

March 30, 2017

The Honorable John Hoeven
United States Senate
Chairman
Agriculture, Rural Development, Food and Drug Administration and Related Agencies
Senate Appropriations Committee
Room 338 - Russell Senate Office Building
Washington, D.C. 20510

The Honorable Jeff Merkley
United States Senate
Ranking Member
Agriculture, Rural Development, Food and Drug Administration and Related Agencies
Senate Appropriations Committee
Room 313 – Hart Senate Office Building
Washington, D.C. 20510

Dear Chairman Hoeven and Ranking Member Merkley:

The undersigned national associations represent for-profit and non-profit owners, developers, managers, lenders and housing agencies that provide housing in rural areas across the country. As Congress considers the Fiscal Year 2017 budget request from the United States Department of Agriculture's (USDA) Rural Development (RD), we are writing to you today to ask you to fully fund the Section 521 Rental Assistance (RA) program.

The Section 521 Rental Assistance (RA) program is an essential component of the Section 514/515 programs. The average income of the residents in rural housing properties is approximately \$12,055. RA provides a deep subsidy to very low-income residents by paying the difference between 30 percent of a resident's income and the basic rent required to operate the property; 63 percent of Section 515 units are subsidized with RA. The RA program must continue to provide sufficient funds for both current levels of RA and sufficient additional RA to support increasing program costs. RA budgets have been constrained for at least four years, even before the sequestration issues impacting the program at the end of Fiscal Year (FY) 2013. Historically, RA budgets on a per unit basis are about half of other rental subsidy programs. Much of that has been achieved by delaying needed repairs and restricting operating funds.

The proposed budget request for RA for FY 2017 is \$1.405 billion. We thank you and your colleagues on the House Appropriations Committee for agreeing to this request. The undersigned organizations are supportive of this funding level. Estimates of RA needs by RD have not been accurate in the past, resulting in massive shortages at the end of fiscal years. In FY 2015, this problem became acute and your Committee had to act quickly to provide additional funding in order to avoid major displacement of residents. During the last year, RD has been using a new analytical model for determining RA needs based on actual historical need for properties. This is

the first year that this model has been fully operational, thus assuring that all RA contracts will be funded through the end FY 2017, assuming that the budget of \$1.405 million is provided. A cut as proposed this week by the Office of Management and Budget (OMB) would be devastating for the residents who desperately need RA as well as the owners who rely on these funds to meet property operations.

We look forward to working with you and members of the Committee as you move from FY 2017 to the 2018 budget later this year. Thank you again for your support of rural housing programs and the communities and residents who reside in this vital affordable housing stock. Should you need additional information or have questions regarding the RA program, please contact Colleen M. Fisher, Executive Director of the Council for Affordable and Rural Housing at cfisher@carh.org.

Sincerely,

Council for Affordable and Rural Housing
Institute for Responsible Housing Preservation
Institute of Real Estate Management
LeadingAge
National Affordable Housing Management Association
National Apartment Association
National Association of Home Builders
National Association of Housing Cooperatives
National Leased Housing Association
National Multifamily Housing Council