

## 2025 USDA EXPLANATORY NOTES - RURAL HOUSING SERVICE

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**PREFACE**

This publication summarizes the fiscal year (FY) 2025 Budget for the U.S. Department of Agriculture (USDA). Throughout this publication any reference to the “Budget” is in regard to the 2025 Budget, unless otherwise noted. All references to years refer to fiscal year, except where specifically noted. The budgetary tables throughout this document show actual amounts for 2022 and 2023, annualized Continuing Resolution levels for 2024, and the President’s Budget request for 2025. Amounts for 2024 estimated levels include: non-enacted amounts such as Full-Time Equivalent levels, fleet levels, information technology investment levels, recovery levels, transfers in and out, balances available end of year, and obligation levels.

Throughout this publication, the “2018 Farm Bill” is used to refer to the Agriculture Improvement Act of 2018. Most programs funded by the 2018 Farm Bill are funded through 2023. Amounts shown in 2024 and 2025 for most Farm Bill programs reflect those confirmed in the baseline.

Pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, sequestration is included in the numbers for mandatory programs in 2022, 2023, 2024 and 2025.

In tables throughout this document, amounts equal to zero (0) are displayed as dashes (-). Amounts less than 0.5 and greater than zero are rounded and shown as a zero (0). This display treatment is used to prevent the masking of non-zero amounts that do not round up to one (1).

**AGENCY-WIDE****PURPOSE STATEMENT**

The Rural Housing Service (RHS) housing programs are authorized by the Housing Act of 1949 (“Housing Act”, P.L. 81-171), as amended, and the Cranston-Gonzalez National Affordable Housing Act of 1990 (P.L. 101-625). The community facilities programs are authorized by the Consolidated Farm and Rural Development Act of 1972 (“CONACT”, P.L. 92-419), as amended. The RHS programs implement, sustain, and advance the policy goals outlined in Section 2 of the Housing Act, which states in part: “...the general welfare and security of the Nation and the health and living standards of its people require housing production and related community development... 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....”

RHS offers housing and community development programs that include Single Family Housing (SFH) programs to support individual homeownership, Multi-Family Housing programs (MFH) to assist low-income individuals and families in obtaining affordable, rural rental housing, and Community Facilities (CF) programs to fund essential community facilities.

Section 502 SFH Guaranteed Loan Program (42 U.S.C. 1472(h)) — Authorized in 1990 by the Cranston-Gonzalez National Affordable Housing Act (P.L. 101-625), this program provides low- and moderate-income borrowers access to mortgage credit by providing loan guarantees to agency-approved private-sector lenders. This program currently guarantees loans at 90 percent of the loan principal.

Section 502 SFH Direct Loan Program (42 U.S.C. 1472) — Authorized by the Housing Act of 1949 (P.L. 81-171), this program provides fixed-interest direct loans that enable low- and very low-income families unable to obtain credit elsewhere to purchase, build, repair or renovate modest homes in rural areas. Mortgage payments are subsidized so as not to exceed 24 percent of a borrower’s adjusted income.

Section 504 SFH Housing Repair and Rehabilitation Loans and Grants Program (42 U.S.C. 1474) — Authorized by the Housing Act of 1949 (P.L. 81-171), the Housing and Urban Development Act of 1965 (P.L. 89-117), and the Demonstration Cities and Metropolitan Development Act of 1966 (P.L. 89-754), 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.

Section 523 SFH Mutual Self-Help Grants Program (42 U.S.C. 1490c) — Authorized by the Housing Act of 1949 (P.L. 81-171), the Housing and Urban Development Act of 1965 (P.L. 89-117), and the Demonstration Cities and Metropolitan Development Act of 1966 (P.L. 89-754), this program provides two-year technical assistance grants to 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 “sweat-equity” method or complete essential repairs for very low-income homeowners.

Section 523/524 SFH Rural Housing Site Loans (42 U.S.C. 1490c and 1490d) — Authorized by Sections 523 and 524 of the Housing Act of 1949, (P.L. 81-171), 523 loans are used to acquire and develop sites only for housing to be constructed by the Self-Help method. Section 524 loans are made to acquire and develop sites for low- or moderate- income families with no restriction as to the method of construction.

SFH Credit Sales Program — Authorized under provisions of the Housing Act 1949, (P.L. 81-171), RHS offers Section 502 direct loan financing at non-program rates and terms to buyers purchasing USDA Real Estate Owned (REO) properties. Loan terms range from ten years for investors to a maximum of 30 years for public and private nonprofit organizations providing transitional housing, or to purchasers intending to occupy a property.

Section 515 MFH Rural Rental Housing Direct Loans Program (42 U.S.C. 1485 and 1490a) — Authorized under the Housing Act of 1949 (P.L. 81-171), and P.L. 102-550, 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. 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 Direct Loans and Grants Program (42 U.S.C. 1484 and 1486) — Authorized under Title V of the Housing Act of 1949 (P.L. 81-171), Section 514 loans and Section 516 grants are used to buy, build, improve, or repair on-farm or off-farm housing for farm laborers. All farm labor housing must be occupied by domestic farm laborers or retirees, or individuals deriving a substantial portion of their income from farm labor or food processing.

Section 521 MFH Rental Assistance Grant Program (RA) (42 U.S.C. 1490a) — Authorized under Title V, Section 521(a)(2) of the Housing Act of 1949 (P.L. 81-171), this program provides payments to owners of USDA-financed Rural Rental Housing or Farm Labor Housing projects on behalf of low-income tenants unable to pay their full rent.

Section 538 MFH Guaranteed Loan Program (42 U.S.C. 1485) — Authorized under Title V, Section 538 of the Housing Act of 1949 (P.L. 81-171), this program provides loan guarantees to qualified private-sector lenders for loans made to eligible borrowers for the purchase, improvement, and construction of multifamily rental housing for low- to moderate-income families and individuals in rural areas. Funding may also be used to provide necessary infrastructure and to buy and improve land.

Section 542 MFH Rural Housing Vouchers (42 U.S.C. 1471 et seq.) — Authorized by the Housing Act of 1949 (P.L. 81-171), and P.L. 93-128, vouchers are available to provide tenant protections in Section 515 properties prepaying mortgages after September 30, 2005, and Section 515 properties in foreclosure. Vouchers are portable and enable residents to seek tenancy elsewhere by offsetting the rent and utility costs at other rental housing.

MFH Preservation and Revitalization (MPR) Demonstration Loans and Grants Program — It is used to restructure loans for existing USDA Rural Rental Housing and Off-Farm Labor Housing projects to help improve and preserve the availability of safe, affordable rental housing for low-income residents. MPR funding tools include debt deferral, soft second loans, zero percent loans, and grants to address a project’s exigent health and safety needs.

CF Grants, Direct Loans, and Loan Guarantees (7 U.S.C. 1926) — Authorized under Section 306 of the CONACT, and P.L. 92-419, these grants, loans, and loan guarantees provide affordable funding to develop essential community facilities in rural areas. An essential community facility is defined as one that provides an essential service to the local community for the orderly development of the community in a primarily rural area, and does not include private, commercial, or business undertakings.

CF Rural Community Development Initiative Grants (RCDI) — Authorized under Section 306 of the CONACT and governed by 2 CFR 200, this program enables public or non-profit intermediaries to provide a program of financial and technical assistance to recipients such as low-income rural communities, community-based nonprofit organizations, and federally recognized tribes to strengthen their capacity to assist beneficiaries in their communities.

CF Tribal College Initiative Grants — Authorized under Section 306 of the CONACT, this program provides funding to 1994 Land Grant institutions (Tribal Colleges) to purchase equipment and make capital improvements to their educational facilities.

CF Technical Assistance and Training Grants Program — Authorized under Section 306 of the CONACT, this program provides grants to public bodies and private, nonprofit corporations, (such as, but not limited to, States, counties, towns, authorities, and Indian Tribes), to provide training and technical assistance (TAT) to associations which then assist communities, Indian Tribes, and nonprofit corporations in identifying and planning for essential community facility needs in their areas.

RD is comprised of three agencies: Rural Housing Service, Rural Utilities Service, and Business-Cooperative Service. RD’s headquarters is located in Washington, DC. As of September 30, 2023, there were 4,450 permanent full-time employees, including 391 in the headquarters office and 4,059 in the field offices.

**AVAILABLE FUNDS**

*Table RHS-1. Available Funds (thousands of dollars)*

Item	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Rural Housing Insurance Fund:				
Discretionary Appropriations.....	\$488,400	\$517,111	\$529,357	\$734,570
Rental Assistance:				
Discretionary Appropriations.....	1,450,000	1,487,926	1,487,926	1,728,376
Multi-Family Housing:				
Discretionary Appropriations.....	45,000	48,000	48,000	-
Mutual Self-Help Housing:				
Discretionary Appropriations.....	32,000	32,000	32,000	32,000
Rural Housing Assistance Grants:				
Discretionary Appropriations.....	51,000	51,000	51,000	46,000
Supplemental Appropriations .....	-	60,000	-	-
Community Facilities:				
Discretionary Appropriations.....	241,449	343,490	368,790	62,000
Supplemental Appropriations .....	-	75,300	-	-
Total Discretionary Appropriations .....	2,307,849	2,479,527	2,517,073	2,602,946
Total Supplemental Appropriations .....	-	135,300	-	-
Total Adjusted Appropriation .....	2,307,849	2,614,827	2,517,073	2,602,946
Balance Available, SOY .....	713,351	520,991	647,432	340,087
Balances Interchanges.....	2,000	-	-	38,940
Rescinded Balances .....	-	-7,171	-	-11,786
Recoveries, Other.....	26,881	63,272	14,007	12,963
Total Available.....	3,050,081	3,191,919	3,178,513	2,983,150
Lapsing Balances .....	-295	-3,038	-	-
Balance Available, EOY .....	-520,991	-647,432	-379,027	-199,525
Total Obligations .....	2,528,794	2,541,448	2,799,486	2,783,625
Total Obligations, RHS.....	2,528,794	2,541,448	2,799,486	2,783,625
Total Available, RHS.....	3,050,081	3,191,919	3,178,513	2,983,150

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**ACCOUNT 1: RURAL HOUSING INSURANCE FUND****APPROPRIATIONS LANGUAGE**

The appropriations language follows (new language underscored; deleted matter enclosed in brackets):

- 1 Rural Housing Insurance Fund  
 2  
 3 For gross obligations for the principal amount of direct and guaranteed loans as authorized by title V of the Housing  
 4 Act of 1949, to be available from funds in the rural housing insurance fund, as follows:  
 5 ~~[\$1,500,000,000]~~\$1,250,000,000 for section 502 direct loans; ~~[\$12,000,000]~~\$7,501,000 for a Single Family Housing  
 6 Relending demonstration program for Native American Tribes; \$30,000,000,000, to remain available until  
 7 September 30, ~~[2025]~~2026, for section 502 unsubsidized guaranteed loans; ~~[\$50,000,000]~~\$28,000,000 for section  
 8 504 housing repair loans; ~~[\$200,000,000]~~\$70,000,000 for section 515 rental housing; \$400,000,000 for section 538  
 9 guaranteed multi-family housing loans; \$10,000,000 for credit sales of single family housing acquired property;  
 10 \$5,000,000 for section 523 self-help housing land development loans; and \$5,000,000 for section 524 site  
 11 development loans.  
 12  
 13 For the cost of direct and guaranteed loans, including the cost of modifying loans, as defined in section 502 of the  
 14 Congressional Budget Act of 1974, as follows: section 502 loans, ~~[\$205,950,000]~~\$174,000,000 shall be for direct  
 15 loans; Single Family Housing Relending demonstration program for Native American Tribes,  
 16 ~~[\$5,491,000]~~\$3,704,000; section 504 housing repair loans, ~~[\$8,675,000]~~\$5,992,000; section 523 self-help housing  
 17 land development loans, ~~[\$636,500]~~ \$726,000; section 524 site development loans, ~~[\$476,500]~~\$491,000; and repair,  
 18 rehabilitation, and new construction of section 515 rental housing, ~~[\$69,960,000]~~\$27,713,000, to remain available  
 19 until September 30, 2026; *Provided*, That to support the loan program level for section 538 guaranteed loans made  
 20 available under this heading the Secretary may charge or adjust any fees to cover the projected cost of such loan  
 21 guarantees pursuant to the provisions of the Credit Reform Act of 1990 (2 U.S.C. 661 et seq.), and the interest on  
 22 such loans may not be subsidized; *Provided further*, That applicants in communities that have a current rural area  
 23 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  
 24 purposes of section 502 guaranteed loans provided under this heading; *Provided further*, That, notwithstanding  
 25 Section 502(g)(1) of the Housing Act of 1949 (42 U.S.C. 1474(g)(1)), for loans made available under this heading,  
 26 amounts deferred pursuant to section 502(g)(1) of the Housing Act of 1949 shall not be subject to recapture.  
 27  
 28 In addition, for the cost of direct loans and grants, including the cost of modifying loans, as defined in section 502 of  
 29 the Congressional Budget Act of 1974, ~~[\$75,000,000]~~\$90,000,000, to remain available until expended, for a  
 30 demonstration program for the preservation and revitalization of the sections 514, 515, and 516 multi-family rental  
 31 housing properties to restructure existing USDA multi-family housing loans, as the Secretary deems appropriate,  
 32 expressly for the purposes of ensuring the project has sufficient resources to preserve the project for the purpose of  
 33 providing safe and affordable housing for low-income residents and farm laborers including reducing or eliminating  
 34 interest; deferring loan payments, subordinating, reducing or re-amortizing loan debt; and other financial assistance  
 35 including advances, payments and incentives (including the ability of owners to obtain reasonable returns on  
 36 investment) required by the Secretary; *Provided*, That the Secretary shall, as part of the preservation and  
 37 revitalization agreement, obtain a restrictive use agreement consistent with the terms of the restructuring.  
 38  
 39 In addition, for the cost of direct loans, grants, and contracts, as authorized by sections 514 and 516 of the Housing  
 40 Act of 1949 (42 U.S.C. 1484, 1486), ~~[\$35,405,000]~~\$19,690,000, to remain available until expended, for direct farm  
 41 labor housing loans and domestic farm labor housing grants and contracts.  
 42  
 43 In addition, for administrative expenses necessary to carry out the direct and guaranteed loan programs,  
 44 \$412,254,000 shall be paid to the appropriation for "Rural Development, Salaries and Expenses".

**Change Description**

*The first change* (line 18 of paragraph 2) adds language to make section 515 multi-family direct loan program funding available until September 30, 2026. Making this the period of availability will facilitate private sector investment and to match up to the calendar year schedule for low-income housing tax credits awards.

**LEAD-OFF TABULAR**

*Table RHS-2. Lead-Off Tabular Statement (In dollars)*

<b>Item</b>	<b>Grants</b>	<b>Loan Level</b>	<b>Subsidy</b>	<b>Administrative Expenses</b>
Estimate, 2024	\$48,000,000	\$30,966,115,000	\$69,103,000	\$412,254,000
Change in Appropriation	-16,317,000	+ 938,163,000	+ 221,530,000	-
Budget Estimate, 2025	31,683,000	31,904,278,000	290,633,000	412,254,000
Budget Estimate, Current Law 2025	\$31,683,000	\$31,904,278,000	\$290,633,000	\$412,254,000
Change Due to Proposed Legislation	-	-	1,120,352,000	-
Net 2025 Request	31,683,000	31,904,278,000	1,410,985,000	412,254,000



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**PROJECT STATEMENTS**

**Table RHS-3. Project Statement on Basis of Appropriations (thousands of dollars)**

Item	2022 Program Level	2022 Actual BA	2023 Program Level	2023 Actual BA	2024 Program Level	2024 Estimated BA	2025 Program Level	2025 Estimated BA	Program Level Inc. or Dec.	Chg Key	Budget Authority Inc. or Dec.	Chg Key
Discretionary Appropriations:												
Sec 502 SFH Direct Loans .....	\$1,200,000	\$22,320	\$947,912	\$35,168	\$483,073	\$46,375	\$1,250,899	\$174,000	+\$767,826	(1)	+\$127,625	(12)
SFHD Native American Relending Pilot Program .....	-	-	9,021	2,968	5,393	2,468	7,501	3,704	+2,108	(2)	+1,236	(12)
Sec 502 SFH Guaranteed Loans.....	30,000,000	-	30,000,000	-	30,000,000	-	30,000,000	-	-	(3)	-	-
Sec 504 Direct Loans, Very Low .....	15,256	264	14,181	1,177	13,395	2,324	28,000	5,992	+14,605	(4)	+3,668	(12)
Sec 515 MFH Direct Loans.....	50,000	4,470	70,000	13,377	38,242	13,377	70,000	27,713	+31,758	(5)	+14,336	(12)
Sec 538 MFH Guaranteed Loans .....	250,000	-	400,000	-	400,000	-	400,000	-	-	(6)	-	-
Sec 523 Self-Help Housing Land Dev Loans .....	5,000	55	-	-	2,097	267	5,000	726	+2,903	(7)	+459	(12)
Sec 524 Direct Site Dev Loans.....	5,000	206	2,000	83	2,183	208	5,005	491	+2,823	(8)	+283	(12)
SFH Credit Sales .....	10,000	-	10,000	-	10,000	-	10,000	-	-	-	-	-
Sec 514 FL H Loans.....	28,000	2,831	20,000	4,084	11,732	4,084	25,000	9,690	+13,268	(9)	+5,606	(12)
Sec 516 FLH Grants .....	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	-	(10)	-	(10)
MFH Preservation/Revitalization Zero Interest.....	45,879	15,640	-	-	-	-	41,161	24,495	+41,161	(11)	+24,495	(11)
MFH Preservation/Revitalization Soft Seconds.....	44,044	15,640	-	-	-	-	61,712	43,822	+61,712	(11)	+43,822	(11)
MFH Preservation/Revitalization Grants/Modifications.....	2,720	2,720	36,000	36,000	36,000	36,000	21,683	21,683	-14,317	(11)	-14,317	(11)
MFH Preservation/Revitalization Pilot Grants .....	2,000	2,000	2,000	2,000	2,000	2,000	-	-	-2,000	(13)	-2,000	(13)
Administrative Expenses.....	-	412,254	-	412,254	-	412,254	-	412,254	-	-	-	-
Subtotal.....	31,667,899	488,400	31,521,114	517,111	31,014,115	529,357	31,935,961	734,570	+921,846		+205,213	
Total Adjusted Approp.....	31,667,899	488,400	31,521,114	517,111	31,014,115	529,357	31,935,961	734,570	+921,846		+205,213	
Add back:												
Transfers In and Out, Rescissions .....	62,744	1,150	322,397	12,246	-	-	-	-	-	-	-	-
Sequestration .....	-	-	-	-	-	-	-	-	-	-	-	-
Total Appropriation.....	31,730,643	489,550	31,843,511	529,357	31,014,115	529,357	31,935,961	734,570	+921,846		+205,213	
Transfers In:												
SFHD Native American Relending Pilot Program .....	-	-	1,520	500	-	-	-	-	-	-	-	-
Transfers Out:												
Sec 502 SFH Direct Loans .....	-50,000	-930	-302,088	-11,207	-	-	-	-	-	-	-	-
Sec 504 direct loans, very low.....	-12,744	-220	-13,819	-1,147	-	-	-	-	-	-	-	-
Sec 524 direct site dev loans .....	-	-	-3,000	-125	-	-	-	-	-	-	-	-
Sec 523 self-help housing land dev loans	-	-	-5,009	-267	-	-	-	-	-	-	-	-
Total Transfers Out .....	-62,744	-1,150	-323,917	-12,746	-	-	-	-	-	-	-	-
Balances Interchange.....	14,215	10,455	-	-	-	-	-	-	-	-	-	-
Recoveries, Other .....	40,957	11,947	22,653	5,305	9,521	5,316	8,992	5,606	-529		+290	
Rescinded Balances.....	-	-	-125,883	-5,390	-	-	-	-	-	-	-	-

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Item	2022	2022	2023	2023	2024	2024	2025	2025	Program Level	Chg	Budget	Chg
	Program Level	Actual BA	Program Level	Actual BA	Program Level	Estimated BA	Program Level	Estimated BA	Inc. or Dec.	Key	Authority Inc. or Dec.	Key
Bal. Available, SOY	2,230,288	77,274	986,417	69,714	107,295	84,315	138,603	119,465	+31,308		+35,150	
Total Available	33,953,359	588,076	32,404,301	586,739	31,130,931	618,988	32,083,556	859,641	+952,625		+240,653	
Lapsing Balances	-16,949,472	-295	-23,500,955	-3,038	-14,086,804	-	-	-	+14,086,804		-	
Bal. Available, EOY	-2,124,118	-69,714	-131,715	-84,315	-142,312	-119,465	-143,931	-121,405	-1,619		-1,940	
Total Obligations	14,879,769	518,067	8,771,631	499,386	16,901,815	499,523	31,939,625	738,236	+15,037,810		+238,713	

Table RHS-4. Project Statement on Basis of Obligations (thousands of dollars)

Item	2022	2022	2023	2023	2024	2024	2025	2025	Program Level	Budget
	Program Level	Actual BA	Program Level	Actual BA	Program Level	Estimated BA	Program Level	Estimated BA	Inc. or Dec.	Authority Inc. or Dec.
Discretionary Obligations:										
Sec 502 SFH Direct Loans	\$1,138,506	\$21,176	\$912,761	\$33,863	\$483,073	\$46,375	\$1,250,899	\$174,000	+\$767,826	+\$127,625
SFHD Native American Relending Pilot Program	4,000	960	9,021	2,164	5,393	2,468	7,501	3,704	+2,108	+1,236
Sec 502 SFH Guaranteed Loans	13,111,625	-	6,799,949	-	16,115,637	-	30,000,000	-	+13,884,363	-
Sec 504 Direct Loans, Very Low	15,221	263	13,342	1,108	13,395	2,324	28,000	5,992	+14,605	+3,668
Sec 515 MFH Direct Loans	50,000	4,470	70,000	13,377	38,242	13,377	70,000	27,713	+31,758	+14,336
Sec 538 MFH Guaranteed Loans	250,000	-	167,606	-	207,289	-	400,000	-	+192,711	-
Sec 523 Self-Help Housing Land Dev Loans	-	-	-	-	2,097	267	5,000	726	+2,903	+459
Sec 524 Direct Site Dev Loans	3,599	148	2,000	83	2,183	208	5,005	491	+2,822	+283
SFH Credit Sales	39	-	-	-	270	-	10,000	-	+9,730	-
Sec 514 FL H Loans	43,020	4,349	60	12	17,249	6,004	25,000	9,690	+7,751	+3,686
Sec 516 FLH Grants	38,430	38,430	579	579	11,656	11,656	12,246	12,246	+590	+590
MFH Preservation/Revitalization Zero Interest	16,911	5,765	3,065	1,335	1,390	782	41,160	24,495	+39,770	+23,713
MFH Preservation/Revitalization Soft Seconds	49,873	17,710	3,080	1,506	401	268	61,711	43,822	+61,310	+43,554
MFH Pres/Revital Grants	7,675	7,675	-	-	1,208	1,208	7,160	7,160	+5,952	+5,952
MFH Pres/Revital Modifications/Deferrals	-	-	875	875	332	332	14,523	14,523	+14,191	+14,191
MFH Preservation/Revitalization Pilot Grants	2,100	2,100	3,000	3,000	2,000	2,000	1,420	1,420	-580	-580
Administrative Expenses	-	412,254	-	412,254	-	412,254	-	412,254	-	-
Subtotal Disc Obligations	14,730,999	515,300	7,985,339	470,156	16,901,815	499,523	31,939,625	738,236	+15,037,810	+238,713
Mandatory Obligations:										
Sec 502 SFH Direct Loans American Rescue Plan	148,751	2,767	784,528	29,084	-	-	-	-	-	-
Sec 504 Direct Very Low American Rescue Plan	19	-	1,764	146	-	-	-	-	-	-
Subtotal Mand Obligations	148,770	2,767	786,292	29,230	-	-	-	-	-	-
Total Obligations	14,879,769	518,067	8,771,631	499,386	16,901,815	499,523	31,939,625	738,236	+15,037,810	+238,713
Add back:										
Lapsing Balances	16,949,472	295	23,500,955	3,038	14,086,804	-	-	-	-14,086,804	-
Balances Available, EOY:										
502 X-Year Low & Vlow Income	3,208	60	-	-	898	86	1,138	158	+240	+72
Sec 514 FL H Loans	186,451	5,751	57,385	11,718	32,990	11,484	34,049	13,197	+1,059	+1,713
Sec 516 FLH Grants	12,841	12,841	23,738	23,738	24,815	24,815	25,425	25,425	+610	+610
Other	-	2,422	-	10	-	10	-	10	-	-
Sec 502 SFH Direct Loans American Rescue Plan	1,804,275	33,559	-	-	-	-	-	-	-	-
Sec 504 Direct Loans, VL American Rescue Plan	84,027	1,454	-	-	-	-	-	-	-	-
MPR Zero Interest Rate	30,203	10,515	-	-	1,233	694	1,426	849	+193	+155

2025 USDA EXPLANATORY NOTES - RURAL HOUSING SERVICE

Item	2022	2022	2023	2023	2024	2024	2025	2025	Program Level Inc. or Dec.	Budget Authority Inc. or Dec.
	Program Level	Actual BA	Program Level	Actual BA	Program Level	Estimated BA	Program Level	Estimated BA		
MPR Soft Second .....	1	-	3,088	1,345	-	-	439	312	+439	+312
MPR Grants Pilot Program.....	3,112	3,112	4,048	4,048	2,840	2,840	2,628	2,628	-212	-212
MPR Grants/Deferrals/Modifications .....			43,456	43,456	79,536	79,536	78,826	78,826	-710	-710
Total Bal. Available, EOY .....	2,124,118	69,714	131,715	84,315	142,312	119,465	143,931	121,405	+1,619	+1,940
Total Available.....	33,953,359	588,076	32,404,301	586,739	31,130,931	618,988	32,083,556	859,641	+952,625	+240,653
Less:										
Total Transfers In .....	-	-	-1,520	-500	-	-	-	-	-	-
Total Transfers Out .....	62,744	1,150	323,917	12,746	-	-	-	-	-	-
Balances Interchange.....	-14,215	-10,455	-	-	-	-	-	-	-	-
Recoveries, Other .....	-40,957	-11,947	-22,653	-5,305	-9,521	-5,316	-8,992	-5,606	+529	-290
Rescinded Balances.....	-	-	125,883	5,390	-	-	-	-	-	-
Bal. Available, SOY .....	-2,230,288	-77,274	-986,417	-69,714	-107,295	-84,315	-138,603	-119,465	-31,308	-35,150
Total Appropriation.....	31,730,643	489,550	31,843,511	529,357	31,014,115	529,357	31,935,961	734,570	+921,846	+205,213

**JUSTIFICATION OF CHANGES**

Rural Housing Service (RHS) programs provide easy access financing with low interest rates to rural families so they can buy or rent a home. RHS also supports rural communities by providing healthcare to the people and places in our country that often lack access. RHS programs are contributors to the following Strategic Goals and Strategic

Objectives: Goal 5: Expand Opportunities for Economic Development and Improve Quality of Life in Rural and Tribal Communities: Objective 5.2: Boost the Financial Security of Rural and Tribal Communities through Access to Affordable Housing Objective 5.3: Increase Capacity, Sustainability, and Economic Vitality in Rural and Tribal Communities. Access to affordable and safe housing is at the foundation of strong communities, healthy families and vibrant economies. USDA is committed to ensuring that people living in rural and tribal communities have equitable and affordable access to housing. Rural Development will improve delivery of its housing programs and resources, by embedding key Departmental priorities such as climate and equity. This includes continuing to identify opportunities to make housing more accessible, expanding outreach into underserved rural and tribal communities, and committing to creating more sustainable and energy efficient housing. In doing so, Rural Development will help keep families in rural America financially secure in their homes, especially in the face of the COVID-19 pandemic. Affordable housing is often regarded as infrastructure because it addresses two fundamental concerns: it facilitates business access to labor, a critical economic input, and it helps avoid costly residential alternatives that can burden economies. The program supports this critical infrastructure by increasing housing affordability and providing homes, both rented and owned, that improve the quality of life for rural families. As rural economies tilt less toward agriculture and more toward service and other industry sectors, these working families are needed to sustain a local tax base that supports a rural population that is older than its urban counterpart. The program helps to create jobs, retain a reliable workforce, and strengthen the housing market in rural communities. The programs efficiently address the lack of credit access in rural America for limited income rural homebuyers and investors by guaranteeing loans that feature a uniquely affordable repayment structure.

**Rural Housing Insurance Fund**

The numbers and letters of the following listing relates to values in the Change (Chg) Key column of the Project Statement:

1. An increase of \$767,826,000 in program level for the Section 502 Single-Family Housing Direct Loan program (\$483,073,000 available in 2024).

The Section 502 Single Family Housing (SFH) Direct Loan Program provides loans directly to very low- and low-income homeowners who have no other financing options. The Section 502 Direct Loan Program enables loan applicants who are financially able to meet their monthly loan obligations to obtain 33-year, fixed-rate, 100 percent financing to purchase a newly constructed or existing dwelling, or a site on which to construct a home. For applicants with lower incomes who need more manageable loan terms to qualify, loan terms of up to 38 years are available. Mortgage payments are subsidized so that the monthly payment can be as low as 24 percent of a household's adjusted income. The program has provided mortgage financing in rural communities for more than five decades, and it continues to provide affordable housing for low-income borrowers in rural areas. In addition, first-time homebuyers account for 91 percent of SFH Direct housing programs, and the programs provide approximately 40 percent of loan assistance to socially disadvantaged groups that represent approximately 22 percent of the total rural population. In 2023, the program obligated almost \$1.7 billion across 7,119 loans in the Section 502 Direct Loan portfolio; this does not include nine loans totaling \$9 million for the SFH Relending Program. However, it does include \$784.5 million for the 21/23 Refinance ARPA loans. From this total, there are nine loans totaling approximately \$1.9 million for Colonias for both low-income and very low-income loans, and \$36.3 million for 187 loans in persistent poverty areas.

The SFH Direct Loan program also helps strengthen rural communities with loans for home repairs for very low-income households, and grants for critical home repairs for very low-income seniors. The "Self Help" housing program provides technical assistance grants so groups of very low- and low-income families can reduce their mortgages by constructing their own homes, also utilizing section 502 direct loans. Direct loans are also available for affordable site development when future occupancy is reserved for rural homebuyers with limited incomes. Collectively, these programs address the homeownership needs of rural families, create jobs, support local employers, and strengthen local economies in rural communities throughout the Nation.

RHS is already making improvements to these programs to enhance the customer experience and optimize program delivery. On November 2, 2022, RHS published a notice (87 FR 66075) to waive two regulatory requirements for the Section 502 Direct and Guaranteed Manufactured Housing pilot program. This pilot is a

continuation of the existing manufactured housing pilot, which was initially implemented on August 12, 2016; it was intended to evaluate the existing regulations and remove regulatory barriers to provide improved ease of use for very low- to moderate-income homeowners seeking to purchase affordable housing.

Based on the findings, on August 16, 2023, RD published a proposed rule (88 FR 55601) requesting comments regarding proposed changes to the SFH Section 502 Direct and Guaranteed Loan Program. The proposed revisions will allow the agency to use program funds responsibly and effectively by offering borrowers more purchase options within a competitive market, thereby increasing the likelihood of borrowers finding adequate housing, which increases program impact. The proposed rule would make changes to such areas as, but not limited to, updating the current regulations to permit the purchase of existing manufactured homes as well as revising the regulation language to meet conditions of the ownership requirement for energy efficient manufactured and modular home financing in Land-Lease Communities Operating on a Nonprofit Basis pilot, and expand this to include Tribal lands.

Moving forward and building on this effort, RHS is working on further streamlining and improving the SFH Direct programs. The agency's goal is to continue to reduce the regulatory burdens by enhancing program delivery, expanding customer service, promoting program consistency where feasible, and aligning the programs with current housing market conditions and mortgage loan practices.

The 2025 requested funding of \$1.25 billion will provide direct financing for an estimated 5,355 units, including home purchases, rehabilitation, and refinancing of existing RHS loans. This funding will enable RD to continue supporting financing opportunities to low and very-low-income households in rural communities nationwide. The Agency increased its obligations in the Section 502 SFH Direct Loan program between 2022 and 2023 in part because of increased costs in the housing market and higher mortgage rates, RD estimates this level of funding will be sufficient to support the expected demand.

This program also contributes to the Justice 40 Initiative directing that at least 40 percent of the benefits of Federal programs go to disadvantaged communities. In support of this initiative, RD is continuing the legislative proposal included in the 2024 President's Budget to eliminate recapture of the subsidy costs associated with the subsidized interest rates. Some applicants for this program may qualify for payment assistance based on their adjusted family income. Payment assistance is a type of subsidy that reduces the mortgage payment for a short time, but under current regulations, the payment subsidy borrowers receive over the life of the loan is subject to recapture when the borrower transfers title or ceases to occupy the property - including but not limited to, in the event of foreclosure or deed in lieu of foreclosure. The amount to be recaptured is determined by a calculation specified in the borrower's subsidy repayment agreement and is based on the borrower's equity in the property at the time of loan pay off. While subsidy recapture formulas have changed over the years, under the current formula the maximum amount of subsidy recapture which must be repaid is the lesser of the total dollar amount of subsidy received or up to 50 percent of the property's value appreciation. With home prices rising nationwide, this change would allow our low- and very low-income borrowers to keep a larger portion of profits from the sale of the property or reduce their potential liabilities if they cease to occupy the property. These additional funds will increase the chance they continue to be successful homeowners moving forward and will help low-income homeowners build wealth and provide a better future for their families.

2. An increase of \$2,108,000 in program level for the SFH Relending Program for Native American Tribes program (\$5,393,000 available in 2024).

In 2018, the proposal for the Native Community Development Financial Institutions (NCDFIs) Relending Pilot was presented to RHS from the South Dakota Native Homeownership Coalition. The relending program remains a highly sought-after investment tool for lending on Native American lands, and the NCDFIs have proven that they can successfully loan money to families seeking homeownership on native lands. In January 2023, the NCDFIs began repayment on their loans. This Relending Pilot program is a very popular for eligible Native American homebuyers. This program alleviates some of the systemic and legal in the housing arena for Tribal communities.

In 2023, the agency obligated just over \$9 million for this pilot program.

On October 16, 2023, the agency announced that the RHS is partnering with eight NCDFIs to expand homeownership opportunities for Native Americans living on Tribal lands in eight states. This announcement

expands the program by six additional native lending institutions to continue to demonstrate USDA’s commitment to Tribal communities. In the remarks from the Acting Under Secretary for Rural Development said that “Since 1949, USDA has helped provide homes for people living in rural and Tribal communities, and our Partnership with Native Community Development Financial Institutions strengthens that legacy. That’s why we are proud to partner with these expert organizations to help us continue driving economic security and prosperity for people in Tribal communities across the nation.”

To continue to improve RD’s relationship with its customers, RD announced in April 2023 our new Tribal Relations webpage on [rd.usda.gov](http://rd.usda.gov); it provides a centralized location for information of interest to Tribes, Tribal communities, American Indians, and Alaskan Natives. The goal of this new site is to help connect stakeholders with the resources they need, and it will help RD strengthen our relationships with the communities we serve across rural America. The site includes information such as, but not limited to, tribal outreach, consultation, and listening sessions; information about programs and specific funds, such as other RD Tribal funding; contact information for the RD Tribal Relation’s team; and additional resources from federal partners.

The budget request for \$7.5 million in 2025 will support at least two loans to NCDFIs, which will be leveraged to help an estimated 69 Native American borrowers realize the dream of homeownership. This program has gained support from Tribal and the Native American communities as it addresses housing overcrowding in reservations and provides homeownership opportunities for these population.

3. No change for Section 502 SFH Guarantee Loan Program (\$30,000,000,000 available in 2024).

The Section 502 SFH Guarantee Loan Program (SFHGLP) 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 guaranteed fee. Loan terms of 30 years are provided at a competitive rate that is capped by the agency. The program also refinances higher interest, existing USDA guaranteed or direct loans. The SFH Guarantee Loan Program 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 to tens of thousands of creditworthy low- and moderate-income rural Americans who cannot meet down payment requirements and would not have homeownership opportunities in 2025.

The agency obligated \$6,799.9 million in 2023. The demand for the guaranteed loan program has decreased significantly over the past two years, mainly because rising interest rates and price increases associated with limited housing inventory have contributed to historic industry lows in housing affordability, which negatively affects the obligations associated with this program.

On July 26, 2023, the agency launched two pilot programs in the SFHGLP portfolio to increase affordability homeownership opportunities for people on Tribal lands. The Tribal Property Valuation Pilot program provides approved lenders the opportunity to obtain desktop appraisals for dwellings on Tribal land. This pilot program is expected to help decrease the cost as well as eliminate potential inaccuracies in appraisal reports. Under current requirements, appraisers often must be hired from outside the local area because there are very few local appraisers in tribal areas, and a lack of familiarity with the local market area can result in inaccurate values. The Tribal Rehabilitation Pilot Program was designed to address the fact that many homes on Tribal lands that are passed down through generations need renovations to make them safe and bring them up to code. Under current requirements, applicants are not eligible unless they are purchasing the home or have an existing SFH Guaranteed Loan. This program will help people who have inherited their home remain in safe and improved housing on Tribal lands and improve their quality of life. This program was also announced in the Federal Register (88 FR 48031); it is expected to continue until July 28, 2025, at which time the agency will decide to continue or terminate the pilot program.

To preserve the authorization level of \$30 billion, program management actively seeks to maintain the program’s neutral subsidy rate (or slightly negative). This enables the program to meet its mission service goals without requiring budget authority to offset credit losses. Program demand is affected by changing macroeconomic conditions. With a total of \$30 billion in lending capacity, the program will increase the number of guaranteed loans to over 162,986. In accordance with community needs, the program will focus on

increasing assistance to distressed and underserved communities. This includes increasing outreach to tribal and other underserved communities through targeted marketing campaigns and diversifying approved lenders.

4. An increase of \$14,605,000 in program level for the Section 504 Housing Repair Loan program (\$13,395,000 available in 2024).

Section 504 Housing Repair loans are intended to help very low-income owner-occupants in rural areas repair their properties. These loan funds may be used to make general repairs and improvements to properties or to remove health and safety hazards, as long as the dwelling remains modest in size and design. The agency does have guidelines codified in regulation about the type of properties eligible. The property must be one that is considered modest for the area and must not be designed for income producing purposes or have a market value in excess of the applicable maximum area loan limit. Dwellings repaired with these funds need not be brought to the agency development standards, nor must all existing hazards be removed; however, major health or safety hazards must be resolved. All housing repair work must be completed in accordance with local construction codes and standards.

In 2023, the agency obligated \$15.1 million across 1,973 obligations, including \$1 million in persistent poverty areas, \$1.8 million was obligated for 21/23 ARPA, with smaller amounts for Colonias, Indian Country, and Underserved Areas. This level of obligations is similar to the 2022 total; however, there was a significant increase in obligations for the 2021/2023 ARPA funds. The largest loans obligated were for as much as \$40,000. Most funds went to the South, with the top recipients being Texas and North Carolina, and the Midwest, whose top recipients were Michigan and Illinois.

Throughout 2023 the agency continued to operate the Section 504 Repair Pilot that was announced on July 7, 2022, in the Federal Register (87 FR 40709). This pilot program is anticipated to continue until July 8, 2024, at which time the RHS may extend the pilot program with or without modifications or terminate it. The agency is working to streamline and improve the SFH Direct programs, which includes the Section 504 Repair program pilot waiver topics. While not an inclusive list, updates address issues such as subdividable lots, asset limits, tax service fees, and the threshold for requiring an appraisal. As an example of the proposed changes, appraisals would retain the flexibility for the loan officials to determine if an appraisal is necessary when the assessed valuation by local authorities does not support a fully secured interest by the Agency and preserve the requirement to ensure adequate security value. Some anticipated benefits from the changes to the threshold for appraisals are a reduction in appraisal orders, lower cost to loan applicants, and decreased application processing times.

With the additional funding requested, the Section 504 Housing Repair Direct Loan program can provide 186 more loans in 2025 that continue to support the Administration's effort to provide affordable, sustainable housing by funding repairs to make repairs to conditions that are health or safety hazards.

5. An increase of \$31,758,000 in program level for the Section 515 Multi-family Housing Direct Loan program (\$38,242,000 available in 2024).

Continuing funding is crucial to ensuring the continued success of the Multi-family Housing (MFH) program and for building a sound portfolio that will serve rural residents for years to come. 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. This funding will also target RD properties where the promissory note is maturing 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 (RA), Multi-family Preservation and Revitalization (MPR), and in some cases Section 538 Guaranteed Loan programs.

Sections 515 Rural Rental and 514 Farm Labor Housing portfolios are aging, and mortgage maturities will accelerate significantly from 2027 through 2041. Each year from 2022 to 2028 an average of 80 properties per year will mature, and from 2028 to 2040 that average increases dramatically to 550 properties per year. Without

substantially increased levels of appropriated MPR funds, 228,700 units will be lost at the time of loan maturity through 2050. There is an urgent need to find solutions to allow these properties to recapitalize, perform needed rehabilitation, and be preserved as quality affordable housing assets for many years to come. Current statutory authority requires a property to have a Section 514 or 515 mortgage to receive Section 521 RA. If the Section 514/515 mortgage is paid off through prepayment or maturity, the property can no longer receive RA. Because keeping RA in place requires keeping the Section 514/515 mortgage in place, accessing new private debt or equity to recapitalize and preserve these properties is very difficult, costly, and requires complicated subordination agreements. To address this preservation hurdle, the debt is currently deferred for 20 years under the MPR program. However, debt deferral creates a level of credit risk due to the 20-year balloon note, is expensive from a credit subsidy perspective, and is not sustainable as a single source tool for long-term preservation path for these properties.

On March 3, 2023, MFH announced via a Gov Delivery, the availability of \$70 million for Section 515 Rural Rental Housing subsequent loans in 2023. USDA issues subsequent loans to complete, improve, repair, or make modifications to multifamily housing initially financed through USDA. The agency received applications totaling \$242 million, demonstrating a demand and oversubscription of more than 240 percent for this specific opportunity alone. The \$70 million in execution was spread across 67 obligations with 75 percent of the funding going towards Southern states. Alabama had obligations totaling \$33.1 million while Mississippi had \$13.4 million in obligations. The 2023 obligations were the highest level since 2019. In the three previous years obligations ranged from approximately \$38-50 million.

In accordance with the 2023 Consolidated Appropriations Act, USDA conducted a series of stakeholder meetings to provide information to Congress on how decoupling of Section 521 RA from Section 515 mortgages would be implemented. The feedback from MFH stakeholders and industry partners is critical as the Agency prepares its report to Congress on ways to implement decoupling. The agency conducted a total of five feedback sessions from June 2023 to August 2023, two in-person sessions and three virtual sessions; this method is used to obtain feedback from a wide range of partners both internal and external stakeholders. The in-person sessions were held in 2023 at conferences conducted by the National Council of State Housing Agencies on June 15 and the Council for Affordable and Rural Housing on June 27. The virtual sessions were open to all stakeholders and were held on July 19 and July 25. Additionally, stakeholders were afforded the opportunity to provide written comments to the agency on MFH decoupling until July 31, 2023. USDA announced two virtual sessions for stakeholders on the potential decoupling of Section 515 and RA via the Federal Register “Decoupling Rental Assistance: Virtual Public Listening Sessions-Notice” on June 15, 2023 (88 FR 39219); these sessions were open to the public. The responses the agency received at the listening sessions have been overwhelmingly positive. Stakeholders are excited to have this additional tool to preserve the affordability of mature Section 515 mortgages. Many of the stakeholders were eager to offer up suggestions and issues for USDA consideration around implementation.

In 2023, RHS announced the implementation of a pilot program for simple transfers of USDA Section 515 properties on December 9, 2022 (87 FR 75457). MFH has identified the need to simplify the transfer of ownership for certain types of transactions to reduce application requirements that will result in lower transaction cost for applicants and improved processing times. The pilot program will continue until December 9, 2024. The current process places the same submission requirements on applicants regardless of the complexity of the transaction, resulting in undue burdens for relatively uncomplicated transfers, thereby reducing potential transfer and preservation activity in the portfolio. The three options in this pilot are: (1) Simple Transfer with Expedited Ownership Change Required; (2) Simple Transfer with Rehabilitation; and (3) Simple Transfer with Future Rehabilitation/Recapitalization Plan. In the MFH Partnership Update November 2023, the agency provided an update on the pilot. The data reported includes: 53 concept calls held, 39 applications mailed, 17 complete applications received, 17 applications submitted for closing, and four closed.

In January 2023, the White House released a Blueprint for a Renter Bill of Rights, which is intended to support the development of policies and practices that promote fairness for Americans living in rental housing. As a result, on May 15, 2023, RHS published a memo for the MFH program, “Program Requirements and best practices regarding denial of admission in USDA Multifamily Housing (MFH) administered programs”. The goal of RHS’s outreach was to remind MFH Owners, landlords and property managers, of relevant legal requirements for disclosing denials of admission to applicants as well as to share best practices for tenant screening reports and the disclosure of the contents to tenants.



A funding level of \$70 million in 2025 will support an estimated 65 loans. This budget request also includes a change in the appropriations language to make the Section 515 Direct program two-year funding, which aligns with the availability of Tax Credit and will facilitate working with third parties for developing this affordable housing opportunity. The funding is essential for continuing to maintain and increase affordable housing in rural America where the renters are more vulnerable, and availability of other options are non-existent.

The 2025 Budget continues to request to decouple section 521 RA from section 515 loans to facilitate the rehabilitation and preservation of the MFH loan portfolio. The request to allow the Section 514/515 debt to be paid off while keeping the RA in place is essential to facilitate preservation at scale across the Section 515 portfolio. RA is a critical component underlying all modern-day affordable housing platforms and is needed to achieve rents that will support recapitalization. RA is often included in state housing finance agency prioritization for receipt of low-income housing tax credits and other local resources. When the Section 515 mortgage matures or prepays, the debt load of the property is reduced, allowing borrowers to take on additional third-party debt to facilitate recapitalization. The proposal aligns with H.R. 1603, the Farm Workforce Modernization Act of 2021, which provides the authority to decouple Sections 514 and 515 from Section 521 Rental Assistance.

6. No change for Section 538 MFH Guarantee Loan Program (\$400,000,000 available in 2024).

The Section 538 MFH Guarantee 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 states 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 every \$1 invested from the Section 538 program, the agency can leverage about \$2.88 of public-private funding. This program meets critical housing need in rural America.

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 MPR programs will assist in the rehabilitation of the existing Section 515 housing stock, providing affordable housing in rural America that will contribute to environmental justice.

The agency obligated \$167.6 million over 52 loans in 2023 and 56 percent of the funding was obligated in Southern states. These funds are obligated across 21 states with South Carolina receiving the most at \$57.7 million. This is the first time since 2017 that Illinois received funding for this program.

On January 31, 2023, the agency published a proposed rule in the Federal Register (88 FR 6209) to align the current criteria of priority projects with the Housing Act of 1949, as amended, to improve the customer experience with more timely and proactive responses to housing market demands and Administration priorities. Then, on April 28, 2023, the agency published a notice of updates in the competitive lender submissions process (88 FR 26221) with a follow-up to document on July 19, 2023 (88 FR 46047).

In South Carolina, a \$19.8 million guarantee loan will be used to assist in the construction of Cheney Mill Lofts, a family multifamily housing complex in Pendleton, South Carolina. This project has a total of 43 one-bedroom, 59 two-bedroom, and 18 three-bedroom units housed in four three-story buildings. Similarly, \$2.4 million will be used to assist in the rehabilitation of The Gables on Holley, a family multi-family housing complex in Loxley, Alabama. The project will go through significant rehabilitation and improve the living conditions for all the current and future tenants. This project has a total of 36 two-bedroom and 20 three-bedroom units.

The Budget request will allow RD to continue to grow the MFH portfolio. As RD continues program outreach

efforts, this funding will allow the agency to address more effectively the growing need for new housing and rehabilitation of existing facilities, creating approximately 172 properties and 6,890 units. The continuation of the program is critical because it encourages investment in housing facilities for rural residents unable to afford housing at other facilities and without this program, rural homelessness could increase.

7. An increase of \$2,903,000 for Section 523 Housing Land Development program level (\$2,097,000 available in 2024).

Section 523 self-help RHS loans provide funds to 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 use 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.

The program has had limited demand in recent 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. No loans have been approved in the past several years. As a result of this low program performance, RHS continues exploring alternatives to 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. Like 524 site loans, rising interest rates may make 523 site loan financing more attractive to investors in 2025 than it has been in past years.

The agency is continuing to improve the site loan programs. Looking to 2024, the SFH program is proposing updates and improvements to streamline and simplify SFH requirements to reduce paperwork. Over time the SFH Site Loan program has evolved, and the current regulations as codified restrict RD's ability to be flexible with market changes. The program office routinely meets with partners for feedback on improving the program for rural customers.

The 2025 request continues to support \$5 million in program level for Section 523 Site Development. The Budget continues to request proposed legislation to increase the two-year term to five years to improve demand for the program. The proposed legislation will improve the performance of the program. As described above, the two-year term is too constrained for these projects. The extension into a five-year term will make the program more practical for RD partners. The expectation is that obligations will start increasing once the term is increased.

8. An increase of \$2,823,000 in Section 524 Housing Site Development program level (\$2,183,000 available in 2024).

Funding for the Section 524 direct site development loan program provides loans to non-profit entities to purchase and develop land that will be subdivided into adequate building sites and sold on a non-profit basis. The sites developed with a Section 524 loan must be for housing low- and moderate-income families and may be sold to families, nonprofit organizations, public agencies, and cooperatives eligible for assistance under any section of Title V of the Housing Act of 1949, as amended, or under any other law which provides financial assistance. There is no limitation as to the method of construction that will be used. This program went unused for several years due to the short term and low-conventional market rates; however, this dynamic is changing. The agency is seeing some renewed interest in the Section 523 and 524 site loan programs, this is primarily due to our team's outreach and a rising interest rate environment.

The agency obligated \$2 million in 2023 to Habitat for Humanity in Minnesota for 42 lots. RHS seeks opportunities to expand participation in the program and this budget request continues the general provision that will extend the period of disbursement from two to five years which will impact the results in 2024. In the past, this program had little demand in recent years because of the two-year loan repayment requirement. This requirement can cause delinquencies when site development and lot sales cannot be completed within the two-year timeframe, discouraging program use. RHS is exploring remedies to promote greater interest in the

program and ensure more affordable home sites are available to lower income families in rural areas. Changes are expected to benefit non-profit groups developing SFH sites and the rural families they serve. Reasonable interest rates in the conventional marketplace meant potential applicants have frequently relied on other credit sources.

The budget is requesting \$5 million program level for this program. The budget continues to include proposed legislation to increase the two-year term to five years to improve demand for the program. The proposed legislation will improve the performance of the program. As described above, the two-year term is too constrained for these projects. The extension into a five-year term will make the program more practical for RD partners. The expectation is that obligations will start increasing once the term is increased.

9. An increase of \$13,268,000 in program level for the Section 514 Farm Labor Housing program (\$11,732,000 available in 2024).

Funding for the Section 514 Farm Labor Housing loans will allow the agency to continue to support farmers providing decent, safe, and sanitary housing for farm laborers for small, on-farm housing or off-farm MFH developments. Continuation of the program is critical because it provides a safe environment for hard-working residents in rural America, and it fosters the growth of families, communities, and the economy. 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. A key program used to access capital markets to leverage RD's Section 514 and 516 funding is the Low-Income Housing Tax Credit (LIHTC) program. A few states also aid 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 RHS leveraged 0.23 dollars.

In 2023, the agency obligated \$60,000. Low obligations were due to timing of the Notice of Availability of Funds. However, the agency did work on improving customer service and several other efforts with a few of them mentioned below.

RHS proposed to implement changes related to the regulation regarding the administration of property reserve accounts under Section 515 and section 514 Farm Labor Housing (FLH) direct loan programs. The proposed rule, "Changes Related to Reserve Account Administration in Multi-Family Housing (MFH) Direct Loan Programs" was published to the Federal Register January 9, 2023 (88 FR 6209). The intent of the proposed rule is to increase flexibility in project refinancing for additional capital improvements needed at MFH direct loan properties; it will allow the borrower to use surplus cash to fund Agency-approved soft debt. MFH-approved soft debt is often provided by state or local government as vital additional sources of MFH direct loan property rehabilitation funding. The proposed changes will allow owners the flexibility to access surplus cash notes as a new source of capital for property improvements and to implement operating cost increases in property reserve contributions.

In 2024, the agency continues to make positive improvements in program administration and published a proposed rule in the Federal Register (88 FR 73245) on October 25, 2023, and comments to be received no later than December 26, 2023. The proposed rule seeks to amend the regulation for the MFH Direct Loan and Grant programs to align RD insurance coverage types, amounts, and deductibles with affordable housing industry standards to simplify the coverage amounts, deductible limits, and improve the customer experience with updated and understandable insurance requirements.

Funding requested in 2025 will allow construction of 14 FLH projects where critical market demand has been established, and all other necessary funding is in place to proceed. These properties will be developed using energy efficiency standards, resulting in long term sustainability through more stable operating expenses and enhanced affordability of tenant rents. The funding requested will also provide resources for 8 existing FLH properties (172 units) in need of capital to perform critical physical repairs. With the additional funding requested, the Section 514 FLH program can provide 385 loans that will allow the agency to continue to support farmers providing decent, safe, and sanitary housing for farm laborers for small, on-farm housing or off-farm MFH developments. The combined \$25 million in loan level and \$10 million in grants for Farm Labor Housing will allow existing Farm Labor Housing projects funded in prior years but currently unable to proceed to construction due to COVID related cost increases.

10. No change for the Section 516 Farm Labor Housing Grants program (\$10,000,000 available in 2024).

Funding for the Section 516 Farm Labor Housing (FLH) grant program will provide farmworkers with decent, safe, and sanitary housing for off-farm FLH developments. Section 516 grants are limited to off-farm housing and RHS typically provides a combination of Section 514 loans (mentioned above) and Section 516 grants to fund these projects. Section 516 grants are critical to off-farm FLH because they reduce the amount of debt service, reducing project expenses and the amount of rental assistance needed to support the project. In addition to being an eligible entity, grantees must be able to contribute at least one-tenth of the total farm labor housing development cost from its own or other resources; an off-farm FLH loan may be used to meet this requirement. At present, the regulatory language states that off-farm FLH grant agreement will remain in effect as long as there is a need for farm labor housing.

In 2023, the program obligated almost \$579,000 across four grants for technical assistance. The funding was obligated in New Jersey and Colorado. Colorado received approximately the same level of funding of \$250,000 in 2022 and 2023. New Jersey received funds for the first time in at least seven years; it received just under \$329,000.

On May 4, 2023, RHS published a Notice of Finance Availability for the Consolidated MFH Technical Assistance Grant program for 2023 in the Federal Register (88 FR 28469). This was the first year MFH issued a consolidated notice for its technical assistance grant programs; the intent of the effort was to simplify the application process, better coordinate services for applicants, and ensure transparency and predictability in funding cycles. Funding was made available for eligible technical assistance providers seeking grants to provide technical assistance services to qualified applicants. The FLH technical assistance grants authorized under the funding opportunity were for the purpose of encouraging off-farm labor housing development under section 516(i) of the Housing Act of 1949, as amended. The primary objective of the funding opportunity for FLH was to improve the overall quality of FLH application packages submitted to the Agency for funding consideration in areas determined to have unmet need and unsatisfied market demand for new off-farm labor housing development. There is no cost sharing or matching requirements.

In the fourth quarter of 2023 the agency published a proposed rule in the Federal Register (88 FR 62475) on “Updates to the Off-Farm Labor Housing (Off-FLH), Loan and Grant Rates and Terms; Clarification of Grant Agreement Terms” with comments closing November 13, 2023. This rule proposes to amend the regulation for the Off-FLH program by clarifying the grant agreement term and adopting the period of performance as required by Federal award information requirements. This initiative is expected to clarify for applicants and grantees their obligations and requirements as Federal award recipients. The agency has tentatively scheduled to start soliciting applications for the program in late Spring 2024.

A funding level of \$10 million in 2025 will support an estimated 66 grants.

11. An increase of \$54,000,000 in budget authority for the Section 515 Multi-family Housing Preservation and Revitalization (MPR) program (\$36,000,000 available in 2024).

The Section 515 MPR program provides funding for MFH projects for revitalization and preservation of the properties. Zero percent loan, soft second loan, and revitalization grant programs provide an inexpensive source of funding to preserve and modernize RHS’ multifamily 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. The funding will be used for modifications of existing loans. This program appropriations language provides the flexibility of using the subsidy supporting these tools as demand occurs. The loan level amounts shown in the 2025 budget are estimates and may not be the final amounts.

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 Low-Income Housing Tax Credit (LIHTC) or other state or Federal programs. As a result, RHS can 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. About 39 percent of the tenants residing in these properties are people of color. In 2023, the MPR obligated \$28.8 million across 63 loans. One component of the program, the zero-interest rate loan, accounted for 2 obligations totaling \$3.1 million, these were both obligated in Indiana. The MFH Revitalization Loan Pre-Credit Reform Financing & Liquidating - Modification Deferrals accounted for 36 obligations totaling \$22.4 million, with Alabama and Louisiana

accounting for almost 86 percent of the obligations. The MFH Revitalization Soft Second Loans accounted for 1 obligation in Louisiana totaling \$3.1 million.

This Budget request continues to emphasize the need for improving/adding multifamily housing options in rural areas as proposed in the 2024 President’s Budget. This program works in tandem with MFH Direct resources for increasing the availability of safe and affordable housing in rural areas and increasing options when maturing mortgages are going to increase from 2028 to 2050. This funding will allow for an estimated 26 zero percent and 19 soft seconds loans for rehabilitating and preserving affordable rural rental housing.

12. An increase of \$153,213,000 in direct loan subsidy budget authority (\$69,103,000 available in 2024).

This is the budget authority necessary to support the program levels requested. The increase is due primarily to increased interest Treasury rates. In addition, the single family housing section 502 direct loan subsidy cost is also increasing due to the proposal to eliminate recapture of the payment assistance subsidy when the homes are sold or otherwise transferred.

13. A decrease of \$2,000,000 in budget authority and program level for the MFH Revitalization Pilot Grant program (\$2,000,000 available in 2024 as a general provision).

The Administration is not seeking to include this pilot program in the 2025 Budget.

## **PROPOSED LEGISLATION**

### **Rural Housing Insurance Fund**

#### ***Direct Single Family Housing Loans***

Current legislative authority to be amended: The Statutory language will need to be amended to eliminate recapture from Section 502 Single Family Housing (SFH) Direct loan program, retroactively, and prospectively.

Rationale: The ending of the existing low-income borrower penalty that requires individuals to repay subsidy costs, known as “recapture” in Section 502 SFH Direct loans is included in the RHIF language for the 2025 loans. This section describes the tandem mandatory proposal to end the recapture for all previously executed SFH Direct loans and is detailed below as an authorizing legislative proposal. This change would be significant to USDA’s low- and very low-income borrowers. They would receive the benefit of an affordable mortgage payment without having to worry about possibly making a large, lump sum payment when they transfer title or cease to occupy the property. With home prices rising nationwide, this change would allow our low- and very low-income borrowers to keep a larger portion of profits from the sale of the property or reduce their potential liabilities if they refinance or cease to occupy the property. These additional funds will increase the chance they continue to be successful homeowners moving forward.

Proposal: The Section 502 Direct Loan Program provides home buying and home repair opportunities for low- and very low-income applicants. Some applicants may qualify for payment assistance based on their adjusted family income. Payment assistance is a type of subsidy that reduces the mortgage payment for a short time. Under current regulations, the payment subsidy borrowers receive over the life of the loan is subject to recapture when the borrower transfers title or ceases to occupy the property - including but not limited to, in the event of foreclosure or deed in lieu of foreclosure.

The Budget requests a mandatory legislative proposal to end the recapture requirement that Section 502 Single Family Housing borrowers repay the subsidy costs when the borrower refinances or no longer occupies the home. This is the only direct housing loan program within the Federal government mortgage loan programs that is means-tested: targeted to low- and very low-income families to assist them in purchasing housing in eligible rural areas. Low-income is defined as 80 percent of Area Median Income (AMI), and 40 percent of the funds are set aside for Very Low-Income (50 percent of AMI or less) applicants. This program assists applicants who must be unable to obtain credit from other sources on terms and conditions they can reasonably be expected to fulfill. The borrower is given a subsidized interest rate loan, which can be as low as 1 percent, based on the borrower’s income. As the borrower’s income increases, their interest rate increases too, until they are paying the note rate on the mortgage. Borrower income is reviewed every 2 years for the life of the loan to ensure the correct interest subsidy is being provided. However, when the borrower refinances or no longer occupies the home, they must repay a portion of the subsidy provided, which is known as “recapture.” The amount owed to the government is based on the borrower’s

equity in the property at the time of loan pay off; calculated as the lesser of the total dollar amount of subsidy received or up to 50 percent of the property's value appreciation.

Relief from the subsidy repayment requirement makes sense because these are the “on the cusp” borrowers that must be low- and very low-income to qualify for the program. The program supposedly offers the “dream of home ownership,” yet thousands of these borrowers end up with an affordable mortgage payment only to be saddled with the burden of making a large lump sum payment when they transfer title or cease to occupy the property. At the beginning of 2023 there were approximately 87,000 borrowers that had paid their mortgage in full, but don't have clear title because of the recapture owed, with a portion of those facing foreclosure. The program is designed to assist the least sophisticated borrowers through the process with the hope that they will eventually graduate to private credit. It is, therefore, not surprising that it is confusing to borrowers who don't understand the subsidy recapture formula, the situations under which it must be repaid, and the consequences from not paying it (e.g., security instruments will not be released until any deferred recapture amount has been paid in full).

This is the only subsidized interest rate loan program within USDA with that has a recapture component. USDA Farm Loans, community facilities and business loans do not require that the subsidized interest be repaid. There is a disconnect between providing assistance to low-income rural residents, so that they can become homeowners, and structuring the loan requirements to make the least-able pay the assistance back. This is especially disconcerting for this group, whose main asset in their estate to pass on to their heirs is their home. To end the recapture requirement ultimately promotes equity in service of rural communities, with particular attention to those suffering from systemic racism and other forms of discrimination.

This proposal is consistent with the Administration's priority to expand low-income housing opportunities. The cost to end the subsidy repayment requirement for all current low-income borrowers is \$1.12 billion.

Legislative Language: The Statutory language will need to be amended as follow to eliminate recapture retroactively and prospectively.

42 USC 1490a(a)(1) amended as follows to delete subparagraph (D) (deleted matter enclosed in brackets):  
[(D)

(i) With respect to borrowers under section 1472 or 1487(a) of this title who have received assistance under subparagraph (B) or (C), the Secretary shall provide for the recapture of all or a portion of such assistance rendered upon the disposition or no occupancy of the property by the borrower. In providing for such recapture, the Secretary shall make provisions to provide incentives for the borrower to maintain the property in a marketable condition. Notwithstanding any other provision of law, any such assistance whenever rendered shall constitute a debt secured by the security instruments given by the borrower to the Secretary to the extent that the Secretary may provide for recapture of such assistance.

(ii) In determining the amount recaptured under this subparagraph with respect to any loan made pursuant to section 1472(a)(3) of this title for the purchase of a dwelling located on land owned by a community land trust, the Secretary shall determine any appreciation of the dwelling based on any agreement between the borrower and the community land trust that limits the sale price or appreciation of the dwelling]

Section 502(g) of the Housing Act of 1949 (42 USC 1472(g)) amended as follows (adding underlined word):

Section 502(g) DEFERRED MORTGAGE DEMONSTRATION.—

(1) **AUTHORITY.**—With respect to families or persons otherwise eligible for assistance under subsection (d) but having incomes below the amount determined to qualify for a loan under this section, the Secretary may defer mortgage payments beyond the amount affordable at 1 percent interest, taking into consideration income, taxes and insurance. Deferred mortgage payments shall be converted to payment status when the ability of the borrower to repay improves. Deferred amounts shall not exceed 25 percent of the amount of the payment due at 1 percent interest and shall not be subject to recapture.

This is a mandatory proposal. The cost is the subsidy cost for modifying all existing Section 502 loans.

***Table RHS-5. Change in Funding Due to Additional Private Investment (thousands of dollars)***

Item	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	10 Year Total
Budget Authority..	\$1,120,352	-	-	-	-	-	-	-	-	-	- \$1,120,352
Outlays.....	1,120,352	-	-	-	-	-	-	-	-	-	- 1,120,352

**Proposed Legislation:** Multi-family Revitalization and Preservation Program

The Budget continues to include the permanent authorization of the MFH Preservation and Revitalization (MPR) program.

Proposal: The Rural Housing Service (RHS) seeks permanent authority for the revitalization program, which has been a demonstration program since 2006. The MFH MPR program is an effective tool to modernize 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 can 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:

IN GENERAL.— Title V of the Housing Act of 1949, as amended (42 U.S.C. 1471 et seq.), shall be amended by inserting after Section 544 the following new section: SEC. 545. 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. “(viii) 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”

### **Proposed Legislation: General Provisions**

The Budget continues to support a number of no cost legislative changes in the General Provisions to improve program delivery for the Rural Housing Insurance Funds Loans, including proposals: (1) to extend the repayment term for the self-help and site-development loans from 2 to 5 years, which will provide sufficient time to complete mutual self-help developments and increase participation in this program; (2) to improve single family housing loan inventory property management to dispose of Real Estate Owned (REO) properties in shorter time frames and reduce the costs associated with maintaining REO for longer periods; and (3) provide authority to standardize foreclosures across states, consistent with how HUD is authorized to carryout foreclosures which will improve and streamline the process. In addition, the Budget continues the General Provision that an additional requirement for construction or rehabilitation be targeted to projects that improve energy or water efficiency, implement green features, including clean energy generation or building electrification, electric car charging station installations, or address climate resilience of properties. These requirements will improve the adaptability and resilience to climate change events. This General Provision will reduce energy consumption and decrease unnecessary costs for rural borrowers. RHS also contributes to Justice40 investments by increasing Climate Change resilience and addressing racial equity with programs such as Community Facilities, Single Family Housing Direct, and Rental Assistance.

Continued GP: SEC. 734. None of the funds made available under this Act to carry out sections 504, 514, 515, 516, 523, 533 and 538 of the Housing Act of 1949 (42 U.S.C. 1474,1484–1486, 1490c, 1490m, 1490p–2) may be used to award loans or grants for new construction or improvements projects unless such projects improve energy or water efficiency, indoor air quality, or sustainability improvements; implement low emission technologies, materials, or processes, including zero-emission electricity generation, energy storage, building electrification, or electric car charging station installations; or address climate resilience of multifamily properties.

Continued GP with edit: SEC. 715. For the purposes of determining eligibility or level of program assistance for Rural [Development]Housing Service programs the Secretary shall not include incarcerated prison populations.

Proposed Legislation: General Provision- RHIF Direct Single Family Housing Section 523 and 524 Site Requirement Loans

Current legislative authority to be amended: Housing Act of 1949, as Amended (Housing Act) by amending § 523 (b) (1) (B) and § 524 (a) (1).



Proposal: Increase the repayment terms of Section 523 and 524 Site Development Loans from two to five years and allow for an optional two-year extension after the fifth year.

Rationale: As currently written, the Housing Act requires Section 523 and 524 Site Land Development loans be repaid within two years from closing. This two-year term typically does not allow sufficient time for borrower organizations to complete the necessary development and marketing of home sites in rural areas resulting in delinquent loans. The short term offsets the other benefits of this loan program, severely limiting its use by eligible organizations that serve the housing needs of low-income rural Americans. The change in the repayment term is expected to impact program subsidy rate.

Goal: This change will encourage the construction of new affordable housing, which is urgently needed in rural America. This proposal is in line with the Administrative Priorities to promote construction of new, affordable housing in rural communities for low-income rural Americans.

Legislative Language Requested: Include two General Provisions to amend sections 523 and 524 of the Housing Act of 1949 (42 U.S.C 1471) as noted below:

SEC. XXX. Section 523 of the Housing Act of 1949 (42 U.S.C. 1490c) is amended in subsection (b)(1)(B) by striking "two years" and inserting "five years".

SEC. XXX. Section 524 of the Housing Act of 1949 (42 U.S.C. 1490d) is amended in subsection (a)(1) by striking "two years" and inserting "five years".

Proposed Legislation: General Provision- Section 502 Single Family Housing Direct loan program  
Administrative/Appropriation/Authorizing: Change in legislation (authorizing) and GP in appropriation language.

Proposed Legislation: Through a general provision in the appropriations language USDA would like to propose legislation to facilitate the sales of Real Estate Owned (REO) properties.

Funding/Language/Both: If fully implemented may have an impact in the subsidy rate of the program because reducing the REOs portfolio will help to reduce the risk of the RHS portfolio. Program: RHIF Direct Single-Family Housing – Section 502

Current legislative authority to be amended: Housing Act of 1949

Proposal: This provision would eliminate the need to determine whether REO properties are program versus nonprogram. This determination and the associated documentation require a review of the property, age, condition, and cost of repairs to make it a suitable program property, and whether it is feasible to do so. Without the distinction between program and nonprogram properties, all REO properties could be listed with a broker (or through an interagency agreement) which would streamline the sales and listing process. Through a general provision in the appropriations language USDA would like to propose legislation to facilitate the sales of Real Estate Owned (REO) properties.

This legislation will: (1) eliminate the distinction between program and nonprogram REO properties, as such distinction requires administrative resources and creates inefficiencies in the sale of REO properties; (2) revise/remove the priority to program eligible borrowers since determining whether potential buyers are eligible for program loans significantly burdens administrative resources, and very few REO properties are actually sold to program borrowers (about 10 out of 1,000 REO sales annually).

Goal: This proviso will expedite the sale of REOs hence reducing the cost of maintaining the property while in RD's control.

Legislative Language Requested: Include a general Provision to amend Section 592 of the Stewart B. McKinney Homeless Assistance Act as noted below:

SEC. XXX. Section 592 of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11408a) is amended — (a) in the section heading by striking "FMHA" and inserting "USDA"; (b) in subsection (a), by, in the matter preceding paragraph (1), striking "program and nonprogram"; and (c) by striking subsection (b) and inserting the following: "(b) Priority.—The priority uses of inventory property under this section shall be given priority equal to or higher than the disposition of such property in accordance with priorities determined by the Secretary as necessary to protect the best interests of the Federal Government."

Proposed Legislation: General Provision- RHIF Multi-family Housing Preservation and Revitalization Section 515/514/521

Current legislative authority to be amended: The Multi-family Mortgage Foreclosure Act of 1981.

Proposal: Seek independent foreclosure authority for RHS Multi-family Housing that mirrors the Department of Housing and Urban Development’s (HUD) authority RHS’ ability to foreclose of properties in its portfolio is significantly constrained by state and local laws that create delays in foreclosure proceedings and have burdensome impacts to residents and their communities.

Rationale: The Multifamily Mortgage Foreclosure Act of 1981 gave the Secretary of HUD independent authority to foreclose on properties if the property burdens the federal program and causes detriment to the residents of the affected projects and the community. This proposal would provide the same foreclosure authority to the Secretary of Agriculture. While properties are in foreclosure processes, the RHS continues to provide funding to properties that will eventually exit the portfolio. Additionally, tenants have been impacted by foreclosure proceedings due to lack of maintenance and degradation at properties that are not maintained by property management. Currently, USDA has 160 multifamily properties in the foreclosure process. To initiate the foreclosure process, USDA accelerates the debt and at that time provides tenant protection vouchers to households living in the property for their use at other multifamily properties in the community or outside of the community of the foreclosed asset. Tenants may also port the rental assistance provided at the foreclosed property to another Section 515 property with unit vacancies. The cost to hold properties pending foreclosure is significant and the physical degradation of the properties awaiting disposition from the portfolio erodes security value and diminishes the return the Agency receives at foreclosure sale. More efficient and quicker re-use of properties in foreclosure means significantly better outcomes for tenants residing in the properties and for the communities in which these properties are located.

Goal: The efficiency created by USDA having independent foreclosure authority will dramatically reduce the timeframes required to dispose of the property and will facilitate more expedient and direct re-use according to community needs. This proposal is in line with the Administrative Priorities to: • Promote equity in service of rural communities, with particular attention to those suffering from systemic racism and other forms of discrimination (Justice 40) • Rebuild our economies and communities No impact on budget authority.

Anticipated IT Impacts: No anticipated IT needs.

Legislative Language Requested: SEC. 741. Section 363 of the Multifamily Mortgage Foreclosure Act of 1981 (12 U.S.C. 3702) is amended at subsection (10) by inserting after "Secretary of Housing Urban Development" the following: "and the Secretary of Agriculture."

**Table RHS-6. Section 502 Direct Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alabama.....	\$11,047	\$10,081	-	-
Alaska.....	21,077	16,138	-	-
Arizona.....	16,100	19,324	-	-
Arkansas.....	12,836	9,476	-	-
California.....	167,331	117,850	-	-
Colorado.....	16,385	15,510	-	-
Connecticut.....	1,664	745	-	-
Delaware.....	17,164	11,839	-	-
Florida.....	55,602	44,276	-	-
Georgia.....	21,664	13,795	-	-
Guam.....	7,941	3,361	-	-
Hawaii.....	8,098	3,213	-	-
Idaho.....	7,038	12,885	-	-
Illinois.....	8,678	7,380	-	-
Indiana.....	56,507	48,229	-	-
Iowa.....	11,131	14,261	-	-
Kansas.....	4,231	2,910	-	-
Kentucky.....	21,619	18,996	-	-
Louisiana.....	35,284	25,096	-	-
Maine.....	21,677	19,331	-	-

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State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Maryland.....	6,276	5,431	-	-
Massachusetts.....	4,097	1,823	-	-
Michigan.....	29,874	16,003	-	-
Minnesota.....	19,119	15,144	-	-
Mississippi.....	26,716	28,878	-	-
Missouri.....	9,490	12,645	-	-
Montana.....	13,059	7,662	-	-
Nebraska.....	5,878	2,364	-	-
Nevada.....	8,623	11,614	-	-
New Hampshire.....	6,943	1,496	-	-
New Jersey.....	5,571	5,373	-	-
New Mexico.....	8,094	1,022	-	-
New York.....	20,659	14,603	-	-
North Carolina.....	43,232	35,789	-	-
North Dakota.....	1,030	1,051	-	-
Ohio.....	23,450	23,533	-	-
Oklahoma.....	7,187	2,603	-	-
Oregon.....	13,649	18,427	-	-
Pennsylvania.....	27,893	31,692	-	-
Puerto Rico.....	7,420	7,477	-	-
Rhode Island.....	1,236	2,497	-	-
South Carolina.....	45,522	30,562	-	-
South Dakota.....	5,578	2,357	-	-
Tennessee.....	46,168	31,829	-	-
Texas.....	37,823	34,060	-	-
Utah.....	53,358	44,469	-	-
Vermont.....	7,369	3,021	-	-
Virgin Islands.....	5,034	1,590	-	-
Virginia.....	65,463	53,740	-	-
Washington.....	32,904	29,417	-	-
West Virginia.....	8,864	5,432	-	-
Wisconsin.....	11,923	6,963	-	-
Wyoming.....	5,930	7,141	-	-
Marshall Islands.....	-	355	-	-
Distribution Unknown.....	-	-	\$483,073	\$1,250,899
Obligations.....	1,138,506	912,761	483,073	1,250,899
Lapsing Balances.....	61,494	35,151	-	-
Total, Available.....	1,200,000	947,912	483,073	1,250,899

**Table RHS-7. Native American Relending Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alaska.....	-	\$1,000	-	-
Hawaii.....	-	2,400	-	-
Michigan.....	-	500	-	-
Minnesota.....	-	800	-	-
Montana.....	-	1,000	-	-
New Mexico.....	-	800	-	-
South Dakota.....	\$4,000	1,521	-	-
Wisconsin.....	-	1,000	-	-
Distribution Unknown.....	-	-	\$5,393	\$7,501
Obligations.....	4,000	9,021	5,393	7,501
Total, Available.....	4,000	9,021	5,393	7,501

**Table RHS-8. Section 502 Guaranteed Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alabama.....	\$534,992	\$324,197	-	-

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State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alaska.....	65,518	25,370	-	-
Arizona.....	189,560	120,168	-	-
Arkansas.....	485,068	286,799	-	-
California.....	241,595	95,109	-	-
Colorado.....	98,545	32,602	-	-
Connecticut.....	59,408	16,124	-	-
Delaware.....	88,362	24,615	-	-
Florida.....	383,542	172,152	-	-
Georgia.....	495,293	263,926	-	-
Guam.....	6,910	2,005	-	-
Hawaii.....	82,770	20,574	-	-
Idaho.....	77,183	36,641	-	-
Illinois.....	234,031	134,367	-	-
Indiana.....	539,958	316,098	-	-
Iowa.....	188,149	114,351	-	-
Kansas.....	140,986	97,823	-	-
Kentucky.....	461,527	235,849	-	-
Louisiana.....	876,271	425,122	-	-
Maine.....	138,104	75,038	-	-
Maryland.....	376,225	130,567	-	-
Massachusetts.....	41,445	14,308	-	-
Michigan.....	355,935	199,474	-	-
Minnesota.....	251,965	107,537	-	-
Mississippi.....	381,827	226,665	-	-
Missouri.....	601,867	382,160	-	-
Montana.....	57,377	20,495	-	-
Nebraska.....	91,508	44,835	-	-
Nevada.....	47,976	18,821	-	-
New Hampshire.....	22,184	11,928	-	-
New Jersey.....	65,429	25,628	-	-
New Mexico.....	43,648	23,998	-	-
New York.....	87,326	45,261	-	-
North Carolina.....	627,897	275,897	-	-
North Dakota.....	62,423	27,555	-	-
Ohio.....	428,288	245,828	-	-
Oklahoma.....	255,743	162,813	-	-
Oregon.....	204,520	80,058	-	-
Pennsylvania.....	379,793	207,187	-	-
Puerto Rico.....	286,162	188,608	-	-
Rhode Island.....	3,761	1,208	-	-
South Carolina.....	413,834	203,359	-	-
South Dakota.....	94,521	53,497	-	-
Tennessee.....	683,222	365,198	-	-
Texas.....	411,231	260,125	-	-
Utah.....	179,124	69,899	-	-
Vermont.....	17,704	7,424	-	-
Virgin Islands.....	698	126	-	-
Virginia.....	579,760	250,265	-	-
Washington.....	117,411	42,365	-	-
West Virginia.....	256,467	139,311	-	-
Wisconsin.....	169,296	86,358	-	-
Wyoming.....	127,286	62,261	-	-
Distribution Unknown.....	-	-	\$16,115,637	\$30,000,000
Obligations.....	13,111,625	6,799,949	16,115,637	30,000,000
Lapsing Balances.....	16,888,375	23,200,051	13,884,363	-
Total, Available.....	30,000,000	30,000,000	30,000,000	30,000,000

**Table RHS-9. Section 515 Multi-family Housing Direct Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alabama.....	\$1,250	\$33,071	-	-
Arizona.....	-	940	-	-
Arkansas.....	-	824	-	-
California.....	-	2,129	-	-
Florida.....	-	2,916	-	-
Georgia.....	-	1,417	-	-
Illinois.....	-	845	-	-
Kansas.....	1,156	-	-	-
Louisiana.....	8,802	-	-	-
Minnesota.....	827	-	-	-
Mississippi.....	-	13,401	-	-
Missouri.....	2,526	-	-	-
New Jersey.....	12,350	-	-	-
Oklahoma.....	2,228	-	-	-
Oregon.....	4,710	942	-	-
Pennsylvania.....	12,823	779	-	-
South Carolina.....	1,782	914	-	-
South Dakota.....	916	511	-	-
Washington.....	-	5,637	-	-
West Virginia.....	630	-	-	-
Wisconsin.....	-	5,674	-	-
Distribution Unknown.....	-	-	\$38,242	\$70,000
Obligations.....	50,000	70,000	38,242	70,000
Total, Available.....	50,000	70,000	38,242	70,000

**Table RHS-10. Section 538 Multi-family Housing Guaranteed Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alabama.....	\$1,873	\$2,628	-	-
Alaska.....	600	2,865	-	-
Arizona.....	4,975	-	-	-
Arkansas.....	1,900	-	-	-
California.....	62,250	19,841	-	-
Florida.....	54,400	3,100	-	-
Georgia.....	1,131	-	-	-
Idaho.....	2,300	11,100	-	-
Illinois.....	-	1,216	-	-
Indiana.....	-	17,098	-	-
Kansas.....	21,680	14,867	-	-
Louisiana.....	950	4,575	-	-
Maryland.....	10,710	1,071	-	-
Michigan.....	4,482	1,590	-	-
Mississippi.....	9,118	1,450	-	-
Nevada.....	1,550	-	-	-
New York.....	950	500	-	-
North Carolina.....	30,238	20,497	-	-
Ohio.....	6,869	-	-	-
Oklahoma.....	825	1,000	-	-
Pennsylvania.....	3,482	1,200	-	-
South Carolina.....	2,700	57,700	-	-
Tennessee.....	3,100	-	-	-
Texas.....	9,928	771	-	-
Utah.....	-	1,384	-	-
Virginia.....	12,684	-	-	-
Washington.....	-	2,000	-	-
West Virginia.....	1,305	1,155	-	-

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State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Distribution Unknown .....	-	-	\$207,289	\$400,000
Obligations .....	250,000	167,606	207,289	400,000
Lapsing Balances .....	-	232,394	192,711	-
Total, Available.....	250,000	400,000	400,000	400,000

**Table RHS-11. Section 504 Direct Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alabama.....	\$192	\$285	-	-
Alaska.....	31	20	-	-
Arizona.....	90	402	-	-
Arkansas.....	369	283	-	-
California.....	266	121	-	-
Colorado.....	78	54	-	-
Connecticut.....	37	-	-	-
Delaware.....	7	-	-	-
Florida.....	160	124	-	-
Georgia.....	181	216	-	-
Guam.....	210	-	-	-
Hawaii.....	22	29	-	-
Idaho.....	60	43	-	-
Illinois.....	924	671	-	-
Indiana.....	254	204	-	-
Iowa.....	332	290	-	-
Kansas.....	129	110	-	-
Kentucky.....	523	344	-	-
Louisiana.....	294	283	-	-
Maine.....	273	339	-	-
Maryland.....	52	9	-	-
Massachusetts.....	40	70	-	-
Michigan.....	989	1,018	-	-
Midway Islands.....	-	281	-	-
Minnesota.....	515	645	-	-
Mississippi.....	626	290	-	-
Missouri.....	176	-	-	-
Montana.....	149	94	-	-
Nebraska.....	91	137	-	-
Nevada.....	40	139	-	-
New Hampshire.....	196	181	-	-
New Jersey.....	12	63	-	-
New Mexico.....	136	63	-	-
New York.....	887	901	-	-
North Carolina.....	405	673	-	-
North Dakota.....	35	53	-	-
Ohio.....	648	403	-	-
Oklahoma.....	223	155	-	-
Oregon.....	52	248	-	-
Pennsylvania.....	817	457	-	-
Puerto Rico.....	81	44	-	-
Rhode Island.....	-	2	-	-
South Carolina.....	362	379	-	-
South Dakota.....	63	26	-	-
Tennessee.....	717	373	-	-
Texas.....	1,500	1,340	-	-
Utah.....	78	9	-	-
Vermont.....	181	234	-	-
Virgin Islands.....	10	-	-	-
Virginia.....	980	566	-	-
Washington.....	74	86	-	-

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State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
West Virginia .....	273	202	-	-
Wisconsin.....	328	263	-	-
Wyoming .....	53	11	-	-
Marshall Islands.....	-	105	-	-
Distribution Unknown .....	-	-	\$13,395	\$28,000
Obligations .....	15,221	13,342	13,395	28,000
Lapsing Balances .....	35	839	-	-
Total, Available.....	15,256	14,181	13,395	28,000

**Table RHS-12. Section 523 Direct Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Distribution Unknown .....	-	-	\$2,097	\$5,000
Obligations .....	-	-	2,097	5,000
Lapsing Balances .....	\$5,000	-	-	-
Total, Available.....	5,000	-	2,097	5,000

**Table RHS-13. Section 524 Direct Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Indiana.....	\$690	-	-	-
Minnesota.....	-	\$2,000	-	-
North Carolina .....	1,600	-	-	-
Pennsylvania.....	824	-	-	-
Wyoming .....	485	-	-	-
Distribution Unknown .....	-	-	\$2,183	\$5,005
Obligations .....	3,599	2,000	2,183	5,005
Lapsing Balances .....	1,401	-	-	-
Total, Available.....	5,000	2,000	2,183	5,005

**Table RHS-14. Single Family Credit Sales Direct Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Puerto Rico.....	\$39	-	-	-
Distribution Unknown .....	-	-	\$270	\$10,000
Obligations .....	39	-	270	10,000
Lapsing Balances .....	9,961	\$10,000	9,730	-
Total, Available.....	10,000	10,000	10,000	10,000

**Table RHS-15. Section 514 Direct Farm Labor Housing Loans Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Arkansas .....	-	\$60	-	-
California .....	\$22,650	-	-	-
Florida .....	9,180	-	-	-
Kansas .....	6,250	-	-	-
Louisiana.....	296	-	-	-
Nebraska .....	525	-	-	-
New York.....	1,011	-	-	-
Tennessee.....	117	-	-	-
Washington .....	1,423	-	-	-
West Virginia .....	1,288	-	-	-
Wisconsin.....	280	-	-	-
Distribution Unknown .....	-	-	\$17,249	\$25,000
Obligations .....	43,020	60	17,249	25,000
Bal. Available, EOY.....	186,451	57,385	32,990	34,049
Total, Available.....	229,471	57,445	50,239	59,049

**Table RHS-16. Section 516 Farm Labor Housing Grants Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Colorado .....	\$250	\$250	-	-
Florida .....	8,000	-	-	-
Georgia .....	5,783	-	-	-
Kansas .....	8,750	-	-	-
Louisiana.....	2,552	-	-	-
Nebraska.....	3,225	-	-	-
New Jersey.....	-	329	-	-
New York.....	25	-	-	-
North Carolina.....	660	-	-	-
Tennessee.....	1,882	-	-	-
Washington.....	4,473	-	-	-
West Virginia.....	2,830	-	-	-
Distribution Unknown .....	-	-	\$11,656	\$12,246
Obligations .....	38,430	579	11,656	12,246
Bal. Available, EOY.....	12,841	23,738	24,815	25,425
Total, Available.....	51,271	24,317	36,471	37,671

**Table RHS-17. Multi-family Housing Preservation and Demonstration, Zero Percent Loans Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alabama.....	\$1,900	-	-	-
Georgia.....	1,818	-	-	-
Indiana.....	-	\$3,065	-	-
Kentucky.....	750	-	-	-
Louisiana.....	12,343	-	-	-
Wisconsin.....	100	-	-	-
Distribution Unknown .....	-	-	\$1,390	\$41,160
Obligations .....	16,911	3,065	1,390	41,160
Bal. Available, EOY.....	30,203	0	1,233	1,426
Total, Available.....	47,114	3,065	2,624	42,587

**Table RHS-18. Multi-family Housing Preservation and Demonstration, Soft Seconds Loans Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alabama.....	\$20,733	-	-	-
Arkansas.....	1,392	-	-	-
Florida.....	2,567	-	-	-
Georgia.....	20,331	-	-	-
Kentucky.....	2,529	-	-	-
Louisiana.....	2,000	\$3,080	-	-
Wyoming.....	321	-	-	-
Distribution Unknown .....	-	-	\$401	\$61,711
Obligations .....	49,873	3,080	401	61,711
Bal. Available, EOY.....	1	3,088	-	439
Total, Available.....	49,874	6,168	401	62,150

**Table RHS-19. Multi-family Housing Preservation and Demonstration, Pilot Grant Program Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Georgia.....	\$350	\$1,000	-	-
Maine.....	350	-	-	-
Maryland.....	1,400	2,000	-	-
Distribution Unknown .....	-	-	\$2,000	\$1,420
Obligations .....	2,100	3,000	2,000	1,420
Bal. Available, EOY.....	3,112	4,048	4,048	2,628
Total, Available.....	5,212	7,048	6,048	4,048



**Table RHS-20. Multi-family Housing Preservation and Demonstration, Grants/Modifications/Deferrals Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alabama.....	\$1,630	\$269	-	-
California.....	194	-	-	-
Florida.....	163	-	-	-
Georgia.....	1,039	-	-	-
Indiana.....	670	32	-	-
Kentucky.....	482	-	-	-
Louisiana.....	21	568	-	-
Michigan.....	319	-	-	-
Mississippi.....	557	-	-	-
New Jersey.....	120	-	-	-
Oklahoma.....	114	-	-	-
Pennsylvania.....	340	-	-	-
Tennessee.....	86	-	-	-
Texas.....	229	-	-	-
Utah.....	136	-	-	-
Washington.....	68	6	-	-
West Virginia.....	286	-	-	-
Wisconsin.....	3	-	-	-
Distribution Unknown.....	-	-	\$1,540	\$21,683
Obligations.....	6,457	875	1,540	21,683
Bal. Available, EOY.....	-	43,456	79,536	80,035
Total, Available.....	6,457	44,330	81,076	101,718

**Table RHS-21. Section 502 Direct, American Rescue Plan Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alabama.....	\$953	\$12,224	-	-
Alaska.....	1,766	16,006	-	-
Arizona.....	1,430	16,775	-	-
Arkansas.....	3,619	5,677	-	-
California.....	9,026	96,263	-	-
Colorado.....	2,094	16,431	-	-
Connecticut.....	798	1,348	-	-
Delaware.....	901	13,457	-	-
Florida.....	2,386	20,513	-	-
Georgia.....	4,467	21,399	-	-
Guam.....	-	5,096	-	-
Hawaii.....	-	3,806	-	-
Idaho.....	1,502	7,455	-	-
Illinois.....	3,284	8,040	-	-
Indiana.....	1,923	39,000	-	-
Iowa.....	4,896	12,067	-	-
Kansas.....	3,581	3,341	-	-
Kentucky.....	2,141	11,919	-	-
Louisiana.....	4,085	28,375	-	-
Maine.....	3,482	19,573	-	-
Maryland.....	893	6,990	-	-
Massachusetts.....	3,008	2,172	-	-
Michigan.....	6,412	18,408	-	-
Minnesota.....	2,078	9,811	-	-
Mississippi.....	5,974	18,122	-	-
Missouri.....	3,060	5,985	-	-
Montana.....	1,720	4,697	-	-
Nebraska.....	1,137	3,412	-	-
Nevada.....	942	5,541	-	-
New Hampshire.....	4,604	3,592	-	-
New Jersey.....	2,139	4,162	-	-
New Mexico.....	623	1,713	-	-
New York.....	2,681	12,890	-	-
North Carolina.....	10,297	38,696	-	-
North Dakota.....	87	-	-	-

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State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Ohio.....	6,088	20,385	-	-
Oklahoma.....	901	3,544	-	-
Oregon.....	2,934	18,782	-	-
Pennsylvania.....	5,311	33,054	-	-
Puerto Rico.....	671	3,453	-	-
Rhode Island.....	179	732	-	-
South Carolina.....	4,133	42,865	-	-
South Dakota.....	682	1,452	-	-
Tennessee.....	3,568	33,853	-	-
Texas.....	9,442	33,025	-	-
Utah.....	2,043	17,935	-	-
Vermont.....	2,312	3,674	-	-
Virgin Islands.....	184	1,981	-	-
Virginia.....	5,273	34,856	-	-
Washington.....	1,941	20,625	-	-
West Virginia.....	2,891	6,454	-	-
Wisconsin.....	1,507	7,026	-	-
Wyoming.....	702	5,435	-	-
Marshall Islands.....	-	438	-	-
Obligations.....	148,751	784,528	-	-
Lapsing Balances.....	-	22,457	-	-
Bal. Available, EOY.....	1,804,275	-	-	-
Total, Available.....	1,953,026	806,985	-	-

*Table RHS-22. Section 504 Direct American Rescue Plan Geographic Breakdown of Obligations (thousands of dollars)*

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alabama.....	\$2	-	-	-
Arizona.....	-	\$15	-	-
Arkansas.....	-	60	-	-
Delaware.....	-	23	-	-
Florida.....	-	25	-	-
Georgia.....	8	-	-	-
Idaho.....	-	1	-	-
Illinois.....	-	88	-	-
Indiana.....	-	123	-	-
Iowa.....	-	39	-	-
Kansas.....	4	17	-	-
Kentucky.....	-	140	-	-
Louisiana.....	-	19	-	-
Maine.....	-	22	-	-
Michigan.....	-	187	-	-
Minnesota.....	-	102	-	-
Mississippi.....	5	2	-	-
Missouri.....	-	71	-	-
Nebraska.....	-	6	-	-
New Hampshire.....	-	33	-	-
New York.....	-	111	-	-
North Carolina.....	-	182	-	-
Oklahoma.....	-	3	-	-
Pennsylvania.....	-	55	-	-
Puerto Rico.....	-	10	-	-
South Carolina.....	-	29	-	-
South Dakota.....	-	24	-	-
Tennessee.....	-	54	-	-
Texas.....	-	80	-	-
Virginia.....	-	80	-	-
West Virginia.....	-	76	-	-
Wisconsin.....	-	28	-	-
Marshall Islands.....	-	60	-	-
Obligations.....	19	1,764	-	-
Lapsing Balances.....	-	65	-	-
Bal. Available, EOY.....	84,027	-	-	-

2025 USDA EXPLANATORY NOTES – RURAL HOUSING SERVICE

<b>State/Territory/Country</b>	<b>2022 Actual</b>	<b>2023 Actual</b>	<b>2024 Estimated</b>	<b>2025 Estimated</b>
Total, Available.....	84,046	1,829	-	-

**CLASSIFICATION BY OBJECTS**

*Table RHS-23 Classification by Objects (thousands of dollars)*

<b>Item No.</b>	<b>Item</b>	<b>2022 Actual</b>	<b>2023 Actual</b>	<b>2024 Estimated</b>	<b>2025 Estimated</b>
	Other Objects:				
25.3	Other goods and services from Federal sources .....	\$412,254	\$412,254	\$412,254	\$412,254
41.0	Grants, subsidies, and contributions .....	105,813	87,132	87,269	325,982
	Total, Other Objects.....	518,067	499,386	499,523	738,236
99.9	Total, new obligations .....	518,067	499,386	499,523	738,236

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**ACCOUNT 2: RENTAL ASSISTANCE PROGRAM****APPROPRIATIONS LANGUAGE**

The appropriations language follows (new language underscored; deleted matter enclosed in brackets):

## 1 Rental Assistance Program

2

3 For rental assistance agreements entered into or renewed pursuant to the authority under section 521(a)(2) of the  
 4 Housing Act of 1949 or agreements entered into in lieu of debt forgiveness or payments for eligible households as  
 5 authorized by section 502(c)(5)(D) of the Housing Act of 1949, and for the Rural Housing Voucher Program as  
 6 authorized under section 542 of the Housing Act of 1949, notwithstanding subsection (b) of such section,  
 7 [\$1,688,109,000, of which \$40,000,000 shall be available until September 30, 2025, and]\$1,728,376,000, in  
 8 addition, such sums as may be necessary, as authorized by section 521(c) of the Act, to liquidate debt incurred prior  
 9 to fiscal year 1992 to carry out the rental assistance program under section 521(a)(2) of the Act: *Provided*, That of  
 10 the amounts made available under this heading, [\$1,650,109,000]\$1,690,376,000 shall be available for renewal of  
 11 rental assistance agreements, including agreements where the Secretary determines that a maturing loan for a project  
 12 cannot reasonably be restructured with another USDA loan or modification and the project was operating with rental  
 13 assistance under section 521 of the Housing Act of 1949: *Provided further*, That the Secretary may renew the rental  
 14 assistance agreements in maturing properties, notwithstanding any provision of section 521 of the Housing Act of  
 15 1949, for a term of at least 10 years but not more than 20 years: *Provided further*, That any agreement to extend the  
 16 term of the rental assistance contract under section 521 of the Housing Act of 1949 for a project shall obligate the  
 17 owner to continue to maintain the project as decent, safe, and sanitary housing and to operate the development in  
 18 accordance with the Housing Act of 1949, except that rents shall be based on the lesser of (a) the budget based needs  
 19 of the project; or (b) the operating cost adjustment factor as a payment standard as provided under section 524 of the  
 20 Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note): *Provided further*[,  
 21 That of the amounts made available under this heading, not less than \$6,000,000 shall be available for newly  
 22 constructed units: *Provided further*], That rental assistance agreements entered into or renewed during the current  
 23 fiscal year shall be funded for a one-year period: *Provided further*, That upon request by an owner of a project  
 24 financed by an existing loan under section 514 or 515 of the Act, the Secretary may renew the rental assistance  
 25 agreement for a period of 20 years or until the term of such loan has expired, subject to annual appropriations:  
 26 *Provided further*, That any unexpended balances remaining at the end of such one-year agreements may be  
 27 transferred and used for purposes of any debt reduction, maintenance, repair, or rehabilitation of any existing  
 28 projects; preservation; and rental assistance activities authorized under title V of the Act: *Provided further*, That  
 29 notwithstanding any other provision of the Act, the Secretary may recapture rental assistance provided under  
 30 agreements entered into prior to fiscal year 2024 for a project that the Secretary determines no longer needs rental  
 31 assistance and use such recaptured funds for current needs: *Provided further*, That such recaptured funds shall  
 32 remain available for obligation in fiscal year 2024 for the purposes specified under this heading: *Provided further*,  
 33 That such recaptured rental assistance shall, to the extent practicable, be applied to another farm labor multi-family  
 34 housing project financed under section 514 or 516 of the Act: *Provided further*, That of the amounts made available  
 35 under this heading, \$38,000,000 shall be available for rural housing vouchers to any low-income household,  
 36 including a household that does not receive rental assistance, residing in a property financed with a section 515 loan  
 37 that has been prepaid or otherwise paid off after September 30, 2005: *Provided further*, That the amount of such  
 38 vouchers shall be equal to the difference between comparable market rent for the section 515 unit and the tenant  
 39 paid rent for such unit: *Provided further*, That such vouchers shall be subject to the availability of annual  
 40 appropriations: *Provided further*, That the Secretary shall, to the maximum extent practicable, administer such  
 41 vouchers with current regulations and administrative guidance applicable to section 8 housing vouchers  
 42 administered by the Secretary of the Department of Housing and Urban Development: *Provided further*, That any  
 43 balances available for the rural housing voucher program in the "Rural Housing Voucher Account" shall be  
 44 transferred to and merged with this account and available for the rural housing voucher program: *Provided further*,  
 45 That if the Secretary determines that the amount made available for vouchers or rental assistance in this Act is not  
 46 needed for vouchers or rental assistance, the Secretary may use such funds for any of the programs described under  
 47 this heading.

**Change Description**

*The first change* (line 7 of paragraph 1) deletes the language providing \$40 million of two-year funding.

*The second change* (lines 20 and 22 of paragraph 1) deletes language providing a set-aside for new construction. The budget is not requesting funding for this purpose in this account.

**LEAD-OFF TABULAR STATEMENT**

**Table RHS-24. Lead-Off Tabular Statement (In dollars)**

Item	Amount
Estimate, 2024	\$1,487,926,000
Change in Appropriation	+ 202,450,000
Change in Appropriation for Vouchers (non-add)	+ 38,000,000
Budget Estimate, 2025	<u>1,690,376,000</u>

**PROJECT STATEMENTS**

**Table RHS-25. Project Statement on Basis of Appropriations (thousands of dollars)**

Item	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated	Inc. or Dec.	Chg Key
Discretionary Appropriations:						
Rental Assistance (Sec. 521).....	\$1,450,000	\$1,487,926	\$1,487,926	\$1,690,376	+\$202,450	(1)
Rural Housing Voucher Program.....	-	-	-	38,000	+38,000	(2)
Subtotal .....	<u>1,450,000</u>	<u>1,487,926</u>	<u>1,487,926</u>	<u>1,728,376</u>	<u>+240,450</u>	
Total Adjusted Appropriation .....	<u>1,450,000</u>	<u>1,487,926</u>	<u>1,487,926</u>	<u>1,728,376</u>	<u>+240,450</u>	
Total Appropriation.....	<u>1,450,000</u>	<u>1,487,926</u>	<u>1,487,926</u>	<u>1,728,376</u>	<u>+240,450</u>	
Balances Transferred from 12X2002 .....	-	-	-	38,940	+38,940	
Recoveries, Other .....	9	9	4	2,372	+2,368	
Rescinded Balances.....	-	-	-	-11,786	-11,786	
Bal. Available, SOY.....	<u>40,315</u>	<u>40,324</u>	<u>333</u>	<u>337</u>	<u>+4</u>	
Total Available.....	<u>1,490,324</u>	<u>1,528,259</u>	<u>1,488,263</u>	<u>1,758,239</u>	<u>269,976</u>	
Bal. Available, EOY .....	<u>-40,324</u>	<u>-333</u>	<u>-337</u>	<u>-29,204</u>	<u>-28,867</u>	
Total Obligations.....	<u>1,450,000</u>	<u>1,527,926</u>	<u>1,487,926</u>	<u>1,729,035</u>	<u>+241,109</u>	

**Table RHS-26. Project Statement on Basis of Obligations (thousands of dollars)**

Item	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated	Inc. or Dec.
Discretionary Obligations:					
Rental Assistance (Sec. 521).....	\$1,450,000	\$1,527,926	\$1,487,926	\$1,690,376	+\$202,450
Vouchers .....	-	-	-	38,659	+38,659
Subtotal Disc Obligations .....	<u>1,450,000</u>	<u>1,527,926</u>	<u>1,487,926</u>	<u>1,729,035</u>	<u>+241,109</u>
Total Obligations.....	<u>1,450,000</u>	<u>1,527,926</u>	<u>1,487,926</u>	<u>1,729,035</u>	<u>+241,109</u>
Balances Available, EOY:					
Rental Assistance (Sec. 521).....	40,324	333	337	341	+4
Vouchers .....	-	-	-	28,743	+28,743
Vouchers Admis. Expenses.....	-	-	-	119	+119
Total Bal. Available, EOY .....	<u>40,324</u>	<u>333</u>	<u>337</u>	<u>29,204</u>	<u>+28,867</u>
Total Available.....	<u>1,490,324</u>	<u>1,528,259</u>	<u>1,488,263</u>	<u>1,758,239</u>	<u>+269,976</u>
Less:					
Balances Transferred from 12X2002 .....	-	-	-	-38,940	-38,940
Recoveries, Other .....	-9	-9	-4	-2,372	-2,368
Rescinded Balances.....	-	-	-	11,786	+11,786
Bal. Available, SOY.....	<u>-40,315</u>	<u>-40,324</u>	<u>-333</u>	<u>-337</u>	<u>-4</u>
Total Appropriation.....	<u>1,450,000</u>	<u>1,487,926</u>	<u>1,487,926</u>	<u>1,728,376</u>	<u>+240,450</u>

**JUSTIFICATION OF CHANGES****Rental Assistance**

The numbers and letters of the following listing relates to values in the Change (Chg) Key column of the Project Statement:

1. An increase of \$202,450,000 for the Rental Assistance Grants program (\$1,487,926,000 available in 2024).

This project-based program provides funds directly to project owners of Section 515- or 514/516-financed rental housing. On behalf of tenants with incomes too low to pay the unsubsidized rent from their own resources, RD pays the project owner the difference between the tenant's contribution (30 percent of adjusted income) and the monthly rental rate (based on the owner's project costs). RA may be used for existing and newly constructed developments; however, the focus of RA is renewing existing contracts. Projects must be established on a nonprofit or limited profit basis.

The RA program has a portfolio of approximately 13,000 properties across the U.S. The cost estimates for RA are developed using a projection tool that looks at usage at the property level of detail. The amount of funding utilized fluctuates based on the changes with tenants moving in and out of properties. In the portfolio, not all the properties have RA renewed every year and the amount of RA is based on what the properties need for the next 12 months. The obligations based on location will vary due to the size of the property and cost of living in an area. In 2023, USDA obligated \$1.528 billion for renewing 228,047 units. From this total, funding is aligned to Elderly Grant Funds, Family Grant Funds, and Labor Housing Grant Funds. The agency obligated \$493.6 million for 87,187 Elderly grants; \$981.2 million across 134,364 Family grants; and \$53.2 million for 6,496 Labor Housing grants. Looking back over the past seven years, the agency obligated more funds in 2023 than any other year. Approximately 47 percent of the funding this year was obligated in the South. The states in the South census region with the most funding include Florida, Mississippi, North Carolina, and Texas. As mentioned above, the funding will fluctuate based on location due to size of the property and cost of living. As an example of this, Texas received \$66.3 million for 11,464 units; yet, in the state of Mississippi even though they received \$67.4 million, it went towards 8,826 units, which is more than 2,600 less units.

As mentioned in Section 515 MFH Direct Loans, the 2024 President's Budget included a request to decouple section 521 RA from section 515 loans to facilitate the rehabilitation and preservation of the MFH loan portfolio and the 2025 Budget continues this proposal. In 2023, USDA conducted four stakeholder meetings to gather information and feedback to include in the report to Congress on how decoupling of Section 521 RA from Section 515 mortgages would be implemented.

The agency published a notice in the Federal Register on December 6, 2022, regarding a temporary change in the MFH tenant monthly recertification (87 FR 74502) to alleviate the burden of unnecessary work for management agents and tenants. The MFH regulation 7 CFR 3560 requires that tenant households must be recertified at least annually or whenever a change in household income of \$100 or more per month occurs. On October 13, 2022, the Social Security Administration (SSA) announced an 8.7 percent increase in Social Security and Supplemental Security Income benefits in 2023 due to inflationary pressures and a demanding labor market, which equates to benefits increase by an average of more than \$140 per month starting in January 2023. This change would require recertifications for most Social Security recipients; therefore, the Agency temporarily waived the recertification requirement for tenants whose household income, regardless of income type, has increased by \$100 or more, but less than \$200; it expired on December 31, 2023. This exception did not change the requirements for annual renewal certifications. This temporary change aligned the MFH program with the current Department of Housing and Urban Development (HUD) regulatory requirement.

Title VI of the Civil Rights Act of 1964 prohibits discrimination on the basis of national origin, which includes equal program access for persons with limited English proficiency (LEP). While not unique to the RA program, the agency published guidance in March 2023 via an unnumbered letter as a reminder that the MFH program staff and program recipients are required to ensure LEP persons have meaningful access to the USDA MFH programs and all its benefits and services. A notification must be posted on their physical location and website advising, in other languages as appropriate, that language services are available, free of charge. Meaningful access includes both oral and written language access and must result in accurate and timely communications.

On August 10, 2023, RHS issued a notice via a memorandum to stakeholders, owners, and management agents to provide guidance on the treatment of financial benefits realized by RD owners or tenants resulting from

either participation in a community solar program or the presence of an on-site solar facility. Specifically, it addresses whether and how such financial benefits are to be factored into the property's annual utility allowance analysis and/or tenant income calculations. Working with Department of Treasury and HUD to align program requirements as part of an inter-Agency/Department alignment initiative.

The funding requested in 2025 covers program cost increases due to inflation and increased rental housing costs, this is the cost increase RD is expecting based on the RA tool used for estimating program needs. This program supports this critical infrastructure by increasing housing affordability and providing homes that improve the quality of life for rural families. As rural economies expand into service and other industry sectors, working families are needed to sustain a local tax base that supports a population that is older than its urban counterpart. In addition to supporting the Justice 40 Initiative, this program helps retain a reliable workforce as it strengthens the housing market in rural communities. With this level of funding, the agency can renew around 270,158 units at an average cost per unit of \$6,257.

2. An increase of \$38,000,000 for the Rural Housing Voucher program (\$48,000,000 available in 2024 within the Rural Housing Voucher Account) and continues to propose the Voucher program be moved to the Rental Assistance Grant account.

The Budget continues to request to transfer the Voucher Program within the Rental Assistance Program account. The Voucher Program was funded in the Multifamily Revitalization and Preservation account. This is a decrease of \$10 million from the 2024 annualized CR.

This program was created to offer some protection to eligible MFH tenants in Section 515 rental housing who may be subject to financial hardship through prepayment of the RD mortgage. When a Section 515 property owner pays off the loan, or if the loan is foreclosed, the RD affordable housing requirements may be modified, which can result in increased and unaffordable rents for the tenants. This program provides such tenants with portable vouchers which may be used at the 515 property in which they reside, or at any other rental unit in the United States that passes RD inspection and where the owner accepts RD vouchers. The requested amount supports anticipated demand in the voucher program.

This program is crucial because the need for low-and-moderate-income housing in rural communities is increasing, and the existing supply of decent and affordable housing cannot satisfy this pressing need. The budget request continues to include language that would decouple RA from the existence of a multifamily loan on a property, allowing some properties to continue to receive project-based assistance after their loan is paid off. However, not all properties may qualify for such assistance, so the budget request for the Department of Housing and Urban Development (HUD) should continue to include up to \$20 million for Tenant Protection Vouchers that will be authorized for USDA-financed properties that are paid off and do not receive ongoing project-based assistance. The Budget request for the Rural Voucher program maintains the current portfolio, but tenants in additional units in properties that no longer qualify for Rental Assistance would receive HUD Tenant Protection Vouchers. This Budget continues to provide tenant protection against being rent-overburdened while transitioning the Rural Voucher program to HUD

RHS obligated \$36.3 million in 2023, which is more funding obligated for this program than in the last seven years. While the funding has held steady across the census regions over the last three years, there was an increase in obligations in the Midwest. The largest percentage in growth of obligations over the past three years occurred in Nebraska and Indiana.

New Place II, a 12-unit property located in Perry, Kansas, had numerous physical & financial findings. Findings included issues with ownership and management of the property, along with physical concerns with the driveway and parking lot, roofing, and accessibility. At the time, there were 11 households residing in the property, 10 households are utilizing the RHS vouchers which are providing these households with continuous affordable housing options.

McCook Apartments, a 40-unit property located in North Sioux City, South Dakota, prepaid the RD loan with a Restrictive Use Covenant (RUC) in March 2023. At the time of prepayment, there were 39 households and today, 36 households have accepted an RD voucher protection that continues to provide housing affordability.

The Rural Housing Voucher program improvement that directly effects the protection of affordable housing is the inclusion of allowing tenants of fully matured mortgages to be offered vouchers as part of the 2023



appropriations language. An additional program enhancement to the voucher program is the implementation of Virtual Inspection protocol that utilizes a standard, predictable and efficient method to inspect and approve prospective rental units timely and enhance program delivery timelines.

A funding level of \$38 million in 2025 will support an estimated 7,109 voucher grants, which is expected to meet the demand for the program with decoupling and the \$20 million in funding through HUD tenant protection vouchers is in place.

### **PROPOSED LEGISLATION**

#### ***Section 515 Direct Loan program account/RA***

Current legislative authority to be amended: The decoupling language is included in the appropriation language for the Rental Assistance Program.

**Proposal:** To decouple Section 515 Direct program from Rental Assistance. Currently, RA is coupled with section 515 direct loan program. This provides access to affordable housing in rural areas and help project owners with the up keeping of the facility.

**Rationale:** Section 521 MFH Rental Assistance Grant Program (RA) (42 U.S.C. 1490a) provides payments to owners of USDA-financed Rural Rental Housing or Farm Labor Housing projects on behalf of low-income tenants unable to pay their full rent.

There is an urgent need to find solutions to allow these properties to recapitalize, perform needed rehab, and be preserved as quality affordable housing assets for many years to come. Current statute requires a property to have a Section 514 or 515 mortgage to receive Section 521 Rental Assistance (RA). If the Section 514/515 mortgage is paid off through prepayment or maturity, the property can no longer receive RA.

Sections 515 Rural Rental and 514 Farm Labor Housing portfolios are aging, and mortgage maturities will accelerate significantly from 2027 through 2041. Maturing mortgages will cause lost of Rental Assistance Units in rural areas. As of January 2023, there were 13,050 properties in the direct loan portfolio with 392,054 Section 515 rental units and 16,839 Section 514 Farm Labor Housing units. No new Section 515 properties have been financed in the last several years, and many of the remaining loans are reaching maturity. At the 2023 Omnibus level for the multi-family housing preservation and revitalization funding of \$36 million, it is only sufficient to reach 35 properties per year. Since the inception of MPR in 2006, only 31,000 units have been preserved using appropriated levels of funding, while 47,000 have been lost over the same period. Current levels of appropriated funding reach only 40 percent of the properties needing preservation funding, and this percentage will decrease as more properties mature. Each year from 2022 to 2028, an average of 80 properties per year mature and from 2028 to 2040, that average increases dramatically to 550 properties per year. Absent substantially increased levels of appropriated MPR funds, 228,760 units will be lost at the time of loan maturity through 2050.

#### **Administration Priority Alignment:**

- ✓ Promote equity in service of rural communities, with particular attention to those suffering from systemic racism and other forms of discrimination (Justice 40)
- ✓ Rebuild our economies and communities
- ✓ Provides safe, affordable housing to low and very low-income residents.

The Budget continues requesting the authority for USDA's project based Rental Assistance (RA) to continue after a multifamily housing debt has been paid off, which is essential to facilitate preservation at scale across the Section 515 multifamily housing portfolio. RA is a critical component underlying all modern-day affordable housing platforms and is needed to achieve rents that will support recapitalization. Without it, voucher demand will grow exponentially at a much higher per unit cost compared to continuation of RA. In addition, RA is often included in state housing finance agency prioritization for receipt of low-income housing tax credits and other local resources. When the Section 515 multifamily housing mortgage matures or prepays, the debt load of the property is reduced, allowing borrowers to take on additional third-party debt to facilitate recapitalization. This proposal aligns with the bipartisan provision in the Farm Workforce Modernization Act of 2023, which provides the authority to decouple RA from the direct loan.

DECOUPLING OF RENTAL ASSISTANCE. —

“(1) RENEWAL OF RENTAL ASSISTANCE CONTRACT.—If the Secretary determines that a maturing loan for a project cannot reasonably be restructured with another Department of Agriculture loan or modification and the project was operating with rental assistance under section 521 of the Housing Act of 1949, the Secretary may renew the rental assistance contract, notwithstanding any provision of section 521 of the Housing Act of 1949, for a term, subject to annual appropriations, of at least 10 years but not more than 20 years.

“(2) RENTS.—Any agreement to extend the term of the rental assistance contract under section 521 of the Housing Act of 1949 for a project shall obligate the owner to continue to maintain the project as decent, safe and sanitary housing and to operate the development in accordance with of the Housing Act of 1949, except that rents shall be based on the lesser of—

“(A) the budget-based needs of the project; or

“(B) the existing rents under the expiring contract, as adjusted by an operating cost adjustment factor established by the Secretary of Housing and Urban Development pursuant to section 524 of the Multifamily Assisted Housing Reform and Affordability Act of 1997 ([42 U.S.C. 1437](#) note), which shall not result in a negative adjustment.

### **General Provision- Voucher Limit**

Current legislative authority to be amended: Section 542 of the Housing Act of 1949

Rationale: Includes language that will eliminate the limit on the number of vouchers RHS can issue. Currently Sec. 542 of the Housing Act of 1949 limits issuing voucher to 5,000 any fiscal year. The GP amends the Housing Act. Goal: USDA began offering vouchers in 2006 per the appropriations language for properties that were foreclosed or prepaid and has had the limit removed in the appropriations language annually since the program began. The program structure has evolved to not be subject to the 5,000 cap, however, it is still in the authorization language. By permanently removing the cap with the language proposed in the 2024 Budget General Provisions, it will enhance program delivery and end the need to request an increased cap in appropriations language on an annual basis. This GP would also allow RHS to ensure the program is compliant with both the statute and the appropriations language for the program. Eliminating the cap will ensure that RHS can protect eligible multifamily housing tenants in properties financed through Rural Development’s Section 515 Rural Rental Housing program who may be subject to economic hardship through prepayment or foreclosure of the Rural Development mortgage, hence improving tenants’ opportunities in rural areas. In addition, the cap needs to be eliminated for the program functionality as more and more Section 515 Direct loan projects will be eligible to exit the program through mortgage maturity beginning in 2027.

Anticipated IT Impacts: No anticipated IT needs.

Legislative Language Requested: SEC. 745. Section 542 of the Housing Act of 1949 (42 U.S.C. 1490r) is amended — (a) in the heading of section (b), by striking "and limitation"; (b) by striking "; and" at the end subsection (b)(1) and inserting a period; and (c) by striking subsection (b)(2).

### **General Provision- Voucher Cancellation**

Current Legislative Language to be amended: Addition of General Provision

Proposal- Voucher Cancellation: RHS proposes to permanently cancel \$11,786,000 of funds within the Voucher program with the following General Provision:

SEC XX Of the unobligated balances from amounts made available for the Voucher program account as authorized by the Housing Act of 1949 (P.L. 81–171), \$11,786,000 are hereby permanently cancelled: Provided, that no amounts shall be cancelled from amounts that were designated by the Congress as an emergency or disaster relief requirement pursuant to the concurrent resolution on the budget or the Balanced Budget and Emergency Deficit Control Act of 1985.

The cancellation of \$11.8 million in carryover balances in this account will not have an impact on the program’s ability to support voucher in 2025. The requested amount of \$38 million will support the current RD voucher holders.

**GEOGRAPHIC BREAKDOWN OF OBLIGATIONS**

*Table RHS-27. Rental Assistance Geographic Breakdown of Obligations (thousands of dollars)*

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alabama .....	\$40,758	\$51,296	-	-
Alaska .....	5,343	7,294	-	-
Arizona .....	19,260	21,560	-	-
Arkansas.....	26,300	29,214	-	-
California .....	144,774	149,086	-	-
Colorado.....	15,969	12,856	-	-
Connecticut .....	9,205	11,396	-	-
Delaware .....	6,008	6,857	-	-
Florida .....	69,174	65,471	-	-
Georgia.....	49,916	48,057	-	-
Hawaii .....	11,038	11,871	-	-
Idaho .....	16,963	20,327	-	-
Illinois .....	31,043	30,500	-	-
Indiana.....	25,111	26,800	-	-
Iowa.....	25,631	26,535	-	-
Kansas .....	13,491	13,911	-	-
Kentucky .....	29,705	31,471	-	-
Louisiana.....	46,504	63,568	-	-
Maine .....	37,774	45,001	-	-
Maryland.....	20,441	20,173	-	-
Massachusetts .....	9,868	12,789	-	-
Michigan.....	38,201	41,673	-	-
Minnesota.....	24,741	23,631	-	-
Mississippi .....	62,973	67,434	-	-
Missouri .....	25,532	24,022	-	-
Montana .....	6,734	7,344	-	-
Nebraska .....	7,226	6,932	-	-
Nevada .....	11,185	13,705	-	-
New Hampshire .....	13,741	15,484	-	-
New Jersey.....	10,878	13,019	-	-
New Mexico.....	23,367	22,521	-	-
New York.....	28,592	28,653	-	-
North Carolina .....	78,183	89,611	-	-
North Dakota.....	7,423	4,614	-	-
Ohio.....	30,525	36,851	-	-
Oklahoma.....	27,914	34,204	-	-
Oregon.....	27,665	32,154	-	-
Pennsylvania .....	33,398	36,719	-	-
Puerto Rico.....	20,168	22,136	-	-
Rhode Island .....	2,493	2,888	-	-
South Carolina .....	42,000	42,846	-	-
South Dakota.....	16,088	11,896	-	-
Tennessee.....	34,847	35,205	-	-
Texas.....	70,807	66,296	-	-
Utah.....	11,393	11,027	-	-
Vermont .....	9,441	10,140	-	-
Virgin Islands.....	5,710	5,963	-	-
Virginia .....	39,270	34,411	-	-
Washington .....	41,680	39,262	-	-
West Virginia.....	20,504	18,978	-	-
Wisconsin.....	18,050	18,072	-	-
Wyoming.....	4,995	4,200	-	-
Distribution Unknown .....	-	-	\$1,487,926	\$1,690,376
Obligations.....	1,450,000	1,527,926	1,487,926	1,690,376
Bal. Available, EOY .....	40,324	333	337	341
Total, Available.....	1,490,324	1,528,259	1,488,263	1,690,717

**Table RHS-28. Rural Vouchers Geographic Breakdown of Obligations (thousands of dollars)**

<b>State/Territory/Country</b>	<b>2022 Actual</b>	<b>2023 Actual</b>	<b>2024 Estimated</b>	<b>2025 Estimated</b>
Distribution Unknown .....	-	-	-	\$38,659
Obligations.....	-	-	-	38,659
Bal. Available, EOY .....	-	-	-	28,743
Total, Available.....	-	-	-	67,402

**Table RHS-29. Rural Vouchers Administrative Expenses Geographic Breakdown of Obligations (thousands of dollars)**

<b>State/Territory/Country</b>	<b>2022 Actual</b>	<b>2023 Actual</b>	<b>2024 Estimated</b>	<b>2025 Estimated</b>
Bal. Available, EOY .....	-	-	-	\$119
Total, Available.....	-	-	-	119

**CLASSIFICATION BY OBJECTS**

**Table RHS-30 Classification by Objects (thousands of dollars)**

<b>Item No.</b>	<b>Item</b>	<b>2022 Actual</b>	<b>2023 Actual</b>	<b>2024 Estimated</b>	<b>2025 Estimated</b>
	Other Objects:				
41.0	Grants, subsidies, and contributions .....	\$1,450,000	\$1,527,926	\$1,487,926	\$1,729,035
	Total, Other Objects.....	1,450,000	1,527,926	1,487,926	1,729,035
99.9	Total, new obligations .....	1,450,000	1,527,926	1,487,926	1,729,035

**ACCOUNT 3: RURAL VOUCHER PROGRAM**

**APPROPRIATIONS LANGUAGE**

The 2025 Budget request continues the 2024 Budget request for the Rural Voucher program to be merged with the Rental Assistance program.

**LEAD-OFF TABULAR STATEMENT**

**Table RHS-31. Lead-Off Tabular Statement (In dollars)**

Item	Amount
Estimate, 2024	\$48,000,000
Change in Appropriation	-10,000,000
Budget Estimate, 2025 (In Rental Assistance Program Account)	<u>38,000,000</u>

**PROJECT STATEMENTS**

**Table RHS-32. Project Statement on Basis of Appropriations (thousands of dollars)**

Item	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated	Inc. or Dec.	Chg Key
Discretionary Appropriations:						
Rural housing voucher program and administrative .....	\$45,000	\$48,000	\$48,000		--\$48,000	(1)
Subtotal .....	45,000	48,000	48,000		- 48,000	
Total Adjusted Approp .....	45,000	48,000	48,000		- 48,000	
Total Appropriation .....	45,000	48,000	48,000		- 48,000	
Balances Transferred to 12x2081 .....	-10,455	-	-		-	
Recoveries, Other .....	2,697	4,062	2,349		- 2,349	
Bal. Available, SOY .....	21,741	21,987	36,591		- 36,591	
Total Available .....	58,982	74,049	86,940		- 86,940	
Bal. Available, EOY .....	-21,987	-36,591	-38,940		- 38,940	
Total Obligations .....	<u>36,995</u>	<u>37,458</u>	<u>48,000</u>		- 48,000	

**Table RHS-33. Project Statement on Basis of Obligations (thousands of dollars)**

Item	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated	Inc. or Dec.
Discretionary Obligations:					
Rural housing voucher program and administrative .....	\$35,740	\$35,263	\$47,000		- \$47,000
Administrative Expenses (Exp Trfr to S&E) .....	1,255	2,196	1,000		- 1,000
Subtotal Disc Obligations .....	36,995	37,458	48,000		- 48,000
Total Obligations .....	36,995	37,458	48,000		- 48,000
Balances Available, EOY:					
Vouchers .....	20,751	35,265	37,674		- 37,674
Vouchers Admin Expenses – IT .....	1,236	1,326	1,266		- 1,266
Total Bal. Available, EOY .....	21,987	36,591	38,940		- 38,940
Total Available .....	58,982	74,049	86,940		- 86,940
Balances Transferred to 12x2081 .....	10,455	-	-		-
Recoveries, Other .....	-2,697	-4,062	-2,349		+ 2,349
Bal. Available, SOY .....	-21,741	-21,987	-36,591		- 36,591
Total Appropriation .....	<u>45,000</u>	<u>48,000</u>	<u>48,000</u>		- 48,000

**JUSTIFICATION OF CHANGES**

**Rural Housing Voucher**

The numbers and letters of the following listing relates to values in the Change (Chg) Key column of the Project Statement are comparing to 2024 CR level:

Justification of Increases and Decreases:

1. Rural Housing Voucher program has been moved to the Rental Assistance Grant account, please see that account for justification.

The agency continues the request to include the Voucher program under the Rental Assistance (RA) Program account. This program was created to offer some protection to eligible multi-family housing tenants in Section 515 rental housing who may be subject to financial hardship through prepayment of the RD mortgage. When a Section 515 property owner pays off the loan, or if the loan is foreclosed, the RD affordable housing requirements may be modified, which can result in increased and unaffordable rents for the tenants. This program provides such tenants with portable vouchers which may be used at the 515 property in which they reside, or at any other rental unit in the United States that passes RD inspection and where the owner accepts RD vouchers. The Budget request is \$38 million for this program in the RA Program account.

**GEOGRAPHIC BREAKDOWN OF OBLIGATIONS**

*Table RHS-34. Vouchers Geographic Breakdown of Obligations (thousands of dollars)*

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alabama .....	\$388	\$361	-	-
Alaska .....	56	41	-	-
Arizona.....	301	266	-	-
Arkansas.....	119	184	-	-
California .....	9	5	-	-
Colorado.....	143	302	-	-
Delaware .....	21	21	-	-
Florida .....	2,030	1,752	-	-
Georgia.....	1,039	1,185	-	-
Hawaii.....	37	33	-	-
Idaho .....	392	334	-	-
Illinois .....	853	1,205	-	-
Indiana.....	2,322	2,737	-	-
Iowa.....	1,100	1,006	-	-
Kansas.....	492	350	-	-
Kentucky .....	182	146	-	-
Louisiana.....	106	298	-	-
Maine .....	715	983	-	-
Maryland.....	34	34	-	-
Massachusetts .....	261	247	-	-
Michigan .....	6,237	4,986	-	-
Minnesota.....	1,340	1,188	-	-
Mississippi .....	185	206	-	-
Missouri .....	1,126	1,350	-	-
Montana .....	815	619	-	-
Nebraska .....	840	1,137	-	-
Nevada .....	64	41	-	-
New Hampshire .....	251	210	-	-
New Jersey.....	330	315	-	-
New Mexico.....	134	514	-	-
New York.....	1,370	1,226	-	-
North Carolina .....	341	218	-	-
North Dakota.....	514	377	-	-
Ohio.....	482	431	-	-
Oklahoma .....	195	147	-	-
Oregon.....	174	187	-	-
Pennsylvania .....	982	871	-	-
Puerto Rico.....	10	5	-	-
Rhode Island .....	23	9	-	-

2025 USDA EXPLANATORY NOTES – RURAL HOUSING SERVICE

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
South Carolina .....	914	826	-	-
South Dakota.....	1,289	1,612	-	-
Tennessee.....	559	493	-	-
Texas.....	1,986	2,080	-	-
Utah.....	66	58	-	-
Vermont.....	6	-	-	-
Virgin Islands.....	70	104	-	-
Virginia.....	74	387	-	-
Washington.....	1,031	876	-	-
West Virginia.....	92	81	-	-
Wisconsin.....	3,539	3,167	-	-
Wyoming.....	101	54	-	-
Distribution Unknown .....	-	-	\$47,000	-
Obligations.....	35,740	35,263	47,000	-
Bal. Available, EOY .....	20,751	35,265	37,674	-
Total, Available.....	56,491	70,528	84,674	-

*Table RHS-35. Vouchers Administrative Expenses Geographic Breakdown of Obligations (thousands of dollars)*

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
District of Columbia .....	\$1,255	\$2,196	-	-
Distribution Unknown .....	-	-	\$1,000	-
Obligations.....	1,255	2,196	1,000	-
Bal. Available, EOY .....	1,236	1,326	1,266	-
Total, Available.....	2,491	3,522	2,266	-

**CLASSIFICATION BY OBJECTS**

*Table RHS-36 Classification by Objects (thousands of dollars)*

Item No.	Item	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
	Other Objects:				
41.0	Grants, subsidies, and contributions.....	\$36,995	\$37,458	\$48,000	-
	Total, Other Objects .....	36,995	37,458	48,000	-
99.9	Total, new obligations .....	36,995	37,458	48,000	-

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**ACCOUNT 4: MUTUAL AND SELF-HELP HOUSING GRANTS**

**APPROPRIATIONS LANGUAGE**

The appropriations language follows (new language underscored; deleted matter enclosed in brackets):

- 1 Mutual and Self-Help Housing Grants
- 2
- 3 For grants and contracts pursuant to section 523(b)(1)(A) of the Housing Act of 1949 (42 U.S.C. 1490c),
- 4 [~~\$40,000,000~~]\$32,000,000, to remain available until expended.

**LEAD-OFF TABULAR STATEMENT**

**Table RHS-37. Lead-Off Tabular Statement (In dollars)**

Item	Amount
Estimate, 2024	\$32,000,000
Change in Appropriation	-
Budget Estimate, 2025	<u>32,000,000</u>

**PROJECT STATEMENTS**

**Table RHS-38. Project Statement on Basis of Appropriations (thousands of dollars)**

Item	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated	Inc. or Dec.	Chg Key
Discretionary Appropriations:						
Mutual and Self-Help Housing Grants.....	\$32,000	\$32,000	\$32,000	\$32,000	-	(1)
Total Appropriation.....	32,000	32,000	32,000	32,000	-	
Balances Transfer.....	4,000	-	-	-	-	
Recoveries, Other .....	4,212	252	177	124	-\$53	
Bal. Available, SOY.....	2,152	9,478	1,381	358	-1,023	
Total Available.....	42,363	41,731	33,558	32,482	-1,076	
Bal. Available, EOY .....	-9,478	-1,381	-358	-282	+76	
Total Obligations.....	32,885	40,350	33,200	32,200	-1,000	

**Table RHS-39. Project Statement on Basis of Obligations (thousands of dollars)**

Item	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated	Inc. or Dec.
Discretionary Obligations:					
Mutual and Self-Help Housing Grants.....	\$32,885	\$40,350	\$33,200	\$32,200	-\$1,000
Total Obligations.....	32,885	40,350	33,200	32,200	-1,000
Add back:					
Balances Available, EOY:					
Mutual and Self-Help Housing Grants.....	9,478	1,381	358	282	-76
Total Bal. Available, EOY .....	9,478	1,381	358	282	-76
Total Available.....	42,363	41,731	33,558	32,482	-1,076
Less:					
Balances Transfer.....	-4,000	-	-	-	-
Recoveries, Other .....	-4,212	-252	-177	-124	+53
Bal. Available, SOY.....	-2,152	-9,478	-1,381	-358	1,023
Total Appropriation.....	32,000	32,000	32,000	32,000	-

**JUSTIFICATION OF CHANGES**

**Mutual and Self-Help Housing Grants**

The numbers and letters of the following listing relates to values in the Change (Chg) Key column of the Project Statement are comparing to 2024 CR level:

1. No change for the Mutual Self-Help Housing (MSHH) Grants program (\$32,000,000 available in 2024).

This program provides grant funding to eligible entities to support families who cooperatively build each other’s homes. Grant recipients supervise groups of low- and very low-income individuals and families as they construct their own homes in rural areas. The group members provide most of the construction labor on each other’s homes, with technical assistance from the organization overseeing the project. Eligible applicants include Government non-profit organizations, Federally-recognized Tribes, and private, non-profit organizations. In addition to helping low- and very low-income families attain homeownership, this program assists in stimulating local economies, providing job training, and fostering community service skills.

The agency obligated \$40.4 million in 2023 across 56 grants. This total includes approximately \$10.7 million for persistent poverty areas and \$3.6 million for the disaster assistance fund. The regular grant program went towards three new grantees, 16 renewals, and six cost modifications. In persistent poverty funding the dollars went towards two new grantees, five renewals, and three cost modifications. Lastly, the disaster funding went towards 18 cost modifications. While the overall obligations for 2023 are slightly higher than the agency’s obligations in 2022, RD obligated \$7.4 million more for persistent poverty and \$3.2 million towards the disaster assistance fund.

The agency’s May 22, 2023, Rural Partners Network project announcements, it included a \$467,500 MSHH Technical Assistance Grant to the North Carolina Indian Housing Authority that will help them carry out self-help housing construction projects in Cumberland, Hoke and Robeson counties.

In June 2023, the RD California State Director presented several families with their keys and awarded them with a certificate recognizing their achievements as Self-Help owners. Nine families finished building their homes in Orosi thanks to the organization Self-Help Enterprises (SHE) and the RD Self-Help program. These families grouped together to help each other build their houses while SHE construction staff was onsite providing supervision and guidance. The sweat equity labor hours are used as a downpayment on the new homes and reduce costs on the homes, that under other circumstances, might not be affordable. After 14 months of construction and hard work, one of the homeowners said that she prayed for this opportunity to make a dream come true for her family and said that this experience taught her the true value of all their hard work. In fact, she saw the completion of the home as one of her greatest accomplishments.

The 2025 Budget requests funding of \$32 million will provide approximately 43 grants, based on an average grant of \$744,186, for Self-help grantee and technical assistance providers. The Mutual Self-Help program uses a network of non-profit partners to helps address the housing needs of a broad spectrum of very low- and low-income rural residents. Also, this program adds affordable housing stock to rural communities, fosters pride of ownership, and helps build a sense of community between the families who work together to build each other’s home. This program is part of Justice 40 initiative, which support environmental justice and equity in rural communities. Most of the families benefiting from this program are minorities.

**GEOGRAPHIC BREAKDOWN OF OBLIGATIONS**

*Table RHS-40. Mutual Self-Help Housing Grants Geographic Breakdown of Obligations (thousands of dollars)*

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alabama .....	-	\$401	-	-
Alaska .....	\$147	775	-	-
Arizona.....	1,623	3,997	-	-
Arkansas.....	952	815	-	-
California .....	12,300	8,550	-	-
Colorado.....	-	247	-	-
Delaware .....	993	940	-	-
District of Columbia .....	84	7,928	-	-

2025 USDA EXPLANATORY NOTES – RURAL HOUSING SERVICE

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Florida .....	3,786	-	-	-
Idaho .....	-	744	-	-
Indiana.....	465	-	-	-
Kentucky .....	40	-	-	-
Louisiana.....	188	-	-	-
Maine .....	794	-	-	-
Maryland.....	-	533	-	-
Massachusetts .....	-	300	-	-
Mississippi .....	630	425	-	-
Missouri .....	-	366	-	-
Montana .....	1,431	509	-	-
New Mexico.....	-	63	-	-
New York.....	-	325	-	-
North Carolina .....	-	468	-	-
Ohio.....	735	-	-	-
Oklahoma.....	1,642	784	-	-
Oregon.....	1,272	319	-	-
Pennsylvania .....	470	-	-	-
Tennessee.....	-	730	-	-
Texas .....	510	942	-	-
Utah.....	2,139	8,044	-	-
Virginia .....	420	422	-	-
Washington .....	2,208	1,655	-	-
West Virginia.....	59	71	-	-
Distribution Unknown .....	-	-	\$33,200	\$32,200
Obligations.....	32,885	40,350	33,200	32,200
Bal. Available, EOY .....	9,478	1,381	358	282
Total, Available.....	42,363	41,731	33,558	32,482

**CLASSIFICATION BY OBJECTS**

*Table RHS-41 Classification by Objects (thousands of dollars)*

Item No.	Item	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Other Objects:					
41.0	Grants, subsidies, and contributions.....	\$32,885	\$40,350	\$33,200	\$32,200
99.9	Total, new obligations .....	32,885	40,350	33,200	32,200

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**ACCOUNT 5: RURAL HOUSING ASSISTANCE GRANTS**

**APPROPRIATIONS LANGUAGE**

The appropriations language follows (new language underscored; deleted matter enclosed in brackets):

- 1 Rural Housing Assistance Grants
- 2
- 3 For grants for very low-income housing repair and rural housing preservation made by the Rural Housing
- 4 Service, as authorized by 42 U.S.C. 1474 and 1490m, [~~\$70,000,000~~]\$46,000,000, to remain available until
- 5 expended.

**LEAD-OFF TABULAR STATEMENT**

**Table RHS-42. Lead-Off Tabular Statement (In dollars)**

Item	Amount
Estimate, 2024	\$51,000,000
Change in Appropriation	-5,000,000
Budget Estimate, 2025	<u>46,000,000</u>

**PROJECT STATEMENTS**

**Table RHS-43. Project Statement on Basis of Appropriations (thousands of dollars)**

Item	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated	Inc. or Dec.	Chg Key
<b>Discretionary Appropriations:</b>						
Very Low-Income Housing Repair Grants .....	\$32,000	\$32,000	\$32,000	\$30,000	-\$2,000	(1)
Rural Housing Preservation Grants.....	16,000	16,000	16,000	16,000	-	(2)
GP Protecting Animals with Shelter .....	3,000	3,000	3,000	-	-3,000	(3)
Subtotal .....	51,000	51,000	51,000	46,000	-5,000	
<b>Supplemental Appropriations:</b>						
Very Low-Income Hsg Repair Grants Dis. (Div N)...	-	55,700	-	-	-	
Rural Hsg Preservation Grants Disaster (Div N) .....	-	2,500	-	-	-	
Disaster Grants Administration Expenses (Div N) ....	-	1,800	-	-	-	
Subtotal .....	-	60,000	-	-	-	
Total Adjusted Approp.....	51,000	111,000	51,000	46,000	-5,000	
Total Appropriation.....	51,000	111,000	51,000	46,000	-5,000	
Recoveries, Other.....	4,855	2,966	2,259	2,085	-173	
Bal. Available, SOY.....	22,545	31,723	83,255	17,046	-66,209	
Total Available.....	78,400	145,688	136,514	65,131	-71,382	
Bal. Available, EOY .....	-31,723	-83,255	-17,046	-12,560	+4,486	
Total Obligations.....	46,677	62,433	119,468	52,571	-66,897	

**Table RHS-44. Project Statement on Basis of Obligations (thousands of dollars)**

Item	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated	Inc. or Dec.
<b>Discretionary Obligations:</b>					
Very Low-Income Housing Repair Grants.....	\$24,487	\$31,886	\$46,957	\$34,889	-\$12,068
Rural Housing Preservation Grants .....	17,450	20,314	15,604	17,682	+2,078
GP Protecting Animals with Shelter.....	4,726	3,000	3,000	-	-3,000
Compensation for Construction Defects Grants.....	15	830	310	-	-310
Subtotal Disc Obligations .....	46,677	56,029	65,871	52,571	-13,301
<b>Supplemental Obligations:</b>					
Very Low-Income Hsg Repair Grants Dis (Div N)....	-	4,304	51,396	-	-51,396
Rural Hsg Preservation Grants Disaster (Div N) .....	-	300	2,200	-	-2,200
Disaster Grants Administration Expenses (Div N) ....	-	1,800	-	-	-
Subtotal Supp Obligations.....	-	6,404	53,596	-	-53,596
Total Obligations.....	46,677	62,433	119,468	52,571	-66,897
<b>Balances Available, EOY:</b>					
GP Protecting Animals with Shelter.....	-	-	-	-	-
Rural Housing Preservation Grants.....	3,053	549	1,734	931	-803

Item	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated	Inc. or Dec.
Very Low-Income Housing Repair Grants.....	28,129	28,799	15,312	11,630	-3,682
Compensation for Construction Defects Grants.....	540	310	-	-	-
Very Low-Income Hsg Repair Grants Dis (Div N)....	-	51,396	-	-	-
Rural Hsg Preservation Grants Disaster (Div N) .....	-	2,200	-	-	-
Total Bal. Available, EOY.....	31,723	83,255	17,046	12,560	-4,486
Total Available.....	78,400	145,688	136,514	65,131	-71,382
Less:					
Recoveries, Other .....	-4,855	-2,966	-2,259	-2,085	+173
Bal. Available, SOY.....	-22,545	-31,723	-83,255	-17,046	+66,209
Total Appropriation.....	51,000	111,000	51,000	46,000	-5,000

**JUSTIFICATION OF CHANGES**

**Rural Housing Assistance**

The numbers and letters of the following listing relates to values in the Change (Chg) Key column of the Project Statement are comparing to 2024 CR level:

1. A decrease of \$2,000,000 for the Very Low-Income Housing Repair Grants (Section 504) programs (\$32,000,000 available in 2024).

The funding for this program is essential because repair grants assist very-low-income elderly rural homeowners, aged 62 or older, 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. The lifetime total of the grant assistance to any one household or one dwelling may not exceed ten percent of the national average area loan limit. 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, RHS secures decent, safe, and affordable housing for rural residents, which is a fundamental agency objective.

The agency obligated \$31.9 million across nearly 4,000 grants in 2023. From this total, \$4.4 million went towards persistent poverty areas, an increase of almost \$3 million from the \$1.5 million obligated in 2022. The agency had three obligations totaling \$24,893 for Colonias grants, 24 obligations totaling \$232,500 for Indian Country grants, and two additional obligations for underserved areas totaling \$20,000. In looking across the last six years, 2023 is the year with the highest total obligations. With approximately 56 percent of program obligations occurring in the South, the four states with highest obligation totals are all in the South: Texas, Mississippi, Alabama, and North Carolina.

The agency is continually working to improve processes for the stakeholders. RHS announced via the March 29, 2023, Loan Application Packaging Express newsletter that a packaging fee is an eligible grant purpose, and that Section 504 Home Repair Loan or Grant packagers can earn up to \$750 for any closed grant they originated. In May 2023, the Agency made some important updates to the Section 504 Repair Loan and Grant program to improve the program for our customers in rural America. One of the updates included allowing grant eligible applicants to be considered for grant funds first and foremost and then consider repayment for a loan as needed.

Moving into 2024, RD is continuing to engage in outreach efforts such as hosting an informational workshop on October 12, 2023, for SFH stakeholders in Delaware, Maryland, and Virginia areas. This workshop provided information for those wanting to join the support network of loan and grant packagers. RD recognizes the importance of loan and grant packagers and their vital role in simplifying the home buying experience for low and very low-income applicants as well as helping to qualify existing homeowners address health and safety concerns in their dwellings.

The 2025 Budget request of \$30 million will provide approximately 3,635 qualified organizations with funds to repair or rehabilitate housing occupied by very low- and low-income families in eligible rural areas. Support for this program will help elderly rural residents to keep their houses in sanitary conditions and eliminate health hazards. This also increase the equity in their properties. Elderly population is more vulnerable to changes in economic conditions as they have a fixed income.

2. No Change for the Rural Housing Preservation Grants (HPG) program (\$16,000,000 available in 2024).

Grant funds can be used to assist low- and very low-income homeowners in repairing and rehabilitating their homes in rural areas. The program assists cooperative housing complexes and rental property owners in rural areas in repairing and rehabilitating their units if they agree to make such units available to very low- and low-income persons. Rental property owners can include Section 515 and 538 rental properties if the eligibility requirements are met for the HPG program. Rental property owners must agree to make the units repaired or rehabilitated available for occupancy to very low- or low-income persons for a period of not less than five years. The minimum five-year rent restriction for very low- and low-income tenants only applies to the units that are repaired with the HPG funding.

One key feature of the HPG program is that individuals apply directly to the organization that has received a HPG and not directly to Rural Development.

In 2023, the agency obligated just over \$20.6 million across 152 grants. From this total, approximately \$5.3 million went towards persistent poverty, \$300,000 went towards disaster funding, and \$200,000 were obligated in Rural Economic Area Partnership (REAP) zones. Of the \$14.8 million obligated across 110 grants, The HPG funding went towards 40 states and Puerto Rico. Three of the four states which received the most funding were in the South (Texas, Georgia, and North Carolina) with the fourth state being California. This funding went to 148 organizations and 2,698 proposed units. Obligations in 2023 increased from 2022 by nearly \$3.2 million. In fact, this program has grown by more than \$15 million in obligations from \$4.9 million in 2017 to the \$20.6 million in obligations in 2023. Excluding the disaster funding amounts, this program obligated nearly 99 percent of its funding in 2023.

Applications are accepted annually through a notice published in the Federal Register. The agency published a Notice of Funding Availability (NOFA) in the Federal Register (88 FR 24148) for this program on April 19, 2023. No single entity may be awarded more than half of a state's allocation if there are two or more preapplications for a given state that meet the regulation criteria. The maximum award for disaster assistance was \$50,000 with no state maximum for awards. While it is encouraged that HPG funds be leveraged with other resources, cost sharing or matching is not a requirement for the HPG applicant as the HPG applicant would not be denied an award of HPG funds if all other project selection criteria have been met.

On December 27, 2022, the RD Utah State Director announced that the agency is investing funds to expand access to housing repairs for underserved rural people who live and work in Utah. The Utah State Director said that, "Safe, healthy, and affordable housing is vital to local economies. By providing a broad spectrum of solutions for housing in rural areas, we strengthen the community." The announcement identified two HPG projects. Mountain Country Home Solutions received \$50,000 to rehabilitate six homes and expand availability of rental units for very low-income renters in rural Utah. RD awarded a \$50,000 grant to Uintah Basin Association of Governments to assist very low and low-income homeowners to make home repairs in its area of service. These RD investments will create economic opportunities and improve the lives of up to a dozen households in rural Utah. These projects contribute to the Administration's commitment to ensure that rural Americans have equitable access to the infrastructure and economic opportunities.

RD announced on December 8, 2023, more than 200 projects to improve infrastructure, housing, and economic conditions for underserved rural and Native American communities. The investments advance equity for all, including those "who have been historically underserved, marginalized, and adversely affected by persistent poverty and inequality; they ensure everyone in this country has a path to success. RD Deputy Under Secretary said. "The investments we're making today will have lasting economic and social benefits that will allow current and future generations to make a good life right at home in their rural communities." These are just a small fraction of the projects obligated in 2023. A \$150,000 HPG to Northeast Employment & Training will be used to rehabilitate 26 homes belonging to low-income homeowners in Vermont's Northeast Kingdom, one of five REAP zones. The homes assisted with these funds are in Caledonia, Essex, and Orleans counties. These improvements will include energy conservation measures aimed at the reduction of heating fuel and electric energy consumption, allowing homeowners to age in place with dignity and self-sufficiency. The home improvements will help residents save money and bring the properties into compliance with housing quality standards and codes. The state of West Virginia received three HPG totaling \$260,560 for three grants. The Southern Appalachian Labor School received two grants to rehabilitate two homes for individuals in Fayette County and ten homes for Fayette, Nicholas, Kanawha, Clay, and Raleigh counties. The third grant went to the Community Action of South East West Virginia, Inc to rehabilitate five homes for individuals in Mercer, Monroe, and Summers counties.

The agency is requesting \$16 million in the 2025 Budget, which will provide approximately 112 grants, based on an average obligation of \$143,857 for qualified organizations. This program funds will support elderly rural residents in multifamily housing units to improve their living conditions as well as improving energy

efficiencies. Overall, the program reduces the cost of maintaining the units to these tenants that are the most vulnerable to economic conditions.

3. A decrease of \$3,000,000 for Rural Housing Assistance Grants, Protecting animals with Shelter (\$3,000,000 available in 2024).

Funding is not requested for this program.

**GEOGRAPHIC BREAKDOWN OF OBLIGATIONS**

*Table RHS-45. Very Low-Income Housing Repair Grants Geographic Breakdown of Obligations (thousands of dollars)*

<b>State/Territory/Country</b>	<b>2022 Actual</b>	<b>2023 Actual</b>	<b>2024 Estimated</b>	<b>2025 Estimated</b>
Alabama .....	\$363	\$1,960	-	-
Alaska .....	48	83	-	-
Arizona.....	191	709	-	-
Arkansas.....	558	603	-	-
California .....	505	363	-	-
Colorado.....	152	198	-	-
Connecticut .....	77	53	-	-
Delaware .....	7	30	-	-
Florida .....	420	524	-	-
Georgia.....	452	416	-	-
Hawaii.....	30	31	-	-
Idaho .....	81	100	-	-
Illinois .....	1,142	1,298	-	-
Indiana.....	334	414	-	-
Iowa.....	542	647	-	-
Kansas.....	147	201	-	-
Kentucky.....	1,102	1,201	-	-
Louisiana.....	629	1,073	-	-
Maine .....	452	376	-	-
Maryland.....	89	70	-	-
Massachusetts .....	91	149	-	-
Michigan .....	1,377	1,666	-	-
Minnesota.....	424	372	-	-
Mississippi .....	1,449	2,522	-	-
Missouri .....	295	706	-	-
Montana .....	185	202	-	-
Nebraska .....	159	264	-	-
Nevada .....	73	134	-	-
New Hampshire .....	384	362	-	-
New Jersey.....	100	107	-	-
New Mexico.....	237	103	-	-
New York.....	1,018	1,394	-	-
North Carolina .....	995	1,760	-	-
North Dakota.....	140	152	-	-
Ohio.....	680	1,038	-	-
Oklahoma.....	289	326	-	-
Oregon.....	84	236	-	-
Pennsylvania .....	1,208	1,142	-	-
Puerto Rico.....	158	332	-	-
Rhode Island .....	2	30	-	-
South Carolina .....	687	969	-	-
South Dakota.....	59	39	-	-
Tennessee.....	1,151	958	-	-
Texas .....	2,802	3,392	-	-
Utah.....	51	15	-	-
Vermont .....	346	453	-	-
Virgin Islands.....	10	31	-	-
Virginia .....	1,352	1,209	-	-
Washington .....	180	211	-	-
West Virginia.....	493	603	-	-
Wisconsin.....	395	468	-	-
Wyoming.....	52	54	-	-



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State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Marshall Islands .....	218	138	-	-
Palau.....	22	-	-	-
Distribution Unknown .....	-	-	\$46,957	\$34,889
Obligations.....	24,487	31,886	46,957	34,889
Bal. Available, EOY .....	28,129	28,799	15,312	11,630
Total, Available.....	52,615	60,685	62,269	46,519

*Table RHS-46. Rural Housing Preservation Grants Geographic Breakdown of Obligations (thousands of dollars)*

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alabama .....	\$649	\$300	-	-
Alaska .....	500	125	-	-
Arizona.....	308	237	-	-
Arkansas.....	152	-	-	-
California .....	1,350	2,020	-	-
Colorado.....	-	200	-	-
Connecticut .....	67	65	-	-
Florida .....	196	423	-	-
Georgia.....	550	1,075	-	-
Hawaii .....	220	-	-	-
Illinois .....	283	538	-	-
Indiana.....	550	620	-	-
Iowa.....	209	163	-	-
Kansas .....	196	181	-	-
Kentucky .....	581	835	-	-
Louisiana.....	112	399	-	-
Maine .....	174	170	-	-
Maryland.....	380	380	-	-
Michigan .....	509	496	-	-
Minnesota.....	277	285	-	-
Mississippi .....	370	693	-	-
Missouri .....	315	345	-	-
Montana .....	125	350	-	-
Nebraska .....	139	-	-	-
Nevada .....	50	-	-	-
New Jersey.....	47	230	-	-
New Mexico.....	-	50	-	-
New York.....	474	537	-	-
North Carolina .....	629	1,285	-	-
North Dakota.....	450	150	-	-
Ohio.....	892	1,070	-	-
Oklahoma .....	100	-	-	-
Oregon.....	169	164	-	-
Pennsylvania .....	283	552	-	-
Puerto Rico.....	420	566	-	-
South Carolina .....	215	588	-	-
South Dakota.....	-	50	-	-
Tennessee.....	975	791	-	-
Texas .....	2,831	2,779	-	-
Utah.....	100	100	-	-
Vermont .....	325	250	-	-
Virginia .....	483	532	-	-
Washington .....	275	200	-	-
West Virginia.....	216	211	-	-
Wisconsin.....	264	236	-	-
Micronesia.....	-	75	-	-
Distribution Unknown .....	-	-	\$15,604	\$17,682
Obligations.....	17,450	20,314	15,604	17,682
Bal. Available, EOY .....	3,053	549	1,734	931
Total, Available.....	20,504	20,863	17,338	18,612

**Table RHS-47. Protecting Animals with Shelter Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Arizona.....	\$100	\$500	-	-
Arkansas.....	399	-	-	-
California.....	500	-	-	-
Connecticut.....	100	-	-	-
District of Columbia.....	2,027	-	-	-
Florida.....	-	100	-	-
Hawaii.....	-	400	-	-
Illinois.....	400	-	-	-
Kentucky.....	-	100	-	-
Maryland.....	-	400	-	-
Minnesota.....	-	100	-	-
Missouri.....	-	100	-	-
Montana.....	100	-	-	-
Nebraska.....	-	100	-	-
Nevada.....	100	305	-	-
New York.....	-	400	-	-
North Carolina.....	200	-	-	-
Ohio.....	-	400	-	-
Oklahoma.....	400	-	-	-
Tennessee.....	-	95	-	-
Wisconsin.....	400	-	-	-
Distribution Unknown.....	-	-	\$3,000	-
Obligations.....	4,726	3,000	3,000	-
Total, Available.....	4,726	3,000	3,000	-

**Table RHS-48. Compensation for Construction Defects Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alaska.....	-	\$313	-	-
Oklahoma.....	\$15	-	-	-
Utah.....	-	517	-	-
Distribution Unknown.....	-	-	\$310	-
Obligations.....	15	830	310	-
Bal. Available, EOY.....	540	310	-	-
Total, Available.....	555	1,140	310	-

**Table RHS-49. Very Low-Income Housing Repair Grants Disaster Division N Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alaska .....	-	\$41	-	-
Arkansas.....	-	10	-	-
California .....	-	381	-	-
Florida.....	-	430	-	-
Hawaii.....	-	250	-	-
Illinois.....	-	3	-	-
Kentucky.....	-	1,045	-	-
Minnesota.....	-	72	-	-
Montana.....	-	89	-	-
Nebraska.....	-	212	-	-
New Mexico.....	-	39	-	-
North Carolina.....	-	99	-	-
North Dakota.....	-	55	-	-
Puerto Rico.....	-	616	-	-
South Carolina.....	-	664	-	-
Tennessee.....	-	111	-	-
Texas.....	-	107	-	-
Virgin Islands.....	-	71	-	-
Washington.....	-	10	-	-
Distribution Unknown.....	-	-	\$51,396	-
Obligations.....	-	4,304	51,396	-
Bal. Available, EOY.....	-	51,396	-	-
Total, Available.....	-	55,700	51,396	-

**Table RHS-50. Rural Housing Preservation Grants Disaster Division N Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
California.....	-	\$50	-	-
Kentucky.....	-	100	-	-
Puerto Rico.....	-	50	-	-
Tennessee.....	-	50	-	-
West Virginia.....	-	50	-	-
Distribution Unknown.....	-	-	\$2,200	-
Obligations.....	-	300	2,200	-
Bal. Available, EOY.....	-	2,200	-	-
Total, Available.....	-	2,500	2,200	-

**Table RHS-51. Disaster Grants Administrative Expenses Division N Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
District of Columbia.....	-	\$1,800	-	-
Obligations.....	-	1,800	-	-

**CLASSIFICATION BY OBJECTS**

**Table RHS-52 Classification by Objects (thousands of dollars)**

Item No.	Item	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Other Objects:					
25.3	Other goods and services from Federal sources.....	-	\$1,800	-	-
41.0	Grants, subsidies, and contributions.....	\$46,677	60,633	\$119,468	\$52,571
	Total, Other Objects.....	46,677	62,433	119,468	52,571
99.9	Total, new obligations.....	46,677	62,433	119,468	52,571

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**ACCOUNT 6: RURAL COMMUNITY FACILITIES PROGRAM****APPROPRIATIONS LANGUAGE**

The appropriations language follows (new language underscored; deleted matter enclosed in brackets):

1 Rural Community Facilities Program  
 2  
 3 For gross obligations for the principal amount of direct and guaranteed loans as authorized by section 306 and  
 4 described in section 381E(d)(1) of the Consolidated Farm and Rural Development Act,  
 5 [~~\$2,800,000,000~~]\$1,250,000,000 for direct loans and \$650,000,000 for guaranteed loans.  
 6  
 7 For the cost of direct loans, loan guarantees and grants, including the cost of modifying loans, as defined in section  
 8 502 of the Congressional Budget Act of 1974, for rural community facilities programs as authorized by section 306  
 9 and described in section 381E(d)(1) of the Consolidated Farm and Rural Development Act,  
 10 [~~\$86,745,000~~]\$62,000,000, to remain available until expended: *Provided, That, notwithstanding any other provision*  
 11 *of law, not to exceed \$10,000,000 of the amount appropriated under this heading shall be set aside and prioritized*  
 12 *for qualified communities that are also energy communities in accordance with sections 217 and 218 of Executive*  
 13 *Order 14008: Provided further, That if any funds made available pursuant to the previous proviso remain*  
 14 *unobligated after July 31, 2025, such unobligated balances may be used to make grants to eligible entities under the*  
 15 *program: Provided further, That \$6,000,000 of the amount appropriated under this heading shall be available for a*  
 16 *Rural Community Development Initiative: Provided further, That such funds shall be used solely to develop the*  
 17 *capacity and ability of private, nonprofit community-based housing and community development organizations,*  
 18 *low-income rural communities, and Federally Recognized Native American Tribes to undertake projects to improve*  
 19 *housing, community facilities, community and economic development projects in rural areas: Provided further, That*  
 20 *such funds shall be made available to qualified private, nonprofit and public intermediary organizations proposing to*  
 21 *carry out a program of financial and technical assistance: Provided further, That such intermediary organizations*  
 22 *shall provide matching funds from other sources, including Federal funds for related activities, in an amount not less*  
 23 *than funds provided: Provided further, That any unobligated balances from prior year appropriations under this*  
 24 *heading for the cost of direct loans, loan guarantees and grants, including amounts deobligated or cancelled, may be*  
 25 *made available to cover the subsidy costs for direct loans and or loan guarantees under this heading in this fiscal*  
 26 *year: Provided further, That no amounts may be made available pursuant to the preceding proviso from amounts*  
 27 *that were designated by the Congress as an emergency requirement pursuant to a Concurrent Resolution on the*  
 28 *Budget or the Balanced Budget and Emergency Deficit Control Act of 1985: Provided further, That \$10,000,000 of*  
 29 *the amount appropriated under this heading shall be available for community facilities grants to tribal colleges, as*  
 30 *authorized by section 306(a)(19) of such Act: [Provided further, That from the funds made available under this*  
 31 *heading, \$2,000,000, to remain available until expended, shall be for the Secretary of Agriculture to carry out a pilot*  
 32 *program to assist rural hospitals to improve long term operations and financial health by providing technical*  
 33 *assistance through analysis of current hospital management practices: ]Provided further, That sections 381E-H and*  
 34 *381N of the Consolidated Farm and Rural Development Act are not applicable to the funds made available under*  
 35 *this heading.*

**Change Description**

*The first change* (lines 10 to 15 of paragraph 1) sets aside \$10,000,000 for energy communities to facilitate the transition away economies base on traditional energy production. The funding is provided until July 31, 2025, and any remaining funding can be reverted to regular grants at that time.

*The second change* (line 31 to 34 of paragraph 1) eliminates the proviso authorizing the rural hospital pilot program.

**LEAD-OFF TABULAR STATEMENT**

*Table RHS-53. Lead-Off Tabular Statement (In dollars)*

Item	Grants	Loan Level	Subsidy
Estimate, 2024	\$368,790,328	\$3,450,000,000	-
Change in Appropriation	-320,790,328	-1,550,000,000	+ \$14,000,000
Budget Estimate, 2025	48,000,000	1,900,000,000	14,000,000

2025 USDA EXPLANATORY NOTES - RURAL HOUSING SERVICE

**PROJECT STATEMENTS**

**Table RHS-54. Project Statement on Basis of Appropriations (thousands of dollars)**

Item	2022	2022	2023	2023	2024	2024	2025	2025	Program Level	Chg	Budget	Chg
	Program Level	Actual BA	Program Level	Actual BA	Program Level	Estimated BA	Program Level	Estimated BA	Inc. or Dec.	Key	Authority Inc. or Dec.	Key
Discretionary Appropriations:												
Community Facilities (CF) Direct Loans .....	\$2,800,000	-	\$2,800,000	-	\$2,800,000	-	\$1,250,000	\$14,000	-\$1,550,000	(1)	+\$14,000	(8)
Community Facilities Guaranteed Loans .....	650,000	-	650,000	-	650,000	-	650,000	-	-	(2)	-	-
Community Facilities Grants.....	40,000	\$40,000	-	-	25,300	\$25,300	22,000	22,000	-3,300	(3)	-3,300	-
Community Facilities Energy Grants .....	-	-	-	-	-	-	10,000	10,000	+10,000	(3)	+10,000	-
Rural Community Development Initiative												
Grants .....	6,000	6,000	6,000	\$6,000	6,000	6,000	6,000	6,000	-	(4)	-	-
Tribal College Grants .....	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	-	(5)	-	-
GP Rural Hospitals Pilot .....	2,000	2,000	2,000	2,000	2,000	2,000	-	-	-2,000	(6)	-2,000	-
Community Facilities Grants CPF/CDS.....	183,449	183,449	325,490	325,490	325,490	325,490	-	-	-325,490	(7)	-325,490	-
Subtotal.....	3,691,449	241,449	3,793,490	343,490	3,818,790	368,790	1,948,000	62,000	-1,870,790		-306,790	
Supplemental Appropriations:												
Community Facilities Grants (Div N).....	-	-	25,300	25,300	-	-	-	-	-	-	-	-
Community Facilities Grants Disaster (Div N)	-	-	48,500	48,500	-	-	-	-	-	-	-	-
Administrative Expenses: CF Grants Disaster (Div N) .....	-	-	1,500	1,500	-	-	-	-	-	-	-	-
Subtotal.....	-	-	75,300	75,300	-	-	-	-	-	-	-	-
Total Adjusted Approp.....	3,691,449	241,449	3,868,790	418,790	3,818,790	368,790	1,948,000	62,000	-1,870,790		-306,790	
Total Appropriation.....	3,691,449	241,449	3,868,790	418,790	3,818,790	368,790	1,948,000	62,000	-1,870,790		-306,790	
Balances Interchange (PY unobligated to 12X1902).....												
Recoveries, Other .....	3,147	3,160	48,312	50,678	2,698	3,902	2,566	2,776	-132		-1,126	
Rescinded Balances.....	-	-	-1,781	-1,781	-	-	-	-	-		-	
Bal. Available, SOY.....	549,325	549,325	347,752	347,765	439,178	441,558	202,454	202,881	-236,724		-238,677	
Total Available.....	4,241,921	791,935	4,263,072	815,452	4,260,667	814,251	2,153,020	267,658	-2,107,646		-546,593	
Lapsing Balances.....	-1,898,772	-	-2,187,928	-	-1,450,000	-	-	-	+1,450,000		-	
Bal. Available, EOY.....	-347,752	-347,765	-439,178	-441,558	-199,297	-202,881	-35,437	-36,075	+163,860		+166,807	
Total Obligations.....	1,995,398	444,170	1,635,966	373,894	2,611,369	611,369	2,117,583	231,583	-493,786		-379,786	

Note: The details associated with Supplemental appropriations provided to the Office of the Secretary but implemented in this account are found in the USDA Budget Summary and not reflected above.

2025 USDA EXPLANATORY NOTES - RURAL HOUSING SERVICE

**Table RHS-55. Project Statement on Basis of Obligations (thousands of dollars)**

Item	2022	2022	2023	2023	2024	2024	2025	2025	Program Level Inc. or Dec.	Budget Authority Inc. or Dec.
	Program Level	Actual BA	Program Level	Actual BA	Program Level	Estimated BA	Program Level	Estimated BA		
<b>Discretionary Obligations:</b>										
Community Facilities Direct Loans .....	\$1,312,941	-	\$1,079,211	-	\$1,700,000	-	\$1,250,000	\$14,000	-\$450,000	+\$14,000
Community Facilities Guaranteed Loans .....	238,288	-	182,861	-	300,000	-	650,000	-	+350,000	-
Community Facilities Modification Cost .....	-	-	-	-	12,050	\$12,050	-	-	-12,050	-12,050
Community Facilities Grants.....	44,582	\$44,582	4,120	\$4,120	26,279	26,279	23,153	23,153	-3,127	-3,127
Community Facilities Energy Grants .....	-	-	-	-	-	-	10,000	10,000	+10,000	+10,000
GP Hospital Grants.....	2,000	2,000	2,000	2,000	2,000	2,000	-	-	-2,000	-2,000
<b>Rural Community Development Initiative</b>										
Grants .....	5,331	5,331	7,726	7,726	6,498	6,498	6,363	6,363	-135	-135
Tribal College Grants .....	8,081	8,081	11,900	11,900	10,095	10,095	10,065	10,065	-30	-30
Community Facilities Disaster Grants .....	22,145	22,145	75	75	2,326	2,326	122	122	-2,204	-2,204
Essential Community Facilities TAT Grants ....	2,276	2,276	-	-	-	-	-	-	-	-
Community Facilities Grants CPF/CDS.....	18,036	18,036	144,872	144,872	503,641	503,641	167,880	167,880	-335,761	-335,761
Subtotal Disc Obligations.....	1,653,679	102,450	1,432,765	170,693	2,562,890	562,890	2,117,583	231,583	-445,307	-331,307
<b>Mandatory Obligations:</b>										
American Rescue Plan Act.....	341,719	341,719	161,270	161,270	-	-	-	-	-	-
Administrative Expenses: American Rescue Plan Act .....	-	-	8,150	8,150	-	-	-	-	-	-
Technical Assistance: American Rescue Plan Act .....	-	-	6,961	6,961	-	-	-	-	-	-
Subtotal Mand Obligations.....	341,719	341,719	176,381	176,381	-	-	-	-	-	-
<b>Supplemental Obligations:</b>										
Community Facilities Grants (Div N).....	-	-	25,284	25,284	16	16	-	-	-16	-16
Community Facilities Grants Disaster (Div N) .....	-	-	37	37	48,463	48,463	-	-	-48,463	-48,463
Administrative Expenses: CF Grants Disaster (Div N) .....	-	-	1,500	1,500	-	-	-	-	-	-
Subtotal Supp Oblig .....	-	-	26,820	26,820	48,480	48,480	-	-	-48,480	-48,480
Total Obligations.....	1,995,398	444,170	1,635,966	373,894	2,611,369	611,369	2,117,583	231,583	-493,786	-379,786
<b>Add back:</b>										
Lapsing Balances.....	1,898,772	-	2,187,928	-	1,450,000	-	-	-	-1,450,000	-
<b>Balances Available, EOY:</b>										
Community Facilities Direct Loans .....	-	13	-	19	-	35	3,788	42	+3,788	+7
Community Facilities Guaranteed Loans .....	-	-	-	2,361	-	3,549	-	4,383	-	+834
Modification Cost.....	40,167	40,167	40,167	40,167	28,117	28,117	28,117	28,117	-	-
American Rescue Plan Act.....	133,281	133,281	-	-	-	-	-	-	-	-
Community Facilities Grants.....	2,982	2,982	662	662	1,383	1,383	1,745	1,745	+362	+362
<b>Rural Community Development Initiative</b>										
Grants .....	2,051	2,051	458	458	342	342	335	335	-7	-7
Persistent Poverty Grants .....	104	104	168	168	-	-	-	-	-	-
Tribal College Grants .....	1,943	1,943	43	43	-	-	-	-	-	-
Economic Impact Initiative Grants.....	943	943	1,180	1,180	1,453	1,453	1,453	1,453	-	-



2025 USDA EXPLANATORY NOTES - RURAL HOUSING SERVICE

Item	2022		2023		2024		2025		Budget	
	Program Level	Actual BA	Program Level	Actual BA	Program Level	Estimated BA	Program Level	Estimated BA	Program Level Inc. or Dec.	Authority Inc. or Dec.
Disaster Relief Grants P.L. 116-20 .....	869	869	1,991	1,991	122	122	-	-	-122	-122
Community Facilities Grants CPF/CDS.....	165,413	165,413	346,031	346,031	167,880	167,880	-	-	-167,880	-167,880
Community Facilities Grants (Div N).....	-	-	16	16	-	-	-	-	-	-
Community Facilities Grants Disaster (Div N).	-	-	48,463	48,463	-	-	-	-	-	-
Total Bal. Available, EOY .....	347,752	347,765	439,178	441,558	199,297	202,881	35,437	36,075	-163,860	-166,807
Total Available.....	4,241,921	791,935	4,263,072	815,452	4,260,667	814,251	2,153,020	267,658	-2,107,646	-546,593
Less:										
Balances Interchange (PY unobligated to 12X1902).....	2,000	2,000	-	-	-	-	-	-	-	-
Recoveries, Other .....	-3,147	-3,160	-48,312	-50,678	-2,698	-3,902	-2,566	-2,776	+132	+1,126
Bal. Available, SOY.....	-549,325	-549,325	-347,752	-347,765	-439,178	-441,558	-202,454	-202,881	+236,724	+238,677
Total Appropriation.....	3,691,449	241,449	3,868,790	418,790	3,818,790	368,790	1,948,000	62,000	-1,870,790	-306,790

Note: The details associated with Supplemental appropriations provided to the Office of the Secretary but implemented in this account are found in the USDA Budget Summary and not reflected above.

**JUSTIFICATION OF CHANGES****Community Facilities**

The numbers and letters of the following listing relates to values in the Change (Chg) Key column of the Project Statement:

1. A decrease of \$1,550,000,000 in program level for the Direct Community Facility Loan program (\$2,800,000,000 available in 2024).

This program provides low-interest direct loans to public bodies, community-based nonprofit corporations, and Federally-recognized Tribes to develop essential community facilities in rural areas. An essential community facility is defined as a facility that provides an essential service to the local community for the orderly development of the community in a primarily rural area, and does not include private, commercial, or business undertakings. The loan repayment terms may not be longer than the useful life of the facility, state statutes, the applicant's authority, or a maximum of 40 years, whichever is less.

Because the subsidy rate becomes positive in 2025, the requested program level takes into account the historical obligation level in order to ensure against excess BA. The requested \$1.25 billion in lending will provide a robust funding level for 2025. In 2023, the agency obligated more than \$1,079 million in the Direct Community Facility (CF) Loan program; this includes just over \$1 million for 11 persistent poverty obligations and \$600,000 in obligations for SECD. The funding was obligated across 38 states and Puerto Rico. The region with the most funding is the Midwest, which obligated approximately 36 percent of total obligations. A rising interest rate environment coupled with supply chain and labor cost increases have affected funds requested under the Direct Program.

The Dothan Houston County Library System's (DHCLS) Ashford branch is getting a makeover with of a \$956,000 Direct CF Loan. Without the loan, DHCLS would have had to wait for and depend on fundraising for the project. The funding will be used to begin renovating the former MidSouth IT and Data Center into the new Ashford Library building. The current library has outgrown the 50-year-old building they are operating in today. This new library will be twice the size of the current facility and will be in the heart of downtown Ashford. The site's construction and renovation activities are expected to begin early in 2024 with an anticipated opening date of Fall 2024. This investment will enable the town to provide a facility that is larger, accessible, with more resources, and with additional space for library programs for the citizens of the town; it will benefit the 2,148 area residents and visitors.

On August 28, 2023, USDA announced over \$800 million for many different RD programs and the state of Minnesota is receiving over \$230 million of that total. One investment in Minnesota was in the city of Silver Lake, which will use a \$2.8 million loan through the Direct CF Loan program to repair the streets in areas where phase one of a three-phase water and wastewater infrastructure project are occurring. Silver Lake is leveraging these funds with financing through the Water & Waste Disposal Loan and Grant Program to rehabilitate existing wells and replace the water distribution system, sanitary sewer collection mains, and storm mains throughout two-thirds of the city damaging much of the city's street infrastructure in the process, meaning that the streets will need to be repaired. Another project in Minnesota uses a combination \$284,000 CF Direct Loan and \$50,000 CF Grant funding to purchase a vehicle for the Canby Fire Department. The city's fire and rescue service have two pumper fire vehicles; it is standard practice for fire departments to have two pumper trucks for insurance compliance. The Fire Department serves the city of Canby and portions of the surrounding ten townships. If one of the trucks is called to a fire the department is required to still have one pumper truck in the city in the event of an emergency there. These funds will help the city purchase a new truck to replace one of the older model vehicles that has reached the end of its useful life.

A funding level of \$1.25 billion for the direct loan program will continue to strengthen rural communities across America, delivering this critical program to communities to meet infrastructure needs. The loan level is projected to meet anticipated demand and can be delivered with the existing staffing levels. Continued leveraging of financial resources from the capital credit markets and other funding partners will ensure this program's success. At this funding level in 2025 will support an estimated 349 loans. This program contributes to the Justice 40 Initiative.

2. No change for the Guaranteed Community Facility Loan Program (\$650,000,000 available in 2024).

This program originated as an alternative to the equivalent direct loan program and is available to public bodies, community-based nonprofit corporations, and Federally-recognized Tribes to develop essential community facilities in rural areas. 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.

In 2023, the agency obligated \$182.9 million across 17 obligations; the Guaranteed Community Facility (CF) Rural Health Initiative accounted for \$4 million of this total. Over 80 percent of the funds were obligated in the South and West census regions. In the South, almost \$49 million was obligated in Alabama while the obligations in Tennessee were just over \$21 million; this was the first time the program obligated funds in Tennessee in at least five years. In the West the funding was split across Montana with almost \$34 million and Washington with just over \$40 million. Obligations for Washington were in line with what it received back in 2021, the last year that state received funds, while Montana saw a significant increase in funding from 2022, when it received \$7.6 million. The obligation rates for the Guaranteed CF program this year were negatively affected by a rising interest rate environment coupled with supply chain and labor cost increases.

On July 14, 2022, the agency published a notice in the Federal Register (87 FR 42141) announcing the guaranteed fee rates for those programs included in the OneRD program, which includes the Guaranteed CF Loan program. The fees are announced annually. While the notice was published prior to 2023 appropriation, it was effective October 1, 2023, and it was stated that adjustments would be made, if necessary, upon passage of an appropriation. The notice provides information on the guaranteed fee percentage, periodic guarantee retention fee percentage, loan guarantee percentage, and the fee for issuance of loan note guarantee prior to construction completion.

In 2023, RD provided approximately \$1.7 million in the form of a Guaranteed CF Loan to the Maine Arts Academy. Investment was used to provide funding for the purchase and upgrade of a facility. The funding was part of a \$3.25 million deal that closed earlier this year to buy a former Maine Veterans' Homes site; it was about six times larger than the academy's previous location in Sidney. This Charter School serves grades 9-12; it offers courses in subjects such as visual arts, dance, film, music, math, science, and world languages. While charter schools in Maine are publicly funded through the state, they also rely on state money, grants, and donations because they do not receive local tax support. The school's enrollment has grown every year from 105 students in 2016, and the larger space allows them to increase enrollment from 245 to 400 in addition to offering more programs. The charter school leased about 12,000 square feet and the new building is 69,615 square feet on nine acres. Free and equitable access to education and the arts are critical components of rural communities in Maine and this project is an example of how RD investments in community building are not limited to public safety, medical, or municipal buildings. Students across thirteen counties in Maine are enrolled in this free public charter school.

In the state of Montana, RD invested approximately \$19 million in CF funding in 2023. From this total, the agency awarded a \$3.8 million Guaranteed CF Loan. The RD Montana State Director stated that "everyone deserves quality, accessible health care, no matter where they live... and USDA is proud to work with Wheatland Memorial Healthcare to ensure rural Montanans will have access to quality, state-of-the-art care close to home." The RD funds will help finance construction costs to provide a modern space to create a comfortable healing environment; upgraded electrical and ventilation systems; and upgrades in furniture, fixtures, as well as equipment. Wheatland Memorial Healthcare opened in 1951 and while it has expanded over the years a new facility is now needed to accommodate patient demand and continue to provide the best care and meet the needs of its customers. This facility has a projected opening date of December 2024.

The Guaranteed CF Loan program is part of the OneRD initiative and in 2023, the agency published "OneRD Build America, Buy America Implementation Guidance" via an Unnumbered Letter in February 2023; this provided information and instructions on the next steps for RD to implement the Build America, Buy America Act (BABAA). Additionally, the OneRD Guarantee Loan Initiative team announced the launch of a new customer feedback survey starting in April for our lenders. The survey builds upon the agency's efforts to create more channels for lender customers to share feedback; this supports RD's efforts to listen, learn, and take strategic actions to improve lender experiences accessing loan guarantees under the OneRD initiative. The surveys were tailored to transactions, giving lenders the opportunity to share timely feedback specific to a RD obligation.

A funding level of \$650 million for the guaranteed loan program will continue to strengthen rural communities

across America, delivering this critical program to communities to meet infrastructure needs. The loan level is projected to meet anticipated demand and can be delivered with the existing staffing levels. Continued leveraging of financial resources from the capital credit markets and other funding partners will ensure this program's success.

3. An increase of \$6,700,000 million for the Community Facilities Grants program baseline and \$25,300,000 in supplemental funding (made available in 2023 from Division N funding).

Community Facilities (CF) Grant Program funding helps improve or develop essential community facilities and services provided by public bodies, nonprofits, and Federally recognized Indian Tribes. These critical investments meet locally identified and emerging needs and help counter out-migration by creating opportunities and a sense of place in rural communities. Often CF grants catalyze additional investment and help make larger infrastructure projects feasible. Grant funding is needed to ensure equitable access to these critical funds by rural communities across all 50 States and all territories, especially because not all States and communities have access to Community Project Funding/Congressionally Directed Spending.

CF grants support a variety of projects across the states to meet the needs of rural Americans. Most of these grants assisted small communities in building and improving their essential community infrastructure such as fire and rescue facilities, libraries, and other public and municipal buildings. The CF Grant Program provides grants to public bodies, nonprofit organizations, and Federally recognized Indian Tribes to develop or improve essential community facilities and services to ensure that rural residents have an opportunity for a brighter future with good schools, quality healthcare, and adequate public safety facilities and service. Grants may be used in conjunction with loans to meet the funding needs of communities for larger infrastructure projects.

In the CF Grant program, the agency made 108 grants totaling \$4.1 million; five of these obligations were aligned to persistent poverty funding. The funding for CF grants has gone towards, but is not limited to, the following categories: fire protection, including associated equipment and fire trucks; police cars and police protection; veterinary services; street maintenance equipment; child day care services; and other public building and improvement related services.

Over the past three years, USDA has invested \$21,500 through its CF Grant Program to the Barbour County Sheriff's Department with the most recent investment in November 2023 of \$7,900. Although this may not seem like a large investment, it has had a tremendous impact on their department. Barbour County Chief Deputy Jeff Roy said, "If you combine a small amount here and small amount there, that pays for one deputy... Because the USDA has assisted us with an amount here and an amount there, it's enabled us to be able to hire another deputy which benefits the whole county and its citizens." The \$7,900 CF Grant helped the department purchase body cameras, which will help record vital evidence and, as recent national events have shown, are imperative for the protection of not only the citizens of Barbour County, but also the officers. The agency awarded several CF grants in New Hampshire. The Town of Colebrook in New Hampshire a \$75,000 grant in 2023 to install a solar array on top of their public works garage that is projected to save approximately 31,000 kilowatt hours of electricity per year, more than 100 percent of the energy demand of the public garage and adjoining transfer station. The surplus solar production will go towards offsetting other municipal accounts. The project was born out of recent updates to the Town's Master Plan with help from an RD TA Provider, Clean Energy NH. LED light installation at the public garage in years past and a solar array this fiscal year prioritizes energy efficiency and renewable energy in municipal buildings and supports one of RD's key initiatives of increasing renewable energy and lowering impacts on climate change. RD awarded another \$75,000 grant to Granite United Way; this investment will be used to re-pave the Whole Village Center parking lot, which is in disrepair. The center primarily services 19 towns, and the building houses 15 social service agencies that provided over 8,000 services last year. Additionally, 121 outside organizations used the facility for hosting meetings, assisting an additional 15,000 people. Whole Village operating funds will supply additional funding.

In Georgia, Early County Board of Commissioners received three separate CF Grants totaling \$145,685 in 2023. Early County is in the southwest corner of the State near the Georgia, Florida, and Alabama State Lines and is considered a persistent poverty county. The investment from RD will be used to purchase accounting program software, computers, record retention storage, and radios for the jail. The County is using a 25-year-old accounting program with minimal capabilities. Record retention is required by law for county records and the jail radio system is used for communication between all jailers when processing inmates. The funding will also be used to purchase a Mower Max Boom for the Public Works Department to maintain rights of way, cleaning around bridges, maintain all ditches and side brush. Additionally, they will purchase two fully equipped patrol

vehicles to update the current fleet for the county law enforcement agency. The Early County Sheriff's Department has multiple vehicles with high mileage and excessive engine hours, which pose a safety concern.

Police vehicles and fire trucks are not the only types of vehicles that are purchased with CF grants to help communities. In Iowa, a \$44,600 CF grant will be used to help Decatur County Hospital in Leon purchase a medical vehicle and related equipment. This project will enable a certified paramedic to conduct home visits to patients who frequently visit the emergency room for health concerns that could be better managed at home. In May 2023, the RD West Virginia State Director announced several projects for his state, including a \$17,200 grant for the City of Smithers. The funding will be used to purchase a commercial tractor for the city's Street Department. The vehicle is needed to maintain the city's green spaces and for moving and clearing rocks, mud, and debris from public areas.

Within the requested funding, the Budget, CF will set aside \$10 million for energy communities as described in Executive Order (EO) 14008 Section 217 and in consultation with the Interagency Working Group on Coal and Power Plant Communities and Economic Revitalization (Energy Communities IWG) established in EO 14008 Section 218. USDA will work with the IWG to identify the scope of eligible energy communities in a way that prioritizes the Administration's focus on equity and environmental justice consistent with EO 14091 and 14096. This funding will support communities that are impacted by shifting to a clean energy economy. The funding is essential for foster economic revitalizations of and investment in these communities, ensure the creation of good jobs and secure the benefits that have been earned by workers.

The total Budget funding level will support an estimated 820 grants and will allow CF to continue helping rural communities create prosperity and expanding its outreach to underserved communities. RD has developed and implemented a strategic outreach and community engagement plan for underserved areas. The funding in this program will be used to continue the focus on supporting underserved communities. In addition, grant funds will support community efforts to implement innovative projects that help address climate change and promote environmental justice, ensure all rural communities have equitable access to RD resources, and help communities recover economically through more and better market opportunities and improved infrastructure in rural America. Grants are critically important for addressing the needs of very low and low-income rural residents, when communities cannot afford loans. This funding provides them the opportunity to improve their communities with much needed community infrastructure, help enhance the livelihood of younger populations, and encourage them to relocate to rural areas.

4. No change for the for the Rural Community Development Initiative Grants program (\$6,000,000 available in 2024).

Rural Community Development Initiative Grants (RCDI) grants are awarded to help non-profit housing and community development organizations, low-income rural communities, and federally recognized tribes support housing, community facilities and community and economic development projects in rural areas. Among many possibilities, funding can be used for home-ownership education, minority business entrepreneur education, strategic plan development, accessing alternative funding sources, board training, developing successful child-care facilities, as well as creating training tools, such as videos, workbooks, and reference guides.

Capacity building and technical assistance is important to the administration's efforts with regards climate change, and racial equity in rural communities.

In 2023, the agency made 21 obligations totaling \$6.3 million; obligations increased in 2023 compared to 2022 by approximately \$1 million and are now aligned with obligation levels seen in 2019 and 2020. More obligations were allocated to the South census region than any other region.

On May 4, 2023, the agency announced the NOFA for the RCDI program in the Federal Register (88 FR 28459). The minimum grant award is \$50,000 and the maximum award amount is \$500,000. The respective minimum and maximum grant amounts per intermediary are \$50,000 and \$500,000, respectively. This grant has a matching fund requirement that must be in the form of cash or confirmed comments that are at least equal to the grant amount. Awards under this NOFA for infrastructure projects to non-federal entities are governed by the requirements of Section 70914 of the Build America, Buy America Act (BABAA) within the Infrastructure Investment and Jobs Act, and its implementing regulations. However, and in accordance with BABAA, USDA determined that de minimis, small grants, and minor components shall be waived from the requirements of

BABAA, pursuant to a public interest waiver that was granted to the Department on September 13, 2022. Under the waiver, small grants below the Simplified Acquisition Threshold, which is currently \$250,000, shall not be subject to BABAA. Additionally, de minimis and minor components, as described in the Department waiver, are also not subject to BABAA.

Of the approximately \$500,000 invested in Maine in 2023, the agency made a \$304,636 investment that proposes "Building Community Strength: A Community Planning Capacity-Building Program" to help build and strengthen the capacity of low-income, socially vulnerable communities in rural Maine. This program will employ a train-the-trainer model, in which one or two trainees in each of the 10 recipient towns will receive training in land use planning processes that will address critical issues including farmland protection and farm viability, affordable housing, and climate change prevention and mitigation. Importantly, this training will emphasize the interconnections among these issues, to recognize that effective planning and strategies to address one issue can and should coordinate with and support others.

In 2023, the RD Oklahoma State Director and the Natural Resources Conservation Service (NRCS) Oklahoma Tribal Liaison hosted a live webinar October 31, 2022. The goal of the session was to provide information to Oklahoma partners to bring much-needed services to the rural communities in the state. The free webinar focused on various RD programs and grant opportunities such as the RCDI program.

The request in this program funding will allow rural communities to benefit from this opportunity for capacity development. A funding level of \$6 million in 2025 will support an estimated 19 grants.

5. No change for the Tribal College Grants (\$10,000,000 available in 2024).

The Tribal College Grants program provides funding to 1994 Land Grant Institutions (Tribal Colleges) to purchase equipment and make capital improvements to educational facilities. Eligible projects include, but are not limited to, schools, libraries, dorms, education equipment, and vehicles. Tribal colleges and universities maintain, preserve, and restore Native languages and cultural traditions, offer a high-quality college education, and provide career and technical education, job training, and other career-building programs. An educated and skilled workforce is essential for attracting new business, quality jobs, and economic prosperity. Typically, the funding is used for classrooms, dormitories, libraries and other on-campus education facilities and equipment. The cost of facilities and equipment associated with STEM (Science, Technology, Engineering, and Math) education; including chemistry labs, computer aided design equipment, and 3-D printers; is usually significantly higher than other educational facilities.

In 2023, the agency obligated \$11.9 million across 35 obligations; this reflects an increase from 2022 by just over \$3.8 million and an additional 11 obligations. In fact, this program obligated more funds in 2023 than in each of the last seven years and obligations have more than doubled since 2021. The 2023 funds went to the following NAICS Industries: Educational Services; Professional, Scientific, and Technical Services; Arts, Entertainment, and Recreation; Other Services except Public Administration; and Other/Not Defined. The agency saw growth across all industries from 2022 totals. The funding is primarily concentrated in the Northern states in the West and Midwest going to: Washington, Montana, North Dakota, Minnesota, Wisconsin, and Michigan. However, funding also was obligated in South Dakota, Nebraska, Oklahoma, Arizona, New Mexico, and Alaska. Approximately 50 percent of the 2023 obligations occurred in persistent poverty counties.

As an example of how this funding was utilized, RD awarded a \$352,000 Tribal College Grant that will be used to improve the atrium area and restrooms for College of the Menominee Nation in Wisconsin. Improvements to the atrium entrance will include new designs to the doorway entrance, flooring, and lighting. This will enhance the safety and security of the students, employees, and visitors to the campus. The restrooms have not been updated since this building was built, which was over thirty years ago. The restroom upgrade will include replacement of the stalls, toilets, and vanities as these are an essential part of the building to be used by students and faculty.

The Northwest Indian College in Washington received \$318,980 to purchase three vehicles - a 2023 Ford Lightning, Kubota Tractor, and a Utility Terrain Vehicle (UTV) - for Northwest Indian College. The vehicles will be used for campus maintenance including digging, dirt moving, snow plowing, and material transportation. Additionally, they will install six vehicle charging stations in the parking area of a new building under construction; these charging stations will be used to charge student and staff electric vehicles.

College of the Muscogee Nation (CMN) in Oklahoma received a \$327,651 grant to purchase multi-media equipment for the new CMN educational facility and exhibit hall. The CMN is a 1994 tribal land-grant institution, providing employment and higher education courses, which result in an associate degree and/or certificates, to 342 Native American staff members, faculty, and students, residing within an eight-county region of central Oklahoma. This funding will allow the college to become a technologically advanced campus with the visibility of the multi-media equipment located throughout the new classrooms and exhibit/lecture hall will create a positive and interactive atmosphere. An added benefit is that the use of this multi-media technology will create a greater capacity to host and conduct distance education courses thus enhancing CMN's ability to offer degrees to a wider range of students.

A funding level of \$10 million in 2025 will support approximately 28 grants. The Tribal College Grant Program, during a typical fiscal year, fully obligates 100 percent of the appropriated funding.

6. A decrease of \$2,000,000 for the Rural Hospital Pilot program (\$2,000,000 available in 2024).

Funding is not requested for this program.

7. A decrease of \$325,490,328 for the Community Facilities Congressional Directed Spending (\$325,490,328 available in 2024).

This funding is not being considered as part of the Budget request.

8. An increase of \$14,000,000 in budget authority for Community Facilities Direct Loan program (zero available in 2024).

This is the subsidy necessary to support the loan level proposed in the budget. This program had a negative subsidy rate in 2023, but because of increases in the cost of money this program has a positive subsidy of 1.12 percent in 2025.

**GEOGRAPHIC BREAKDOWN OF OBLIGATIONS**

*Table RHS-56. Community Facilities Direct Loans Geographic Breakdown of Obligations (thousands of dollars)*

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alabama .....	\$9,107	\$7,214	-	-
Arizona.....	5,631	-	-	-
California .....	55,655	100,726	-	-
Colorado.....	22,079	-	-	-
Delaware .....	-	24,160	-	-
Florida .....	5,166	646	-	-
Georgia.....	2,931	1,228	-	-
Hawaii.....	4,694	-	-	-
Idaho .....	-	1,285	-	-
Illinois.....	7,107	20,750	-	-
Indiana.....	-	1,950	-	-
Iowa.....	98,519	112,012	-	-
Kansas.....	111,654	35,764	-	-
Kentucky.....	5,000	2,500	-	-
Louisiana.....	33,488	54,510	-	-
Maine.....	1,958	1,781	-	-
Massachusetts.....	39,100	17,000	-	-
Michigan.....	63,203	11,194	-	-
Minnesota.....	13,750	34,182	-	-
Mississippi.....	50,045	7,717	-	-
Missouri.....	58,825	82,309	-	-
Montana.....	-	23,567	-	-
Nebraska.....	22,777	941	-	-
Nevada.....	5,428	164	-	-
New Hampshire.....	667	200	-	-
New Jersey.....	930	9,342	-	-
New Mexico.....	-	812	-	-
New York.....	22,692	45,444	-	-
North Carolina.....	93,778	57,770	-	-
North Dakota.....	130,412	8,787	-	-
Ohio.....	14,595	74,561	-	-
Oklahoma.....	7,118	160	-	-
Oregon.....	-	1,135	-	-
Pennsylvania.....	53,421	109,858	-	-
Puerto Rico.....	-	9,473	-	-
South Carolina.....	45,652	67,533	-	-
South Dakota.....	26,078	5,737	-	-
Tennessee.....	49,067	65,568	-	-
Texas.....	57,455	125	-	-
Vermont.....	2,379	46,494	-	-
Virginia.....	31,468	18,005	-	-
Washington.....	23,279	-	-	-
West Virginia.....	7,000	16,607	-	-
Wisconsin.....	64,457	-	-	-
Wyoming.....	66,378	-	-	-
Distribution Unknown.....	-	-	\$1,700,000	\$1,250,000
Obligations.....	1,312,941	1,079,211	1,700,000	1,250,000
Lapsing Balances.....	1,487,059	1,720,789	1,100,000	-
Bal. Available, EOY.....	-	-	-	3,788
Total, Available.....	2,800,000	2,800,000	2,800,000	1,253,788

*Table RHS-57. Community Facilities Guaranteed Loans Geographic Breakdown of Obligations (thousands of dollars)*

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alabama .....	-	\$48,715	-	-
Arizona.....	\$54,036	-	-	-
Arkansas.....	5,000	-	-	-
Florida.....	-	1,823	-	-
Georgia.....	4,120	-	-	-
Illinois.....	1,950	5,000	-	-



2025 USDA EXPLANATORY NOTES - RURAL HOUSING SERVICE

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Iowa.....	-	4,320	-	-
Kansas.....	21,650	-	-	-
Louisiana.....	7,700	8,084	-	-
Maine.....	-	1,688	-	-
Massachusetts.....	8,500	-	-	-
Michigan.....	38,970	-	-	-
Mississippi.....	27,611	-	-	-
Missouri.....	-	7,772	-	-
Montana.....	7,634	33,700	-	-
New York.....	22,576	3,500	-	-
North Carolina.....	-	5,150	-	-
North Dakota.....	25,894	-	-	-
Pennsylvania.....	1,323	-	-	-
South Carolina.....	3,082	550	-	-
Tennessee.....	-	21,250	-	-
Vermont.....	-	1,164	-	-
Washington.....	-	40,146	-	-
Wisconsin.....	5,000	-	-	-
Wyoming.....	3,242	-	-	-
Distribution Unknown.....	-	-	\$300,000	\$650,000
Obligations.....	238,288	182,861	300,000	650,000
Lapsing Balances.....	411,712	467,139	350,000	-
Total, Available.....	650,000	650,000	650,000	650,000

**Table RHS-58. Community Facility Modification Cost Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Distribution Unknown.....	-	-	\$12,050	-
Obligations.....	-	-	12,050	-
Bal. Available, EOY.....	\$40,167	\$40,167	28,117	\$28,117
Total, Available.....	40,167	40,167	40,167	28,117

**Table RHS-59. Community Facility Grants Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alabama.....	\$732	\$147	-	-
Arizona.....	652	-	-	-
Arkansas.....	691	9	-	-
California.....	9,041	-	-	-
Colorado.....	94	-	-	-
Connecticut.....	210	-	-	-
Delaware.....	399	-	-	-
Florida.....	1,860	66	-	-
Georgia.....	1,832	587	-	-
Hawaii.....	72	-	-	-
Idaho.....	65	-	-	-
Illinois.....	571	210	-	-
Indiana.....	657	233	-	-
Iowa.....	1,495	95	-	-
Kansas.....	366	26	-	-
Kentucky.....	1,214	-	-	-
Louisiana.....	29	-	-	-
Maine.....	326	38	-	-
Maryland.....	612	90	-	-
Massachusetts.....	248	-	-	-
Michigan.....	673	203	-	-
Minnesota.....	875	145	-	-
Mississippi.....	802	-	-	-
Missouri.....	1,096	77	-	-
Montana.....	163	-	-	-
Nebraska.....	258	174	-	-
Nevada.....	297	-	-	-

2025 USDA EXPLANATORY NOTES - RURAL HOUSING SERVICE

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
New Hampshire	527	92	-	-
New Jersey	241	-	-	-
New York	888	253	-	-
North Carolina	2,029	287	-	-
North Dakota	439	-	-	-
Ohio	1,075	167	-	-
Oklahoma	491	-	-	-
Oregon	160	-	-	-
Pennsylvania	1,459	511	-	-
Rhode Island	287	-	-	-
South Carolina	3,811	50	-	-
South Dakota	234	74	-	-
Tennessee	832	30	-	-
Texas	1,824	58	-	-
Utah	210	-	-	-
Vermont	880	54	-	-
Virginia	1,741	299	-	-
Washington	343	38	-	-
West Virginia	757	107	-	-
Wisconsin	657	-	-	-
Wyoming	368	-	-	-
Distribution Unknown	-	-	\$26,279	\$23,153
Obligations	44,582	4,120	26,279	23,153
Bal. Available, EOY	3,085	830	1,383	1,745
Total, Available	47,667	4,950	27,663	24,898

**Table RHS-60. Community Facility Energy Grants Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Distribution Unknown	-	-	-	\$10,000
Obligations	-	-	-	10,000
Total, Available	-	-	-	10,000

**Table RHS-61. Rural Hospital Grants Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Maryland	\$2,000	\$2,000	-	-
Distribution Unknown	-	-	\$2,000	-
Obligations	2,000	2,000	2,000	-
Total, Available	2,000	2,000	2,000	-

**Table RHS-62. Rural Community Development Initiative Grants Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alabama	-	\$500	-	-
Arkansas	\$250	750	-	-
California	575	791	-	-
Colorado	250	-	-	-
Georgia	-	186	-	-
Iowa	120	150	-	-
Kentucky	150	-	-	-
Maine	141	506	-	-
Maryland	750	939	-	-
Massachusetts	250	-	-	-
Michigan	-	500	-	-
Minnesota	262	278	-	-
Mississippi	-	50	-	-
Missouri	250	-	-	-
Montana	131	-	-	-
New Hampshire	156	-	-	-
New York	250	500	-	-

2025 USDA EXPLANATORY NOTES - RURAL HOUSING SERVICE

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
North Carolina .....	250	-	-	-
Ohio.....	-	250	-	-
Oregon.....	55	-	-	-
Puerto Rico.....	250	373	-	-
South Dakota.....	-	820	-	-
Tennessee.....	250	866	-	-
Vermont.....	490	-	-	-
Washington.....	-	267	-	-
West Virginia.....	500	-	-	-
Distribution Unknown .....	-	-	\$6,498	\$6,363
Obligations.....	5,331	7,726	6,498	6,363
Bal. Available, EOY.....	2,051	458	342	335
Total, Available.....	7,382	8,183	6,840	6,698

**Table RHS-63. Tribal College Grants Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alaska .....	\$348	\$352	-	-
Arizona.....	690	702	-	-
Michigan.....	693	741	-	-
Minnesota.....	670	1,038	-	-
Montana.....	861	3,160	-	-
Nebraska.....	689	704	-	-
New Mexico.....	690	702	-	-
North Dakota.....	1,392	1,760	-	-
Oklahoma.....	-	662	-	-
South Dakota.....	1,035	1,056	-	-
Washington.....	324	319	-	-
Wisconsin.....	690	704	-	-
Distribution Unknown .....	-	-	\$10,095	\$10,065
Obligations.....	8,081	11,900	10,095	10,065
Bal. Available, EOY.....	1,943	43	-	-
Total, Available.....	10,024	11,943	10,095	10,065

**Table RHS-64. Community Facilities Disaster Grants Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Arkansas.....	\$289	-	-	-
California.....	1,204	-	-	-
Connecticut.....	63	-	-	-
Florida.....	1,182	-	-	-
Georgia.....	469	-	-	-
Hawaii.....	239	-	-	-
Illinois.....	465	-	-	-
Indiana.....	603	-	-	-
Iowa.....	5,092	-	-	-
Kansas.....	3,763	-	-	-
Kentucky.....	189	-	-	-
Maryland.....	818	-	-	-
Massachusetts.....	75	-	-	-
Minnesota.....	881	-	-	-
Missouri.....	1,034	-	-	-
N. Mariana Islands.....	208	-	-	-
Nebraska.....	66	-	-	-
New Hampshire.....	493	-	-	-
New York.....	75	-	-	-
North Carolina.....	1,195	-	-	-
North Dakota.....	1,495	-	-	-
Ohio.....	400	-	-	-
Oklahoma.....	282	\$75	-	-
Pennsylvania.....	691	-	-	-
South Carolina.....	4	-	-	-
South Dakota.....	105	-	-	-
Tennessee.....	402	-	-	-

2025 USDA EXPLANATORY NOTES - RURAL HOUSING SERVICE

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Texas .....	42	-	-	-
Virginia .....	267	-	-	-
Wisconsin.....	55	-	-	-
Distribution Unknown .....	-	-	\$2,326	\$122
Obligations.....	22,145	75	2,326	122
Bal. Available, EOY .....	869	1,991	122	-
Total, Available.....	23,014	2,066	2,449	122

**Table RHS-65. Essential Community Facilities Technical and Training (TAT) Grants Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Arizona.....	\$281	-	-	-
Hawaii .....	150	-	-	-
Illinois .....	150	-	-	-
Louisiana.....	42	-	-	-
Maryland.....	150	-	-	-
Michigan.....	150	-	-	-
New Hampshire .....	150	-	-	-
New Mexico.....	150	-	-	-
Ohio.....	149	-	-	-
Oklahoma.....	54	-	-	-
Oregon.....	150	-	-	-
Pennsylvania .....	50	-	-	-
South Dakota.....	150	-	-	-
Tennessee.....	150	-	-	-
Vermont .....	200	-	-	-
Virginia .....	150	-	-	-
Obligations.....	2,276	-	-	-
Total, Available.....	2,276	-	-	-

**Table RHS-66. Community Facilities Community Projects Grants Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alabama.....	\$885	-	-	-
Alaska .....	2,340	\$5,896	-	-
Arizona.....	2,000	1,100	-	-
California .....	-	4,548	-	-
Colorado.....	-	14,535	-	-
Connecticut .....	-	4,075	-	-
Delaware .....	-	1,038	-	-
Georgia.....	1,400	1,501	-	-
Hawaii .....	-	1,388	-	-
Idaho .....	-	7,814	-	-
Illinois .....	1,000	334	-	-
Iowa.....	2,025	1,500	-	-
Maine .....	450	6,473	-	-
Maryland.....	-	188	-	-
Michigan.....	-	1,638	-	-
Minnesota.....	418	7,097	-	-
Mississippi .....	-	2,280	-	-
Missouri .....	1,000	-	-	-
N. Mariana Islands.....	1,372	1,636	-	-
New Hampshire .....	-	591	-	-
New Jersey.....	-	9,915	-	-
New Mexico.....	-	10,659	-	-
New York.....	-	12,512	-	-
North Carolina .....	-	3,783	-	-
Ohio.....	-	4,180	-	-
Oregon.....	-	244	-	-
Pennsylvania .....	1,250	7,370	-	-
Rhode Island .....	-	307	-	-
South Carolina .....	2,883	1,913	-	-

2025 USDA EXPLANATORY NOTES - RURAL HOUSING SERVICE

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Vermont .....	-	3,390	-	-
Virginia .....	1,012	818	-	-
Washington .....	-	5,213	-	-
West Virginia .....	-	182	-	-
Wisconsin .....	-	20,757	-	-
Distribution Unknown .....	-	-	\$503,641	\$167,880
Obligations .....	18,036	144,872	503,641	167,880
Bal. Available, EOY .....	165,413	346,031	167,880	-
Total, Available .....	183,449	490,903	671,522	167,880

*Table RHS-67. Community Facilities Grants Division N Geographic Breakdown of Obligations (thousands of dollars)*

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alabama .....	-	\$537	-	-
Alaska .....	-	70	-	-
Arkansas .....	-	687	-	-
California .....	-	1,256	-	-
Colorado .....	-	60	-	-
Connecticut .....	-	163	-	-
Delaware .....	-	214	-	-
Florida .....	-	707	-	-
Georgia .....	-	440	-	-
Hawaii .....	-	56	-	-
Idaho .....	-	243	-	-
Illinois .....	-	322	-	-
Indiana .....	-	402	-	-
Iowa .....	-	956	-	-
Kansas .....	-	382	-	-
Kentucky .....	-	574	-	-
Louisiana .....	-	249	-	-
Maine .....	-	142	-	-
Maryland .....	-	492	-	-
Massachusetts .....	-	478	-	-
Michigan .....	-	1,959	-	-
Minnesota .....	-	609	-	-
Mississippi .....	-	801	-	-
Missouri .....	-	866	-	-
Montana .....	-	189	-	-
Nebraska .....	-	551	-	-
Nevada .....	-	50	-	-
New Hampshire .....	-	345	-	-
New Jersey .....	-	177	-	-
New Mexico .....	-	113	-	-
New York .....	-	707	-	-
North Carolina .....	-	690	-	-
North Dakota .....	-	359	-	-
Ohio .....	-	528	-	-
Oklahoma .....	-	1,879	-	-
Oregon .....	-	173	-	-
Pennsylvania .....	-	554	-	-
Puerto Rico .....	-	150	-	-
Rhode Island .....	-	177	-	-
South Carolina .....	-	919	-	-
South Dakota .....	-	356	-	-
Tennessee .....	-	855	-	-
Texas .....	-	1,180	-	-
Utah .....	-	86	-	-
Vermont .....	-	691	-	-
Virginia .....	-	596	-	-
Washington .....	-	215	-	-
West Virginia .....	-	362	-	-
Wisconsin .....	-	429	-	-
Wyoming .....	-	188	-	-

2025 USDA EXPLANATORY NOTES - RURAL HOUSING SERVICE

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Micronesia.....	-	100	-	-
Distribution Unknown .....	-	-	\$16	-
Obligations.....	-	25,284	16	-
Bal. Available, EOY .....	-	16	-	-
Total, Available.....	-	25,300	16	-

**Table RHS-68. Community Facilities Grants Disasters Division N Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Kentucky .....	-	\$37	-	-
Distribution Unknown .....	-	-	\$48,463	-
Obligations.....	-	37	48,463	-
Bal. Available, EOY .....	-	48,463	-	-
Total, Available.....	-	48,500	48,463	-

**Table RHS-69. Community Facilities Grants Disasters Administrative Expenses Division N Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
District of Columbia .....	-	\$1,500	-	-
Obligations.....	-	1,500	-	-
Total, Available.....	-	1,500	-	-

**Table RHS-70. Community Facilities American Rescue Plan Act Grants Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alabama.....	\$6,541	\$3,884	-	-
Alaska .....	12,000	5,916	-	-
Arizona.....	6,038	9,938	-	-
Arkansas.....	2,884	368	-	-
California .....	11,772	2,000	-	-
Colorado.....	5,449	799	-	-
Connecticut .....	633	-	-	-
Delaware .....	3,465	1,836	-	-
Florida.....	11,905	2,781	-	-
Georgia.....	6,432	3,090	-	-
Guam.....	1,050	-	-	-
Hawaii.....	639	-	-	-
Idaho .....	3,560	1,000	-	-
Illinois .....	7,506	13,990	-	-
Indiana.....	2,880	1,188	-	-
Iowa.....	17,390	9,435	-	-
Kansas .....	4,967	790	-	-
Kentucky .....	6,909	5,000	-	-
Louisiana.....	8,247	1,912	-	-
Maine .....	9,791	521	-	-
Maryland.....	3,971	2,708	-	-
Massachusetts .....	4,930	3,193	-	-
Michigan .....	3,303	4,985	-	-
Minnesota.....	7,643	1,860	-	-
Mississippi .....	8,132	17,836	-	-
Missouri .....	4,502	8,414	-	-
Montana .....	19,046	1,276	-	-
N. Mariana Islands.....	953	-	-	-
Nebraska .....	3,561	4,666	-	-
Nevada .....	2,248	-	-	-
New Hampshire .....	3,108	-	-	-
New Jersey .....	2,512	2,551	-	-
New Mexico.....	2,215	-	-	-
New York.....	18,382	2,892	-	-
North Carolina .....	7,418	1,438	-	-
North Dakota.....	3,338	1,000	-	-

2025 USDA EXPLANATORY NOTES - RURAL HOUSING SERVICE

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Ohio.....	9,973	11,041	-	-
Oklahoma.....	6,349	4,737	-	-
Oregon.....	1,557	1,067	-	-
Pennsylvania.....	16,397	233	-	-
Puerto Rico.....	3,432	803	-	-
Rhode Island.....	1,880	506	-	-
South Carolina.....	13,337	1,209	-	-
South Dakota.....	2,725	2,593	-	-
Tennessee.....	6,158	1,390	-	-
Texas.....	13,458	663	-	-
Utah.....	1,364	-	-	-
Vermont.....	2,726	3,000	-	-
Virginia.....	6,088	10,969	-	-
Washington.....	7,329	2,255	-	-
West Virginia.....	5,840	-	-	-
Wisconsin.....	14,768	2,000	-	-
Wyoming.....	2,412	1,540	-	-
Micronesia.....	608	-	-	-
Obligations.....	341,719	161,270	-	-
Bal. Available, EOY.....	133,281	-	-	-
Total, Available.....	475,000	161,270	-	-

**Table RHS-71. Community Facilities American Rescue Plan Act Grants Administrative Expenses Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
District of Columbia.....	-	\$8,150	-	-
Obligations.....	-	8,150	-	-
Total, Available.....	-	8,150	-	-

**Table RHS-72. Community Facilities American Rescue Plan Act Grants Technical Assistance Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
District of Columbia.....	-	\$6,961	-	-
Obligations.....	-	6,961	-	-
Total, Available.....	-	6,961	-	-

**CLASSIFICATION BY OBJECTS**

**Table RHS-73 Classification by Objects (Discretionary) (thousands of dollars)**

Item No.	Item	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Other Objects:					
25.3	Other goods and services from Federal sources.....	-	\$1,500	-	-
41.0	Grants, subsidies, and contributions.....	\$102,450	196,013	\$611,369	\$231,583
	Total, Other Objects.....	102,450	197,513	611,369	231,583
99.9	Total, new obligations.....	102,450	197,513	611,369	231,583

**Table RHS-74 Classification by Objects (Mandatory) (thousands of dollars)**

Item No.	Item	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Other Objects:					
25.3	Other goods and services from Federal sources.....	-	\$15,111	-	-
41.0	Grants, subsidies, and contributions.....	\$341,719	161,270	-	-
	Total, Other Objects.....	341,719	176,381	-	-
99.9	Total, new obligations.....	341,719	176,381	-	-

## **STATUS OF PROGRAMS**

The Rural Housing Service (RHS) offers a variety of programs to build or improve housing and essential community facilities in rural areas. Funds are disseminated via loans, grants, and loan guarantees for purposes that include, but are not limited to, single and multifamily housing, child-care centers, fire and police stations, hospitals, libraries, nursing homes, schools, first responder vehicles and equipment, and housing for farm laborers. RHS also provides technical assistance loans and grants in partnership with non-profit organizations, Indian tribes, state and Federal government agencies and local communities. RHS programs support the critical infrastructure of housing by increasing housing affordability and providing homes, which improves the quality of life for rural families.

### **Single Family Housing Programs**

The RHS administers Single Family Housing (SFH) programs that provide loans, grants, and loan guarantees to finance the construction, purchase, and repair of single-family homes that enable very low-, low-, and moderate-income individuals and families to live in decent, safe, sanitary, and affordable housing.

### **Current Activities**

In 2023, RHS supported 51,202 SFH loans, grants, and guarantees totaling \$8.77 billion in obligations, as detailed in the following sections.

The American Rescue Plan Act of 2021 (ARPA) provided funding through September 2023 to help refinance direct loans under the SFH Direct Loan Program and the SFH Repair Loans. The agency obligated approximately \$784.5 million in Section 502 Direct ARPA funds. Funding was obligated in almost every state and included Puerto Rico and the Marshall Islands. For SFH Direct loans, the states with the highest obligation totals were California, South Carolina, and Indiana. The agency obligated approximately \$1.8 million in SFH Repair loans ARPA dollars across 149 obligations spanning 29 states, Puerto Rico, and the Marshall Islands in 2023 with Michigan and North Carolina receiving the most funds.

### **Single Family Housing Direct Loan Program (SFHDLP)**

Under the SFHDLP, also known as the Section 502 Direct Loan Program, RHS directly underwrites and services fixed-interest mortgage loans to low- and very low-income individuals and families who are unable to obtain credit elsewhere. Funds may be used to purchase, build, renovate, or repair a home, and to prepare a site, including providing water and sewage facilities. The program also provides “supervised credit”, including pre-loan and post-loan credit counseling, to borrowers to help them maintain their homes during financial crises. Loans are subsidized at a graduated interest rate from one percent over Treasury’s cost of money, depending on the applicant’s income. Applicants may obtain 100 percent financing and loans are for up to 33 years (38 years for those with incomes below 60 percent of the area median household income and the longer term is necessary to show repayment ability). Interest rates are determined so that a family pays from 22 to 26 percent of their income for principal, interest, taxes, and insurance. To make loans more affordable, Rural Development (RD) funding can be combined/leveraged with other programs such as:

- Habitat for Humanity;
- Local Housing Authorities;
- Community Action Council;

### **2023 data and demographics for the SFHDLP:**

- **Total Obligations:** RHS obligated \$1.7 billion in program level and supported 7,128 SFH Direct Loans.
- **Borrower Income Eligibility:** Total obligations include \$272.2 million for very low-income borrowers, and \$638.6 million for low-income borrowers. Also included in total obligations was \$1.9 million for Colonias across low-income and very low-income borrowers.
- **Mutual Self Help:** Of the total funding, 469 loans were for borrowers that participated in the Mutual Self Help program.
- **Race:** Composition of SFHDLP borrowers was 69 percent White and 31 percent other races.
- **Gender:** Women accounted for the majority of SFHDLP borrowers at 61 percent.

In 2023, the agency obligated \$784.5 million in program level supporting 3,450 loans for the SFH Direct ARPA funding. In 2023 the remaining Budget Authority (BA) for ARPA was rescinded as part of the Fiscal Responsibility Act, which was signed into law by the President on June 3, 2023. The agency updated its guidance to provide a wind-down period following the expiration of the ARPA BA; it continued acceptance of these refinance



applications, in accordance with 7 CFR 3550.201, through June 30, 2023. Additionally, the agency provided updated close-out procedures for processing ARPA applications from existing SFH Direct loans and SFH repair loans borrowers, to refinance loans which are or have been in an approved COVID-19 moratorium.

Homeownership plays a vital role in establishing and sustaining strong communities by building generational wealth, reaching financial stability, and growing roots where they live. In Farmville, Virginia Piedmont Habitat for Humanity is putting two sturdily constructed halves together to change the futures of four new homeowners with help from RD. Conventional construction takes four to six months to complete; the organization realized it could not build all 11 houses for a project in the time allotted. New modular houses are an out-of-the-box approach that is helping get more people into safe, affordable homes within a tight timeline. In one week, a company delivered the first four modular units, then the organization put in the foundations, set the two parts in place with a crane, and seamed them together. A RD Loan Specialist worked with Piedmont to secure SFH Direct Loans totaling \$565,840 for four individuals, who will be instant neighbors. The agency has funded modular houses, but not four on adjacent lots that are all closing on the same day. All four purchasers should close on their new homes by the end of June. One of the homeowners stated that they had waited 67 years for their dream to come true, thanked RD for investing in them.

In 2023, the agency obligated just over \$9 million for the Section 502 SFH Relending Pilot Program. To get to this level of funding, RHS requested a transfer within the RHIF of \$500,000 in Budget Authority from the 502 Direct low-income account; the authority to perform this task is the Housing Act of 1949, as amended under the General Provision 716(b). The agency announced this program via the Federal Register on May 18, 2023 (88 FR 31669) with an update on July 10, 2023 (88 FR 43544). On October 16, 2023, Acting Under Secretary for RD announced the agency is partnering with eight Native Community Development Financial Institutions (NCFIs) to expand homeownership opportunities for Native Americans living on Tribal lands in eight states. In the Midwest, Wisconsin Native Loan Fund is receiving a \$1 million loan to finance eight homes. Lake Superior Community Development Corporation in Michigan is receiving a \$500,000 loan to finance five homes. White Earth Investment Initiative in Minnesota is receiving an \$800,000 loan to finance eight homes. In South Dakota, Mazaska Owecaso Otipi Financial is receiving a \$500,000 loan to finance four homes and Four Bands Community Fund will receive a \$1 million loan to finance eight homes. In the West, Hawaii Community Lending is receiving a \$2.4 million loan to finance 10 homes. NACDC Financial Services, Inc. in Montana is receiving a \$1 million loan to finance 10 homes. Native Community Capital which services Arizona and New Mexico is receiving an \$800,000 loan to finance 10 homes. Alaska also received \$1 million in funding from this program. The states who received the largest increase in obligations compared to 2022 data are California, Pennsylvania, and Indiana. It is notable that several states had more than double the obligations in 2023 as compared to 2022, those include, but are not limited to, Rhode Island, Idaho, and Oregon.

#### Single Family Housing Guaranteed Loan Program (SFHGLP)

Under the SFHGLP, also known as the Section 502 Guaranteed Loan Program, RD guarantees mortgage loans made by qualified commercial lenders to eligible applicants to purchase new or existing dwellings, or new manufactured homes in rural areas. The program is designed to serve low- and moderate-income rural residents who have a steady income but are unable to obtain adequate housing through conventional financing. The mortgage guarantee substantially reduces the risk for lenders, encouraging them to make loans to rural residents who have only modest incomes and modest collateral. There are many benefits to the SFHGLP over a conventional mortgage, which include:

- Zero money down financing;
- No private mortgage insurance;
- Closing costs and lender fees can be rolled into the loan;
- Gifted funds, grants, Mortgage Credit Certificates and seller concessions can be used;
- Renovation and repair costs can be included in the loan amount; and
- Not restricted to first-time homebuyers.

#### 2023 data and demographics for SFHGLP

- Total Obligations: The total 2023 number of SFHGLP loans and obligations were as follows:
  - Purchase loans: 37,751 loans with total program level obligations of \$6.8 billion.
  - Refinanced loans: 5 loans with total program level obligations of \$0.7 million.
  - Total SFH Guaranteed loans combined: 37,756 loans with total program level obligations of \$6.8 billion.

- After record obligations in 2020 and 2021, the continued increase in housing costs, rising interest rates, combined with limited inventory negatively affected this program in 2023, which resulted in a very considerable slowdown in obligation rates.
- Race: Composition of SFHGLP borrowers was 84 percent White with the remaining 16 percent either other races or not designated.
- Gender: Unlike the SFHDLP, males accounted for the SFHGLP borrowers at 58 percent.

In 2023, the Tribal obligations for the SFHGLP were approximately \$4.5 million, totaling to 0.1 percent of obligations for the program; this funding was obligated across Alaska, Minnesota, New Mexico, New York, Oklahoma, South Dakota, Washington, and Wyoming.

Native American stakeholders have identified significant barriers regarding mortgage lending on tribal land to include obtaining accurate and fair priced appraisals and being able to secure funds to improve a dwelling even when the dwelling is owned without any encumbrances. On July 26, 2023, RD published a notice in the Federal Register (88 FR 48031) announcing the implementation of two pilot programs for the SFHGLP, which are the Tribal Property Valuation Pilot Program and the Tribal Rehabilitation Pilot Program. The pilot programs will provide flexible options for obtaining financing on tribal lands, one with a flexible appraisal option and the other permitting rehabilitation loans for homeowners. The agency's intention is to evaluate the existing regulations, expand opportunities for economic development, and improve the quality of life in rural tribal communities. The effective date of these pilot programs was July 26, 2023, with a duration that is anticipated to continue until July 28, 2025, at which time the agency may extend the pilot programs, with or without modifications, or terminate them.

The agency published a final rule in the Federal Register (87 FR 53369) on August 31, 2022, regarding changes to the SFHGLP; it became effective in 2023 on November 29, 2022. The Final Rule updated the requirements for Federally supervised lenders, minimum net worth and experience for non-supervised lenders, approved lender participation requirements, handling of applicants with delinquent child support payments, and builder credit requirements. The updates align with the standards for managing credit programs recommended by the Office of Management and Budget, provide guidance for processing applications for individuals with delinquent child support payments, and relaxes builder requirements to better align with the credit program requirements of other Federal agencies. As an example, the updates included the language stating that Applicants with delinquent child support payments subject to collection by administrative offset are ineligible unless the payments are brought current, the debt is paid in full, or otherwise satisfied. Additionally, the Agency determined that obtaining builder-contractors credit and background checks is not an industry standard, so the requirement was removed to streamline screening requirements, reduce administrative burden on the lender, and align with other Federal programs, including the SFHDLP.

The agency remains committed to assisting borrowers impacted by disasters and understands that some may experience unique and unparalleled circumstances in their hardships. On April 3, 2023, RD announced relief measures holders and/or loan servicers of SFHGLP mortgages should implement to assist borrowers affected by any Presidentially Declared Disaster (PDD). Homeowners impacted by these events may be eligible for temporary relief. Loan servicers were told they must inspect properties that secure impacted SFHGLP loans to assess the extent of damage as well as the occupancy status. RD outlined some relief options available to SFHGLP borrowers that loan servicers can seek. One option available was an immediate moratorium could be put in place for borrowers whose properties or place of employment is directly impacted by a disaster; this would expire 90 days after the date the President declares the federal disaster expired unless extended by the USDA. The servicer would suspend all foreclosure actions for borrowers whose property has been affected by a PDD. This applies to both the initiation of new foreclosures, as well as foreclosures already in process. Another option available, is for loan servicers to evaluate forbearance alternatives for borrowers in distress due to a PDD. Lastly, borrowers experiencing a hardship due to COVID-19, or on a forbearance associated with COVID-19, may be additionally impacted by the PDD. Those borrowers would continue to receive payment relief under the initial terms put in place.

2023 data for all other SFH programs is provided in the table below:

Program	Total Obligated (Dollars in Million)	Total Number of Loans or Grants
Sec. 509 Compensation for Construction Defects	\$0.8	5
Sec. 504 Housing Repair Grants	31.9	3,949
Sec. 504 Rural Disaster Housing Repair Grants	4.3	163
Sec. 504 Housing Repair Loans	15.1	1,973
Sec. 523 Mutual and Self-Help Housing Grants	40.3	56

Program	Total Obligated (Dollars in Million)	Total Number of Loans or Grants
Sec. 533 SFHD Grant Funds	20.6	152
Sec. 306C SFHD Grant: WWD RHS Colonias Grants	0.1	19
Protecting Animals with Shelter Grants	3.0	1
<b>Total</b>	<b>116.1</b>	<b>6,318</b>

The challenges presented by labor shortages and the high cost of supplies continued to have some impact on the obligation levels for Sec 504 Housing Repair loans and grants.

**Multi-Family Housing Programs**

RHS operates/administers the Multi-Family Housing (MFH) programs that provide loans, grants, and loan guarantees to eligible applicants to finance the preservation/revitalization, development, construction, and purchase of MFH properties in rural areas for purposes of enabling very low-, low-, and moderate-income individuals and families to live in decent, safe, sanitary, and affordable housing.

**Current Activities**

In 2023, RD obligated \$1.53 billion in Rental Assistance, the remaining eight MFH programs obligated funding totaling \$308.4 million and provided 7,126 loans and grants as detailed in the following sections.

On August 04, 2023, RD sent out a communication requesting MFH Stakeholders assistance in communications about health care coverage for rural Americans. Together, the agency and MFH stakeholders can play a critical role in helping prevent eligible tenants in Rural America from losing Medicaid and Children’s Health Insurance Coverage Program (CHIP) coverage with the end of the COVID-19 Federal Public Health Emergency (PHE). Prior to the pandemic, states were required to renew coverage for people with Medicaid or CHIP coverage at least once a year, and to disenroll individuals who no longer qualified for coverage. In response to the outbreak of COVID-19, Congress took action to ensure millions of people did not lose access to critical health care. Now that the Federal PHE has ended, federal law requires states to restart regular Medicaid and CHIP renewals. Over the next 12 months, everyone with health care coverage through these programs will need to renew their coverage. RD encouraged the MFH stakeholder to support the agency’s collaborative efforts with the U.S. Department of Health and Human Services (HHS)’s Centers for Medicare and Medicaid Services (CMS) to help prevent eligible tenants from losing Medicaid or CHIP coverage. The agency provided a list of actions MFH stakeholders could take, such as, but not limited to: (1) Publicly posting and distributing the HHS News Release on flexibilities to minimize coverage losses among children and families for tenants’ awareness; (2) Encouraging tenants who may be enrolled in Medicaid and CHIP to update contact information, respond to renewal forms, and consider other coverage options; and (3) Partnering with the state Medicaid agency to spread the word about renewals.

The agency implemented a Simple Transfer Pilot Program and has been working on completing the initial phases of the Decoupling Requirements under the 2023 Appropriations Act. These efforts are discussed in more detail under the program’s main justification.

Section 538 MFH Guaranteed Rural Rental Housing Loan Program

On January 31, 2023, RD proposed to amend the current regulation for the Section 538 MFH Guaranteed Rural Rental Housing Program (88 FR 6209). The proposed rule is intended to align the current criteria of priority projects with the Housing Act of 1949, as amended. This change is expected to improve the customer experience with more timely and proactive responses to housing market demands and Administration priorities. The changes in the proposed rule are designed to increase the supply of affordable rural rental housing by using loan guarantees to encourage partnerships between the RHS, private lenders, and public agencies.

These projects represent a few of the agency’s efforts in the SFH Guaranteed Section 538 loan portfolio. MFH Guaranteed obligated a total of \$167.61 million supporting 52 loans:

- RD awarded a \$19.8 million loan guarantee that will be used to assist in the construction of Cheney Mill Lofts, a family MFH complex in Pendleton, South Carolina. This project in South Carolina has a total of 43 one-bedroom, 59 two-bedroom, and 18 three-bedroom units housed in four three-story buildings.
- RD awarded a \$3.9 million guaranteed loan to Glen Oaks Apartments, a family MFH complex in Belle Chasse, Louisiana to assist in new construction. The project has a total of 22 two-bedroom and 22 three-bedroom units housed in four three-story buildings.

- The RD investment of just under \$3 million will assist in the construction of Mayes Farm, a family MFH complex in Four Oaks, North Carolina; this project has a total of 12 one-bedroom, 24 two-bedroom, and 24 three-bedroom units.
- RD invested \$2.4 million that will be used to assist in the rehabilitation of The Gables on Holley, a family MFH complex in Loxley, Alabama. The project will go through significant rehabilitation and improve the living conditions for all the current and future tenants; it has a total of 36 two-bedroom and 20 three-bedroom units.

#### Rental Assistance (RA)

To maintain Section 515 Rural Rental Housing and Section 514 Farm Labor Housing loan portfolios, MFH obligated approximately \$1.53 billion in RA. This program provided assistance for 228,047 units. This rental subsidy maintains housing affordability for tenants, ensuring that rents do not exceed 30 percent of income. In addition to increasing household security, this assistance enables greater property and community stability in rural areas throughout the country. RA funding was used as follows: Elderly properties, 29 percent; family properties, 67 percent; labor housing, 4 percent, with some minimal funding going towards new construction for labor housing. The average household income of tenants in 2022 was \$15,502; the average income of households receiving RA was \$12,989. Race and ethnicity are broken out as follows:

- White, Non-Hispanic, 64.42 percent
- Black, Non-Hispanic, 20.40 percent
- Hispanic/Latino, 12.05 percent
- American Indian/Alaskan Native, 1.66 percent
- Asian, Pacific Islander, 0.69 percent
- Non-Designated/Multiple, 0.78 percent.

Another notable fact is that approximately 65 percent of the portfolio is occupied by tenants where the head of household is elderly, handicapped, or disabled.

#### Farm Labor Housing Program

To increase process transparency and predictability, the agency is overhauling its Farm Labor Housing program. Looking internally, the MFH programs issue seven individual NOFAs/NOSAs, each identifying a single use or a single program, which results in heavy workload for each of the deliverables; it was a four-to-five-month process per document. From our customers, the industry provided feedback to RD stating that the current process resulted in prolonged processing timeframes, lack of compatibility with other public funding rounds, lack of execution predictability, and strife from various deadlines and funding rounds in different stages. MFH recognized that the NOFAs/NOSAs issued needed to improve their strategic timing related to programmatic obligation requirements, industry development and application cycle schedules, and competing internal workloads. To improve the experience for its customers and streamline efforts at the agency, MFH is examining the best method to tackle this initiative and held a Listening Session for the Industry on February 8, 2023, to receive feedback. In other customer service improvement efforts, MFH announced standardized appraisal assignment guidance for Multifamily Housing Direct loan section 515 and FLH Direct and grant programs section 514/516. The guidance replaces the need for owners to request specific appraisal assignment guidance for each individual transaction. Under the new guidance, an applicant will download the applicable appraisal assignment guidance, based on their specific transaction, and provide the guidance to their appraiser prior to obtaining an appraisal. Once the owner's appraisal is completed in accordance with the new appraisal assignment guidance, the applicant will submit that appraisal, along with the complete application package to the agency. The agency now hosts this guidance on the MFH webpage and includes the following FLH files: Off FLH New Construction, Rehabilitation Only, Transfer and Rehabilitation, as well as an On FLH appraisal guidance. In 2023, the agency obligated \$60 thousand FLH program funds in Arkansas in a distressed community.

#### Multi-Family Preservation and Revitalization Program

As of May 2023, MFH had cleared out about 300 applications from the Multi-Family Preservation and Revitalization (MPR) pipeline from the 2017 NOSA. In 2023, the agency modified \$22.6 million in existing loans for the MPR program. In addition, \$3.1 million in new loan level was obligated for soft second loans and \$3.1 million for zero percent interest loans. These obligations span across four states: Alabama, Indiana, Louisiana, and Washington with obligations in Louisiana accounting for just over 60 percent of the funding. Several of the obligations occurred in distressed communities, such as two awards totaling just over \$1 million that went towards

distressed communities in Alabama and another award for just over \$1 million that went towards a community in Louisiana.

**Section 515 Rural Rental Housing Direct Loans**

In 2023, RD obligated \$70 million helping to preserve 2,099 units in the Section 515 Rural Rental Housing Direct Loan program for subsequent loans. The subsequent loans will address physical conditions that pose an exigent risk to tenant health and safety, accessibility improvements, and funding gaps in preservation transactions. The program is oversubscribed by 240 percent; RD received 194 applications totaling \$240 million. RD prioritized review of applications with; (1) physical conditions that presented an exigent risk to tenant health and safety; (2) accessibility needs; and (3) previously approved preservation transactions (transfers, sale to nonprofit, gap financing). Below are a few examples of who received the funding. RD awarded \$33.1 million in the state of Alabama across 22 projects for 737 units. The project Meadowbrook Lane in Georgia received \$1.4 million for 50 unit. The Pinecreek Place Apartments in Florida received just over \$2.9 million for 43 units. The Simple Transfer Pilot program of USDA Section 515 Rural Rental Housing properties was published in the Federal Register on December 9, 2022 (87 FR 75457); MFH has identified the need to simplify the transfer of ownership for certain types of transactions.

The following table provides financial data for all MFH programs:

Program	Total Obligated (Dollars in Million)	Total Number of Loans or Grants
Sec. 514 Direct Farm Labor Housing Loans	\$0.1	1
Sec. 524 Direct Housing Site Development Loans	2.0	1
Sec. 515 Rural Rental Housing Loans	70.0	67
Sec. 516 Farm Labor Housing Grants	0.6	4
Sec. 515 MFH Revitalization and Preservation Loans	28.8	63
Sec. 515 MFH Revitalization Programs Pilot Program Tech. Assist. Grants	3.0	6
Rural Housing Voucher Grants	36.3	6,932
Rental Assistance	1,527.9	8,533
<b>Total</b>	<b>1,668.7</b>	<b>15,607</b>

**Community Facilities Programs**

The RHS administers Community Facilities (CF) programs that provide loans, grants, and guarantees to help rural communities build or improve essential community facilities and community infrastructure. Public bodies, non-profit organizations, and federally recognized Indian Tribes can use these funds to construct, expand or improve facilities that provide health care, education, public safety, and public services. In addition, grants for disaster relief, technical assistance and training, and community and economic development support rural communities in building long-term capacity and tackling urgent challenges such as disaster recovery.

**Current Activities**

These loans and grants help ensure that rural areas enjoy the same basic quality of life and services as residents of urban areas. In 2023, CF programs supported 1,071 grants totaling \$357.3 million in obligations, and 325 loans totaling \$1.26 billion, as detailed in the following sections. Approximately 26.8 percent of these loans/grants were made in distressed communities identified as having persistent poverty, low employment, and high population loss.

The following table provides financial data for CF grant funding:

Program	Total Obligations (Dollars in Millions)	Total Number of CF Grants
Community Facility Disaster Grants	\$0.1	1
Community Facility Grants	4.1	108
Rural Community Development Initiative Grants	7.7	21
Community Project Grants	144.9	118
CF Division N 2023 Grants	26.8	585
Tribal College Grants	11.9	35
Community Facility Rural Hospital Pilot Program Grants	2.0	1
Community Facility ARPA Grants	161.3	202

<b>Total</b>	<b>358.8</b>	<b>1,071</b>
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The following table provides financial data for CF loan funding:

Program	Total Obligations (Dollars in Millions)	Total Number of CF Loans
Direct Community Facility Loans	\$1,079.2	308
Guaranteed Community Facility Loans	182.9	17
<b>Total</b>	<b>1,262.1</b>	<b>325</b>

The agency obligated \$161.3 million across 202 obligations in CF ARPA funding for rural health care facilities in 2023. There has been considerable interest in the Emergency Rural Health Care program from health care facilities. As an example of how these funds are being utilized in the states, Penobscot Community Health Center in Maine received a \$451,000 ARPA grant that will be used to renovate the first and second floor of a more than 35,000-square-foot recently acquired building in Belfast, Maine. The first floor will house integrated adult and pediatric primary care services (mental health, case management, and medical); walk-in care; and a recovery program for opioid-use disorder. The second floor will accommodate dental services, community rooms, and administrative offices. There are not enough primary and mental health-care providers in this region. The current leased space is quite small and severely limits medical services. During the COVID-19 pandemic, a camp trailer was purchased just to meet demand for tests and vaccinations. It currently has 60 employees who serve approximately 8,000 patients annually. In the heart of Waldo County, one of Maine's poorer counties, the Belfast community suffers from increasing rates of mental illness and substance-use disorder along with poor rates of primary care use. Wyoming also received a \$1 million grant that will be used to increase ventilation necessary to protect St. Josephs Childrens Home youth and staff in its residential buildings. St. Josephs Childrens Home will upgrade its heating, ventilation, and air conditioning (HVAC) systems, which is critical to increase the airflow and air quality to protect the youth, staff, and visitors at the facility from COVID-19 and other infectious diseases. An upgraded HVAC will also reduce energy consumption and extend the use of the existing residential facilities to help ensure that St. Josephs Childrens Home can continue to serve Wyoming children and families in need of psychiatric residential treatment for years to come.

CF 2019 Disaster Grants: These grants support the disaster recovery efforts stemming from the Hurricanes Michael and Florence as well as 2019 tornados and floods. The Disaster Grants impact a population of nearly one million individuals and support public safety, health care, educational, and other essential community facilities.

CF Grants: The majority of these grants assisted small communities in building and improving infrastructure such as fire and rescue facilities, libraries, as well as other public and municipal buildings. Of these funds, five grants totaling approximately \$147 thousand went towards CF Persistent Poverty grants.

Community Project Grants: These grants will benefit more than \$2,500,000 individuals. These CF grants will be used to purchase, construct, and/or improve essential community facilities and to purchase equipment. Funds from these grants support facilities such as daycares, schools, food banks, public safety, health care facilities, and other essential community facilities.

Tribal College Grants: These grants provide funds to 1994 Land Grant Tribal colleges to make capital improvements to their educational facilities and to purchase equipment and will benefit a population of over 497,000 individuals. Obligations for this program in 2023 were spread across twelve states going to 32 Tribal Colleges with Montana receiving the highest total at just under \$3.2 million.

CF Rural Hospital Pilot Program Grants: In 2023, the CF Program executed a \$2 million cooperative agreement with the National Rural Health Association (NRHA). This funding provides ongoing capacity building and technical assistance to rural hospitals to improve their long-term operations and financial health and to preserve access to healthcare for rural communities. This assistance builds upon efforts in previous years to provide targeted or full strategic and operational assessments of selected hospitals and recommendations to strengthen their performance. In all, 28 hospitals either completed technical assistance engagements or began receiving technical assistance in 2023.

CF Loan Programs: In 2023, 16 lenders participated in the CF Guaranteed Loan Program with total guarantees ranging from \$550 thousand up to \$48.7 million; Alabama and Washington received about 49 percent of these funds. This program obligated \$182.9 million in program level. The CF Guaranteed Loan Program includes a \$4 million obligation for the Rural Health Initiative; this is a MOU with HHS. In the CF Direct Loan program, over \$500 million in funds obligated in 2023 went to support health care and social assistance projects facilities such as general medical and surgical hospitals, continuing care retirement communities, assisted living for the elderly.

CF Funding for Health-Care-Related Improvements and Emergency Response Services: RD awarded a total of \$24.0 million CF Direct Loans to Last Frontier Health Care District that will be used to construct a skilled nursing facility and hospital expansion in Alturas, California. Last Frontier Health Care District is a special healthcare district that is an agency of the state of California, as set forth in the California Government Code, and is operated and governed by a Board of Directors. The new skilled nursing facility will be built adjacent to the existing hospital and will include approximately 50 beds, providing long-term care services. The hospital expansion will include two hospital rooms and an outpatient infusion bay to accommodate current demand. The district provides outpatient services at its two medical clinics, one at the Alturas location and the other in Canby, California.

RD made several CF Direct Loan awards totaling \$21.8 million to the Hospital Service District #2 of Beauregard; it will be used to renovate and expand the Hospital Service District #2 Beauregard facility located in Deridder, Louisiana. The project includes a new 14,000 square foot emergency department, renovations to the Women's Center, a dedicated ambulance entrance and a helicopter landing pad.

The agency awarded \$12.7 million in CF Direct Loans in Iowa; this investment will be used to help Aase Haugen Homes Inc. in Decorah build a nursing home with assisted living and dementia care units. This project will provide updated care facilities to improve critical health services to this Winneshiek County community and the rural surrounding area.

In Vermont, RD invested \$16.5 million in CF Direct Loans that will be used to update and expand multiple departments at Northeastern Vermont Regional Hospital (NVRH), to increase available beds and upgrade the laboratory, pharmacy and behavioral health and emergency departments to be more efficient, safe, and functionally modern. NVRH is a critical-access operation serving St. Johnsbury, surrounding communities and northern rural Vermont. The hospital provides the St. Johnsbury population of 7,603 and the surrounding Northeast Kingdom region with a 24-hour, physician-staffed, 25-bed emergency department, which will have 4,870 square feet more space to operate in. The pharmacy will expand by 964 square feet, and the mental health support area will add 2,665 square feet. This will mean shorter wait times for emergency treatment, greater pharmaceutical offerings as well as improved safe storage, and privacy and dignity for those waiting in the behavioral health holding unit to transfer to another facility.

Critical Community Facilities- Building and Upgrading Schools, Libraries, Public Safety Facilities, and Childcare Facilities:

- RD provided an approximately \$3.4 million combination CF Direct and Guaranteed loan package to the Maine Arts Academy that will be used to provide funding for the purchase and upgrade of a facility. The school serves grades 9-12 and the enrollment has grown from 105 students in 2016 to 225 students in 2022. The new facility will provide the school and students with the space necessary for a conducive learning environment. The proposed project will not only correct the schools operating deficiencies, but also help them and the city improve their economic development opportunities.
- RD awarded \$9 million that will be used to complete the McEwen High School construction for Humphreys County, Tennessee. The purpose of the project is to provide additional financing for construction costs. The new school will accommodate 700 students with an approximate 88,000 square foot fully equipped modern student learning facility. The project will benefit the approximately 1,750 residents of McEwen, Tennessee.
- RD provided \$16.5 million in CF Direct loans to be used to support the construction costs of the city of Milford's law enforcement. The proposed project is the construction of a 26,660 square-foot one-story law enforcement station on a 16-acre parcel owned by the city of Milford. The project also includes a new 4,110 square-foot storage/maintenance building constructed on the same site but not attached to the main building. The city has the capacity to operate and maintain the new facility and has the authority, through referendum to increase their tax rate to support the debt capacity for this loan.
- A \$6.6 million CF Direct loan will be used for the construction of a fire station in the village of Champlain, in Clinton County, New York. The new building will replace the existing building, which is too small for their existing or future needs. The new facility will consist of an area for fire rescue vehicles, offices for staff, locker rooms with showers, laundry room, mechanical room, storage, restrooms, a pantry, a kitchen and community room. The proposed design will be Americans with Disabilities Act, Architectural Barriers Act, and 2020 Building Code of New York State compliant.
- Approximately \$1 million CF Direct loan investment will go towards the renovation and relocation of the library in downtown Ashford, Alabama. This investment will enable the town to provide a facility that is larger, accessible, with more resources, and with additional space for library programs for the citizens of

the town. This new library will make a positive difference for Ashford and for all of Houston County; public libraries contribute to literacy, learning, quality of life, and economic development. This project will benefit the 2,148 area residents and visitors.

- RD made a CF Direct Loan award of \$3.1 million in New Jersey that will be used to build a community center. The new building will satisfy the townships growing needs and demands to accommodate the nutrition program and community events. This community center will contain a commercial kitchen that will be utilized to host cooking classes and house the community's nutritional program that will occupy the space infrequently at times of need. The building also contains restrooms, two American with Disabilities Act shower rooms for residents in need and features a large community room intended to hold 100 persons for a variety of community events.
- RD awarded a \$812,000 CF Direct Loan which will be used to construct and furnish a workforce development training facility at the Rocky Mountain Youth Corp (RMYC) located in Taos, New Mexico. The new facility will replace the current leased facility and provide an all-inclusive location for this entity since they own the land. This land has been used as RMYC ropes course and outdoor training center for 20 years. The facility will include a classroom for RMYC's Training Department to offer workforce training and certifications to Corps members. The RMYC was founded in 1995 in response to an overwhelming need for positive solutions to the critical issues facing the Taos community youth and young adults. Through their program, RMYC fosters personal growth and leadership development, job skills, healthy decision making and community involvement among young people. The workforce training facility project will increase capacity for providing workforce development training to youth ages 14 - 25 who have limited access to the workforce and employment opportunities in the Taos area.
- RD provided a \$8.8 million direct loan to be used to reconstruct the streets serving the city of Larimore, North Dakota. The city has approximately 11 miles of residential streets that need reconstruction. The city streets vary in condition but are generally poor. Potholes, uneven patches, settlement, and rutting have resulted in low performance and uneven riding conditions. This project will also help address the lack of crown and grade of the streets.

#### Rural Community Development Initiative:

Rural Community Development Initiative (RCDI) provides funding to help non-profit housing and community development organizations, low-income rural communities and federally recognized tribes support housing, community facilities, and community economic development projects in rural areas. In 2023 RD invested \$6.3 million across 13 states and the District of Columbia. The states with the most funds obligated for RCDI are Tennessee at \$865,600, California at \$791,200, and Arkansas at \$7,500.

Grant funds may be used for but are not limited to (a) training recipients to conduct a program on home-ownership education; (b) training recipients to conduct a program for minority business entrepreneurs; (c) providing technical assistance to recipients on how to effectively prepare a strategic plan; (d) provide technical assistance to recipients on how to access alternative funding sources; (e) building organizational capacity through board training; (f) developing training tools, such as videos, workbooks, and reference guides to be used by the recipient; (g) providing technical assistance and training on how to develop successful childcare facilities; (h) providing training on effective fundraising techniques, community facilities, and community economic development projects in rural areas.

In 2023, priority was given to applications that supported the Department/agency's goals:

- Assisting rural communities Recover economically through more and better market opportunities and through improved infrastructure.
- Ensuring all rural residents have equitable access to RD programs and benefit from RD funded projects.
- Reducing climate pollution as well as increasing resilience to the impacts of climate change through economic support to rural communities.

USDA awarded a \$201,000 grant to Island Institute to build the capacity of its Island Institute Fellows program. The Island Institute Fellows program was established in 1999 and places college and master's degree graduates in Maine's coastal and island communities for two-year fellowships. Fellowships provide a unique opportunity for recent graduates to apply their skills and gain experience helping to build sustainability within rural coastal communities facing many challenges. The grant will support a trio of projects to help resolve that challenge for three of Maine's coastal towns. Three new communities will be included in its Fellows program:



- Residents of four towns comprise the Sunrise Trail Coalition, they are Cherryfield, Jonesboro, Machias, and Columbia Falls and they all utilize the trail for outdoor recreation and alternative transportation. The Fellow working on this project will work with residents to find ways to improve the trail and make it more useful and accessible.
- In Brooklin, the Fellow will work closely with the town's Climate Response Committee to help improve energy efficiency and reduce greenhouse gas emissions. The individual will work with homeowners, businesses, as well as municipal leaders to make tangible improvement for energy efficiency in local facilities and to devise more community-driven energy transition strategies.
- Tremont's Fellow will work with A Climate to Thrive, a nonprofit supporting local efforts to develop a Community Resilience Plan with the goals of the project including curbing carbon emissions and preparing for the impact of climate change locally. The Fellow will work with area residents to help coordinate the creation of the plan and its implementation.