, bringing improved educational opportunities, health care, and public safety and security to rural communities. These essential community services will improve the quality of life in rural America. Financing broadband projects for eligible Community Facilities (CF) applicants with CF direct or guaranteed loan funds could provide the following benefits: (1) access to credit where it is not currently available; (2) complement existing RD programs; (3) complement the services of existing or new CF projects for health care, education or public safety; and (4) further diversify the CF portfolio. Under the direction of the President's Broadband Opportunity Council, CF will pursue updating its regulations to include broadband as an eligible loan purpose. CF will work with the Office of General Counsel to navigate the statute and regulations and determine the best way to establish a policy for broadband lending. Any policy or regulation will address risk mitigation measures needed to protect the CF portfolio. CF will also work with its counterparts in other RD programs to avoid duplicating existing funding sources. CF anticipates developing new program guidelines in 2016.
- **Generation Indigenous (Gen I):** The CF program will actively participate in the coordination, facilitation and implementation of the White House's "Generation Indigenous (Gen-I)" Initiative to strengthen investment in community facilities infrastructure through increased collaboration and partnerships to improve the quality of health, public safety, and educational facilities and services in Tribal Nations.
- **Placed Base Initiative:** Many communities face challenges of high poverty, unemployment, failing schools, and housing instability. These outcomes are influenced by unequal access to opportunity and decades of disinvestment in neighborhoods of concentrated poverty. An equitable approach to ensuring that all neighborhoods become the kinds of places that enable all children and families to succeed and thrive requires intentional efforts to build, sustain and operationalize certain types of community capacity. CF will continue to support placed-based initiatives such as the President's Promise Zone Initiative and the Secretary's Strike Force Initiative. These initiatives direct resources to targeted areas of our country that have fallen behind due to many of the mitigating factors described above.
- The agency needs to maintain and protect the safety and soundness of its loan portfolios, and, devote resources and expertise to support the mission objective, which will pull resources away from administering funding to rural communities.
- The agency must also overcome recent staff reductions in field offices that deliver its programs, The agency's ability to meet 2016 targets for the CF program will also depend upon whether communities that need essential facilities are able to successfully apply for CF funding and CF's reduced field staff's ability to successfully process submitted applications.

Additional Performance Information

Changed Key Performance Measures
None

Single Family Housing

Annual Performance Goals, Indicators, and Trends	Actual				Target	Actuals	Result	Target	Target
	2011	2012	2013	2014	2015			2016	2017
Homeownership Opportunities Provided									
Direct Loans	9,685	7,918	7,112	6,560	7,059	7,060		6,793	6,532
Guaranteed Loans	130,415	145,109	162,943	139,828	170,307	134,254		166,357	159,959
Total Loans	140,100	153,027	170,055	146,388	177,366	141,314	Unmet	173,150	166,491

Allowable Data Range for Met
Historically, the number of homes financed by the guaranteed and direct SFH programs varied. The allowable data range for this measure to be considered "Met" is +/- 25 percent. [2]

Assessment of Performance Data

Data Sources – Direct Program: Dedicated Loan Origination and Servicing (DLOS), UniFi, and MortgageServe; Guaranteed Program: Guaranteed Underwriting System (GUS), GLS

Completeness of Data – Homeownership data is complete and final. For the SFH direct program, homeownership data is entered in the web-based DLOS system. This centralized server application ensures viable data collection. DLOS tracks performance and can be used to forecast needs. Information is entered into UniFi and uploaded nightly into the MortgageServe System which obligates, funds, establishes closed loans, administered escrow accounts, and performs other administrative functions. Hyperion, a query and reporting tool, serves as the interface between the Data Warehouse and USDA staff. For the SFH guaranteed program, data is entered either by lenders through GUS, which interfaces with GLS, or is manually keyed into GLS by RHS field staff from origination documents prepared by the lender.

Reliability of Data – Homeownership data originate in systems used to obligate funding and are reliable. Data for initial placement of households into their own home are reliable. This data is linked directly to homeownership loans maintained in USDA's financial accounting systems. No adjustments are made for later defaults and the resulting loss of homeownership. Totals are validated using 205 financial reports prepared by the National Financial and Accounting Operations Center.

Quality of Data – Homeownership data is based on loan obligations collected in DLOS, and stored in USDA's Data Warehouse. Thus, the data on the number of households are auditable. Data represents the population served based on the available U.S. Census Data.

Analysis of Results

Selected Past Accomplishments Toward the Achievement of the Key Outcome FY 2015:
RD provides access to mortgage credit for very low-, low- and moderate-income households in rural America seeking to improve their living conditions and their financial stability through homeownership and the wealth creation it typically fosters over the long term. The programs also serve to support rural mortgage credit markets in periods of market volatility by providing direct credit to homeowners, as well as the collateral security lenders need to maintain mortgage financing operations when market conditions are more challenging.

[2] The Allowable Data Range for met changed from 20 percent to 25 percent beginning in 2016.

- In 2015, the SFH programs provided 141,314 homeownership opportunities, including mortgage re-financings, for program-eligible moderate, low- and very low-income borrowers who would otherwise have no access to affordable credit in the commercial mortgage markets. Loan production in 2015 was slowed by the relative scarcity of low-cost housing inventory in rural communities.
- There were 7,060 SFH direct program borrowers among the new homeowners. The program serves low- and very low-income households. The household incomes of approximately 2,520 borrowers served were less than 50 percent of the area median.
- The guaranteed program provided purchase or refinancing mortgage credit to the remaining 134,254 homeowners. The program serves low- and moderate-income families, and approximately 85 percent of the program borrowers are first-time homebuyers.

Through these opportunities, RD helps promote the economic revitalization of rural communities by supporting jobs in construction, retail, services and other industries. Homeownership also reinforces foundational community qualities, such as stability and security that appeal to businesses seeking new locations and opportunities for expansion.

Significant Process Improvements: Both SFH direct and guaranteed programs have invested in new automation to improve and streamline program delivery. The results of that investment are evident this year and will be increasingly apparent in the years ahead.

- The guaranteed program loan closing process was automated through a USDA Signature Process Improvement Initiative. Today's reengineered loan application workflow eliminates manual processing. Before the first improvements were implemented, loan application documents were forwarded by mail or encrypted e-mail; checks were routinely received from lenders and processed by hand. Documents required for loan issuance were printed, signed, and physically delivered to program lenders. These efforts are now automated, resulting in the elimination of processing backlogs and a faster loan turnaround time for borrowers. This three-phase initiative, which reduces agency processing time by 57 minutes per loan, was completed in March 2015.

- During the first quarter of 2016, the direct loan program will begin a staggered rollout of an automated underwriting platform, currently in development, that will reduce the number of manually underwritten loans. This new system, which consists of a custom scorecard and underwriting rules that will enable program specialists to analyze individual loans applications far more efficiently, is expected to improve application processing times for the SFH direct loans.

Improved Data Integration: In addition to these streamlining measures, RHS is making transformational changes in the way technology is applied and data is interpreted in the delivery and management of the SFH programs. The significant investment of financial and staffing resources to modernize the program's loan origination and servicing systems are needed to serve today's Rural America effectively. The 2010 decennial census indicated that rural communities have lower incomes and higher poverty rates than urban areas. Incorporating the use of data to a greater extent into RHS's fundamental operations will enable better customer service to remote and persistent poverty areas where need for credit access is often most acute.

One example of this type of innovation is the development of a new econometric model that will enable the guaranteed program to better predict portfolio performance, isolate factors impacting performance, and make adjustments to program delivery to optimize performance and mitigate risk. This model will help the program manage its subsidy rate so that it remains slightly negative, which contributes significantly to long-term program stability and sustainability.

This model represents an important step forward from the projections based solely on historic default rates which are used today. By incorporating macro data and exploring correlations between that information and loan-level data, the new model will enable the program to be far more nimble, establish a better understanding of borrower needs, minimize taxpayer risk exposure, and improve program delivery to areas where credit access is limited.

<u>Selected Accomplishments Expected at the FY 2017 Proposed Resource level/Challenges for the Future</u>

SFH programs must continue to strive to meet the needs of its target borrowers. To achieve this goal, the agency must provide effective program delivery in remote areas, as well as areas of persistent poverty and areas targeted by administration initiatives. Recent policy decisions in both programs address this challenge, as follows:

- The section 502 guaranteed regulations (7 CFR Part 3555, also known as "3555"), which became effective on December 1, 2014, increase lender program eligibility and enable more small lenders to participate in the Department's SFH program. These lenders are able to help extend the program's reach into smaller, more remote communities, which are often the communities in greatest need of program support.
- The certification of loan packagers in the direct program is expected to enable greater program reach into these more remote areas, as well. These trained and certified packagers will be supported in many cases by intermediary nonprofits with additional expertise. This more robust outreach network is expected to increase the number of very low-income applicants and the quality of the applications submitted, both of which will contribute to program loan production.

Additional Performance Information

In addition to the key performance measures noted above, RHS developed additional performance measures to help managers more effectively and efficiently manage Agency programs. These measures include:

	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Target	2017 Target
Families Assisted With Self-Help contracts (units are number of homes built by Self-Help that are funded with 502 loans/guarantees) *							
Self-Help Families for Which Homes Were Built	1,015	922	1,084	868	840	840	600
Cost	$34,337	$37,919	$31,383	$18,291	$38,393	$27,500	$18,493
Very-Low Income Families Assisted With Home Repairs (units are Section 504 loans and grants) **							
Number of loans ***	5,506	1,872	2,412	2,372	2,510	4,275	4,191
Number of grants ***	4,047	5,131	4,594	4,670	4,728	4,680	4,680
Total Cost: Section 504	$53.1M	$40.3M	$41.5M	$41.4M	$44.1M	$55M	$55M
* Section 523 grants are two-year grants which provide technical and management assistance for local self-help providers. The home loans for most participating families are funded by the SFH direct loan program. ** Includes all loans and grant to very-low income households. *** The loan and grant program results had previously been aggregated for performance measurement purposes. This has been discontinued to provide improved transparency and to better reflect the operational independence of the programs.							
Data Source: Data for the self-help and home repair programs is entered in the web-based DLOS system. This centralized server applications ensures viable data collection. DLOS tracks performance and can be used to forecast needs. Information is entered into UniFi and uploaded nightly to the MortgageServe System which obligates, funds, establishes closed loans, administers escrow accounts, and performs other administrative functions. Hyperion, a query and reporting tool, serves as the interface between the Data Warehouse and USDA staff.							
Quality and Level of Accuracy of Data: The data quality is considered satisfactory.							
Limitations to Data and Compensation for Such Limitations: None							

Analysis of Results

Selected Past Accomplishments Toward the Achievement of the Key Outcome FY 2015:

- In 2015, the SFH programs provided 2,510 home repair loans and 4,728 grants for very-low income rural homeowners.
- In 2015, the SFH programs provided 840 homeownership opportunities through the self-help process for program-eligible very low- and low-income borrowers who would otherwise have no access to affordable credit in the commercial mortgage markets. The self-help grants represent an investment in both houses and households. These grants not only facilitate the construction of urgently needed new housing stock in rural America, they also promote essential skills that can expand a homeowner's home maintenance capabilities and employment options. Working with neighbors to build homes through the self-help process also fosters strong community bonds and increases community involvement.
- Through these opportunities, RD helps promote the economic revitalization of rural communities. Critical home repair grants and loans preserve and improve properties, which can substantially increase the quality of life for rural residents with extremely modest incomes. Loans and grants enable homeowners to remain in their homes, which helps build stronger and more stable communities.

Selected Accomplishments Expected at the FY 2017 Proposed Resource level/Challenges for the Future
SFH programs must continue to strive to meet the needs of their target borrowers. Reaching these borrowers requires effective program delivery in remote areas, as well as areas of persistent poverty and areas targeted by Administration initiatives. In 2017 the agency expects to:

- Fully utilize all section 504 grants funding to provide home repairs and improvements for very low-income elderly rural Americans that improve their quality of life.
- Significantly increase the utilization of section 504 loan funding relative to funding usage in 2015 through the implementation of best practices and other program delivery-related process improvements.
- Fully utilize section 523 grants funding to promote affordable housing opportunities for low-income families willing to invest sweat equity in their homes and communities.

Multi-Family Housing

	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Target	2017 Target
Families assisted with new/renewed contracts (Section 521 Rental Assistance)							
Number of Projects (units)	216,654	206,216	190,697	252,418	244,505	305,888	286,108
Cost	$954	$905M	$837M	$1.110B	$1.088B	$1.389B	1.405B
Leveraged Funds In New Construction And Rehabilitation (Section 515, Section 514/516, Section 538, and Multi-Family Housing Preservation and Revitalization)							
Amount of Leveraged Funding	$512M	$413M	$605M	$600M	$799M	$750M	$725M
Rural Housing Voucher Program							
Number of Vouchers	2,682	3,298	3,842	4,007	4,469	4,209	4,738
Cost	$8.5M	$10.5M	$13.1M	$14.3M	$13.5M	$15M	$18M
Units Selected For Construction Or Rehabilitation (Section 515, Section 514/516, Section 538, and Multi-Family Housing Preservation and Revitalization)							
Number of Units	n/a	n/a	4,906	10,190	9,050	10,008	10,725
Cost	n/a	n/a	$134M	$228M	$236M	$247M	$329.7M

Units Selected For New Construction Or Rehabilitation In High Poverty Areas (Section 514/516, Section 515, Section 538, and Multi-Family Housing Preservation and Revitalization)							
Number of Units	n/a	n/a	100	1,611	735	2,228	2,039
Cost	n/a	n/a	n/a	$46.5M	$46.8M	$58.6M	$56.8M
Units Selected For New Construction Or Rehabilitation Including Energy Conservation Or Generation (Section 514/516, Section 515, Section 538, and Multi-Family Housing Preservation and Revitalization)							
Number of Units	n/a	n/a	978	1,200	2,791	2,228	2,039
Cost	n/a	n/a	n/a	$48.6M	$68.3M	$58.6M	$56.8M
Note: n/a means that the performance measure was not calculated separately in this fiscal year.							
Allowable Data Range for Met: None.							
Measures Used to Verify and Validate Data: Data is validated by staff using application data verified through third-party data sources and industry professionals. Rental assistance and voucher data is verified through various agency review mechanisms.							
Sources of the Data: Data is collected through customer applications, the Data Warehouse, internal accounting systems, and internal data tracking. Internal systems are updated daily and reported monthly or quarterly.							
Quality and Level of Accuracy of Data: Data analyses are conducted to identify errors and ensure data reliability. Quality of data keyed is satisfactory. Customer application data is verified against related applications submitted to third parties such as State housing finance agencies. Rental Assistance accuracy is verified through federal reporting requirements such as Improper Payment Improvement Act reviews which are conducted annually.							
Limitations to Data and Compensation for Such Limitations: Accuracy is dependent upon third-party data certifications and complete submission of information is required to confirm data validity. Limitations are mitigated through periodic data reviews and verification of information submitted.							

Analysis of Results

Selected Past Accomplishments Toward the Achievement of the Key Outcome FY 2015:

- RD is also focused on better targeting of agency resources to areas of poverty; 2015 MFH funding notices included priority points to encourage investment in high poverty areas with the goal of creating economically thriving communities in those areas. In addition, RD is working on process improvements to reduce or eliminate delays in the transfer and rehabilitation of section 515 housing and to reduce transaction costs and increase participation in the preservation and revitalization program.
- In 2015, RD introduced a simpler, clearer transactional underwriting tool for use by property owners and RD staff. This tool provides greater transparency in the transfer/rehabilitation process, reduces confusion that can delay the process, and provides greater flexibility in the evaluation of potential transactions.
- In 2015, RD developed an RA obligation tool which was implemented in the beginning of 2016. The tool replaces the Statewide average methodology with an RA obligation tool that analyzes each property's RA use trends, and recognizes recent changes in property expenses, and allocates RA funding to each property on that basis. This obligation tool will improve the estimation process, thereby, reducing the number of second renewals per year and enhancing the predictability of the RA budget formulation.
- RD is also making enhancements to its analysis of property financial reports, and expects to utilize this enhanced analysis capability to monitor the completion of conservation improvements and their impact on operating costs.

Selected Accomplishments Expected at the FY 2017 Proposed Resource level/Challenges for the Future

Preservation of rental housing requires ongoing investments for maintenance and capital improvements. Over the past few years, RD has been effective in leveraging capital markets to help pay for those investments. However, the capital markets are highly competitive and there is no guarantee that third parties will continue to provide a significant percentage of the funds used to rehabilitate RD's portfolio. Without that funding, RD must find other ways to finance the revitalization of its aging rental housing stock.

- RD expects to invest almost $329 million from all of its loan programs and approximately $725 million in private capital to modernize about 10,725 apartment units in its affordable rental housing portfolio.

- RD will continue to promote the use of energy efficiencies by incorporating additional priority points in all multi-family loan funding notices for improvements that conserve or generate energy. The agency expects to reap the benefits of this emphasis on energy savings through reductions in property utility expenses, which will reduce the cost of rental assistance to support property operating costs. In 2016, RD worked with a contractor to examine opportunities to utilize third-party funds to retrofit its MFH portfolio with energy saving equipment. Modernization of its energy related equipment, modernization of this equipment should reduce energy usage and costs at these properties. In 2016, RD plans to prioritize this energy conservation effort and expects to benefit from these retrofits in 2017.
- Estimating annual RA needs is particularly challenging, because the universe of units needing funding constantly changes. When properties use their RA allocation at a faster-than-expected rate, RD has been required by statute to renew those agreements as soon as funding is exhausted, even if that occurs prior to the twelve-month funding anniversary. In prior years, the rate of second renewals has been about 5 percent of all agreements, or approximately 12,000 units. These second renewals have created a lack of predictability in estimating program funding needs. Increased funding in 2016, combined with implementation of the RA obligation tool, should minimize the number of second renewals and increase predictability of program funding needs in 2017 and beyond.
- RA funding in 2017 can also be used to help incentivize owners of maturing mortgage properties to retain their affordable multi-family housing in rural communities where it's needed the most.
- While RD expects to meet its performance targets in 2016, the agency's ability to meet future targets will depend on funding levels. In addition, demand for program funding in 2017 will depend upon the continued availability of private capital, market lending rates, and lending rates for section 538 loans relative to rates for other affordable housing loan programs. RD's ability to meet 2017 targets will also depend upon its ability to attract funding applications that: 1) further the agency's goals of creating economically thriving communities in areas of poverty, and 2) encourage property renovations that facilitate energy conservation and generation.

<u>Program Evaluations</u>

Fiscal Year 2015 Program Evaluations		
Strategic Objective And Program	**Title**	**Summary**
<u>USDA Strategic Objective 1.1</u>: *Enhance rural prosperity, including leveraging capital markets to increase Government's investment in rural America.*	CF Customer Service Survey Community Development Financial Institutions	**Summary:** CF developed a Customer Service Survey that will be used to gather information such as training and FTE needs and feedback about the overall customer service and responsiveness of the National Office CF staff. This information will be used by the National Office to streamline services, where possible, target training needs, and improve customer service and effectiveness to field staff. CF is researching the opportunity to partner with CDFIs as eligible guarantee lenders and/or leverage CDFI member funds with CF direct loan funds as a public private partnership.

RURAL HOUSING SERVICE
Strategic Goal Funding Matrix
(Dollars in thousands)

Program	2014 Actual	2015 Actual	2016 Enacted	Increase or Decrease	2017 Estimate
Department Strategic Goal 1: Assist Rural Communities to Create Prosperity so they are self-sustaining and economically thriving					
Department Objective 1: Enhance Rural Prosperity, including leveraging capital markets to increase government's investment in rural America					
Rural Housing Service:					
Program Loan Level	$22,367,018	$22,811,010	$29,045,299	-$63,054	$28,982,245
Budget Authority	1,277,725	1,336,504	1,616,425	463	1,616,888
Staff Years	3,383	3,541	3,599	93	3,692
Total Cost, Strategic Goal 1	1,277,725	1,336,504	1,616,425	463	1,616,888
Staff Years, Strategic Goal	3,383	3,541	3,599	93	3,692

RURAL HOUSING SERVICE

Full Cost by Department Strategic Goal
(Dollars in thousands)

Department Strategic Goal: Assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving

Rural Housing Service Programs	2014 Actual	2015 Actual	2016 Enacted	2017 Estimate
Rural Community Facility Programs				
Program Level	$1,089,085	$1,878,454	$2,387,083	$2,237,000
Budget Authority	40,261	36,735	42,278	37,000
Administrative costs (direct)	72,472	74,867	75,873	77,501
Indirect costs	34,104	32,086	32,517	33,215
Total Costs	146,837	143,688	150,668	147,716
FTEs	744	779	799	799
Performance Measure:				
Percent of rural residents who are provided access to new and/or improved essential community facilities-Educational Facilities 1/	6.2	7.9	4.5	5.0
Cost per measure (unit cost)	23,683.45	18,188.39	33,481.78	29,543.20
Section 502 Direct Single Family Housing Loans and Section 524 Housing Site Development Loans				
Program Level	808,101	$900,303	$905,000	$905,000
Budget Authority	21,980	66,406	60,750	61,041
Administrative costs (direct)	46,118	47,643	49,225	50,281
Indirect costs	21,703	20,418	21,096	21,549
Total Costs	89,801	134,467	131,071	132,871
FTEs	474	496	517	517
Performance Measure:				
Home purchase loans	6,560	7,060	6,793	6,532
Cost per measure (unit cost)	13.69	19.05	19.30	20.34
Section 502 Guaranteed Single Family Housing Loans				
Program Level	19,051,253	18,623,238	24,000,000	24,000,000
Budget Authority	-	-	-	-
Administrative costs (direct)	65,883	68,061	69,073	70,555
Indirect costs	31,004	29,169	29,603	30,238
Total Costs	96,887	97,230	98,676	100,793
FTEs	677	708	727	747
Performance Measure:				
Home purchase loan guarantees	139,828	134,254	166,357	159,959
Cost per measure (unit cost)	0.69	0.72	0.59	0.63
Section 515 Direct Rural Rental Housing Loans				
Program Level	27,219	28,290	28,397	33,074
Budget Authority	6,372	9,763	8,414	9,790
Administrative costs (direct)	23,059	23,821	24,164	24,682
Indirect costs	10,851	10,209	10,356	10,578
Total Costs	40,282	43,793	42,934	45,050
FTEs	237	248	254	262
Performance Measure:				
Units selected for new construction or rehab	871	901	1,020	1,002
Cost per measure (unit cost)	46.25	48.60	42.09	44.96

Department Strategic Goal: Assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving

Rural Housing Service Programs	2014 Actual	2015 Actual	2016 Enacted	2017 Estimate
Section 538 Guaranteed Multi-Family Housing				
Program Level	136,162	113,912	150,000	230,000
Budget Authority	-	-	-	-
Administrative costs (direct)	16,471	17,015	17,260	17,630
Indirect costs	7,751	7,292	7,397	7,556
Total Costs	24,222	24,307	24,657	25,186
FTEs	169	178	182	230
Performance Measure:				
Units selected for new construction or rehab	4,923	4,491	5,913	7,820
Cost per measure (unit cost)	4.92	4.92	4.17	3.22
Section 504 Housing Repair Loans				
Program Level	13,806	15,127	26,278	26,277
Budget Authority	1,143	2,122	3,424	3,663
Administrative costs (direct)	3,953	4,084	4,142	4,231
Indirect costs	1,860	1,750	1,775	1,813
Total Costs	6,956	7,956	9,341	9,707
FTEs	41	43	43	43
Performance Measure:				
Number of families assisted	2,372	2,510	4,275	7,820
Cost per measure (unit cost)	2.93	3.17	2.19	1.24
Section 523 Self-Help Land Development Housing Loans				
Program Level	-	-	5,000	5,000
Budget Authority	-	-	-	417
Administrative costs (direct)	1,647	1,702	863	882
Indirect costs	775	729	370	378
Total Costs	2,422	2,431	1,233	1,677
FTEs	17	18	9	9
Single and Multi-Family Housing Credit Sales				
Program Level	960	1,396	10,000	10,000
Budget Authority	-	-	-	-
Administrative costs (direct)	3,294	3,403	3,452	3,526
Indirect costs	1,550	1,458	1,479	1,511
Total Costs	4,844	4,861	4,931	5,037
FTEs	34	35	36	36
Performance Measure:				
Number of loans to facilitate REO property sales	15	17	15	15
Cost per measure (unit cost)	322.93	285.94	328.73	335.80
Section 521/502 Rental Assistance				
Program Level	1,109,913	1,088,500	1,389,695	1,405,033
Budget Authority	1,109,913	1,088,500	1,389,695	1,405,033
Administrative costs (direct)	13,177	13,612	13,808	14,104
Indirect costs	6,201	5,834	5,918	6,045
Total Costs	1,129,291	1,107,946	1,409,421	1,425,182
FTEs	135	141	145	161
Performance Measure:				
Familites assisted with new/renewed Sec.521 RA contracts	252,418	244,505	305,888	286,108
Cost per measure (unit cost)	4.47	4.53	4.61	4.98

Department Strategic Goal: Assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving

Rural Housing Service Programs	2014 Actual	2015 Actual	2016 Enacted	2017 Estimate
Section 514 Farm Housing Loans				
Program Level	37,659	19,340	23,855	23,857
Budget Authority	8,929	6,228	6,789	7,052
Administrative costs (direct)	9,882	10,209	10,356	10,578
Indirect costs	4,651	4,375	4,438	4,533
Total Costs	23,462	20,812	21,583	22,163
FTEs	101	106	109	109
Performance Measure:				
Units selected for financing or new contruction	616	760	840	949
Cost per measure (unit cost)	38.09	27.38	25.69	23.35
Section 516 Domestic Farm Labor Housing Grants				
Program Level	12,936	6,426	8,336	8,336
Budget Authority	12,936	6,426	8,336	8,336
Administrative costs (direct)	9,882	10,209	10,356	10,578
Indirect costs	4,651	4,375	4,438	4,533
Total Costs	27,469	21,010	23,130	23,447
FTEs	101	106	109	109
Performance Measure:				
Units selected for financing or new contruction	-	-	-	-
Cost per measure (unit cost)	-	-	-	-
Performance Measure:				
Rural Housing Vouchers				
Program Level	15,093	17,046	15,000	18,000
Budget Authority	15,093	17,046	15,000	18,000
Administrative costs (direct)	3,294	3,403	3,452	3,526
Indirect costs	1,550	1,458	1,479	1,511
Total Costs	19,937	21,907	19,931	23,037
FTEs	34	35	36	42
Performance Measure:				
Tenants Protected	4,007	4,469	4,209	4,738
Cost per measure (unit cost)	4.98	4.90	3,559.00	-
Multifamily Housing Revitalization Program				
Program Level	14,119	47,330	36,917	33,474
Budget Authority	9,697	31,631	22,000	19,362
Administrative costs (direct)	32,942	34,030	34,519	35,260
Indirect costs	15,502	14,585	14,794	15,111
Total Costs	58,141	80,246	71,313	69,733
FTEs	338	354	363	363
Performance Measure:				
Tenants Protected	2,434	3,544	3,507	3,507
Cost per measure (unit cost)	23.89	22.64	20.33	19.88

Department Strategic Goal: Assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving

Rural Housing Service Programs	2014 Actual	2015 Actual	2016 Enacted	2017 Estimate
Section 523 Mutual Self-Help Grants				
Program Level	18,291	38,393	27,500	18,493
Budget Authority	18,291	38,393	27,500	18,493
Administrative costs (direct)	1,647	1,702	1,726	1,763
Indirect costs	775	729	740	756
Total Costs	20,713	40,824	29,966	21,012
FTEs	17	18	18	18
Performance Measure:				
Number of families who build their own homes	868	840	840	840
Cost per measure (unit cost)	23.86	48.60	35.67	25.01
Rural Housing Assistance Grants				
Program Level	33,112	33,253	32,239	28,701
Budget Authority	33,112	33,253	32,239	28,701
Administrative costs (direct)	25,694	26,543	26,925	27,503
Indirect costs	12,091	11,376	11,539	11,787
Total Costs	70,897	71,172	70,703	67,991
FTEs	264	276	283	283
Performance Measure:				
Number of housing assistance grants	6,012	4,728	4,680	4,680
Cost per measure (unit cost)	11.79	15.05	15.11	14.53
Total, Rural Housing Service Programs				
Program Level	22,367,708	22,811,010	29,045,300	28,982,245
Budget Authority	1,277,727	1,336,504	1,616,425	1,616,888
Administrative costs (direct)	329,415	340,304	345,194	352,600
Indirect costs	155,019	145,843	147,939	151,114
Total Costs, All Strategic Goals	1,762,161	1,822,651	2,109,558	2,120,602
Total FTEs, All Strategic Goals	3,383	3,541	3,630	3,728

Totals may not balance due to rounding.