

2024 USDA EXPLANATORY NOTES – RURAL HOUSING SERVICE

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PREFACE

This publication summarizes the fiscal year (FY) 2024 Budget for the U.S. Department of Agriculture (USDA). Throughout this publication any reference to the “Budget” is in regard to the 2024 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 2021 and 2022, enacted levels for 2023, and the President’s Budget request for 2024. Amounts for 2023 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 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 2021, 2022, 2023 and 2024.

AGENCY-WIDE**PURPOSE STATEMENT**

The Rural Housing Service’s (RHS) 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 purpose of RHS programs is to implement, sustain, and advance the provisions of 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 Community Facilities (CF) programs to fund essential community facilities, Single Family Housing (SFH) programs to fund individual homeownership, and Multi-Family Housing programs (MFH) to assist low-income individuals and families in obtaining affordable, rural rental housing.

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, 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, 2022, there were 4,616 permanent full-time employees, including 334 in the headquarters office and 4,282 in the field offices.

OIG AND GAO REPORTS

Table RHS-1. Completed OIG Reports

ID	Date	Title	Result
04601-0001-24	03/30/2022	Rural Development’s Prioritization of Direct Loans and Grants for Facilities Providing Substance Use Disorder Services	OIG found that RD prioritized the substance use disorder facilities requirement from the Agricultural Improvement Act of 2018. Because RD prioritized the substance use disorder facilities requirement, OIG is not making any recommendations.

Table RHS-2. In-Progress OIG Reports

ID	Title
04801-0001-41	Rural Housing Service’s Uniform Residential Loan Application Project

Table RHS-3. Completed GAO Reports

ID	Date	Title	Result
GAO-22-104380	11/16/2021	Mortgage Lending: Use of Alternative Data Is Limited but Has Potential Benefits	No recommendations.
GAO-22-104472	11/24/2021	Real Estate Appraisals: Most Residential Mortgages Received Appraisals, but Waiver Procedures Need to Be Better Defined	No recommendations.
GAO-22-104284	1/13/2022	Housing Finance System: Future Reforms Should Consider Past Plans and Vulnerabilities Highlighted by Pandemic	No recommendations.
GAO-22-104436	2/14/2022	Compacts of Free Association: Implications of Planned Ending of Some U.S. Economic Assistance	No recommendations.
GAO-22-104282	2/8/2022	COVID-19: Federal Telework Increased During the Pandemic, but More Reliable Data Are Needed to Support Oversight	No recommendations.
GAO-22-104627	4/19/2022	Native American Veterans: Improvements to VA Management Could Help Increase Mortgage Loan Program Participation	No recommendations.
GAO-22-104241	5/18/2022	Alaska Native Issues: Federal Agencies Could Enhance Support for Native Village Efforts to Address Environmental Threats	No recommendations.
GAO-22-104602	5/19/2022	Tribal Funding: Actions Needed to Improve Information on Federal	No recommendations.

GAO-22-104611	5/31/2022	Funds That Benefit Native Americans. Broadband: National Strategy Needed to Guide Federal Efforts to Reduce Digital Divide	No recommendations.
GAO-22-104701	6/30/2022	Federal Budget: Selected Agencies and Programs Used Strategies to Manage Constraints of Continuing Resolutions	No recommendations.
GAO-22-104421	6/22/2022	Tribal Broadband: National Strategy and Coordination Framework Needed to Increase Access	No recommendations.
GAO-22-105215	8/30/2022	Tribal Economic Development: Action is Needed to Better Understand the Extent of Federal Support	No recommendations.

Table RHS-4. In-Progress GAO Reports

ID	Title
105379	Federal Disaster Assistance and Homelessness
105615	Manufactured Housing

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 program account (Including Transfer of funds)
- 2 For gross obligations for the principal amount of direct and guaranteed loans as authorized by title V of the Housing
3 Act of 1949, to be available from funds in the rural housing insurance fund, as follows:
4 ~~[\$1,250,000,000]~~[\$1,500,000,000] shall be] for section 502 direct loans[.];[\$7,500,000]~~[\$12,000,000]~~ shall be] for a
5 Single Family Housing Relending demonstration program for Native American Tribes[.];[and] \$30,000,000,000,
6 which shall remain available until September 30, 2025.[shall be] for section 502 unsubsidized guaranteed loans;
7 ~~[\$28,000,000]~~[\$50,000,000] for section 504 housing repair loans; ~~[\$70,000,000]~~[\$200,000,000] for section 515 rental
8 housing; \$400,000,000 for section 538 guaranteed multi-family housing loans; \$10,000,000 for credit sales of single
9 family housing acquired property; \$5,000,000 for section 523 self-help housing land development loans; and
10 \$5,000,000 for section 524 site development loans.
- 11 For the cost of direct and guaranteed loans, including the cost of modifying loans, as defined in section 502 of the
12 Congressional Budget Act of 1974, as follows: section 502 loans, ~~[\$46,375,000]~~[\$205,950,000] shall be for direct
13 loans; Single Family Housing Relending demonstration program for Native American Tribes,
14 ~~[\$2,468,000]~~[\$5,491,000]; section 504 housing repair loans, ~~[\$2,324,000]~~[\$8,675,000]; section 523 self-help housing
15 land development loans, ~~[\$267,000]~~[\$636,500]; section 524 site development loans, ~~[\$208,000]~~[\$476,500]; and repair,
16 rehabilitation, and new construction of section 515 rental housing, ~~[\$13,377,000]~~[\$69,960,000]: *Provided*, That to
17 support the loan program level for section 538 guaranteed loans made available under this heading the Secretary
18 may charge or adjust any fees to cover the projected cost of such loan guarantees pursuant to the provisions of the
19 Credit Reform Act of 1990 (2 U.S.C. 661 et seq.), and the interest on such loans may not be subsidized: *Provided*
20 *further*, That applicants in communities that have a current rural area waiver under section 541 of the Housing Act
21 of 1949 (42 U.S.C. 1490q) shall be treated as living in a rural area for purposes of section 502 guaranteed loans
22 provided under this heading[: *Provided further*, That of the amounts available under this paragraph for section 502
23 direct loans, no less than \$5,000,000 shall be available for direct loans for individuals whose homes will be built
24 pursuant to a program funded with a mutual and self-help housing grant authorized by section 523 of the Housing
25 Act of 1949 until June 1, 2023: *Provided further*, That the Secretary shall implement provisions to provide
26 incentives to nonprofit organizations and public housing authorities to facilitate the acquisition of Rural Housing
27 Service (RHS) multifamily housing properties by such nonprofit organizations and public housing authorities that
28 commit to keep such properties in the RHS multifamily housing program for a period of time as determined by the
29 Secretary, with such incentives to include, but not be limited to, the following: allow such nonprofit entities and
30 public housing authorities to earn a Return on Investment on their own resources to include proceeds from low
31 income housing tax credit syndication, own contributions, grants, and developer loans at favorable rates and terms,
32 invested in a deal; and allow reimbursement of organizational costs associated with owner's oversight of asset
33 referred to as "Asset Management Fee" of up to \$7,500 per property]: *Provided further*, That, notwithstanding
34 Section 502(g)(1) of the Housing Act of 1949 (42 U.S.C. 1474(g)(1)), for loans made available under this heading,
35 amounts deferred pursuant to section 502(g)(1) of the Housing Act of 1949 shall not be subject to recapture.
- 36 In addition, for the cost of direct loans and grants, including the cost of modifying loans, as defined in section 502 of
37 the Congressional Budget Act of 1974, ~~[\$36,000,000]~~[\$75,000,000], to remain available until expended, for a
38 demonstration program for the preservation and revitalization of the sections 514, 515, and 516 multi-family rental
39 housing properties to restructure existing USDA multi-family housing loans, as the Secretary deems appropriate,
40 expressly for the purposes of ensuring the project has sufficient resources to preserve the project for the purpose of
41 providing safe and affordable housing for low-income residents and farm laborers including reducing or eliminating
42 interest; deferring loan payments, subordinating, reducing or re-amortizing loan debt; and other financial assistance
43 including advances, payments and incentives (including the ability of owners to obtain reasonable returns on
44 investment) required by the Secretary: *Provided*, That the Secretary shall, as part of the preservation and
45 revitalization agreement, obtain a restrictive use agreement consistent with the terms of the restructuring.
- 46 In addition, for the cost of direct loans, grants, and contracts, as authorized by sections 514 and 516 of the Housing
47 Act of 1949 (42 U.S.C. 1484, 1486), ~~[\$14,084,000]~~[\$35,405,000], to remain available until expended, for direct farm
48 labor housing loans and domestic farm labor housing grants and contracts.

49 In addition, for administrative expenses necessary to carry out the direct and guaranteed loan programs,
 50 \$412,254,000 shall be paid to the appropriation for "Rural Development, Salaries and Expenses".

Change Description

The first change (lines 4 and 5 of paragraph 1) deletes language that is not necessary.

The second change (line 6 of paragraph 1) add language extending the period of availability to September 30, 2025 for Section 502 Single Family Housing Guaranteed Loan program. The Budget is requesting to extend the period of availability to two-years to improve accessibility of funding during the transition from one fiscal year to another, especially if there is a Continuing Resolution (CR). Carryover funding is provided earlier in the process than CR funding. Carrying over unobligated funds from the negative subsidy rate program will provide lenders with continuity between fiscal years and ensure availability of funds for borrowers during that period.

The third change (lines 22 to 33 of paragraph 2) deletes language related to setting aside \$5 million for recipients of Section 523 grants. The funding requested for Section 502 Single Family Housing Direct loan is low and very low-income borrowers and all recipients of assistance from Section 523 Mutual Self-Help are eligible for a Section 502 Single Family Housing Direct loan. Deletes language related to provide incentives for Section 515 Multifamily Housing Direct loan program properties with maturing mortgage to be acquired by nonprofit organizations.

The fourth change (lines 33 to 35 of paragraph 2) adds language to authorize the elimination of the existing low-income borrower penalty that requires individuals to repay subsidy costs known as “recapture” in Section 502 Single Family Housing Direct loans.

LEAD-OFF TABULAR STATEMENT

Table RHS-5. Lead-Off Tabular Statement (In dollars)

Item	Grants	Loan Level	Subsidy	Administrative Expenses
Estimate, 2023	\$38,000,000	\$31,817,216,000	\$79,103,000	\$412,254,000
Change in Appropriation	+5,000,000	+496,662,000	+279,491,000	0
Budget Estimate, 2024	43,000,000	32,313,878,000	358,594,000	412,254,000

PROJECT STATEMENTS

Table RHS-6. Project Statement on Basis of Appropriations (thousands of dollars)

Item	2021 Program Level	2021 Actual BA	2022 Program Level	2022 Actual BA	2023 Program Level	2023 Estimated BA	2024 Program Level	2024 Estimated BA	Program Level Inc. or Dec.	Chg Key	Budget Authority Inc. or Dec.	Chg Key
Discretionary Appropriations:												
Sec 502 SFH Direct Loans.....	\$1,000,000	\$55,400	\$1,200,000	\$22,320	\$1,250,000	\$46,375	\$1,500,000	\$205,950	+\$250,000	(1)	+\$159,575	(2)
SFHD Native American Relending Pilot Program.....	-	-	-	-	7,502	2,468	12,000	5,491	+4,498	(3)	+3,023	(4)
Sec 502 SFH Guaranteed Loans.....	24,000,000	-	30,000,000	-	30,000,000	-	30,000,000	-	-	(5)	-	(5)
Sec 515 MFH Direct Loans.....	40,000	6,688	50,000	4,470	70,000	13,377	200,000	69,960	+130,000	(6)	+56,583	(7)
Sec 538 MFH Guaranteed Loans.....	230,000	-	250,000	-	400,000	-	400,000	-	-	(8)	-	(8)
Sec 504 Direct Loans, Very Low.....	16,498	1,305	15,256	264	28,000	2,324	50,000	8,675	+22,000	(9)	+6,351	(10)
Sec 524 Direct Site Dev Loans.....	1,500	106	5,000	206	5,000	208	5,000	477	-	(11)	+269	(12)
Sec 523 Self-Help Housing Land Dev Loans.....	-	-	5,000	55	5,009	267	5,000	637	-9	(13)	+370	(14)
SFH Credit Sales.....	10,000	-	10,000	-	10,000	-	10,000	-	-	(15)	-	(15)
Sec 514 FL H Loans.....	27,999	5,093	28,000	2,831	20,000	4,084	50,000	17,405	+30,000	(16)	+13,321	(17)
Sec 516 FLH Grants.....	10,000	10,000	10,000	10,000	10,000	10,000	18,000	18,000	+8,000	(18)	+8,000	(18)
MFH Preservation/Revitalization Zero Interest.....	-	-	45,879	15,640	11,478	5,000	44,437	25,000	+32,958	(19)	+20,000	(20)
MFH Preservation/Revitalization Soft Seconds.....	-	-	44,044	15,640	10,227	5,000	37,442	25,000	+27,215	(19)	+20,000	(20)
MFH Preservation/Revitalization Grants/Modifications.....	-	-	2,720	2,720	26,000	26,000	25,000	25,000	-1,000	(19)	-1,000	(20)
MFH Preservation/Revitalization Pilot Grants.....	-	-	2,000	2,000	2,000	2,000	-	-	-2,000	(19)	-2,000	(20)
Administrative Expenses.....	-	412,254	-	412,254	-	412,254	-	412,254	-	-	-	-
Subtotal.....	25,335,997	490,846	31,667,899	488,400	31,855,216	529,357	32,356,878	813,848	+501,662	-	+284,491	-
Mandatory Appropriations:												
Sec 502 SFH Direct Loans American Rescue Plan.....	656,606	36,376	-	-	-	-	-	-	-	-	-	-
Sec 504 Direct Loans, VL American Rescue Plan.....	18,382	1,454	-	-	-	-	-	-	-	-	-	-
Administrative Expenses, American Rescue Plan.....	-	1,170	-	-	-	-	-	-	-	-	-	-
Subtotal.....	674,988	39,000	-	-	-	-	-	-	-	-	-	-
Total Adjusted Approp.....	26,010,985	529,846	31,667,899	488,400	31,855,216	529,357	32,356,878	813,848	+501,662	-	+284,491	-
Add back:												
Rescission, Transfers In and Out.....	20,004	1,428	62,744	1,150	-	-	-	-	-	-	-	-
Total Appropriation.....	26,030,989	531,274	31,730,643	489,550	31,855,216	529,357	32,356,878	813,848	+501,662	-	+284,491	-
Transfers Out:												
Sec 502 SFH Direct Loans.....	-	-	-50,000	-930	-	-	-	-	-	-	-	-
Sec 504 direct loans, Very Low.....	-11,504	-910	-12,744	-220	-	-	-	-	-	-	-	-
Sec 524 Direct Site Dev Loans.....	-3,500	-249	-	-	-	-	-	-	-	-	-	-
Sec 523 Self-help Housing Land Dev Loans.....	-5,000	-269	-	-	-	-	-	-	-	-	-	-
Total Transfers Out.....	-20,004	-1,428	-62,744	-1,150	-	-	-	-	-	-	-	-
Recoveries, Other.....	3,625	2,483	40,957	11,947	14,099	4,899	9,328	5,253	-4,771	-	+354	-
Bal. Available, SOY.....	80,348	24,338	2,230,288	77,274	991,944	69,714	79,538	59,597	-912,406	-	-10,117	-

2024 USDA EXPLANATORY NOTES – RURAL HOUSING SERVICE

Item	2021 Program Level	2021 Actual BA	2022 Program Level	2022 Actual BA	2023 Program Level	2023 Estimated BA	2024 Program Level	2024 Estimated BA	2024 Program Level Inc. or Dec.	Chg Key	Budget Authority Inc. or Dec.	Chg Key
Total Available.....	26,094,958	556,667	33,939,144	577,621	32,861,259	603,970	32,445,744	878,698	-415,515		+274,728	
Lapsing Balances	-1,288,492	-492	-16,949,472	-295	-12,676,395	-30,450	-	-	+12,676,395		+30,450	
Rescinded Balances.....	-	-	-	-	-	-	-5,000	-5,000	-5,000		-5,000	
Transfer in Unobligated Balances (MPR 12-2002)	-	-	14,215	10,455	-	-	-	-	-		-	
Bal. Available, EOY	-791,052	-77,274	-2,124,118	-69,714	-100,979	-59,597	-83,116	-59,747	+17,863		-150	
Total Obligations.....	24,015,414	478,901	14,879,769	518,067	20,083,885	513,923	32,357,628	813,951	+12,273,743		+300,028	

Table RHS-7. Project Statement on Basis of Obligations (thousands of dollars)

Item	2021 Program Level	2021 Actual BA	2022 Program Level	2022 Actual BA	2023 Program Level	2023 Estimated BA	2024 Program Level	2024 Estimated BA	2024 Program Level Inc. or Dec.	Budget Authority Inc. or Dec.	
Discretionary Obligations:											
Sec 502 SFH Direct Loans.....		\$999,920	\$55,396	\$1,138,506	\$21,176	\$1,251,590	\$46,434	\$1,500,750	\$206,053	+\$249,160	+\$159,619
SFHD Native American Relending Pilot Program		-	-	4,000	960	7,502	2,468	12,000	5,491	+4,498	+3,023
Sec 502 SFH Guaranteed Loans	22,726,138	-	13,111,625	-	18,120,931	-	30,000,000	-	+11,879,069	-	-
Sec 515 MFH Direct Loans	38,466	6,657	50,000	4,470	70,000	13,377	200,000	69,960	+130,000	+56,583	
Sec 538 MFH Guaranteed Loans.....	229,960	-	250,000	-	400,000	-	400,000	-	-	-	-
Sec 504 Direct Loans, Very Low.....	14,797	1,170	15,221	263	21,133	1,754	50,000	8,675	+28,867	+6,921	
Sec 524 Direct Site Dev Loans	-	-	3,599	148	1,034	43	5,000	477	+3,966	+434	
Sec 523 Self-Help Housing Land Dev Loans.....	-	-	-	-	-	-	5,000	637	+5,000	+637	
SFH Credit Sales	225	-	39	-	589	-	10,000	-	+9,411	-	
Sec 514 FL H Loans.....	3,084	561	43,020	4,349	25,064	5,118	50,000	17,405	+24,936	+12,287	
Sec 516 FLH Grants.....	1,627	1,627	38,430	38,430	14,979	14,979	18,000	18,000	+3,021	+3,021	
MFH Preservation/Revitalization Zero Interest.....	-	-	16,911	5,765	6,919	3,014	44,437	25,000	+37,518	+21,986	
MFH Preservation/Revitalization Soft Seconds	-	-	49,873	17,710	10,227	5,000	37,442	25,000	+27,215	+20,000	
MFH Preservation/Revitalization Modifications.....	-	-	7,675	7,675	1,917	1,917	25,000	25,000	+23,083	+23,083	
MFH Preservation/Revitalization Pilot Grants	-	-	2,100	2,100	2,000	2,000	-	-	-2,000	-2,000	
Administrative Expenses	-	412,254	-	412,254	-	412,254	-	412,254	-	-	-
Subtotal Disc Oblig.....	24,014,217	477,665	14,730,999	515,300	19,933,885	508,358	32,357,628	813,951	+12,423,743	+305,593	
Mandatory Obligations:											
Sec 502 SFH Direct Loans American Rescue Plan	1,197	66	148,751	2,767	150,000	5,565	-	-	-150,000	-5,565	
Sec 504 Direct Loans, Very Low American Rescue Plan	-	-	19	-	-	-	-	-	-	-	
Administrative Expenses, American Rescue Plan.....	-	1,170	-	-	-	-	-	-	-	-	
Subtotal Mand Oblig.....	1,197	1,236	148,770	2,767	150,000	5,565	-	-	-150,000	-5,565	
Total Obligations.....	24,015,414	478,901	14,879,769	518,067	20,083,885	513,923	32,357,628	813,951	+12,273,743	+300,028	
Add back:											
Lapsing Balances	1,288,492	492	16,949,472	295	12,676,395	30,450	-	-	-12,676,395	-30,450	
Rescinded Balances.....	-	-	-	-	-	-	5,000	5,000	+5,000	+5,000	
Transfer in Unobligated Balances (MPR 12-2002).....	-	-	-14,215	-10,455	-	-	-	-	-	-	

2024 USDA EXPLANATORY NOTES – RURAL HOUSING SERVICE

Item	2021 Program Level	2021 Actual BA	2022 Program Level	2022 Actual BA	2023 Program Level	2023 Estimated BA	2024 Program Level	2024 Estimated BA	Program Level Inc. or Dec.	Budget Authority Inc. or Dec.
Balances Available, EOY:										
502 X-Year Low & Vlow Income	1,029	57	3,208	60	2,830	105	751	103	-2,079	-2
Sec 514 FL H Loans.....	93,940	17,059	186,451	5,751	30,924	6,315	23,137	8,054	-7,787	+1,739
Sec 516 FLH Grants.....	22,292	22,292	12,841	12,841	10,670	10,670	13,642	13,642	+2,972	+2,972
Other.....	-	102		2,422	-	2,422	-	2,422	-	-
Sec 502 SFH Direct Loans American Rescue Plan	655,409	36,310	1,804,275	33,559	-	-	-	-	-	-
Sec 504 Direct Loans, VL American Rescue Plan	18,382	1,454	84,027	1,454	-	-	-	-	-	-
MPR Zero Interest Rate	-	-	30,203	10,515	29,100	12,676	22,899	12,883	-6,201	+207
MPR Soft Second.....	-	-	1	-	90	44	133	89	+43	+45
MPR Grants/Deferrals/Pilot Program/Modification.....	-	-	3,112	3,112	27,365	27,365	22,554	22,554	-4,811	-4,811
Total Bal. Available, EOY.....	791,052	77,274	2,124,118	69,714	100,979	59,597	83,116	59,747	-17,863	+150
Total Available.....	26,094,958	556,667	33,939,144	577,621	32,861,259	603,970	32,445,744	878,698	-415,515	+274,728
Less:										
Total Transfers Out	20,004	1,428	62,744	1,150	-	-	-	-	-	-
Recoveries, Other	-3,625	-2,483	-40,957	-11,947	-14,099	-4,899	-9,328	-5,253	+4,771	-354
Bal. Available, SOY.....	-80,348	-24,338	-2,230,288	-77,274	-991,944	-69,714	-79,538	-59,597	+912,406	+10,117
Total Appropriation.....	26,030,989	531,274	31,730,643	489,550	31,855,216	529,357	32,356,878	813,848	+501,662	+284,491

Rural Housing Programs

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 \$250,000,000 in program level for the Section 502 Single-Family Housing Direct Loan program (\$1,250,000,000 available in 2023).

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 provide approximately 40 percent of loan assistance to socially disadvantaged groups that represent approximately 22 percent of the total rural population.

The 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.

The 2024 Budget requests an increase of \$250 million in program level to cover the estimated increase in demand. The requested funding of \$1.5 billion will provide direct financing for an estimated 6,764 units, including home purchases, rehabilitate, 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. Because of increased costs in the housing market and mortgage rates, RD is estimating that this level of funding will be sufficient to support the expected demand. This program is also contributing to Justice 40 Initiative. In 2022 this program provided \$189.1 million in loans supporting 574 loans for low and very low-income borrowers in disadvantaged communities.

The Budget is also requesting to eliminate the existing low-income borrower penalty that requires individuals to repay subsidy costs known as “recapture” in Section 502 Single Family Housing Direct loans. 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 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. The change is reflected in the subsidy rate along with the President's Economic Assumptions for interest.

2. An increase of \$159,575,000 in budget authority for the Section 502 SFH Direct Loan program (\$46,375,000 available in 2023).

The higher subsidy rate for 2024 is due primarily to an increase in the cost of borrowing from Treasury and to a lesser degree, the increase in the subsidy rate is also due to the eliminate recapture of the payment assistance subsidy when the homes are sold or otherwise transferred. The subsidy rate in 2024 will be 13.73 percent. This is the budget authority necessary to support the program level requested.

3. An increase of \$4,498,000 in program level for the SFH Relending Program for Native American Tribes program (\$7,502,000 available in 2023).

This request supports the continuation of a Native American Relending program. The 502 Relending Pilot Program is a popular program for eligible Native American homebuyers located in tribal communities of South Dakota and North Dakota, where USDA teams with local Native Community Development Financial Institutions (NCDFIs). Because of a host of systemic and legal issues, housing lending is very difficult and complex in Indian Country. The initial relending pilot has been very successful and there is demand for its expansion. The requested funding will expand upon the funding provided in 2017 and 2023 to select NCDIFIs that assist in reaching out to Native American communities that have been traditionally underserved and provide assistance to Native Americans that are seeking to purchase a house. A funding level of \$12 million in 2024 will support an estimated 10 loans to NCDIFIs, which will be leveraged to help and estimated 138 Native American borrowers realize the dream of homeownership.

4. An increase of \$3,023,000 in budget authority for the SFH Relending Program for Native American Tribes program (\$2,468,000 available in 2023).

This is the budget authority necessary to support the program level requested and reflects a priority to invest in the current program to improve access and shore up low-income housing in rural Native American Tribal areas. The 2024 subsidy rate is 45.76 percent.

5. No change for Section 502 SFH Guarantee Loan Program (\$30,000,000,000 available in 2023).

The Section 502 SFH Guarantee Loan Program 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 and tens of thousands of creditworthy low- and moderate-income rural Americans who cannot meet down payment requirements will not have homeownership opportunities in 2024.

Prior to 2021, the SFH Guarantee Loan Program held steady at a program level of \$24 billion, with obligations in 2016 at \$16.4 billion, 2017 at \$19.3 billion, 2018 at \$16.8 billion, 2019 at \$14.9 billion, and 2020 at \$23.1 billion. In 2021, based on the obligation rates from Quarter 1 and 2, the Agency requested and received an additional \$6 billion because obligation rates were approximately 20 percent above the prior year, which projected the agency would exceed the \$24 billion funding cap. The program obligated \$12.8 billion in Annual Fee Purchase loans and \$312.9 million in Annual Fee Refinance loans for a total of \$13.1 billion in obligations. Of the 71,832 loan guarantees provided in 2022, 40 percent of funds went to female applicants, with 84 percent of the recipients being white, and Black/African American at approximately eight percent, multiracial just over one percent and Asian, American Indian/Alaska Native, Native Hawaiian/Other Pacific Islander each at under one percent with the remaining six percentage of individuals listed as unknown.

To preserve the increased 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 152,180. In accordance with community needs and in support of the Administration's goals of racial justice and equity, 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.

6. An increase of \$130,000,000 in program level for the Section 515 Multi-family Housing Direct Loan program (\$70,000,000 available in 2023).

The requested funding will allow the agency to continue funding new construction, or preservation and revitalization of existing rental housing in USDA's Multi-family Housing (MFH) Direct Loan program. This funding is crucial to ensuring the continued success of the MFH program and for building a sound portfolio that will serve rural residents for years to come. 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 in an effort to retain properties in the portfolio and enable tenants to continue living in affordable housing. Funding will also address high poverty areas and serve to revitalize the MFH portfolio. Section 515 funding will be used in conjunction with MFH's Rental Assistance (RA), Multi-family Preservation and Revitalization (MPR), and in some cases Section 538 Guaranteed Loan programs. A funding level of \$200 million in 2024 will support an estimated 148 loans.

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. Absent substantially increased levels of appropriated MPR funds, 228,760 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 Demonstration. 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.

The 2024 Budget request to allow the Section 514/515 debt to be paid off while keeping the RA in place, which 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.

The Budget is requesting a rescission of \$5 million of unobligated balances from the Section 515 Maturing Mortgage pilot.

7. An increase of \$56,583,000 in budget authority for the Section 515 Multi-family Housing Direct Loan program (\$13,377,000 available in 2023).

This is the budget authority necessary to support the program level requested and reflects a priority to invest in the current programs to improve access and shore up low-income housing in rural areas. The increase is due to an increase in subsidy rate, which will be 34.98 percent in 2024. This increase is due to the impact of the 2024 PEAs.

8. No change for Section 538 MFH Guarantee Loan Program (\$400,000,000 available in 2023).

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 State tax credit allocating agencies to include the use of tax credits for rural rental housing preservation and construction in those States’ Qualified Allocation Plans. For every \$1 invested from the Section 538 program, the agency can leverage about \$2.88 of public-private funding. Other programs do not exist to meet this 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 2024 Budget funding will allow RD to grow the MFH program at a pace consistent with expected program demand, as RD continues program outreach efforts. This funding will allow the agency to more effectively address the growing need for new housing and rehabilitation of existing facilities, by creating approximately 180 properties and 7,100 units.

Continuation of the program is critical because:

- It encourages investment in housing facilities for rural residents unable to afford housing at other facilities.
- Without this program, rural homelessness could increase.

9. An increase of \$22,000,000 in program level for the Section 504 Housing Repair Loan program (\$28,000,000 available in 2023).

The Budget requests of \$50 million in program level will continue supporting the Administration’s effort to provide affordable, sustainable housing by funding repairs to make repairs to conditions that are health or safety hazards. The requested level of \$50 million in program level would support approximately 7,540 loans at an average loan amount of \$6,982. The average loan has increased from prior years because we are

assuming additional costs due to inflation. The straight-lined program levels of the last 10 years have resulted in less and less assistance because of the ever-increasing housing and building costs.

In addition to repair, improve health and safety, the program also provides funds for energy efficiency and generation improvements to help reduce energy costs for years to come. Homeowners can experience very high mandatory costs such as electricity bills, but these types of improvements can help significantly reduce those costs.

Continuation of this program is critical because it provides:

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

10. An increase of \$6,351,000 in budget authority for the Section 504 Housing Repair Loan program (\$2,324,000 available in 2023).

This is the budget authority necessary to support the program level requested and reflects a priority to invest in the current programs at a higher level to improve access and shore up low-income housing in rural areas. The 2024 subsidy rate increased to 17.35 percent.

11. No change for Section 524 Housing Site Development program level (\$5,000,000 available in 2023).

Base 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 to low-income families.

RHS seeks opportunities to expand participation in the program therefore the Budget includes a general provision that will extend the period of disbursement from 2 to 5 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 agency obligated \$3.6 million across four loans in 2022. The funds went to four states; North Carolina received the most funds at \$1.6 million with the remaining funding going to Indiana, Pennsylvania, and Wyoming. This is the most the agency has obligated for this program over the last six years, representing a substantial increase from the \$370 thousand obligated in 2017 and \$1.9 million obligated in 2019.

12. An increase of \$269,000 for section 524 Housing Site Development program in budget authority (\$208,000 available in 2023).

The requested budget authority is necessary to support the requested program level. The subsidy rate increased to 9.53 percent in 2024.

13. A decrease of \$9,000 for Section 523 Housing Land Development Program (\$5,009,000 available in 2023).

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. There were no obligations associated with this program in 2022. 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 is 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.

14. An increase of \$370,000 in budget authority for Section 523 Housing Land Development Program Direct Loan Program (\$267,000 available in 2023).

This is the budget authority necessary to support the program level requested. The 2024 subsidy rate increased to 12.73 percent.

15. No change for Credit Sales of Acquired Property-Single-Family Housing Program (\$10,000,000 available in 2023).

This base funding assists RHS with the sale of real estate owned (REO) properties. Because USDA already owns these properties a seller-financed sale does not require that any cash changes hands. The base of \$10 million fully supports any expected seller-financed sales of REO properties. This non-program credit sales funding is essential to assure the success of the combined agencies in ensuring REO properties are made available to homebuyers in rural areas. In addition to the activities and functions noted above, all funds are used to carry out activities and functions consistent with the full range of authorities and activities delegated to the agency. With this program, the agency can offer SFH funding at non-program, but competitive, loan terms. This credit is offered for buyers not eligible for Section 502 assistance or for properties that do not qualify as a program property. Funding allows agency staff to expedite the sale and disposition of REO properties, which spares the government the cost of maintaining these properties. REO volume is difficult to predict, and investor appetite for program funding can vary widely from one year to the next. The Agency has a single vendor that disposes of REO properties, Nationwide. The REO Department continues to acquire properties as a result of foreclosure sales and moves them to the Contractor for disposition in a short amount of time to keep the direct costs down to the Agency. The Nationwide vendor currently closes properties within 72 days of acceptance, substantially less than the contract requirements of 165 days. All States and Territories have been centralized for REO disposition and the property preservation associated with each property, aligning with the Agency's Strategic Goal #5. The program disposed of REO inventory by over 800 properties in nine months, and reduced the holding times, meaning the time a property sits in an idle state, from 14 months to 4.6 months, resulting in direct savings in property preservation in those months of \$7.7 million.

The Budget supports a number of legislative changes in the General Provisions 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 provide authority to standardize foreclosures across states, consistent with how HUD is authorized to carryout foreclosures which will improve and streamline the process.

16. An increase of \$30,000,000 in program level for the Section 514 Farm Labor Housing program (\$20,000,000 available in 2023).

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.
- 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.

The use of third-party funds and Section 516 Farm Labor Housing grants provide additional leverage to minimize the cost of new construction and allows the projects to maintain rents at affordable levels. A key program used to access capital markets to leverage RD's Section 514 and 516 funding is the LIHTC program. A few States also provide assistance through grant programs designed to attract farm labor housing development opportunities; RD works very closely with those States to coordinate efforts. For each dollar invested RHS leveraged 0.23 dollars.

The combined \$50 million in loans and \$18 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. Funding requested in the 2024 Budget will allow construction to commence on 27 Farm Labor Housing 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 existing Farm Labor Housing properties in need of capital to perform critical physical repairs on approximately 20 properties (420 units).

17. An increase of \$13,321,000 in budget authority for the Section 514 Farm Labor Housing program (\$4,084,000 available in 2023).

This is the budget authority needed to support a program level of \$50 million. The subsidy rate increased to 34.81 percent in 2024.

18. An increase of \$8,000,000 for the Section 516 Farm Labor Housing Grants program (\$10,000,000 available in 2023).

Funding for the Section 516 Farm Labor Housing grant program will provide farmworkers with decent, safe, and sanitary housing for off-farm MFH Farm Labor Housing developments.

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 MFH because they reduce the amount of debt service, reducing project expenses and the amount of rental assistance needed to support the project. A funding level of \$18 million in 2024 will support an estimated six grants.

19. An increase of \$57,173,000 in program level for the Section 515 Multi-family Housing Preservation and Revitalization program (\$49,705,000 available in 2023).

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' direct loan housing, increasing the value of the property and instilling its residents with a greater sense of pride in the vitality of their community. A portion of the zero percent, soft seconds, and revitalization grant funds will be used for the modification program once subsidy rates can be established for the modifications. This program appropriations language provides the flexibility of using the subsidy supporting these tools as demand occurs. The amounts shown in the 2024 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.

This funding will allow for an estimated 26 loans for rehabilitating and preserving affordable rural rental housing. In 2022, the MPR obligated \$146.0 million across 204 loans. One component of the program, the zero-interest rate loan, accounted for 16 obligations totaling \$16.9 million, with Louisiana receiving 73 percent or \$12.3 million of the funds obligated in 2022. The MFH Revitalization Loan Pre-Credit Reform Financing &

Liquidating - Modification Deferrals accounted for 141 obligations totaling \$79.2 million, with Alabama, Georgia, and Indiana accounting for 52 percent of the funding obligated in 2022. The MFH Revitalization Bullet / Soft Second Loans accounted for 41 obligations totaling \$49.9 million. Alabama and Georgia account for 82 percent of the funding obligated in 2022 at \$20.7 million and \$20.3 million, respectively.

20. An increase of \$37,000,000 in budget authority for Section 515 Multi-family Housing Preservation and Revitalization program (\$38,000,000 available in 2023).

This requested budget authority supports the requested program level.

PROPOSED LEGISLATION

Proposed Legislation: Direct Single Family Housing Loans

Current legislative authority to be amended: Eliminate recapture from Section 502 Single Family Housing (SFH) Direct loan program.

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 2024 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. 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 hand-hold 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 and it is also consistent with the \$3B provided in the Inflation Reduction Act for Farm Loan Debt Relief for economically distressed borrowers. The cost to end the subsidy repayment requirement for all current low-income borrowers is \$996 million.

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 nonoccupancy 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-8. Change in Funding Due to Additional Private Investment (thousands of dollars)

Item	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	10 Year Total
Budget Authority	\$996,000	-	-	-	-	-	-	-	-	-	\$996,000
Outlays	996,000	-	-	-	-	-	-	-	-	-	996,000

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.

“(vii) Additional rental assistance.

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

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

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

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

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

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

Summary of Proposed General Provisions

The Budget supports a number of 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. 735. 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. 736. 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".

Table RHS-9. Change in Funding and Outlays for Sec. 523 (thousands of dollars)

Item	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	10 Year Total
Budget Authority	-	-	-	-	-	-	-	-	-	-	-
Outlays	-\$300	-\$650	-\$1,150	-\$650	-\$350	-\$150	-	-	-	-	-\$3,250

Table RHS-10. Change in Funding and Outlays for Sec. 524 (thousands of dollars)

Item	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	10 Year Total
Budget Authority	-	-	-	-	-	-	-	-	-	-	-
Outlays	-\$300	-\$650	-\$1,150	-\$650	-\$350	-\$150	-	-	-	-	-\$3,250

Proposed Legislation: General Provision- Rescission

Legislative Language Requested: Proposed rescission as noted below:

SEC. 738. Of the unobligated balances from amounts made available in prior Acts for the pilot program described in section 749 of division A of Public Law 115–141, including from amounts made available in any successor provision for such purpose, \$5,000,000 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.

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. 739. 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".

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS

Table RHS-11. Geographic Breakdown of Obligations Section 502 Direct (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Alabama	\$12,602	\$11,047	-	-
Alaska	23,577	21,077	-	-
American Samoa	6,846	-	-	-
Arizona.....	18,025	16,100	-	-
Arkansas.....	11,547	12,836	-	-
California	84,781	167,331	-	-
Colorado.....	13,077	16,385	-	-
Connecticut	4,167	1,664	-	-
Delaware	6,619	17,164	-	-
Florida.....	46,907	55,602	-	-
Georgia.....	18,393	21,664	-	-
Guam.....	-	7,941	-	-
Hawaii.....	10,882	8,098	-	-
Idaho	7,985	7,038	-	-
Illinois	10,716	8,678	-	-
Indiana	57,763	56,507	-	-
Iowa	8,919	11,131	-	-
Kansas.....	4,456	4,231	-	-
Kentucky.....	29,959	21,619	-	-
Louisiana.....	25,747	35,284	-	-
Maine	16,227	21,677	-	-
Maryland.....	6,517	6,276	-	-
Massachusetts	1,815	4,097	-	-
Michigan	31,596	29,874	-	-
Minnesota.....	19,487	19,119	-	-
Mississippi	20,307	26,716	-	-
Missouri	11,813	9,490	-	-
Montana	7,465	13,059	-	-
Nebraska	3,887	5,878	-	-
Nevada	5,439	8,623	-	-
New Hampshire	10,694	6,943	-	-
New Jersey.....	4,074	5,571	-	-
New Mexico.....	9,162	8,094	-	-
New York.....	22,340	20,659	-	-
North Carolina	50,767	43,232	-	-
North Dakota.....	2,336	1,030	-	-
Ohio	28,993	23,450	-	-

2024 USDA EXPLANATORY NOTES – RURAL HOUSING SERVICE

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Oklahoma.....	7,365	7,187	-	-
Oregon.....	15,845	13,649	-	-
Pennsylvania.....	21,135	27,893	-	-
Puerto Rico.....	10,531	7,420	-	-
Rhode Island.....	567	1,236	-	-
South Carolina.....	44,823	45,522	-	-
South Dakota.....	3,374	5,578	-	-
Tennessee.....	46,949	46,168	-	-
Texas.....	31,985	37,823	-	-
Utah.....	38,856	53,358	-	-
Vermont.....	7,123	7,369	-	-
Virgin Islands.....	4,663	5,034	-	-
Virginia.....	55,295	65,463	-	-
Washington.....	26,537	32,904	-	-
West Virginia.....	9,338	8,864	-	-
Wisconsin.....	14,262	11,923	-	-
Wyoming.....	5,385	5,930	-	-
Distribution Unknown.....	-	-	\$1,251,590	\$1,500,750
Obligations.....	999,920	1,138,506	1,251,590	1,500,750

Table RHS-12. Geographic Breakdown of Obligations Native American Relending (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
South Dakota.....	-	\$4,000	-	-
Distribution Unknown.....	-	-	\$7,502	\$12,000
Obligations.....	-	4,000	7,502	12,000

Table RHS-13. Geographic Breakdown of Obligations Section 502 Guaranteed (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Alabama.....	\$821,934	\$534,992	-	-
Alaska.....	117,381	65,518	-	-
Arizona.....	315,374	189,560	-	-
Arkansas.....	700,369	485,068	-	-
California.....	476,431	241,595	-	-
Colorado.....	258,630	98,545	-	-
Connecticut.....	126,213	59,408	-	-
Delaware.....	190,872	88,362	-	-
Florida.....	880,112	383,542	-	-
Georgia.....	853,808	495,293	-	-
Guam.....	17,748	6,910	-	-
Hawaii.....	205,205	82,770	-	-
Idaho.....	152,665	77,183	-	-
Illinois.....	337,999	234,031	-	-
Indiana.....	806,978	539,958	-	-
Iowa.....	265,959	188,149	-	-
Kansas.....	192,344	140,986	-	-
Kentucky.....	685,259	461,527	-	-
Louisiana.....	1,324,929	876,271	-	-
Maine.....	215,169	138,104	-	-
Maryland.....	719,995	376,225	-	-
Massachusetts.....	84,603	41,445	-	-
Michigan.....	639,816	355,935	-	-
Minnesota.....	448,915	251,965	-	-
Mississippi.....	563,758	381,827	-	-
Missouri.....	866,020	601,867	-	-
Montana.....	129,992	57,377	-	-
Nebraska.....	134,677	91,508	-	-
Nevada.....	108,938	47,976	-	-
New Hampshire.....	61,144	22,184	-	-
New Jersey.....	127,137	65,429	-	-
New Mexico.....	58,830	43,648	-	-
New York.....	176,768	87,326	-	-
North Carolina.....	1,278,994	627,897	-	-
North Dakota.....	91,887	62,423	-	-
Ohio.....	643,644	428,288	-	-
Oklahoma.....	366,412	255,743	-	-

2024 USDA EXPLANATORY NOTES – RURAL HOUSING SERVICE

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Oregon	451,893	204,520	-	-
Pennsylvania	704,484	379,793	-	-
Puerto Rico	459,219	286,162	-	-
Rhode Island	5,978	3,761	-	-
South Carolina	752,597	413,834	-	-
South Dakota	170,315	94,521	-	-
Tennessee	1,134,810	683,222	-	-
Texas	914,044	411,231	-	-
Utah	425,148	179,124	-	-
Vermont	49,039	17,704	-	-
Virgin Islands	1,647	698	-	-
Virginia	1,023,482	579,760	-	-
Washington	296,828	117,411	-	-
West Virginia	392,025	256,467	-	-
Wisconsin	290,237	169,296	-	-
Wyoming	207,483	127,286	-	-
Distribution Unknown	-	-	\$18,120,931	\$30,000,000
Obligations	22,726,138	13,111,625	18,120,931	30,000,000

Table RHS-14. Geographic Breakdown of Obligations 515 Multi-family Housing Direct (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Alabama	\$13,698	\$1,250	-	-
Florida	2,358	-	-	-
Indiana	9,384	-	-	-
Kansas	-	1,156	-	-
Louisiana	-	8,802	-	-
Maine	286	-	-	-
Minnesota	-	827	-	-
Missouri	415	2,526	-	-
New Jersey	-	12,350	-	-
New York	3,290	-	-	-
Oklahoma	-	2,228	-	-
Oregon	2,358	4,710	-	-
Pennsylvania	-	12,823	-	-
South Carolina	210	1,782	-	-
South Dakota	-	916	-	-
Texas	2,598	-	-	-
Virginia	2,973	-	-	-
Washington	166	-	-	-
West Virginia	730	630	-	-
Distribution Unknown	-	-	\$70,000	\$200,000
Obligations	38,466	50,000	70,000	200,000

Table RHS-15. Geographic Breakdown of Obligations Section 538 Multi-family Housing Guaranteed (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Alabama	-	\$1,873	-	-
Alaska	-	600	-	-
Arizona	-	4,975	-	-
Arkansas	-	1,900	-	-
California	\$39,737	62,250	-	-
Connecticut	1,462	-	-	-
Florida	6,993	54,400	-	-
Georgia	10,099	1,131	-	-
Idaho	1,000	2,300	-	-
Indiana	17,779	-	-	-
Iowa	448	-	-	-
Kansas	2,292	21,680	-	-
Kentucky	275	-	-	-
Louisiana	16,401	950	-	-
Maryland	-	10,710	-	-
Michigan	4,152	4,482	-	-
Mississippi	-	9,118	-	-
Nevada	5,850	1,550	-	-

2024 USDA EXPLANATORY NOTES – RURAL HOUSING SERVICE

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
New Mexico	7,339	-	-	-
New York	-	950	-	-
North Carolina	15,575	30,238	-	-
Ohio	-	6,869	-	-
Oklahoma	10,240	825	-	-
Pennsylvania	981	3,482	-	-
South Carolina	32,130	2,700	-	-
Tennessee	13,008	3,100	-	-
Texas	18,989	9,928	-	-
Utah	1,420	-	-	-
Virginia	-	12,684	-	-
Washington	16,310	-	-	-
West Virginia	7,480	1,305	-	-
Distribution Unknown	-	-	\$400,000	\$400,000
Obligations	229,960	250,000	400,000	400,000

Table RHS-16. Geographic Breakdown of Obligations Section 504 Direct (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Alabama	\$145	\$192	-	-
Alaska	33	31	-	-
Arizona	198	90	-	-
Arkansas	274	369	-	-
California	291	266	-	-
Colorado	56	78	-	-
Connecticut	11	37	-	-
Delaware	-	7	-	-
Florida	128	160	-	-
Georgia	553	181	-	-
Guam	279	210	-	-
Hawaii	70	22	-	-
Idaho	96	60	-	-
Illinois	730	924	-	-
Indiana	375	254	-	-
Iowa	343	332	-	-
Kansas	76	129	-	-
Kentucky	714	523	-	-
Louisiana	338	294	-	-
Maine	244	273	-	-
Maryland	85	52	-	-
Massachusetts	55	40	-	-
Michigan	839	989	-	-
Minnesota	339	515	-	-
Mississippi	586	626	-	-
Missouri	161	176	-	-
Montana	65	149	-	-
Nebraska	112	91	-	-
Nevada	52	40	-	-
New Hampshire	225	196	-	-
New Jersey	38	12	-	-
New Mexico	198	136	-	-
New York	543	887	-	-
North Carolina	469	405	-	-
North Dakota	38	35	-	-
Ohio	441	648	-	-
Oklahoma	130	223	-	-
Oregon	155	52	-	-
Pennsylvania	512	817	-	-
Puerto Rico	11	81	-	-
South Carolina	547	362	-	-
South Dakota	80	63	-	-
Tennessee	905	717	-	-
Texas	1,394	1,500	-	-
Utah	26	78	-	-
Vermont	130	181	-	-
Virgin Islands	5	10	-	-

2024 USDA EXPLANATORY NOTES – RURAL HOUSING SERVICE

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Virginia.....	898	980	-	-
Washington.....	127	74	-	-
West Virginia.....	339	273	-	-
Wisconsin.....	337	328	-	-
Wyoming.....	-	53	-	-
Distribution Unknown.....	-	-	\$21,133	\$50,000
Obligations.....	14,796	15,221	21,133	50,000

Table RHS-17. Geographic Breakdown of Obligations Section 524 Direct (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Indiana.....	-	\$690	-	-
North Carolina.....	-	1,600	-	-
Pennsylvania.....	-	824	-	-
Wyoming.....	-	485	-	-
Distribution Unknown.....	-	-	\$1,034	\$5,000
Obligations.....	-	3,599	1,034	5,000

Table RHS-18. Geographic Breakdown of Obligations Section 523 Direct (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Distribution Unknown.....	-	-	-	\$5,000
Obligations.....	-	-	-	5,000

Table RHS-19. Geographic Breakdown of Obligations Single Family Credit Sales (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Arizona.....	\$225	-	-	-
Puerto Rico.....	-	\$39	-	-
Distribution Unknown.....	-	-	\$589	\$10,000
Obligations.....	225	39	589	10,000

Table RHS-20. Geographic Breakdown of Obligations Section 514 Direct Farm Labor Housing Loans (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Arkansas.....	\$84	-	-	-
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.....	3,000	280	-	-
Distribution Unknown.....	-	-	\$25,064	\$50,000
Obligations.....	3,084	43,020	25,064	50,000

Table RHS-21. Geographic Breakdown of Obligations Section 516 Direct Farm Labor Housing Grants (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Colorado.....	-	\$250	-	-
Florida.....	-	8,000	-	-
Georgia.....	-	5,783	-	-
Kansas.....	-	8,750	-	-
Louisiana.....	-	2,552	-	-
Nebraska.....	-	3,225	-	-
New York.....	-	25	-	-
North Carolina.....	-	660	-	-
Tennessee.....	-	1,882	-	-
Washington.....	\$1,627	4,473	-	-
West Virginia.....	-	2,830	-	-
Distribution Unknown.....	-	-	\$14,979	\$18,000
Obligations.....	1,627	38,430	14,979	18,000

Table RHS-22. Geographic Breakdown of Obligations Multi-family Housing Preservation and Demonstration, Zero Percent Loans (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Alabama.....	-	\$1,900	-	-
Georgia.....	-	1,818	-	-
Kentucky.....	-	750	-	-
Louisiana.....	-	12,343	-	-
Wisconsin.....	-	100	-	-
Distribution Unknown.....	-	-	\$6,919	\$44,437
Obligations.....	-	16,911	6,919	44,437

Table RHS-23. Geographic Breakdown of Obligations Multi-family Housing Preservation and Demonstration, Soft-Seconds Loans (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Alabama.....	-	\$20,733	-	-
Arkansas.....	-	1,392	-	-
Florida.....	-	2,567	-	-
Georgia.....	-	20,331	-	-
Kentucky.....	-	2,529	-	-
Louisiana.....	-	2,000	-	-
Wyoming.....	-	321	-	-
Distribution Unknown.....	-	-	\$10,227	\$37,442
Obligations.....	-	49,873	10,227	37,442

Table RHS-24. Geographic Breakdown of Obligations Multi-family Housing Preservation and Demonstration Pilot Grant Program (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Georgia.....	-	\$350	-	-
Maine.....	-	350	-	-
Maryland.....	-	1,400	-	-
Distribution Unknown.....	-	-	\$2,000	-
Obligations.....	-	2,100	2,000	-

Table RHS-25. Geographic Breakdown of Obligations Multi-family Housing Preservation and Demonstration Grants/Modifications/Deferrals (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Alabama.....	-	\$1,630	-	-
California.....	-	194	-	-
Florida.....	-	163	-	-
Georgia.....	-	1,039	-	-
Indiana.....	-	670	-	-
Kentucky.....	-	482	-	-
Louisiana.....	-	21	-	-
Michigan.....	-	319	-	-
Mississippi.....	-	557	-	-
New Jersey.....	-	120	-	-
Oklahoma.....	-	114	-	-
Pennsylvania.....	-	340	-	-
Tennessee.....	-	86	-	-
Texas.....	-	229	-	-
Utah.....	-	136	-	-
Washington.....	-	68	-	-
West Virginia.....	-	286	-	-
Wisconsin.....	-	3	-	-
Distribution Unknown.....	-	-	\$1,917	\$25,000
Obligations.....	-	6,457	1,917	25,000

Table RHS-26. Geographic Breakdown of Obligations Section 502 Direct, ARP Funding (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Alabama.....	-	\$953	-	-
Alaska.....	-	1,766	-	-
Arizona.....	-	1,430	-	-
Arkansas.....	-	3,619	-	-
California.....	-	9,026	-	-

2024 USDA EXPLANATORY NOTES – RURAL HOUSING SERVICE

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Colorado.....	-	2,094	-	-
Connecticut.....	-	798	-	-
Delaware.....	-	901	-	-
Florida.....	-	2,386	-	-
Georgia.....	\$31	4,467	-	-
Idaho.....	-	1,502	-	-
Illinois.....	-	3,284	-	-
Indiana.....	-	1,923	-	-
Iowa.....	64	4,896	-	-
Kansas.....	53	3,581	-	-
Kentucky.....	-	2,141	-	-
Louisiana.....	-	4,085	-	-
Maine.....	-	3,482	-	-
Maryland.....	-	893	-	-
Massachusetts.....	-	3,008	-	-
Michigan.....	132	6,412	-	-
Minnesota.....	56	2,078	-	-
Mississippi.....	-	5,974	-	-
Missouri.....	-	3,060	-	-
Montana.....	-	1,720	-	-
Nebraska.....	-	1,137	-	-
Nevada.....	-	942	-	-
New Hampshire.....	-	4,604	-	-
New Jersey.....	-	2,139	-	-
New Mexico.....	-	623	-	-
New York.....	-	2,681	-	-
North Carolina.....	-	10,297	-	-
North Dakota.....	-	87	-	-
Ohio.....	168	6,088	-	-
Oklahoma.....	-	901	-	-
Oregon.....	-	2,934	-	-
Pennsylvania.....	207	5,311	-	-
Puerto Rico.....	-	671	-	-
Rhode Island.....	-	179	-	-
South Carolina.....	-	4,133	-	-
South Dakota.....	-	682	-	-
Tennessee.....	-	3,568	-	-
Texas.....	395	9,442	-	-
Utah.....	-	2,043	-	-
Vermont.....	-	2,312	-	-
Virgin Islands.....	-	184	-	-
Virginia.....	-	5,273	-	-
Washington.....	-	1,941	-	-
West Virginia.....	-	2,891	-	-
Wisconsin.....	91	1,507	-	-
Wyoming.....	-	702	-	-
Distribution Unknown.....	-	-	\$150,000	-
Obligations.....	1,197	148,751	150,000	-

Table RHS-27. Geographic Breakdown of Obligations Section 504 Direct, ARP Funding (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Alabama.....	-	\$2	-	-
Georgia.....	-	8	-	-
Kansas.....	-	4	-	-
Mississippi.....	-	5	-	-
Obligations.....	-	19	-	-

CLASSIFICATION BY OBJECTS

Table RHS-28. Classification by Objects (thousands of dollars)

Item No.	Item	2021 Actual	2022 Actual	2023 Enacted	2024 Estimated
25.3	Other goods and services from Federal sources	\$412,254	\$412,254	\$412,254	\$412,154
41.0	Grants, subsidies, and contributions	66,647	105,813	101,669	401,797
	Total, Other Objects	478,901	518,067	513,923	813,951
99.9	Total, new obligations	478,901	518,067	513,923	813,951

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

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

1 Rental Assistance Program (including transfer of funds)

2 For rental assistance agreements entered into or renewed pursuant to the authority under section 521(a)(2) of the
3 Housing Act of 1949 or agreements entered into in lieu of debt forgiveness or payments for eligible households
4 as authorized by section 502(c)(5)(D) of the Housing Act of 1949, and for the rural housing voucher program as
5 authorized under section 542 of the Housing Act of 1949, notwithstanding subsection (b) of such section,
6 [\$1,487,926,000]\$1,688,109,000, of which \$40,000,000 shall be available until September 30, 2025 and in
7 addition such sums as may be necessary, as authorized by section 521(c) of the Act, to liquidate debt incurred
8 prior to fiscal year 1992 to carry out the rental assistance program under section 521(a)(2) of the Act: *Provided,*
9 That of the amounts made available under this heading, \$1,650,109,000 shall be available for renewal of rental
10 assistance agreements, including agreements where the Secretary determines that a maturing loan for a project
11 cannot reasonably be restructured with another USDA loan or modification and the project was operating with
12 rental assistance under section 521 of the Housing Act of 1949: *Provided further,* That the Secretary may renew
13 the rental assistance agreements in maturing properties, notwithstanding any provision of section 521 of the
14 Housing Act of 1949, for a term of at least 10 years but not more than 20 years: *Provided further,* That any
15 agreement to extend the term of the rental assistance contract under section 521 of the Housing Act of 1949 for
16 a project shall obligate the owner to continue to maintain the project as decent, safe, and sanitary housing and to
17 operate the development in accordance with the Housing Act of 1949, except that rents shall be based on the
18 lesser of (a) the budget based needs of the project; or (b) the operating cost adjustment factor as a payment
19 standard as provided under section 524 of the Multifamily Assisted Housing Reform and Affordability Act of
20 1997 (42 22 U.S.C. 1437f note): *Provided further,* That of the amounts made available under this heading, not
21 less than \$6,000,000 shall be available for newly constructed units: *Provided further,* That rental assistance
22 agreements entered into or renewed during the current fiscal year shall be funded for a one-year period:
23 *Provided further,* That upon request by an owner of a project financed by an existing loan under section 514 or
24 515 of the Act, the Secretary may renew the rental assistance agreement for a period of 20 years or until the
25 term of such loan has expired, subject to annual appropriations: *Provided further,* That any unexpended
26 balances remaining at the end of such one-year agreements may be transferred and used for purposes of any
27 debt reduction, maintenance, repair, or rehabilitation of any existing projects; preservation; and rental assistance
28 activities authorized under title V of the Act: [*Provided further,* That rental assistance provided under
29 agreements entered into prior to fiscal year 2023 for a farm labor multi-family housing project financed under
30 section 514 or 516 of the Act may not be recaptured for use in another project until such assistance has
31 remained unused for a period of 12 consecutive months, if such project has a waiting list of tenants seeking such
32 assistance or the project has rental assistance eligible tenants who are not receiving such assistance:]*Provided*
33 *further,* That notwithstanding any other provision of the Act, the Secretary may recapture rental assistance
34 provided under agreements entered into prior to fiscal year 2024 for a project that the Secretary determines no
35 longer needs rental assistance and use such recaptured funds for current needs: *Provided further,* That such
36 recaptured funds shall remain available for obligation in fiscal year 2024 for the purposes specified under this
37 heading: *Provided further,* That such recaptured rental assistance shall, to the extent practicable, be applied to
38 another farm labor multi-family housing project financed under section 514 or 516 of the Act: *Provided further,*
39 That of the amounts made available under this heading, \$38,000,000 shall be available for rural housing
40 vouchers to any low-income household, including a household that does not receive rental assistance, residing
41 in a property financed with a section 515 loan that has been prepaid or otherwise paid off after September 30,
42 2005: *Provided further,* That the amount of such vouchers shall be equal to the difference between comparable
43 market rent for the section 515 unit and the tenant paid rent for such unit: *Provided further,* That such vouchers
44 shall be subject to the availability of annual appropriations: *Provided further,* That the Secretary shall, to the
45 maximum extent practicable, administer such vouchers with current regulations and administrative guidance
46 applicable to section 8 housing vouchers administered by the Secretary of the Department of Housing and
47 Urban Development: *Provided further,* That any balances available for the rural housing voucher program in the
48 "Rural Housing Voucher Account" shall be transferred to and merged with this account and available for the
49 rural housing voucher program: *Provided further,* That if the Secretary determines that the amount made
50 available for vouchers or rental assistance in this Act is not needed for vouchers or rental assistance, the
51 Secretary may use such funds for any of the programs described under this heading. [*Provided further,* That
52 except as provided in the fourth proviso under this heading and notwithstanding any other provision of the Act,
53 the Secretary may recapture rental assistance provided under agreements entered into prior to fiscal year 2023

54 for a project that the Secretary determines no longer needs rental assistance and use such recaptured funds for
 55 current needs.]

Change Description

The first change (lines 4 through 6 of paragraph 1) inserts appropriations language for authorizing the Rural Voucher Program in this account. The budget is requesting that funding for the Rural Voucher program be merged with the Rental Assistance program.

The second change (lines 6 of paragraph 1) inserts appropriations language authorizing \$40 million of the amounts made available under the heading to be available to a two-year period of availability. This funding facilitates funding during the transition from one fiscal year to another, especially under a Continuing Resolution.

The third change (lines 8 through 22 of paragraph 1) inserts appropriations language authorizing decoupling of the Multifamily Housing Direct Loan Program (section 515) and the Rental Assistance Program. This Budget request continues to request decoupling these two programs to help with managing section 515 maturing mortgages. It also continues to include language to set aside \$6 million of Rental Assistance funding for new construction.

The fourth change (lines 28 through 31 of paragraph 1) eliminates language for recapturing funds for 2024 loans.

The fifth change (lines 32 through 37 of paragraph 1) adds language simplifying the recapturing of funds in this program.

The sixth change (lines 38 through 51 of paragraph 1) adds language funding the Rural Voucher program on this account.

The seventh change (lines 51 through 55 of paragraph 1) deletes language that is no longer needed.

LEAD-OFF TABULAR STATEMENT

Table RHS-29. Lead-Off Tabular Statement (In dollars)

Item	Amount
Estimate, 2023	\$1,487,926,000
Change in Appropriation	+ 200,183,000
Budget Estimate, 2024	<u>1,688,109,000</u>

PROJECT STATEMENTS

Table RHS-30. Project Statement on Basis of Appropriations (thousands of dollars)

Item	2021 Actual BA	2022 Actual BA	2023 Estimated BA	2024 Estimated BA	Budget Authority Inc. or Dec.	Chg Key
Discretionary Appropriations:						
Rental Assistance (Sec. 521)	\$1,410,000	\$1,450,000	\$1,487,926	\$1,644,109	+\$156,183	(1)
Rural housing voucher program	-	-	-	38,000	+38,000	(2)
New Construction	-	-	-	6,000	+6,000	(3)
Subtotal	1,410,000	1,450,000	1,487,926	1,688,109	+200,183	
Mandatory Appropriations:						
American Rescue Plan Act	100,000	-	-	-	-	
Subtotal	100,000	-	-	-	-	
Total Adjusted Approp	1,510,000	1,450,000	1,487,926	1,688,109	+200,183	
Add back:						
Total Appropriation	1,510,000	1,450,000	1,487,926	1,688,109	+200,183	
Recoveries, Other	2	9	-	-	-	
Bal. Available, SOY	40,313	40,315	40,324	-	-40,324	
Total Available	1,550,315	1,490,324	1,528,250	1,688,109	+159,859	
Transfer of unobligated balances (12x2002)	-	-	-	21,987	+21,987	
Bal. Available, EOY	-40,315	-40,324	-	-21,987	-21,987	

2024 USDA EXPLANATORY NOTES – RURAL HOUSING SERVICE

Item	2021 Actual BA	2022 Actual BA	2023 Estimated BA	2024 Estimated BA	Budget Authority Inc. or Dec.	Chg Key
Total Obligations.....	1,510,000	1,450,000	1,528,250	1,688,109	+159,859	

Table RHS-31. Project Statement on Basis of Obligations (thousands of dollars)

Item	2021 Actual BA	2022 Actual BA	2023 Estimated BA	2024 Estimated BA	Budget Authority Inc. or Dec.
Discretionary Obligations:					
Rental Assistance (Sec. 521).....	\$1,410,000	\$1,450,000	\$1,528,250	\$1,644,109	+\$115,859
Vouchers.....	-	-	-	38,000	+38,000
New Construction.....	-	-	-	6,000	+6,000
Subtotal Disc oblig.....	1,410,000	1,450,000	1,528,250	1,688,109	+159,859
Mandatory Obligations:					
American Rescue Plan Act.....	100,000	-	-	-	-
Subtotal Mand Oblig.....	100,000	-	-	-	-
Total Obligations.....	1,510,000	1,450,000	1,528,250	1,688,109	+159,859
Add back:					
Transfer of unobligated balances (12x2002).	-	-	-	-21,987	-21,987
Balances Available, EOY:					
Rental Assistance (Sec. 521).....	40,315	40,324	-	-	-
Vouchers.....	-	-	-	20,751	+20,751
Vouchers Admin Expenses – IT.....	-	-	-	1,236	+1,236
Total Bal. Available, EOY.....	40,315	40,324	-	21,987	+21,987
Total Available.....	1,550,315	1,490,324	1,528,250	1,688,109	+159,859
Less:					
Recoveries, Other.....	-2	-9	-	-	-
Bal. Available, SOY.....	-40,313	-40,315	-40,324	-	+40,324
Total Appropriation.....	1,510,000	1,450,000	1,487,926	1,688,109	+200,183

Rental Assistance Program

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 \$156,183,000 for the Rental Assistance Grants program (\$1,487,926,000 available in 2023).

The funding requested in the 2024 budget covers program cost increases due to inflation at an estimated rate of eight percent. 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. 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 268,037 units, including ARPA units.

The Budget requests that \$40 million of the amount requested should be available for a second year to help support contracts in the first quarter of the following year, especially during Continuing Resolutions (CR). This funding supplements will ensure contracts be renewed timely during the transition between fiscal years.

Specifically, 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 2024 funding level of \$1.6 billion for this program would allow RHS to continue assisting lower-income residents in obtaining and sustaining decent, safe, and sanitary housing in rural communities. The RA program has a portfolio of approximately 13,000 properties across the US. 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. For example, in 2022 the agency obligated \$143.2 million in California and \$25.5 million in Missouri even though the agency has more RA properties in Missouri than California; this is due to Missouri having almost half the number of RA units as California in addition to a lower average adjusted income. This program is part the Justice 40 initiative. In 2022, this program provided \$472.3 million to renew 101,831 RA units in disadvantaged communities.

1. A decrease of \$10,000,000 for MFH Revitalization Voucher program (\$48,000,000 available in 2023) as Multi-family Housing Revitalization Voucher program has been proposed to be moved to the Rental Assistance Grant account.

The budget continues to request to transfer the voucher program account under the rental assistance account. The voucher account was funded in the multi-family revitalization and preservation account.

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 includes 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) 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.

A funding level of \$38 million in 2024 will support an estimated 7,578 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. The budget is requesting \$1 million for the administration of the voucher program through the RD Salaries and Expenses account.

2. An increase of \$6,000,000 for Rental Assistance New Construction Grants (Section 521) (\$0 available in 2023).

The requested funding is a set aside of \$6 million for Rental Assistance contracts to ensure there is funding for the new units that are expected with new construction in multifamily housing direct loans and farm labor housing. A key component of budget increases in rural housing funding is an additional requirement that all of the housing funding 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. The budget continues to include a General Provision requiring SFH and MFH programs to encourage these new requirements when providing a loan or a grant.

PROPOSED LEGISLATION

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).

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS

Table RHS-32. Rental Assistance Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Alabama	\$35,452	\$40,758	-	-
Alaska	8,189	5,343	-	-
Arizona	20,195	19,260	-	-
Arkansas	25,635	26,300	-	-
California	135,496	144,774	-	-
Colorado	14,194	15,969	-	-
Connecticut	9,051	9,205	-	-
Delaware	9,027	6,008	-	-
Florida	64,731	69,174	-	-
Georgia	37,258	49,916	-	-
Hawaii	12,155	11,038	-	-
Idaho	18,679	16,963	-	-
Illinois	30,507	31,043	-	-
Indiana	24,341	25,111	-	-
Iowa	25,967	25,631	-	-
Kansas	10,224	13,491	-	-
Kentucky	25,578	29,705	-	-
Louisiana	43,561	46,504	-	-
Maine	34,066	37,774	-	-
Maryland	18,856	20,441	-	-
Massachusetts	12,956	9,868	-	-
Michigan	36,514	38,201	-	-
Minnesota	27,070	24,741	-	-
Mississippi	53,361	62,973	-	-
Missouri	26,119	25,532	-	-
Montana	8,174	6,734	-	-
Nebraska	8,333	7,226	-	-
Nevada	12,176	11,185	-	-
New Hampshire	13,925	13,741	-	-

2024 USDA EXPLANATORY NOTES – RURAL HOUSING SERVICE

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
New Jersey	12,458	10,878	-	-
New Mexico	20,934	23,367	-	-
New York	31,142	28,592	-	-
North Carolina	93,204	78,183	-	-
North Dakota	5,142	7,423	-	-
Ohio	28,647	30,525	-	-
Oklahoma	23,859	27,914	-	-
Oregon	27,730	27,665	-	-
Pennsylvania	33,116	33,398	-	-
Puerto Rico	28,690	20,168	-	-
Rhode Island	2,793	2,493	-	-
South Carolina	35,663	42,000	-	-
South Dakota	15,917	16,088	-	-
Tennessee	32,950	34,847	-	-
Texas	70,738	70,807	-	-
Utah	9,393	11,393	-	-
Vermont	10,143	9,441	-	-
Virgin Islands	6,655	5,710	-	-
Virginia	37,037	39,270	-	-
Washington	36,352	41,680	-	-
West Virginia	18,202	20,504	-	-
Wisconsin	20,460	18,050	-	-
Wyoming	6,984	4,995	-	-
Distribution Unknown	-	-	\$1,528,250	\$1,644,109
Obligations	1,410,000	1,450,000	1,528,250	1,644,109

Table RHS-33. Rental Assistance – New Construction Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Distribution Unknown	-	-	-	\$6,000
Obligations	-	-	-	6,000

Table RHS-34. Rental Assistance - American Rescue Plan Act Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Alabama	\$6,137	-	-	-
Arizona	153	-	-	-
Arkansas	1,108	-	-	-
California	5,076	-	-	-
Colorado	462	-	-	-
Connecticut	564	-	-	-
Delaware	241	-	-	-
Florida	3,210	-	-	-
Georgia	11,733	-	-	-
Idaho	20	-	-	-
Illinois	755	-	-	-
Indiana	1,503	-	-	-
Iowa	61	-	-	-
Kansas	218	-	-	-
Kentucky	6,202	-	-	-
Louisiana	6,559	-	-	-
Maine	520	-	-	-
Maryland	2,683	-	-	-
Massachusetts	95	-	-	-
Michigan	3,539	-	-	-
Minnesota	745	-	-	-
Mississippi	4,865	-	-	-
Missouri	2,179	-	-	-
Montana	58	-	-	-
Nebraska	27	-	-	-
Nevada	262	-	-	-
New Hampshire	245	-	-	-
New Jersey	636	-	-	-

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
New Mexico.....	193	-	-	-
New York.....	432	-	-	-
North Carolina	2,166	-	-	-
Ohio	2,252	-	-	-
Oklahoma.....	1,686	-	-	-
Oregon	483	-	-	-
Pennsylvania	2,443	-	-	-
Rhode Island	24	-	-	-
South Carolina	5,046	-	-	-
South Dakota.....	61	-	-	-
Tennessee.....	3,747	-	-	-
Texas.....	12,298	-	-	-
Utah.....	228	-	-	-
Vermont	122	-	-	-
Virginia	5,324	-	-	-
Washington	2,016	-	-	-
West Virginia.....	1,336	-	-	-
Wisconsin.....	235	-	-	-
Wyoming	51	-	-	-
Obligations.....	100,000	-	-	-

Table RHS-35. Rural Vouchers Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Distribution Unknown.....	-	-	-	\$38,000
Obligations.....	-	-	-	38,000

CLASSIFICATION BY OBJECTS

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

Item No.	Item	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
41.0	Grants, subsidies, and contributions	\$1,510,000	\$1,450,000	\$1,528,250	\$1,688,109
	Total, Other Objects	1,510,000	1,450,000	1,528,250	1,688,109
99.9	Total, new obligations	1,510,000	1,450,000	1,528,250	1,688,109

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ACCOUNT 3: RURAL VOUCHER PROGRAM

APPROPRIATIONS LANGUAGE

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

1 [RURAL HOUSING VOUCHER ACCOUNT]
 2 [For the rural housing voucher program as authorized under section 542 of the Housing Act of 1949, but
 3 notwithstanding subsection (b) of such section, \$48,000,000, to remain available until expended: *Provided*, That the
 4 funds made available under this heading shall be available for rural housing vouchers to any low-income household
 5 (including those not receiving rental assistance) residing in a property financed with a section 515 loan which has
 6 been prepaid or otherwise paid off after September 30, 2005: *Provided further*, That the amount of such voucher
 7 shall be the difference between comparable market rent for the section 515 unit and the tenant paid rent for such
 8 unit: *Provided further*, That funds made available for such vouchers shall be subject to the availability of annual
 9 appropriations: *Provided further*, That the Secretary shall, to the maximum extent practicable, administer such
 10 vouchers with current regulations and administrative guidance applicable to section 8 housing vouchers
 11 administered by the Secretary of the Department of Housing and Urban Development: *Provided further*, That in
 12 addition to any other available funds, the Secretary may expend not more than \$1,000,000 total, from the program
 13 funds made available under this heading, for administrative expenses for activities funded under this heading.]

Change Description

The first change (line 1 thru 14 of paragraph 1) deletes appropriations language for the Rural Voucher program. The 2024 budget is requesting the Rural Voucher program be merged with the Rental Assistance program.

LEAD-OFF TABULAR STATEMENT

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

Item	Amount
Estimate, 2023	\$48,000,000
Change in Appropriation	<u>-48,000,000</u>
Budget Estimate, 2024	<u><u>-</u></u>

PROJECT STATEMENTS

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

Item	2021 Program	2021 Actual	2022 Program	2022 Actual	2023 Program	2023	2024 Program	2024	Program	Chg Key	Budget	Chg Key
	Level	BA	Level	BA	Level	Estimated BA	Level	Estimated BA	Level Inc. or Dec.		Authority Inc. or Dec.	
Discretionary Appropriations:												
Rural housing voucher program and administrative.....	\$40,000	\$40,000	\$45,000	\$45,000	\$48,000	\$48,000	-	-	-\$48,000	(1)	-\$48,000	(1)
MFH Preservation Zero Loans (Sec. 515)...	67,862	28,000	-	-	-	-	-	-	-	-	-	-
General Provision: Maturing Mortgages.....	2,000	2,000	-	-	-	-	-	-	-	-	-	-
Subtotal	109,862	70,000	45,000	45,000	48,000	48,000	-	-	-48,000		-48,000	
Total Adjusted Approp.....	109,862	70,000	45,000	45,000	48,000	48,000	-	-	-48,000		-48,000	
Total Appropriation	109,862	70,000	45,000	45,000	48,000	48,000	-	-	-48,000		-48,000	
Recoveries, Other.....	3,453	2,818	2,697	2,697	-	-	-	-	-		-	
Bal. Available, SOY	9,853	8,152	21,741	21,741	21,987	21,987	\$21,987	\$21,987	-		-	
Total Available	123,168	80,970	69,438	69,438	69,987	69,987	21,987	21,987	-48,000		-48,000	
Transfer of unobligated balances (12x2081)	-	-	-10,455	-10,455	-	-	-	-	-		-	
Transfer of unobligated balances (12x0137)	-	-	-	-	-	-	-21,987	-21,987	-21,987		-21,987	
Bal. Available, EOY	-40,067	-21,741	-21,987	-21,987	-21,987	-21,987	-	-	+21,987		+21,987	
Total Obligations	83,101	59,229	36,995	36,995	48,000	48,000	-	-	-48,000		-48,000	

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

Item	2021 Program	2021 Actual	2022 Program	2022 Actual	2023 Program	2023	2024 Program	2024	Program	Chg Key	Budget	Chg Key
	Level	BA	Level	BA	Level	Estimated BA	Level	Estimated BA	Level Inc. or Dec.		Authority Inc. or Dec.	
Discretionary Obligations:												
Rural housing voucher program and administrative .	\$35,157	\$35,157	\$35,740	\$35,740	\$47,000	\$47,000	-	-	-\$47,000		-\$47,000	
MFH Revitalization Sec.515 Zero Loans.....	9,644	3,979	-	-	-	-	-	-	-		-	
MFH 515 Revitalization Grants.....	420	420	-	-	-	-	-	-	-		-	
MFH Revitalization Modification Deferral (Sec 515).....	-	2,142	-	-	-	-	-	-	-		-	
MFH Preservation Soft Seconds Loans (Sec. 515) ...	37,880	17,531	-	-	-	-	-	-	-		-	
Administrative Expenses (Exp Trfr to S&E)	-	-	1,255	1,255	1,000	1,000	-	-	-1,000		-1,000	
Subtotal Disc oblig	83,101	59,229	36,995	36,995	48,000	48,000	-	-	-48,000		-48,000	
Total Obligations	83,101	59,229	36,995	36,995	48,000	48,000	-	-	-48,000		-48,000	
Add back:												
Transfer of unobligated balances (12x2081).....	-	-	10,455	10,455	-	-	-	-	-		-	
Transfer of unobligated balances (12x0137).....	-	-	-	-	-	-	\$21,987	\$21,987	+21,987		+21,987	
Balances Available, EOY:												
MPR Zero Interest Rate	13,192	5,443	-	-	-	-	-	-	-		-	
MPR Soft Second	7,773	3,597	-	-	-	-	-	-	-		-	
Vouchers.....	4,370	4,370	20,751	20,751	20,751	20,751	-	-	-20,751		-20,751	

2024 USDA EXPLANATORY NOTES – RURAL HOUSING SERVICE

Item	2021 Program	2021 Actual	2022 Program	2022 Actual	2023 Program	2023	2024 Program	2024	Program	Budget
	Level	BA	Level	BA	Level	Estimated BA	Level	Estimated BA	Level Inc. or Dec.	Authority Inc. or Dec.
Vouchers Admin Expenses – IT	655	655	1,236	1,236	1,236	1,236	-	-	-1,236	-1,236
515 MFH Revit. Deferrals of Liquidating Loans	1,803	1,803	-	-	-	-	-	-	-	-
MFH Preservation Pilot Program.....	5,000	5,000	-	-	-	-	-	-	-	-
515 Revitalization Grants	418	418	-	-	-	-	-	-	-	-
Cost of Modified Subsidy	6,855	454	-	-	-	-	-	-	-	-
Total Bal. Available, EOY	40,067	21,741	21,987	21,987	21,987	21,987	-	-	-21,987	-21,987
Total Available	123,168	80,970	69,438	69,438	69,987	69,987	21,987	21,987	-48,000	-48,000
Less:										
Recoveries, Other.....	-3,453	-2,818	-2,697	-2,697	-	-	-	-	-	-
Bal. Available, SOY	-9,853	-8,152	-21,741	-21,741	-21,987	-21,987	-21,987	-21,987	-	-
Total										
Appropriation.....	109,862	70,000	45,000	45,000	48,000	48,000	-	-	-48,000	-48,000

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

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

The agency continues to request funds for this program; however, starting in 2024 the Budget includes 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 2024 budget is requesting \$38 million for this program in the RA Account.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS

Table RHS-40. Rural Voucher Program Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Alabama.....	\$496	\$388	-	-
Alaska.....	69	56	-	-
Arizona.....	369	301	-	-
Arkansas.....	129	119	-	-
California.....	9	9	-	-
Colorado.....	119	143	-	-
Delaware.....	25	21	-	-
Florida.....	2,377	2,030	-	-
Georgia.....	714	1,039	-	-
Hawaii.....	62	37	-	-
Idaho.....	451	392	-	-
Illinois.....	899	853	-	-
Indiana.....	1,804	2,322	-	-
Iowa.....	1,289	1,100	-	-
Kansas.....	451	492	-	-
Kentucky.....	172	182	-	-
Louisiana.....	162	106	-	-
Maine.....	717	715	-	-
Maryland.....	37	34	-	-
Massachusetts.....	60	261	-	-
Michigan.....	5,031	6,237	-	-
Minnesota.....	1,463	1,340	-	-
Mississippi.....	297	185	-	-
Missouri.....	1,019	1,126	-	-
Montana.....	867	815	-	-
Nebraska.....	597	840	-	-
Nevada.....	52	64	-	-
New Hampshire.....	305	251	-	-
New Jersey.....	423	330	-	-
New Mexico.....	164	134	-	-
New York.....	1,346	1,370	-	-
North Carolina.....	383	341	-	-
North Dakota.....	271	514	-	-
Ohio.....	499	482	-	-
Oklahoma.....	192	195	-	-
Oregon.....	193	174	-	-
Pennsylvania.....	1,128	982	-	-
Puerto Rico.....	5	10	-	-
Rhode Island.....	7	23	-	-
South Carolina.....	1,026	914	-	-
South Dakota.....	1,301	1,289	-	-
Tennessee.....	547	559	-	-
Texas.....	1,835	1,986	-	-

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Utah.....	93	66	-	-
Vermont.....	6	6	-	-
Virgin Islands.....	133	70	-	-
Virginia.....	100	74	-	-
Washington.....	1,388	1,031	-	-
West Virginia.....	61	92	-	-
Wisconsin.....	3,427	3,539	-	-
Wyoming.....	61	101	-	-
Distribution Unknown.....	-	-	\$47,000	-
Obligations.....	34,630	35,740	47,000	-

Table RHS-41. Rural Voucher Program Administrative Expenses Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
District of Columbia.....	-	\$1,255	-	-
Distribution Unknown.....	\$527	-	\$1,000	-
Obligations.....	527	1,255	1,000	-

Table RHS-42. Multi-Family Housing Revitalization Zero Loans Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Illinois.....	\$326	-	-	-
Indiana.....	3,319	-	-	-
Michigan.....	809	-	-	-
New York.....	2,645	-	-	-
Vermont.....	312	-	-	-
Virginia.....	1,532	-	-	-
Washington.....	700	-	-	-
Obligations.....	9,644	-	-	-

Table RHS-43. Multi-Family Housing Revitalization Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Missouri.....	\$420	-	-	-
Obligations.....	420	-	-	-

Table RHS-44. Multi-Family Housing Revitalization Section 515 Modification Deferrals Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Distribution Unknown.....	\$2,142	-	-	-
Obligations.....	2,142	-	-	-

Table RHS-45. Multi-Family Housing Revitalization Soft Second Loans Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Alabama.....	\$9,638	-	-	-
Arkansas.....	1,823	-	-	-
Colorado.....	328	-	-	-
Illinois.....	234	-	-	-
Indiana.....	1,534	-	-	-
Louisiana.....	2,410	-	-	-
Michigan.....	1,708	-	-	-
Missouri.....	6,910	-	-	-
New York.....	6,378	-	-	-
Ohio.....	2,837	-	-	-
Oklahoma.....	2,544	-	-	-
Vermont.....	731	-	-	-
Washington.....	806	-	-	-
Obligations.....	37,880	-	-	-

CLASSIFICATION BY OBJECTS

Table RHS-46. Classification by Objects (thousands of dollars)

Item No.	Item	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
41.0	Grants, subsidies, and contributions	\$59,229	\$36,995	\$48,000	-
	Total, Other Objects	59,229	36,995	48,000	-
99.9	Total, new obligations	59,229	36,995	48,000	-

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

LEAD-OFF TABULAR STATEMENT

Table RHS-47. Lead-Off Tabular Statement (In dollars)

Item	Amount
Estimate, 2023	\$32,000,000
Change in Appropriation	+8,000,000
Budget Estimate, 2024	<u>40,000,000</u>

PROJECT STATEMENTS

Table RHS-48. Project Statement on Basis of Appropriations (thousands of dollars)

Item	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated	Inc. or Dec.	Chg Key
Discretionary Appropriations:						
Mutual and Self-Help Housing Grants.	\$31,000	\$32,000	\$32,000	\$40,000	+\$8,000	(1)
Total Appropriation	31,000	32,000	32,000	40,000	+8,000	
Transfers In:						
Disaster Assistance Fund (12X0405)...	-	4,000	-	-	-	
Total Transfers In.....	-	4,000	-	-	-	
Recoveries, Other	137	4,212	1,226	920	-307	
Bal. Available, SOY	2,875	2,152	9,478	6,805	-2,674	
Total Available.....	34,012	42,363	42,705	47,724	+5,020	
Bal. Available, EOY.....	-2,152	-9,478	-6,805	-6,524	+280	
Total Obligations.....	31,861	32,885	35,900	41,200	+5,300	

Table RHS-49. Project Statement on Basis of Obligations (thousands of dollars)

Item	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated	Inc. or Dec.
Discretionary Obligations:					
Mutual and Self-Help Housing Grants.	\$31,861	\$32,885	\$35,900	\$41,200	+\$5,300
Total Obligations	31,861	32,885	35,900	41,200	+5,300
Add back:					
Balances Available, EOY:					
Mutual and Self-Help Housing Grants.	2,152	9,478	6,805	6,524	-280
Total Bal. Available, EOY	2,152	9,478	6,805	6,524	-280
Total Available.....	34,012	42,363	42,705	47,724	+5,020
Less:					
Total Transfers In	-	-4,000	-	-	-
Recoveries, Other	-137	-4,212	-1,226	-920	+307
Bal. Available, SOY	-2,875	-2,152	-9,478	-6,805	+2,674
Total Appropriation.....	31,000	32,000	32,000	40,000	+8,000

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:

1. An increase of \$8,000,000 for the Mutual Self-Help Housing (MSHH) Grants program (\$32,000,000 available in 2023).

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 2024 request funding of \$40 million will provide approximately 65 grants, based on an average grant of \$613,000 for Self-help grantee and technical assistance providers. The \$8 million increase in funding will support approximately 287 families building their homes using the self-help method, each home built using the self-help method adds new housing stock to rural communities in desperate need of affordable housing. The Section 523 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, Section 523 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.

The program remains important to advancing rural prosperity and economic development as indicated by 2022 program obligations totaling \$32.9 million for 37 grants provided to non-profit organizations in rural America. Included in this total are eight grants totaling \$3.3 million in persistent poverty areas and four grants for the Disaster Assistance Fund totaling \$394 thousand. The eight grants for persistent poverty were obligated across Arizona, Kentucky, Louisiana, Mississippi, Texas, and Utah. The three Disaster Assistance Fund grants were obligated across Alaska, Oklahoma, and West Virginia. This program is instrumental for reaching out to minority populations as they are working with a contractor to build their houses before requesting a section 502 Direct mortgage. This program is included in Justice 40 initiative. In 2022, this program supported 1,028 loans for low and very low-income borrower of Single Family Housing Direct loan program,

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS

Table RHS-50. Mutual Self-Help Housing Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Alabama.....	\$401	-	-	-
Alaska.....	91	\$147	-	-
Arizona.....	2,909	1,623	-	-
Arkansas.....	1,311	952	-	-
California.....	4,998	12,300	-	-
Colorado.....	2,001	-	-	-
Delaware.....	1,096	993	-	-
District of Columbia.....	81	84	-	-
Florida.....	3,913	3,786	-	-
Hawaii.....	620	-	-	-
Idaho.....	624	-	-	-
Indiana.....	-	465	-	-
Kansas.....	625	-	-	-
Kentucky.....	106	40	-	-
Louisiana.....	-	188	-	-
Maine.....	-	794	-	-
Maryland.....	485	-	-	-
Mississippi.....	-	630	-	-
Missouri.....	50	-	-	-
Montana.....	785	1,431	-	-
Ohio.....	75	735	-	-
Oklahoma.....	1,993	1,642	-	-

2024 USDA EXPLANATORY NOTES – RURAL HOUSING SERVICE

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Oregon	-	1,272	-	-
Pennsylvania	-	470	-	-
Rhode Island	91	-	-	-
South Dakota.....	867	-	-	-
Texas.....	-	510	-	-
Utah.....	5,109	2,139	-	-
Virginia	44	420	-	-
Washington	3,190	2,208	-	-
West Virginia.....	-	59	-	-
Western Pacific	398	-	-	-
Distribution Unknown.....	-	-	\$35,900	\$41,200
Obligations	31,861	32,885	35,900	41,200

CLASSIFICATION BY OBJECTS

Table RHS-51. Classification by Objects (thousands of dollars)

Item No.	Item	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
41.0	Grants, subsidies, and contributions	\$31,861	\$32,885	\$35,900	\$41,200
99.9	Total, new obligations	31,861	32,885	35,900	41,200

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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 For grants for very low-income housing repair and rural housing preservation made by the Rural Housing
- 3 Service, as authorized by 42 U.S.C. 1474, and 1490m, [~~\$48,000,000~~]\$70,000,000, to remain available until
- 4 expended.
- 5 [For an additional amount for "Rural Housing Assistance Grants", \$60,000,000, to remain available until
- 6 expended, for necessary expenses related to homes damaged by Presidentially declared disasters in calendar year
- 7 2022: *Provided*, That 42 U.S.C. 1471(b)(3) shall not apply: *Provided further*, That the income limit shall be
- 8 capped at 80 percent of the area median income: *Provided further*, That, notwithstanding section 1490m(c)(2) of
- 9 such title, a grant made under 42 U.S.C. 1490m of such title using funds made available under this heading in
- 10 this Act, may not exceed \$50,000.]

Change Description

The first change (line 5 through 10 of paragraph 2) eliminates language for disaster assistance provided in the 2023 Omnibus appropriations.

LEAD-OFF TABULAR STATEMENT

Table RHS-52. Lead-Off Tabular Statement (In dollars)

Item	Amount
Estimate, 2023	\$51,000,000
Change in Appropriation	+ 19,000,000
Budget Estimate, 2024	<u>70,000,000</u>

PROJECT STATEMENTS

Table RHS-53. Project Statement on Basis of Appropriations (thousands of dollars)

Item	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated	Inc. or Dec.	Chg Key
Discretionary Appropriations:						
Very Low-Income Housing Repair Grants.....	\$30,000	\$32,000	\$32,000	\$40,000	+\$8,000	(1)
Rural Housing Preservation Grants.....	15,000	16,000	16,000	30,000	+14,000	(2)
GP Protecting Animals with Shelter.....	2,500	3,000	3,000	-	-3,000	(3)
Subtotal.....	47,500	51,000	51,000	70,000	+19,000	
Supplemental Appropriations:						
Very Low-Income Housing Repair Grants Disaster (Div N)....	-	-	55,700	-	-55,700	
Rural Housing Preservation Grants Disaster (Div N).....	-	-	2,500	-	-2,500	
Disaster Grants Administration Expenses (Div N).....	-	-	1,800	-	-1,800	
Subtotal.....	-	-	60,000	-	-60,000	
Total Adjusted Approp.....	47,500	51,000	111,000	70,000	-41,000	
Total Appropriation.....	47,500	51,000	111,000	70,000	-41,000	
Recoveries, Other.....	1,834	4,855	1,935	1,828	-107	
Bal. Available, SOY.....	14,126	22,545	31,723	71,377	+39,654	
Total Available.....	63,460	78,400	144,657	143,204	-1,453	
Bal. Available, EOY.....	-22,545	-31,723	-71,377	-29,955	+41,422	
Total Obligations.....	40,916	46,677	73,281	113,250	+39,969	

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

Item	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated	Inc. or Dec.
Discretionary Obligations:					
Very Low-Income Housing Repair Grants	\$24,643	\$24,487	\$39,590	\$46,893	+\$7,303
Rural Housing Preservation Grants	13,807	17,450	17,672	30,956	+13,283
GP Protecting Animals with Shelter	2,420	4,726	3,000	-	-3,000
Compensation for Construction Defects Grants.....	46	15	28	31	+3
Subtotal Disc Obligations	40,916	46,677	60,291	77,880	+17,589
Supplemental Obligations:					
Very Low-Income Housing Repair Grants Disaster (Div N)	-	-	11,140	33,420	+22,280
Rural Housing Preservation Grants Disaster (Div N)	-	-	500	1,500	+1,000
Disaster Grants Administration Expenses (Div N)	-	-	1,350	450	-900
Total Obligations	40,916	46,677	73,281	113,250	39,969
Balances Available, EOY:					
GP Protecting Animals with Shelter	80	-	-	-	-
Rural Housing Preservation Grants	7,000	3,053	1,964	1,629	-334
Very Low-Income Housing Repair Grants	15,465	28,129	21,891	16,204	-5,687
Compensation for Construction Defects Grants.....	-	540	512	481	-31
Very Low-Income Housing Repair Grants Disaster (Div N)	-	-	44,560	11,140	-33,420
Rural Housing Preservation Grants Disaster (Div N)	-	-	2,000	500	-1,500
Disaster Grants Administration Expenses (Div N)	-	-	450	-	-450
Total Bal. Available, EOY	22,545	31,723	71,377	29,955	-41,422
Total Available	63,460	78,400	144,657	143,204	-1,453
Less:					
Recoveries, Other	-1,834	-4,855	-1,935	-1,828	+107
Bal. Available, SOY	-14,126	-22,545	-31,723	-71,377	-39,654
Total Appropriation	47,500	51,000	111,000	70,000	-41,000

Rural Housing Assistance Grants

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 \$8,000,000 for the Very Low-Income Housing Repair Grants (Section 504) programs (\$32,000,000 available in 2023).

The increase in funding for this program is essential as repair grants assist very low-income elderly rural homeowners needing critical home repairs. Recipients are unable to afford a loan and have no other means or access to funding. Grants up to \$7,500 are available to improve accessibility or to remove health and safety hazards. Grants must be repaid to the government if the property is sold within three years. Although this program is limited in size, grants allow very low-income elderly homeowners on a fixed budget to remain at home and live independently. This program improves their quality of life by assuring a safe and functional environment. The 2024 budget request of \$40 million will provide approximately 5,348 qualified organizations with funds to repair or rehabilitate housing occupied by very-low- and low-income families in eligible rural areas.

By providing these small grants, Rural Development secures decent, safe, and affordable housing for rural residents, which is a fundamental agency objective. The Agency obligated \$24.5 million across 3,536 grants in 2022. Over the past six years, the Agency has increased the number of grants in and the funding for persistent poverty areas. In 2022, the Agency continued its support of Persistent Poverty areas as \$1.5 million went towards Housing Repair Grants-Persistent Poverty, three grants for \$14 thousand were awarded for Housing Repair Underserved Areas Grants-Persistent Poverty, and one grant for \$10 thousand was awarded for Indian Country Grants for Persistent Poverty.

2. An increase of \$14,000,000 for the Rural Housing Preservation Grants program (\$16,000,000 available in 2023).

The 2024 budget is requesting \$30 million for this program, and it will provide approximately 238 grants, based on an average obligation of \$126,270, for qualified organizations. This program uses a network of non-profit partners, State and local government and Federally recognized Tribes with funds to repair or rehabilitate housing occupied by very-low- and low-income families in eligible rural areas.

One key feature of the Housing Preservation Grants (HPG) program is that individuals apply directly to the organization that has received a HPG and not directly to USDA Rural Development. This reduces the

application processing workload for Single Family Housing staff when compared to the Section 504 repair grant program.

The additional funding will support more repair financing opportunities to a broad spectrum of very low- and low-income rural residents. It will also help preserve affordable, safe housing stock in rural communities that otherwise may deteriorate, which are critical to these communities.

3. A decrease of \$3,000,000 for Rural Housing Assistance Grants, Protecting animals with Shelter, GP 742 (\$3,000,000 available in 2023).

The 2024 budget is not requesting funding for this program.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS

Table RHS 55. Very Low-Income Housing Repair Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Alabama.....	\$285	\$363	-	-
Alaska.....	45	48	-	-
Arizona.....	314	191	-	-
Arkansas.....	369	558	-	-
California.....	614	505	-	-
Colorado.....	131	152	-	-
Connecticut.....	29	77	-	-
Delaware.....	4	7	-	-
Florida.....	409	420	-	-
Georgia.....	827	452	-	-
Hawaii.....	54	30	-	-
Idaho.....	76	81	-	-
Illinois.....	1,037	1,142	-	-
Indiana.....	433	334	-	-
Iowa.....	456	542	-	-
Kansas.....	83	147	-	-
Kentucky.....	1,386	1,102	-	-
Louisiana.....	694	629	-	-
Maine.....	426	452	-	-
Maryland.....	76	89	-	-
Massachusetts.....	72	91	-	-
Michigan.....	1,368	1,377	-	-
Minnesota.....	288	424	-	-
Mississippi.....	1,304	1,449	-	-
Missouri.....	223	295	-	-
Montana.....	103	185	-	-
Nebraska.....	81	159	-	-
Nevada.....	64	73	-	-
New Hampshire.....	288	384	-	-
New Jersey.....	133	100	-	-
New Mexico.....	299	237	-	-
New York.....	1,020	1,018	-	-
North Carolina.....	985	995	-	-
North Dakota.....	100	140	-	-
Ohio.....	661	680	-	-
Oklahoma.....	174	289	-	-
Oregon.....	144	84	-	-
Pennsylvania.....	1,019	1,208	-	-
Puerto Rico.....	38	158	-	-
Rhode Island.....	13	2	-	-
South Carolina.....	827	687	-	-
South Dakota.....	57	59	-	-
Tennessee.....	1,464	1,151	-	-
Texas.....	2,693	2,802	-	-
Utah.....	8	51	-	-
Vermont.....	285	346	-	-
Virgin Islands.....	25	10	-	-
Virginia.....	1,577	1,352	-	-

2024 USDA EXPLANATORY NOTES – RURAL HOUSING SERVICE

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Wake Island	442	-	-	-
Washington	200	180	-	-
West Virginia	545	493	-	-
Wisconsin	379	395	-	-
Wyoming	18	52	-	-
Marshall Islands	-	218	-	-
Palau	-	22	-	-
Distribution Unknown	-	-	\$39,590	\$46,893
Obligations	24,643	24,487	39,590	46,893

Table RHS-56. Rural Housing Preservation Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Alabama	-	\$649	-	-
Alaska	-	500	-	-
Arizona	\$150	308	-	-
Arkansas	281	152	-	-
California	565	1,350	-	-
Colorado	288	-	-	-
Connecticut	55	67	-	-
Florida	351	196	-	-
Georgia	470	550	-	-
Hawaii	134	220	-	-
Illinois	376	283	-	-
Indiana	635	550	-	-
Iowa	163	209	-	-
Kansas	137	196	-	-
Kentucky	463	581	-	-
Louisiana	523	112	-	-
Maine	249	174	-	-
Maryland	349	380	-	-
Massachusetts	-	43	-	-
Michigan	362	509	-	-
Minnesota	272	277	-	-
Mississippi	436	370	-	-
Missouri	358	315	-	-
Montana	100	125	-	-
Nebraska	225	139	-	-
Nevada	50	50	-	-
New Jersey	298	47	-	-
New Mexico	175	-	-	-
New York	334	474	-	-
North Carolina	546	629	-	-
North Dakota	194	450	-	-
Ohio	488	892	-	-
Oklahoma	233	100	-	-
Oregon	173	169	-	-
Pennsylvania	448	283	-	-
Puerto Rico	100	420	-	-
South Carolina	327	215	-	-
Tennessee	434	975	-	-
Texas	1,486	2,831	-	-
Utah	102	100	-	-
Vermont	175	325	-	-
Virginia	423	483	-	-
Washington	200	275	-	-
West Virginia	215	216	-	-
Western Pacific	148	-	-	-
Wisconsin	313	264	-	-
Distribution Unknown	-	-	\$17,672	\$30,956
Obligations	13,807	17,450	17,672	30,956

Table RHS-57. Protecting Animals with Shelter Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Arizona.....	\$454	\$100	-	-
Arkansas.....	-	399	-	-
California	-	500	-	-
Connecticut	-	100	-	-
District of Columbia.....	-	2,027	-	-
Illinois	-	400	-	-
Montana	-	100	-	-
Nevada	500	100	-	-
New York.....	472	-	-	-
North Carolina	-	200	-	-
Oklahoma.....	500	400	-	-
Pennsylvania	494	-	-	-
Wisconsin.....	-	400	-	-
Distribution Unknown.....	-	-	\$3,000	-
Obligations.....	2,420	4,726	3,000	-

Table RHS-58. Compensation for Construction Defects Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Alaska	\$45	-	-	-
Kentucky.....	1	-	-	-
Oklahoma.....	-	\$15	-	-
Distribution Unknown.....	-	-	\$28	\$31
Obligations.....	46	15	28	31

Table RHS-59. Very Low-Income Housing Repair Grants Disaster Division N Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Distribution Unknown.....	-	-	\$11,140	\$33,420
Obligations.....	-	-	11,140	33,420

Table RHS-60. Rural Housing Preservation Grants Disaster Division N Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Distribution Unknown.....	-	-	\$500	\$1,500
Obligations.....	-	-	500	1,500

Table RHS-61. Disaster Grants Administrative Expenses Division N Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Distribution Unknown.....	-	-	\$1,350	\$450
Obligations.....	-	-	1,350	450

CLASSIFICATION BY OBJECTS

Table RHS-62. Classification by Objects (thousands of dollars)

Item No.	Item	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
25.3	Other goods and services from Federal sources	-	-	\$1,350	\$450
41.0	Grants, subsidies, and contributions	\$40,916	\$46,677	71,931	112,800
	Total, Other Objects	40,916	46,677	73,281	113,250
99.9	Total, new obligations.....	40,916	46,677	73,281	113,250

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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 Account (including transfers of funds)
- 2 For gross obligations for the principal amount of direct and guaranteed loans as authorized by section 306 and
3 described in section 381E(d)(1) of the Consolidated Farm and Rural Development Act, \$2,800,000,000 for direct
4 loans and \$650,000,000 for guaranteed loans.
- 5 For the cost of direct loans, loan guarantees and grants, including the cost of modifying loans, as defined in section
6 502 of the Congressional Budget Act of 1974, for rural community facilities programs as authorized by section 306
7 and described in section 381E(d)(1) of the Consolidated Farm and Rural Development Act, [\$341,490,328]
8 \$86,745,000, to remain available until expended[, of which up to \$325,490,328 shall be for the purposes, and in the
9 amounts, specified for this account in the table titled "Community Project Funding/Congressionally Directed
10 Spending" in the explanatory statement described in section 4 (in the matter preceding division A of this
11 consolidated Act)]: *Provided*, That [\$6,000,000]~~\$22,745,000~~ of the amount appropriated under this heading shall be
12 available for a Rural Community Development Initiative: *Provided further*, That such funds shall be used solely to
13 develop the capacity and ability of private, nonprofit community-based housing and community development
14 organizations, low-income rural communities, and Federally Recognized Native American Tribes to undertake
15 projects to improve housing, community facilities, community and economic development projects in rural areas:
16 *Provided further*, That such funds shall be made available to qualified private, nonprofit and public intermediary
17 organizations proposing to carry out a program of financial and technical assistance: *Provided further*, That such
18 intermediary organizations shall provide matching funds from other sources, including Federal funds for related
19 activities, in an amount not less than funds provided: *Provided further*, That any unobligated balances from prior
20 year appropriations under this heading for the cost of direct loans, loan guarantees and grants, including amounts
21 deobligated or cancelled, may be made available to cover the subsidy costs for direct loans and or loan guarantees
22 under this heading in this fiscal year: *Provided further*, That no amounts may be made available pursuant to the
23 preceding proviso from amounts that were designated by the Congress as an emergency requirement pursuant to a
24 Concurrent Resolution on the Budget or the Balanced Budget and Emergency Deficit Control Act of 1985[, or that
25 were specified in the table titled "Community Project Funding/Congressionally Directed Spending" in the
26 explanatory statement for division A of Public Law 117–103 described in section 4 in the matter preceding such
27 division A]: *Provided further*, That \$10,000,000 of the amount appropriated under this heading shall be available for
28 community facilities grants to tribal colleges, as authorized by section 306(a)(19) of such Act: *Provided further*,
29 That from the funds made available under this heading, \$2,000,000, to remain available until expended, shall be for
30 the Secretary of Agriculture to carry out a pilot program to assist rural hospitals to improve long term operations and
31 financial health by providing technical assistance through analysis of current hospital management practices:
32 *Provided further*, That sections 381E-H and 381N of the Consolidated Farm and Rural Development Act are not
33 applicable to the funds made available under this heading
- 34 [For an additional amount for "Rural Community Facilities Program Account", \$75,300,000, to remain available
35 until expended: *Provided*, That of the amounts provided under this heading in this Act, \$50,000,000 shall be for
36 necessary expenses for grants to repair essential community facilities damaged by Presidentially declared disasters
37 in calendar year 2022: *Provided further*, That the percentage of the cost of the facility that may be covered by a
38 grant pursuant to the preceding proviso shall be 75 percent.]

Change Description

The first change (line 8 through 11 of paragraph 2) deletes language related to the Community Project Funding/Congressionally Directed Spending. The 2024 budget does not request this funding.

The second change (line 24 through 27 of paragraph 2) deletes language related to the Community Project Funding/Congressionally Directed Spending. The 2024 budget does not request this funding.

The third change (line 28 through 31 of paragraph 2) add language to fund the Rural Housing Pilot program that was funded in General Provision in 2023.

The fourth change (line 34 through 38 of paragraph 3) deletes the disaster funding provided in Division N of the 2023 Omnibus appropriations. The 2024 budget is not requesting this funding.

LEAD-OFF TABULAR STATEMENT

Table RHS-63. Lead-Off Tabular Statement (In dollars)

Item	Grants	Loan Level	Subsidy
Estimate, 2023	\$343,490	\$3,450,000	-
Change in Appropriation	-256,745	-	-
Budget Estimate, 2024	86,745	3,450,000	-

PROJECT STATEMENTS

Table RHS-64. Project Statement on Basis of Appropriations (thousands of dollars)

Item	2021 Program Level	2021 Actual BA	2022		2023		2024		Program Level Inc. or Dec.	Chg Key	Budget Authority	
			Program Level	Actual BA	Program Level	Estimated BA	Program Level	Estimated BA			Inc. or Dec.	Chg Key
Discretionary Appropriations:												
Community Facilities (CF) Direct Loans.....	\$2,800,000	-	\$2,800,000	-	\$2,800,000	-	\$2,800,000	-	-	(1)	-	-
Community Facilities Guaranteed Loans.....	500,000	-	650,000	-	650,000	-	650,000	-	-	(2)	-	-
Direct Community Facility Variable Rate Loans ..	347,705	\$25,000	-	-	-	-	-	-	-	-	-	-
Community Facilities Grants	32,000	32,000	40,000	\$40,000	-	-	52,000	\$52,000	+\$52,000	-	+\$52,000	(3)
Rural Community Development Initiative Grants.	6,000	6,000	6,000	6,000	6,000	\$6,000	22,745	22,745	+16,745	-	+16,745	(4)
Tribal College Grants	5,000	5,000	10,000	10,000	10,000	10,000	10,000	10,000	-	-	-	(5)
Economic Impact Initiative.....	6,000	6,000	-	-	-	-	-	-	-	-	-	-
GP Rural Hospitals Pilot	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	-	-	-	(6)
Community Facilities Grants CPF/CDS	-	-	183,449	183,449	325,490	325,490	-	-	-325,490	-	-325,490	(7)
Subtotal.....	3,698,705	76,000	3,691,449	241,449	3,793,490	343,490	3,536,745	86,745	-256,745	-	-256,745	-
Mandatory Appropriations:												
American Rescue Plan Act.....	475,000	475,000	-	-	-	-	-	-	-	-	-	-
Administrative Expenses: American Rescue Plan Act	25,000	25,000	-	-	-	-	-	-	-	-	-	-
Subtotal.....	500,000	500,000	-	-	-	-	-	-	-	-	-	-
Supplemental Appropriations:												
Community Facilities Grants (Div N).....	-	-	-	-	24,541	24,541	-	-	-24,541	-	-24,541	(3)
Community Facilities Grants Disaster (Div N)	-	-	-	-	48,500	48,500	-	-	-48,500	-	-48,500	-
Administrative Expenses: CF Grants Disaster (Div N).....	-	-	-	-	2,259	2,259	-	-	-2,259	-	-2,259	-
Subtotal.....	-	-	-	-	75,300	75,300	-	-	-75,300	-	-75,300	-
Total Adjusted Approp.....	4,198,705	576,000	3,691,449	241,449	3,868,790	418,790	3,536,745	86,745	-332,045	-	-332,045	-
Sequestration	-	-	-	-	-	-	-	-	-	-	-	-
Total Appropriation.....	4,198,705	576,000	3,691,449	241,449	3,868,790	418,790	3,536,745	86,745	-332,045	-	-332,045	-
Transfers Out:												
Interchange Trans. (CF to Rural Business Programs)	-	-	-2,000	-2,000	-	-	-	-	-	-	-	-
Recoveries, Other	4,282	4,282	3,160	3,160	2,427	2,427	1,942	1,942	-484	-	-484	-
Bal. Available, SOY.....	139,241	136,142	548,531	548,544	346,971	346,984	121,036	121,050	-225,935	-	-225,935	-
Total Available.....	4,342,228	716,423	4,241,140	791,154	4,218,187	768,201	3,659,723	209,737	-558,464	-	-558,464	-
Lapsing Balances	-1,899,171	-1,780	-1,898,772	-	-1,450,000	-	-	-	+1,450,000	-	-	-
Bal. Available, EOY	-589,212	-548,544	-346,971	-346,984	-121,036	-121,050	-57,074	-57,087	+63,962	-	+63,962	-
Total Obligations.....	1,853,845	166,098	1,995,398	444,170	2,647,151	647,151	3,602,650	152,650	+955,498	-	-494,502	-

• Note: \$24,541,000 in regular CF grants was provided in Supplemental Appropriations from Division N of the FY 2023 Enacted Appropriations.

2024 USDA EXPLANATORY NOTES – RURAL HOUSING SERVICE

Table RHS-65. Project Statement on Basis of Obligations (thousands of dollars)

Item	2021 Program Level	2021 Actual BA	2022 Program Level	2022 Actual BA	2023 Program Level	2023 Estimated BA	2024 Program Level	2024 Estimated BA	Program Level Inc. or Dec.	Budget Authority Inc. or Dec.
Discretionary Obligations:										
Community Facilities Direct Loans.....	\$1,158,479	-	\$1,312,941	-	\$1,700,000	-	\$2,800,000	-	+\$1,100,000	-
Community Facilities Guaranteed Loans.....	242,349	-	238,288	-	300,000	-	650,000	-	+350,000	-
Direct Community Facilities Variable Rate Loans.....	309,145	\$22,228	-	-	-	-	-	-	-	-
Community Facilities Modification Cost.....	-	-	-	-	-	-	12,050	\$12,050	+12,050	+\$12,050
Community Facilities Grants.....	29,920	29,920	44,582	\$44,582	-	-	54,401	54,401	+54,401	+54,401
GP Hospital Grants.....	2,000	2,000	2,000	2,000	2,000	\$2,000	2,000	2,000	-	-
Rural Community Development Initiative Grants.....	5,733	5,733	5,331	5,331	8,038	8,038	22,745	22,745	+14,707	+14,707
Tribal College Grants.....	5,006	5,006	8,081	8,081	11,386	11,386	10,117	10,117	-1,269	-1,269
Community Facilities Disaster Grants.....	68,396	68,396	22,145	22,145	1,082	1,082	-	-	-1,082	-1,082
Essential Community Facilities TAT Grants.....	1,500	1,500	2,276	2,276	-	-	-	-	-	-
Administrative Expenses: Economic Impact Initiative....	300	300	-	-	-	-	-	-	-	-
Economic Impact Initiative.....	6,017	6,017	-	-	-	-	-	-	-	-
Community Facilities Grants CPF/CDS.....	-	-	18,036	18,036	466,358	466,358	24,545	24,545	-441,813	-441,813
Subtotal Disc obligations.....	1,828,845	141,098	1,653,679	102,450	2,488,863	488,863	3,575,858	125,858	+1,086,995	-363,005
Mandatory Obligations:										
American Rescue Plan Act.....	-	-	341,719	341,719	133,281	133,281	-	-	-133,281	-133,281
Administrative Expenses: American Rescue Plan Act.....	25,000	25,000	-	-	-	-	-	-	-	-
Subtotal Mandatory Obligations.....	25,000	25,000	341,719	341,719	133,281	133,281	-	-	-133,281	-133,281
Supplemental Obligations:										
Community Facilities Grants (Div N).....	-	-	-	-	23,314	23,314	1,227	1,227	-22,087	-22,087
Community Facilities Grants Disaster (Div N).....	-	-	-	-	-	-	25,000	25,000	+25,000	+25,000
Administrative Expenses: CF Grants Disaster (Div N).....	-	-	-	-	1,694	1,694	565	565	-1,130	-1,130
Subtotal Supp Obligations.....	-	-	-	-	25,008	25,008	26,792	26,792	+1,784	+1,784
Total Obligations.....	1,853,845	166,098	1,995,398	444,170	2,647,151	647,151	3,602,650	152,650	+955,498	-494,502
Add back:										
Lapsing Balances.....	1,899,171	1,780	1,898,772	-	1,450,000	-	-	-	-1,450,000	-
Balances Available, EOY:										
Community Facilities Direct Loans.....	-	-	-	13	-	13	-	13	-	-
Direct Community Facilities Variable Rate Loans.....	43,441	2,772	-	-	-	-	-	-	-	-
Modification Cost.....	40,167	40,167	40,167	40,167	40,167	40,167	28,117	28,117	-12,050	-12,050
American Rescue Plan Act.....	475,000	475,000	133,281	133,281	-	-	-	-	-	-
Community Facilities Grants.....	5,106	5,106	2,201	2,201	3,776	3,776	2,863	2,863	-913	-913
Rural Community Development Initiative Grants.....	910	910	2,051	2,051	423	423	827	827	+404	+404
Persistent Poverty Grants.....	262	262	104	104	-	-	-	-	-	-
Tribal College Grants.....	910	910	1,943	1,943	599	599	532	532	-67	-67
Economic Impact Initiative Grants.....	431	431	943	943	1,234	1,234	1,234	1,234	-	-
Disaster Relief Grants P.L. 116-20.....	22,985	22,986	869	869	-	-	-	-	-	-
Community Facilities Grants CPF/CDS.....	-	-	165,413	165,413	24,545	24,545	-	-	-24,545	-24,545
Community Facilities Grants (Div N).....	-	-	-	-	1,227	1,227	-	-	-1,227	-1,227
Community Facilities Grants Disaster (Div N).....	-	-	-	-	48,500	48,500	23,500	23,500	-25,000	-25,000
Administrative Expenses: CF Grants Disaster (Div N)....	-	-	-	-	565	565	-	-	-	-565
Total Bal. Available, EOY.....	589,212	548,544	346,971	346,984	121,036	121,050	57,074	57,087	-37,171	-37,171
Total Available.....	4,342,228	716,423	4,241,140	791,154	4,218,187	768,201	3,659,723	209,737	-531,672	-531,672

Less:

2024 USDA EXPLANATORY NOTES – RURAL HOUSING SERVICE

Item	2021		2022		2023		2024		Program Level Inc. or Dec.	Budget Authority Inc. or Dec.
	Program Level	2021 Actual BA	Program Level	2022 Actual BA	Program Level	2023 Estimated BA	Program Level	2024 Estimated BA		
Total Transfers Out	-	-	2,000	2,000	-	-	-	-	-	-
Recoveries, Other	-4,282	-4,282	-3,160	-3,160	-2,427	-2,427	-1,942	-1,942	+484	+484
Bal. Available, SOY	-139,241	-136,142	-548,531	-548,544	-346,971	-346,984	-121,036	-121,050	+225,935	+225,935
Total Appropriation.....	4,198,705	576,000	3,691,449	241,449	3,868,790	418,790	3,536,745	86,745	-305,253	-305,253

Note: \$23,314,000 in regular CF grants is expected to be obligated from Supplemental Appropriations from Division N of the FY 2023 Enacted Appropriations.

Rural Community Facilities Program

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

1. No change for the Direct Community Facility Loan program (\$2,800,000,000 available in 2023).

This negative-subsidy 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. A funding level of \$2.8 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. Direct loans are primarily targeted to health care, education, and public safety. This program obligated 362 direct loans totaling \$1.306 billion, with an additional 14 persistent poverty area loans totaling \$4.3 million, and one SECD loan totaling \$2.6 million in 2022. A funding level of \$2.8 billion in 2024 will support an estimated 744 loans, taking into account an 8 percent inflation rate. This program contributes to the Justice 40 Initiative. In 2022, this program provided \$28.4 million in loan level serving 154,746 population in disadvantage communities.

2. No change for the Guaranteed Community Facility Loan Program (\$650,000,000 Available in 2023).

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.

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 \$52,000,000 for the Community Facilities Grants program (\$24,541,000 was provided in 2023 in Supplemental Appropriations from Division N of the 2023 Omnibus Appropriations).

RD grants are used for 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 infrastructure such as fire and rescue facilities, libraries and other public and municipal buildings. The CF Grant Program provides grants to nonprofit organizations in high-need, high-poverty areas to develop or improve essential community facilities and services to ensure that rural residents have an opportunity for a brighter future with good schools, quality healthcare, and adequate public safety facilities and service. Grants are often used in conjunction with loans to meet the funding needs of communities. Grants can help defray predevelopment costs and enable communities to move forward with needed projects. Grant funds can also cover costs associated with compliance.

A funding level of \$52 million in 2024 will support an estimated 1,143 grants and will allow CF to continue helping rural communities create prosperity and to expand its outreach to underserved communities. CF developed and implemented a strategic outreach and community engagement plan for underserved areas. The funding in this program will be used to continue the emphasis in underserved communities. In addition, grant funds will support community efforts to implement innovative projects that help address the opioid crisis in rural America.

4. An increase of \$16,745,000 for the Rural Community Development Initiative Grants program (\$6,000,000 available in 2023).

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 will be important to the administration's efforts with regards to COVID recovery, climate change, and racial equity in rural communities. The increase in program funding will allow more rural communities to benefit from this opportunity for capacity development. Additionally, the Under Secretary's Office has shared support for the RCDI program and the increased need for more technical assistance grant opportunities to build greater capacity in rural communities. A funding level of \$22.7 million in 2024 will support an estimated 102 grants.

5. No change for Tribal College Grants (\$10,000,000 available in 2023).

The CF 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. A funding level of \$10 million in 2024 will support 27 grants. The Tribal College Grant Program, during a typical fiscal year, fully obligates 100 percent of the appropriated funding.

6. No change for the Community Facilities Hospital Pilot Project program (\$2,000,000 available in 2023 in a General Provision).

This program assists rural hospitals to improve long-term operations and financial health by providing technical assistance through analysis of current hospital management practices. Funding for this program will support one grant to the National Rural Health Association (NRHA). NRHA is a national nonprofit membership organization with more than 21,000 members, many of which are rural healthcare providers. The association's mission is to provide leadership on rural health issues through advocacy, communications, education and research and it has extensive direct experience and expertise supporting rural hospitals

CF has continued to build on its technical assistance efforts to improve the long-term operations of rural hospitals in order to continue providing vital services to rural communities through the execution of cooperative agreements with NRHA when appropriated funds have been made available by Congress.

7. A decrease of \$325,490,000 for Community Facilities Grants Community Project Funding/Congressionally Directed Spending (\$325,490,000 available in 2023).

Funding is not requested for these projects in 2024.

PROPOSED LEGISLATION

General Provisions- Extension of 2018 Obligations

Rational: Rural Housing Service obligated a \$449,229,000 Community Facilities Direct loan to Sites Project Authority on September 27, 2018, to construct the Maxwell Intertie Project. The project will not be completed by September 30, 2023, and the borrower has requested an extension of time to close the loan and receive the funds. The Budget includes a general provision to extend the period of availability to support the completion of the Maxwell Inertia project.

Legislative Language Requested:

SEC. 731. Funds made available in the Consolidated Appropriations Act, 2018 (Public Law 115–141) for the "Rural Community Facilities Program Account" under section 306 of the Consolidated Farm and Rural Development Act, 7

U.S.C. 1926, for the principal amount of direct loans are to remain available through fiscal year 2028 for the liquidation of valid obligations incurred in fiscal year 2018.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS

Table RHS-66. Community Facilities Direct Loans Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Alabama.....	\$3,360	\$9,107	-	-
Arizona.....	3,292	5,631	-	-
California.....	26,176	55,655	-	-
Colorado.....	15,138	22,079	-	-
Florida.....	1,271	5,166	-	-
Georgia.....	17,084	2,931	-	-
Hawaii.....	-	4,694	-	-
Idaho.....	2,065	-	-	-
Illinois.....	78,789	7,107	-	-
Indiana.....	12,300	-	-	-
Iowa.....	70,226	98,519	-	-
Kansas.....	23,865	111,654	-	-
Kentucky.....	602	5,000	-	-
Louisiana.....	13,170	33,488	-	-
Maine.....	4,130	1,958	-	-
Massachusetts.....	6,665	39,100	-	-
Michigan.....	51,278	63,203	-	-
Minnesota.....	52,569	13,750	-	-
Mississippi.....	-	50,045	-	-
Missouri.....	1,606	58,825	-	-
Montana.....	466	-	-	-
Nebraska.....	32,287	22,777	-	-
Nevada.....	9,361	5,428	-	-
New Hampshire.....	1,995	667	-	-
New Jersey.....	114,568	930	-	-
New Mexico.....	147	-	-	-
New York.....	67,415	22,692	-	-
North Carolina.....	59,733	93,778	-	-
North Dakota.....	27,032	130,412	-	-
Ohio.....	46,338	14,595	-	-
Oklahoma.....	-	7,118	-	-
Pennsylvania.....	16,085	53,421	-	-
Puerto Rico.....	4,161	-	-	-
South Carolina.....	65,723	45,652	-	-
South Dakota.....	380	26,078	-	-
Tennessee.....	77,495	49,067	-	-
Texas.....	3,367	57,455	-	-
Utah.....	44,142	-	-	-
Vermont.....	6,010	2,379	-	-
Virginia.....	15,398	31,468	-	-
Washington.....	166,905	23,279	-	-
West Virginia.....	8,100	7,000	-	-
Western Pacific.....	2,665	-	-	-
Wisconsin.....	2,767	64,457	-	-
Wyoming.....	2,354	66,378	-	-
Distribution Unknown.....	-	-	\$1,700,000	\$2,800,000
Obligations.....	1,158,479	1,312,941	1,700,000	2,800,000

Table RHS-67. Community Facilities Guaranteed Loans Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Alabama.....	\$71,185	-	-	-
Arizona.....	4,563	\$54,036	-	-
Arkansas.....	-	5,000	-	-
California.....	3,478	-	-	-
Colorado.....	3,590	-	-	-
Florida.....	14,151	-	-	-

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Georgia.....	-	4,120	-	-
Illinois.....	24,175	1,950	-	-
Iowa.....	1,968	-	-	-
Kansas.....	-	21,650	-	-
Louisiana.....	1,500	7,700	-	-
Massachusetts.....	-	8,500	-	-
Michigan.....	-	38,970	-	-
Minnesota.....	3,443	-	-	-
Mississippi.....	-	27,611	-	-
Montana.....	-	7,634	-	-
New Jersey.....	10,277	-	-	-
New York.....	20,107	22,576	-	-
North Carolina.....	2,461	-	-	-
North Dakota.....	6,000	25,894	-	-
Pennsylvania.....	-	1,323	-	-
South Carolina.....	17,009	3,082	-	-
Texas.....	11,615	-	-	-
Utah.....	6,682	-	-	-
Washington.....	40,146	-	-	-
Wisconsin.....	-	5,000	-	-
Wyoming.....	-	3,242	-	-
Distribution Unknown.....	-	-	\$300,000	\$650,000
Obligations.....	242,349	238,288	300,000	650,000

Table RHS-68. Direct Community Facility Variable Rate Loans Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Alabama.....	\$309,145	-	-	-
Obligations.....	309,145	-	-	-

Table RHS-69. Community Facility Modification Cost Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Distribution Unknown.....	-	-	-	\$12,050
Obligations.....	-	-	-	12,050

Table RHS-70. Community Facility Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Alabama.....	\$412	\$732	-	-
Alaska.....	71	-	-	-
Arizona.....	470	652	-	-
Arkansas.....	914	691	-	-
California.....	1,682	9,041	-	-
Colorado.....	301	94	-	-
Connecticut.....	147	210	-	-
Delaware.....	114	399	-	-
Florida.....	953	1,860	-	-
Georgia.....	1,301	1,832	-	-
Hawaii.....	-	72	-	-
Idaho.....	64	65	-	-
Illinois.....	721	571	-	-
Indiana.....	556	657	-	-
Iowa.....	480	1,495	-	-
Kansas.....	279	366	-	-
Kentucky.....	819	1,214	-	-
Louisiana.....	-	29	-	-
Maine.....	330	326	-	-
Maryland.....	292	612	-	-
Massachusetts.....	220	248	-	-
Michigan.....	1,425	673	-	-

2024 USDA EXPLANATORY NOTES – RURAL HOUSING SERVICE

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Minnesota.....	457	875	-	-
Mississippi.....	768	802	-	-
Missouri.....	700	1,096	-	-
Montana.....	214	163	-	-
Nebraska.....	246	258	-	-
Nevada.....	181	297	-	-
New Hampshire.....	301	527	-	-
New Jersey.....	220	241	-	-
New Mexico.....	448	-	-	-
New York.....	856	888	-	-
North Carolina.....	1,500	2,029	-	-
North Dakota.....	270	439	-	-
Ohio.....	110	1,075	-	-
Oklahoma.....	1,017	491	-	-
Oregon.....	161	160	-	-
Pennsylvania.....	1,552	1,459	-	-
Rhode Island.....	474	287	-	-
South Carolina.....	2,310	3,811	-	-
South Dakota.....	10	234	-	-
Tennessee.....	841	832	-	-
Texas.....	1,520	1,824	-	-
Utah.....	175	210	-	-
Vermont.....	652	880	-	-
Virginia.....	1,742	1,741	-	-
Washington.....	303	343	-	-
West Virginia.....	480	757	-	-
Wisconsin.....	724	657	-	-
Wyoming.....	139	368	-	-
Distribution Unknown.....	-	-	-	\$54,401
Obligations.....	29,920	44,582	-	54,401

Table RHS-71. Rural Hospital Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Maryland.....	\$2,000	\$2,000	-	-
Distribution Unknown.....	-	-	\$2,000	\$2,000
Obligations.....	2,000	2,000	2,000	2,000

Table RHS-72. Rural Community Development Initiative Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Alabama.....	\$193	-	-	-
Alaska.....	122	-	-	-
Arkansas.....	250	\$250	-	-
California.....	500	575	-	-
Colorado.....	-	250	-	-
Georgia.....	249	-	-	-
Indiana.....	185	-	-	-
Iowa.....	150	120	-	-
Kentucky.....	50	150	-	-
Maine.....	194	141	-	-
Maryland.....	663	750	-	-
Massachusetts.....	250	250	-	-
Minnesota.....	160	262	-	-
Missouri.....	-	250	-	-
Montana.....	186	131	-	-
New Hampshire.....	192	156	-	-
New York.....	485	250	-	-
North Carolina.....	-	250	-	-
Ohio.....	250	-	-	-
Oklahoma.....	125	-	-	-

2024 USDA EXPLANATORY NOTES – RURAL HOUSING SERVICE

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Oregon	-	55	-	-
Puerto Rico	90	250	-	-
South Dakota.....	410	-	-	-
Tennessee.....	250	250	-	-
Utah.....	250	-	-	-
Vermont	250	490	-	-
Virginia	180	-	-	-
Washington	100	-	-	-
West Virginia.....	-	500	-	-
Distribution Unknown.....	-	-	\$8,038	\$22,745
Obligations.....	5,733	5,331	8,038	22,745

Table RHS-73. Tribal College Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Alabama	\$175	-	-	-
Alaska	-	\$348	-	-
Arizona.....	327	690	-	-
Michigan.....	351	693	-	-
Minnesota.....	351	670	-	-
Montana	1,228	861	-	-
Nebraska	307	689	-	-
New Mexico.....	351	690	-	-
North Dakota.....	702	1,392	-	-
Oklahoma.....	175	-	-	-
South Dakota.....	511	1,035	-	-
Washington	175	324	-	-
Wisconsin.....	351	690	-	-
Distribution Unknown.....	-	-	\$11,386	\$10,117
Obligations.....	5,006	8,081	11,386	10,117

Table RHS-74. Community Facilities Disaster Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Alabama	\$1,722	-	-	-
Arizona.....	345	-	-	-
Arkansas.....	991	\$289	-	-
California	2,907	1,204	-	-
Colorado.....	749	-	-	-
Connecticut	-	63	-	-
Florida.....	2,750	1,182	-	-
Georgia.....	1,885	469	-	-
Hawaii	200	239	-	-
Idaho	90	-	-	-
Illinois	1,983	465	-	-
Indiana	582	603	-	-
Iowa	8,145	5,092	-	-
Kansas.....	1,744	3,763	-	-
Kentucky.....	2,914	189	-	-
Maryland.....	957	818	-	-
Massachusetts	1,031	75	-	-
Michigan.....	397	-	-	-
Minnesota.....	1,821	881	-	-
Mississippi	1,482	-	-	-
Missouri	2,458	1,034	-	-
Montana	238	-	-	-
N. Mariana Islands	-	208	-	-
Nebraska	2,100	66	-	-
New Hampshire	1,401	493	-	-
New York.....	2,291	75	-	-
North Carolina	4,503	1,195	-	-
North Dakota.....	551	1,495	-	-
Ohio	1,196	400	-	-
Oklahoma.....	1,839	282	-	-
Oregon	196	-	-	-

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Pennsylvania	396	691	-	-
South Carolina	4,300	4	-	-
South Dakota.....	284	105	-	-
Tennessee.....	4,476	402	-	-
Texas.....	778	42	-	-
Vermont	507	-	-	-
Virginia	4,013	267	-	-
Washington	663	-	-	-
West Virginia.....	544	-	-	-
Western Pacific	383	-	-	-
Wisconsin.....	2,587	55	-	-
Distribution Unknown.....	-	-	\$1,082	-
Obligations.....	68,396	22,145	1,082	-

Table RHS-75. Essential Community Facilities Technical and Training (TAT) Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Arizona.....	-	\$281	-	-
Arkansas.....	\$150	-	-	-
Georgia.....	150	-	-	-
Hawaii.....	-	150	-	-
Illinois	-	150	-	-
Iowa	150	-	-	-
Louisiana.....	81	42	-	-
Maine	50	-	-	-
Maryland.....	214	150	-	-
Michigan.....	-	150	-	-
Montana	50	-	-	-
New Hampshire	-	150	-	-
New Mexico.....	-	150	-	-
Ohio	-	149	-	-
Oklahoma.....	164	54	-	-
Oregon	-	150	-	-
Pennsylvania	-	50	-	-
South Carolina	50	-	-	-
South Dakota.....	-	150	-	-
Tennessee.....	150	150	-	-
Vermont	150	200	-	-
Virginia	-	150	-	-
West Virginia.....	141	-	-	-
Obligations.....	1,500	2,276	-	-

Table RHS-76. Economic Impact Initiative Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Alaska	\$22	-	-	-
Arizona.....	100	-	-	-
Arkansas.....	387	-	-	-
California	917	-	-	-
Colorado.....	80	-	-	-
Georgia.....	163	-	-	-
Illinois	105	-	-	-
Iowa	408	-	-	-
Kentucky.....	157	-	-	-
Louisiana.....	97	-	-	-
Maine	86	-	-	-
Maryland.....	80	-	-	-
Michigan.....	391	-	-	-
Minnesota.....	109	-	-	-
Mississippi.....	137	-	-	-
Missouri	143	-	-	-
Montana	44	-	-	-
Nebraska	73	-	-	-
Nevada	41	-	-	-
New Hampshire	71	-	-	-

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
New Jersey.....	69	-	-	-
New Mexico.....	68	-	-	-
New York.....	155	-	-	-
North Carolina.....	203	-	-	-
North Dakota.....	63	-	-	-
Oklahoma.....	111	-	-	-
Oregon.....	58	-	-	-
Pennsylvania.....	886	-	-	-
South Carolina.....	153	-	-	-
Tennessee.....	170	-	-	-
Utah.....	7	-	-	-
Vermont.....	66	-	-	-
Virginia.....	245	-	-	-
Washington.....	105	-	-	-
Western Pacific.....	50	-	-	-
Obligations.....	6,017	-	-	-

Table RHS-77. Economic Impact Initiative Grants Administrative Expenses Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
District of Columbia.....	\$300	-	-	-
Obligations.....	300	-	-	-

Table RHS-78. Community Facilities Community Projects Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Alabama.....	-	\$885	-	-
Alaska.....	-	2,340	-	-
Arizona.....	-	2,000	-	-
Georgia.....	-	1,400	-	-
Illinois.....	-	1,000	-	-
Iowa.....	-	2,025	-	-
Maine.....	-	450	-	-
Minnesota.....	-	418	-	-
Missouri.....	-	1,000	-	-
N. Mariana Islands.....	-	1,372	-	-
Pennsylvania.....	-	1,250	-	-
South Carolina.....	-	2,883	-	-
Virginia.....	-	1,012	-	-
Distribution Unknown.....	-	-	\$466,358	\$24,545
Obligations.....	-	18,036	466,358	24,545

Table RHS-79. Community Facilities Grants Division N Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Distribution Unknown.....	-	-	\$23,314	\$1,227
Obligations.....	-	-	23,314	1,227

Table RHS-80. Community Facilities Grants Disasters Division N Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Distribution Unknown.....	-	-	-	\$25,000
Obligations.....	-	-	-	25,000

Table RHS-81. Community Facilities Grants Disasters Administrative Expenses Division N Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Distribution Unknown.....	-	-	\$1,694	\$565
Obligations.....	-	-	1,694	565

Table RHS-82. Community Facilities American Rescue Plan Act Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Alabama	-	\$6,541	-	-
Alaska	-	12,000	-	-
Arizona	-	6,038	-	-
Arkansas	-	2,884	-	-
California	-	11,772	-	-
Colorado	-	5,449	-	-
Connecticut	-	633	-	-
Delaware	-	3,465	-	-
Florida	-	11,905	-	-
Georgia	-	6,432	-	-
Guam	-	1,050	-	-
Hawaii	-	639	-	-
Idaho	-	3,560	-	-
Illinois	-	7,506	-	-
Indiana	-	2,880	-	-
Iowa	-	17,390	-	-
Kansas	-	4,967	-	-
Kentucky	-	6,909	-	-
Louisiana	-	8,247	-	-
Maine	-	9,791	-	-
Maryland	-	3,971	-	-
Massachusetts	-	4,930	-	-
Michigan	-	3,303	-	-
Minnesota	-	7,643	-	-
Mississippi	-	8,132	-	-
Missouri	-	4,502	-	-
Montana	-	19,046	-	-
N. Mariana Islands	-	953	-	-
Nebraska	-	3,561	-	-
Nevada	-	2,248	-	-
New Hampshire	-	3,108	-	-
New Jersey	-	2,512	-	-
New Mexico	-	2,215	-	-
New York	-	18,382	-	-
North Carolina	-	7,418	-	-
North Dakota	-	3,338	-	-
Ohio	-	9,973	-	-
Oklahoma	-	6,349	-	-
Oregon	-	1,557	-	-
Pennsylvania	-	16,397	-	-
Puerto Rico	-	3,432	-	-
Rhode Island	-	1,880	-	-
South Carolina	-	13,337	-	-
South Dakota	-	2,725	-	-
Tennessee	-	6,158	-	-
Texas	-	13,458	-	-
Utah	-	1,364	-	-
Vermont	-	2,726	-	-
Virginia	-	6,088	-	-
Washington	-	7,329	-	-
West Virginia	-	5,840	-	-
Wisconsin	-	14,768	-	-
Wyoming	-	2,412	-	-
Micronesia	-	608	-	-
Distribution Unknown	-	-	\$133,281	-
Obligations	-	341,719	133,281	-

Table RHS-83. Community Facilities American Rescue Plan Act Grants Administrative Expenses Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
District of Columbia	\$25,000	-	-	-
Obligations	25,000	-	-	-

CLASSIFICATION BY OBJECTS

Table RHS-84. Classification by Objects (Discretionary) (thousands of dollars)

Item No.	Item	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
	Other Objects:				
25.3	Other goods and services from Federal sources	-	-	\$1,694	\$565
41.0	Grants, subsidies, and contributions	\$141,098	\$102,450	512,177	152,085
	Total, Other Objects	141,098	102,450	513,871	152,650
99.9	Total, new obligations	141,098	102,450	513,871	152,650

Table RHS-85. Classification by Objects (Mandatory) (thousands of dollars)

Item No.	Item	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
	Other Objects:				
41.0	Grants, subsidies, and contributions	\$25,000	\$341,719	\$133,281	-
	Total, Other Objects	25,000	341,719	133,281	-
99.9	Total, new obligations	25,000	341,719	133,281	-

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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. In 2022, RHS supported 91,618 SFH loans, grants, and guarantees totaling \$15.1 billion in obligations, as detailed in the following sections.

In addition, the SFH Guaranteed Loan program continues to support homeowners experiencing financial hardship due to the pandemic by making loss mitigation options available to help keep them in their homes, such as rate reduction, term extensions, and mortgage recovery advance. Programs such as the SFH Direct Loan program payment assistance and the SFH Guaranteed Loan program forbearance have been extended until the end of the National Emergency.

The American Rescue Plan Act of 2021 (ARPA) provided \$39 million in budget authority through September 2023 to help refinance direct loans under the SFH Loan Program and the SFH Repair Loans. The Agency obligated approximately \$148.8 million in Section 502 ARPA funds; the states with the highest obligation totals were North Carolina, Texas, and California. The Agency obligated approximately \$18 thousand in Section 504 ARPA dollars across four states in 2022 with Georgia receiving the most funds.

Single Family Housing Direct Loan Program

Under the Single Family Housing (SFH) Direct Loan Program, 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). 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; and
- Other Funders.

2022 data and demographics for the SFH Direct Loan Program:

- **Total Obligations:** RHS obligated \$1.3 billion in program level and supported 6,281 SFH Direct Loans.
- **Borrower Income Eligibility:** Total obligations include \$366.5 million for very low-income borrowers, and \$769.4 million for low-income borrowers. Also included in total obligations was \$2.6 million for Colonias across low-income and very low-income, \$4 million for the Housing Relending Pilot program, and approximately \$148.8 million for the SFH Refinance loans from ARPA funds.
- **Race:** Composition of SFHDLP borrowers was 71 percent White and 29 percent other ethnicities.

Current Activities:

- In 2022, the agency obligated \$148.8 million in program level supporting 1,197 loans for the Section 502 Direct ARPA funding. As of October 6, 2022, RHS has 562 active applications currently on-hand totaling an additional \$75 million. The agency sent out about 23,460 outreach letters and the RD Servicing office received 3,300 ARPA-related calls. On September 28, 2022, the agency sent 30,900 thirty-day late payment notices, which are expected to increase ARPA inquiries and applications. Because of the magnitude and urgency of the program, the agency continues to make overtime funds available to states to provide more ARPA processing capacity. At present, RHS is working to streamline ARPA refinance delivery and has the ARPA deferred mortgage program going through clearance.
- Homeownership plays a vital role in establishing and sustaining strong communities by building generational wealth, reaching financial stability, and growing roots where they live. One SFH Direct Loan Program applicant in New Hampshire was going through a transitional time in her life and was looking for a place for her and her two children, then the COVID pandemic came to the United States. Her financial situation changed because of a loss in revenue at her business, she was homeschooling her children, and options to improve their living situation evaporated. However, with the assistance and support of an RD housing specialist as well as some patience, she was able to find a home for her and her children, and with the added construction loan make it a safe place to live.
- In 2022 the agency obligated \$1.3 billion for this program across 6,279 loans; this does not include the Section 502 Relending Pilot program data which is discussed below. From the total of 2022 totals, 1,197 loans totaling \$148.8 million were for Refinance Loans - 21/23 American Rescue Plan Act, 94 loans totaling \$15.9 million were for persistent poverty, 49 loans totaling \$9.5 million were for homelessness, and 12 loans totaling \$2.6 million were for Colonias. Fourteen states received persistent poverty loans with Mississippi and Louisiana receiving approximately \$3.7 million each accounting for nearly 50 percent of the loans. Twelve states received funding for homelessness loans with Maine and Pennsylvania receiving approximately 64 percent of the funding at \$3.6 million and \$2.3 million, respectively. Within these obligations, the program obligated \$1.1 billion was for Justice 40 beneficiaries, including 2,937 low-income loans and 1,952 very-low-income loans.
- Through valuable partnerships like the one with Habitat for Humanity, RD can continue to ensure rural Americans have equitable access to resources to achieve the goal of homeownership. This strong partnership helps ensure that every family has access to well-built, energy efficient, affordable housing; they believe that having a decent home provides the strength, stability and independence that families need to thrive. One example of success with this partnership is a from a family in New Jersey who worked with Habitat to secure a \$125,000 low-interest Single Family Housing Direct Loan in April 2022. The family was able to have a house built with accessibility features so that the resident could move easily throughout the home while in a wheelchair. RD and Habitat for Humanity of Salem County have a long and successful history of working together to help New Jersey families, and from 2018 to mid-2022 the partnership resulted in ten homes. The partnership is a good model capitalizing on the strengths of both organizations.
- These investments help the community grow and prosper. One recipient in the St. Regis Mohawk tribal lands, an educator at the Akwesasne Freedom School, was able to gain approval for a \$234,800 SFH Direct Loan in April 2022. The funding was used to build a house that could provide individual bedrooms and space for her children. Before constructing this house, the family was living in an older model single-wide manufactured home. Her brother was the first member of the community to construct and finance a home on the reservation eight years ago with the same program, and since that time RD has financed 20 homes in partnership with the Akwesasne Housing Authority.

Single Family Housing Guaranteed Loan Program

Under the SFH Guaranteed Loan Program, 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 SFH Guaranteed Loan Program 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.

2022 data and demographics for SFHGLP

- Total Obligations: The total 2022 number of SFH Guaranteed Loan Program loans and obligations were as follows:
 - o Purchase loans: 69,818 loans with total program level obligations of \$12.8 billion.
 - o Refinanced loans: 2,014 loans with total program level obligations of \$313 million.
 - o Total SFH Guaranteed loans combined: 71,832 loans with total program level obligations of \$13.1 billion.
 - o After record obligations in 2020 and 2021, increased housing costs, rising interest rates, and limited inventory negatively affected this program in 2022, which resulted in a considerable slowdown in obligation rates.
- Income: 2022 data indicate the following:
 - o Purchase Loans: moderate-income total obligations of approximately \$10.3 billion; low-income total obligations of approximately \$2.2 billion; very-low income of \$0.3 billion. Refinanced Loans: moderate-income obligations of \$0.2 billion; low-income obligations of \$0.07 billion; and very-low income of \$0.02 billion.
- Race: 2022 data indicate the following:
 - o Purchase Loans: 83.4 percent White; 16.6 percent Non-White.
 - o Refinanced Loans: 89.8 percent White; 10.2 percent Non-White.

Establishing real home ownership opportunity on Tribal trust lands. The agency has worked closely with many Tribes, Native Community Development Financial Institutions, Native American organizations, and our lending partners to determine the concerns and barriers currently preventing SFH Guaranteed Loan Program lending on Tribal trust lands. RHS is developing a Memorandum of Understanding through close work with all parties to correctly establish a document that eliminates the concerns of foreclosure on Native trust lands to allow our partners to lend freely to all interested applicants on reservations. RHS is currently developing two pilot programs to further alleviate other known barriers to successful lending: one addresses appraisal access and valuation concerns, and the other opens rehabilitation and repair options to those who already own homes on reservations. Of the \$11 million the agency has identified as benefiting American Indians and Alaskan Natives in the SFH Section 502 loan portfolio, \$5.1 million attributed to SFH Guaranteed Loan Program was obligated across Alaska, Arizona, Minnesota, Montana, New York, Oklahoma, South Dakota, and Wyoming. In 2022 the agency obligated \$4 million program level under the section 502 Direct Native American Relending pilot program. Of the total funding, \$3 million went to Four Bands Community and \$1 million to Mazaska, both in South Dakota.

Additionally, there is increased interest and participation with the Single Close Construction and Rehab and Repair products. Metroplex Mortgage in Florida has created a niche in the Southeast with a focus on new manufactured housing in Florida and Alabama. Guild Mortgage in the west has developed a focus on cross-mods by purchasing a site of model homes in Paradise, CA – a town rebuilding after forest fires destroyed the entire community. 1st Signature Lending worked closely with RHS in presenting several national trainings, and they set a structure to allow any lenders to work with them on a correspondent or broker basis where they will purchase and take over single close loans at any part of the process, eliminating the barrier of the lack of construction monitoring experience by many lenders.

Lastly, the program office created a new lender training system that allows the agency to monitor lender completion of required trainings. By ensuring the agency's partners are participating in the basic program trainings, RD can expect improvement in loan quality. The improvement in initial submission quality will also greatly enhance the agency's efficiency and expediency in review and make the program a more desirable choice for our private sector partners. The SFH Guarantee Loan Program team has direct creative autonomy on all content and can ensure information is always accurate and up to date as handbook guidance continually evolves. The program will also be used for internal staff training and improving our specialists' skills.

Native American Relending Pilot Program: In 2022, the agency obligated two loans totaling \$4 million for the Section 502 Relending Pilot. Two NCDFIs will use these funds to expand homeownership opportunities for Native Americans living on tribal lands in South and North Dakota. Mazaska Owecaso Otipi Financial received \$1 million and Four Bands Community Fund received \$3 million. These organizations have extensive experience working with

people in Native American communities and they will also service the mortgage loans after they are made. Each NCDFI will provide 20 percent in matching funds. Mazaska Owecaso Otipi Financial is located on the Pine Ridge Reservation in South Dakota; it creates homeownership opportunities for the members of the Oglala Sioux Tribe. Four Bands Community Fund, headquartered in Eagle Butte, South Dakota, provides home mortgages and other financial products to businesses in South Dakota and North Dakota. Under Secretary Xochitl Torres Small said, “We are proud to partner with expert organizations that help us continue to drive economic security and prosperity for rural people. This initiative underscores USDA’s commitment to ensuring that traditionally underserved groups have access to the programs and services that every community needs to thrive and prosper.”

Current SFH Activities:

Proposed Rule: Section 502(h)(18) of The Housing Act of 1949, as amended, authorizes the Secretary of Agriculture to delegate, in part or in full, the Secretary's guarantee authority to eligible lenders. On August 04, 2022, RHS published a proposed rule (87 FR 47646) on delegating approval authority to mirror other agencies' processes, to the extent feasible, to create efficiencies, better serve stakeholders, and reduce the burden on agency resources. Federal agencies, such as Department of Housing and Urban Development's Federal Housing Administration and Veteran's Affairs moved to the delegated process to leverage the processing power and expertise of private-sector lenders and to balance growing programs with decreasing federal administrative resources.

Table RHS-86. 2022 data for all other SFH programs (millions of dollars)

Program	Total Obligated	Total Number of Loans or Grants
Sec. 509 Compensation for Construction Defects	\$0.01	3
Sec. 502 Credit Sales of Acquired Property SFHDLP	0.04	1
Sec. 504 Housing Repair Grants	24.5	3,536
Sec. 504 Housing Repair Loans	15.2	2,183
Sec. 523 Mutual and Self-Help Housing Grants	32.9	37
Sec. 533 SFHD Grant Funds	17.5	125
Sec. 306C SFHD Grant: WWD RHS Colonias Grants	0.1	28
Protecting Animals with Shelter Grants	4.7	12
Total	94.6	5,925

504 Housing Repair Loans: In 2022 the agency obligated \$15.2 million across 2,183 loans. Within those amounts, the agency obligated funds for 79 loans in persistent poverty areas, an additional three loans in underserved persistent poverty areas, five loans in underserved areas, eight loans in Indian Country, and two loans in Colonias areas. In 2022 the agency, obligated funding in almost every State plus Puerto Rico, the Virgin Islands, and the Western Pacific. This past year, Texas received the most funding, with \$1.5 million in obligations, which included 28 very low-income hardship loans, 220 very low-income loans, and one Colonias loan. One West Virginian recipient of this funding in 2022 needed a new roof for her house and did not know where to go for assistance. Without assistance she would need to leave her home and would have to move to a small apartment. The Section 504 loan funds allowed her to repair the roof and stay in her home. One of the benefits of this program is that applicants can receive a combined loan and grant. One Nebraska resident came faced with the issue of needing a new furnace and air conditioner for her home, but she was on a limited income and a medical diagnosis changed her financial situation. Her old furnace was filling her home with carbon monoxide. She received a grant of \$3,565 and a loan of \$3,566 for her repairs with her new furnace being installed in December right before the first blizzard of the year. Receiving the assistance allowed her to stay in her home while making it safe for her, and to stay in a town where she has called home. The challenges presented by the pandemic (availability of contractors, interest in applying for home repairs given the pandemic, etc.) continued to have some impact on the obligation levels for Sec 504 Housing Repair loans and grants. On July 8, 2022, the Agency published an update in the Federal Register (87 FR 40709) to the Section 504 Repair Pilot program. The Agency started this pilot in 2019 to evaluate existing regulations and remove regulatory barriers to assist very low-income homeowners seeking to repair or rehabilitate their homes; it has been successful in creating additional opportunities and greater accessibility for eligible applicants. All but two of the waived regulatory requirements were included in the Direct Single Family Loans and

Grants Programs final rule (87 FR 6761), which became effective on March 9, 2022. Currently, the Agency is further evaluating two waivers on site requirements and the threshold that requires an appraisal.

Very low-income Housing Repair Grants: Here are just a few examples of how Section 504 funds have improved the lives and well-being of rural Americans. When residents are on a fixed income home repairs can be a fearful reality. In Wayne County, West Virginia, there was a senior with limited income who did not have a reliable source of water service to her home. The situation started in 2021 and over a period of eight months she found herself without any water service to her home. In March 2022 she contacted the agency for financing assistance for a new well to be drilled on her property as soon as possible. Within seven days of working with RD agents a combination Section 504 loan and grant was obligated; the work to drill and install the new well was efficiently completed one month later. In Texas, a retired Air Force Veteran and homeowner for over 40 years felt the overwhelming expense of home maintenance on a fixed income. Veterans receive priority processing with RD funds and with the help of the ongoing relationships with other agency funds they can maximize assistance. He applied for and received a \$6,010 grant to help with his leaking roof and leveling of the foundation, improving the health and safety of his home with the project being completed in Spring 2021.

Rural Housing Assistance Grants: HPGs provide funds to sponsoring organizations for the repair or rehabilitation of housing owned or occupied by low- and very-low-income rural citizens who may otherwise be ineligible for home repair assistance. Over the past six years, the obligations for this program have increased more than three-fold from \$4.9 million to \$17.5 million. The 2022 funding provided 125 grants. In 2022 the Agency obligated 39 grants totaling \$5.6 million in persistent poverty areas. The states that received the largest percentage increase in funding comparing 2017 to 2022 were: Illinois, Texas, Tennessee, Ohio, and Indiana. On December 16, 2022, the Agency announced a substantial list of investments in the HPG program.

The Agency invested \$200,000 in the state of Washington to rehabilitate 15-20 low-income owner-occupied housing units, bringing them up to the Swinomish Tribal Housing Code by the end of the two-year project period, focusing on elder and disabled households. The tribe's long-term goal is for all tribal members to have access to safe, affordable, healthy, and physically accessible homes on the reservation, which has the added benefit of contributing to climate resiliency in the community.

RD invested \$250,000 in Alaska that will be used to replace home foundations for fourteen very low-income families in the Native Village of Akiachak, a place with a population 660 that sits on the west bank of the Kuskokwim River. The periodic high river flow and water level fluctuations due to flooding, ice jams, spring break up, and melting permafrost contribute to erosion and the need for foundation replacements.

Of the \$975,320 going to Tennessee for HPG Projects, the \$180,000 awarded to Clinch-Powell Resource Conservation and Development Council Inc. will be used to assist 20 very-low income homeowners through a variety of home repairs and improvements projects for owner-occupied homes in Claiborne, Cocke, Grainger, Hamblen, Hancock, Hawkins, Jefferson and Union counties; and \$161,000 will be used to help 10 qualified low-income homeowners make needed repairs or accessibility improvements to their existing homes in Loudon county.

MULTI-FAMILY HOUSING PROGRAMS

The 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. In 2022, eight MFH programs obligated funding totaling \$566.9 million and provided 7,592 loans and grants as detailed in the following sections (not including Rental Assistance).

Section 538 MFH Guaranteed Rural Rental Housing Loan Program: The 2022 program accomplishments include obligations of 72 loans totaling \$250 million, a 100 percent obligation rate, with \$35.1 million going to persistent poverty areas across 10 projects in six states. To increase program utilization, the RHS continue collaborating with state housing finance agencies to encourage expanded rural eligibility for Low Income Housing Tax Credit allocations, which are a key driver for equity investment in the Section 538 program. This funding helps make affordable housing options a possibility. In Marinette, Wisconsin an affordable, pet-friendly, 45-unit apartment building project (Trolley Station Terrace) was made possible with a \$1.8 million MFH Guarantee Loan. Since 2017 to 2022, this program has obligated \$1.231 billion in program level. In 2022, the agency obligated \$250 million in 72 projects. The funding went to California and Florida with about \$61 million each, Kansas \$21 million and North Carolina \$30 million, with the remaining funds obligated across 18 states.

Rental Assistance: To maintain Section 515 Rural Rental Housing and Section 514 Farm Labor Housing loan portfolios, MFH obligated over \$1.44 billion in Rental Assistance (RA). This program provided assistance to 246,037 tenants. 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. There was a slight increase in percentage of very-low-income households, which represent 92.34 percent of all households. Low-income households represent 6.75 percent of the total. The race/ethnicity is broken down as follows:

- o White, Non-Hispanic, 64.42 percent
- o Black, Non-Hispanic, 20.40 percent
- o Hispanic/Latino, 12.05 percent
- o American Indian/Alaskan Native, 1.66 percent
- o Asian, Pacific Islander, 0.69 percent
- o 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. The handicapped population continues to increase within the elderly/disabled/handicapped households. There was no appreciable change in the percentage of elderly/disabled/handicapped households versus non-elderly households, which is 64.75 percent. Female-headed households continue to represent the majority of households (67.14 percent).

USDA recognizes that the COVID-19 pandemic triggered an almost unprecedented housing affordability crisis in the United States and exacerbated underlying issues of housing insecurity for many Americans. USDA continues to offer emergency assistance to USDA MFH property owners and tenants who are experiencing financial hardship due to the pandemic. The \$100 million in ARPA funding was all obligated in 2021, there were no obligations of these funds in 2022. However, property funding needs may fluctuate through the year due to turnover and tenant income changes, and this includes the ARPA units. As a result, many contracts with ARPA units in them were renewed in 2022.

For 21 families at one apartment complex in Pennsylvania, the RA funding means the tenants can stay in the town where they feel safe and enjoy the friendliness of the community. RA helps make monthly income go a bit farther for senior citizens on limited and fixed incomes. One such senior citizen with health issues, a recipient of RA funding, is now able to put some of her monthly income away to help save up to hopefully get a used car so that she can go to the doctor and other places without walking up a difficult hill from the bus stop. Additionally, beyond the States and the District of Columbia, RA funding is obligated in two U.S. territories. In 2022, the RA program had 16 projects in the Virgin Islands with 456 RA tenants, with obligations totaling \$5.7 million, and 85 projects in Puerto Rico with 4,593 RA tenants obligating approximately \$18.0 million.

Current MFH Activities:

MFH and Community Facilities sites funded by RD are an excellent setting to host the Summer Food Service Program, which serves free, healthy meals to eligible low-income children and teens during the summer months when children are not in school. The summer meal programs rely on innovation and collaboration to reach children who need good nutrition during this part of the year. In states across the nation, many children receive free or reduced lunch, but when schools are not in session many of these children are likely to have limited to no access to

breakfast and lunch. RD provided information on May 19, 2022, via outreach efforts to request participation in the program.

RHS published a final rule (87 FR 11275) on March 1, 2022, for the MFH Direct Loans and Grant Programs to provide additional RA program flexibility and transparency, and to improve the efficiency of managing assets in the Direct Loan portfolio. The regulation updates added language regarding the transfer of obligation balances from RA agreements with properties whose mortgages have naturally matured; this will make efficient use of inactive funds and increase transparency. Additionally, the agency may establish an escrow account for the collection and disbursement of reserve account funds; this authority was historically included in the loan documents but was not addressed in the regulation. The final rule added The Violence Against Women Reauthorization Act and its amendments to the list of federal laws with which lease requirements must comply.

Farm Labor Housing Program: To increase transparency, enhance project underwriting, better align with third-party funders, and ensure use of Agency resources in a timely manner, the agency overhauled its Farm Labor Housing program. Improvements also include avenues to provide gap financing to projects with cost overruns due to Covid-19 delays, supply chain, and inflationary price increases. In addition, the agency also offered a FLH Repair NOSA for the first time. A highlight of this effort is Belle Glade Apartments, located in Osceola, FL, receiving a \$10.6 million award to facilitate health and safety repairs of the 712-unit farm labor housing asset. In 2022, the agency obligated FLH program funds will result in the new construction, rehabilitation, or preservation of 1,770 farm labor housing units.

- 514 Farm Labor Housing Grants: Over the past six years, the Agency increased obligations in this program by approximately \$8 million. In 2022 the program obligated 26 loans, one of which is a \$3 million persistent poverty loan. California received the most funding, accounting for 53 percent of obligations; this included ten Section 514 FLH loans and the one Section 514 FLH persistent poverty loan. In April 2022, there was a groundbreaking ceremony for a multi-phased housing project in Garden City, Kansas. This project is a combination of grant and loan funding, the initial project phase consists of 86 units and will help to fill some of their workforce housing needs.
- 516 Farm Labor Housing Grants: Farm workers helped our country through the pandemic to meet the needs of Americans. Over the past six years, the agency increased obligations by approximately \$30 million for this program; obligations increased from \$8.2 million in 2017 to \$38.4 million in 2022. Three states account for almost 59 percent of the obligations in 2022: Kansas (\$8.8 million), Florida (\$8.0 million), and Georgia (\$5.8 million). In 2022 the Agency awarded 16 grants, including one technical assistance grant for \$250,000. In Florida, the \$8 million grant for the Belle Glade Housing Authority will go towards a project that will help improve 534 affordable farm labor housing units in Okeechobee and Osceola Centers, including the restoration of 116 vacant units and 31 uninhabitable units, plus conversion of 24 handicap accessible units. This project also received a \$2.68 million Section 514 loan from RD, and these funds are being combined with other resources including \$2.5 million approved from the Board of County Commissioners for Palm Beach County to support this project to repair and improve affordable farm labor housing in Belle Glade.

Multi-Family Preservation and Revitalization Program: MFH recently funded all remaining projects in the Multi-Family Preservation and Revitalization (MPR) pipeline from the 2017 NOSA, allowing the Agency to return to a more robust offering of all MPR preservation tools in 2023 through a competitive funding round. A recent highlight is the awarding of \$23.1 million in MPR and Section 515 subsequent loan funds for the preservation of 500 units across 11 properties in Louisiana. The investment will physically and financially recapitalize and preserve the affordability of the units for an additional 20 years.

Section 538 Guaranteed Loan Program: MFH successfully utilized 100 percent of its annual appropriations for the Section 538 program working closely with our industry partners to manage the application pipeline and improve the program. A program highlight is the Preserve at Flagler Beach in Flagler Beach, FL. The new-construction development will include 240 units of work force family housing and is the largest 538 guaranteed loan in program history. The \$42.3 million Section 538 loan also leveraged an additional \$14.3 million in other sources.

Section 515 MFH Loan Program: The Section 515 MFH Direct Loan program has grown about \$15 million over the past six years. In 2022, the program obligated \$50 million across 40 loans; six of these loans totaling \$5 million were in persistent poverty areas. Approximately 68 percent of the funds were obligated across three states: Pennsylvania (\$12.8 million); New Jersey (\$12.4 million); and Louisiana (\$8.8 million).

Table RHS-87. Financial data for all MFH programs (millions of dollars)

Program	Total Obligated	Total Number of Loans or Grants
Sec. 514 Direct Farm Labor Housing Loans	\$43.0	26
Sec. 524 Direct Housing Site Development Loans	3.6	4
Sec. 515 Rural Rental Housing Loans	50.0	40
Sec. 516 Farm Labor Housing Grants	38.4	16
Sec. 515 MFH Revitalization and Preservation Loans	146.1	204
Rural Housing Voucher Grants	35.8	7,230
Sec. 538 Multifamily Guaranteed Loan	250.0	72
Rental Assistance	1,450.0	9,331
Total	2,016.8	16,923

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.

These loans and grants help ensure that rural areas enjoy the same basic quality of life and services as residents of urban areas. In 2022, CF programs supported 1,563 grants totaling \$444.1 million in obligations, and 403 loans totaling \$1.55 billion, as detailed in the following sections. Approximately 20.9 percent of these loans/grants were made in distressed communities identified as having persistent poverty, low employment, and high population loss.

Table RHS-88. Financial data for CF grant funding (millions of dollars)

Program	Total Obligations	Total Number of CF Grants
Community Facility 2019 Disaster Grants	\$22.1	156
Community Facility Grants	44.6	712
Rural Community Development Initiative Grants	5.3	26
Community Project Grants	18.0	21
Tribal College Grants	8.1	24
Essential Community Facilities Technical Assistance and Training Grants	2.3	19
Community Facility Rural Hospital Pilot Program Grants	2.0	1
Community Facility ARPA Grants	341.7	604
Total	444.1	1,563

Table RHS-89. Financial data for CF loan funding (millions of dollars)

Program	Total Obligations	Total Number of CF Loans
Direct Community Facility Loans	\$1,312.9	377
Guaranteed Community Facility Loans	238.3	26
Total	1,551.2	403

The ARPA funding included \$500 million in CF Program funds to help rural hospitals and local communities address needs related to the COVID-19 pandemic such as broadening access to COVID-19 vaccines and providing medical supplies to increase medical surge capacity. There has been considerable interest in the Emergency Rural Health Care program from health care facilities. RD received more than \$310 million in Track One requests; these obligations are ongoing and will continue into 2023. Track one Recovery Grants support immediate recovery efforts from the pandemic for purposes such as medical supplies and equipment, expanded capacity for vaccine distribution, replacement of lost health care related revenue, telehealth equipment, construction/renovation of health care facilities, and equipment, staffing, and operations expenses for food banks and food distribution facilities. Track two Impact Grants range from \$5 to \$10 million for regional consortiums or networks of entities to work together to solve specific regional health care programs to support the long-term sustainability of rural health care.

Current CF Activities:

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. A portion of these funds went towards Persistent Poverty, Strategic Economic and Community Development (SECD), and Rural Energy for America Program (REAP). Over the past six years, the CF Grant program obligations have increased by approximately \$16 million. RD obligated \$28.6 million in 2017 and \$44.6 million in 2022. The top three states that received CF Grant funding are California (\$9 million), South Carolina (\$3.8 million), and North Carolina (\$2.0 million).

Community Project Grants: These grants will benefit more than one million 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.

The Agency obligated approximately \$366,000 in Kansas across several projects. A city park in Jetmore, KS will use a \$42,700 grant towards purchasing a shipping container to convert into public restrooms which will include two ADA compliant bathrooms to make a facility that provides safe and reliable services for the park. The current restroom is in poor repair and is not accessible for individuals with disabilities. The outside will be beautified to make it consistent with the surrounding environment. A \$58,600 grant will be used to supplement previous funding to improve a small outdoor community gathering space within the City of Kingman. Currently, there is no disability parking or access at the site, and it lacks adequate lighting and needs a fence installed for safety.

While in Wellington, KS will use a \$27,500 grant to help purchase and install eight new storm sirens in the city limits, Wellington Lake, and the Wellington Airport that can be activated by Sumner County 911, Wellington Law Enforcement and Wellington Fire/Emergency Medical Services. These new sirens will provide a more reliable emergency warning system for residents and visitors.

In North Dakota, the Ellendale Fire Department is using a \$316,500 CF grant for a new fire pumper truck; their current truck is over 25 years old and has reached the end of its useful life. The new truck will have updated technical and safety features to better serve the Fire Protection District's 2,154 residents.

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 356,000 individuals.

Over the past six years, obligations for this program doubled from the \$4.0 million obligated in 2017 to \$8.1 million in 2022. The funding provided 24 grants to 1994 Land Grant Tribal colleges in 11 States, and the average grant amount was \$336,691. These grants supported high-quality education, career-building opportunities, and expansion of STEM education opportunities in Tribal colleges and universities. Four grants were awarded to tribal colleges in North Dakota; three each in Montana and South Dakota; two each in Arizona, Michigan, Minnesota, Nebraska, New Mexico, and Wisconsin; and one each in Alaska and Washington. In 2022, most of the funding, approximately 79 percent, went towards educational services.

In Arizona, \$344,895 will be used to help complete a livestock holding facility for Diné College; this facility will be used to conduct educational workshops on handling livestock Diné College serves a predominantly Navajo student population offering certificate, associate degree, and bachelor's degree programs. In Washington a

\$323,502 RD investment will be used by Northwest Indian College to purchase Scientific and Safety Equipment for an Educational Boat. The boat will allow students to learn how to navigate waters, understand the complex marine ecosystem, and look at the impacts and stressors of the industrialized world on this critically important marine and cultural waterscape. Additionally, it will provide space for oral histories and storytelling to enhance and ground the research and teaching experience. The boat will be able to handle a classroom size of up to 25 students with an overnight capacity of four to five for longer voyages. The community is located on the Lummi Nation Reservation which has a population of 4,706. RD invested \$344,896 in Nebraska to repave a parking area and correct water drainage in Little Priest Tribal College's parking area to remove hazardous driving and walking conditions. The parking lot drainage has been an issue causing water to pool in areas and erode the concrete, creating areas that are hazardous to driving and walking for students and faculty. This project will benefit the 250 students, faculty and staff in this persistent poverty county as well as the community since it is used for events, farmers markets, and continuing education. The requested funding will continue support for the expansion of STEM education and other career building opportunities. This funding can be used to improve infrastructure generally and specifically for tribal colleges was a top priority listed by tribal leaders. This program is oversubscribed and is one of the few and more flexible resources for tribal colleges for community facility infrastructure.

CF Technical and Training (TAT) Grants: The total TAT grant funds awarded in 2022 were the highest since the inception of the program, which also included some disaster funds. The technical assistance and training provided helps communities access CF funding for essential community facilities.

CF Rural Hospital Pilot Program Grants: In 2022, 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. More than 10 hospitals received outreach in just the last quarter of 2022 alone. As in previous years, the National Rural Health Association (NRHA) submitted a proposal for \$2 million to provide technical assistance to rural hospitals for consideration by the Community Facilities Program in response to the general provision in the Consolidated Appropriations Act, 2022, that provided funding for rural hospital technical assistance. CF has obligated 2022 funds via a cooperative agreement.

Collaboration with NRHA has enabled the Agency to leverage NRHA's deep expertise on rural healthcare as well as new provisions made available under the CARES Act, the Inflation Reduction Act, and other opportunities to bolster the capacity of rural hospitals to plan for recovery from the global COVID 19 pandemic, plan for future preparedness, and meet healthcare needs in rural America. It has also strengthened RD capacity to support hospitals in the CF portfolio more effectively and protect the Agency's portfolio of investments in rural hospitals.

CF Loan Programs: In 2022, 17 lenders participated in the CF Guaranteed Loan Program with total guarantees ranging from \$437,000 to \$52,579,000. In the CF Direct Loan program approximately 64 percent of these funds obligated in 2022 went to support health care facilities such as critical access hospitals, clinics, assisted living facilities, and nursing homes.

CF Funding for Health-Care-Related Improvements and Emergency Response Services: In October 2022, USDA announced an investment of \$110 million in grants to improve health care facilities in rural America; this funding will help 208 rural health care organizations expand critical services for almost five million people across 43 states and Guam. Rural and tribal communities need access to modern and sustainable health care infrastructure; it is critical to their health, well-being and prosperity. In Alabama, the Washington County Health Care Authority, will use a \$1 million grant to upgrade the facility's medical surge effectiveness and capacity in the event of a medical emergency. The funding will go towards equipment to establish a triage area in the hospital's multipurpose building as well as to upgrade the hospital's camera security system including specialized COVID-19 features, laboratory, rehabilitation, and medical surgical equipment to provide care for patients, and for facility modifications such as a new helipad, computerized topography scanner room, and upgraded heating, ventilation and air conditioning systems.

In August 2022, USDA announced it was investing \$2.7 million in rural towns across Illinois to improve rural health care, servicing an area of approximately 88,000 residents. Of these funds, a \$1 million grant will streamline the electronic health record system and provide enhanced tracking and reporting of patient visits for the Pinckneyville Community Hospital District. This investment will reduce the risk of human error associate with manual workflow

and improve patient safety. The agency provided another \$1 million grant to build an additional almost 8,000 square feet onto its physical therapy facility for Marshall Browning Hospital Association. The additional space will include private treatment rooms, a consultation room, restrooms, staff office area, and the ability to better practice social distancing.

Critical Community Facilities- Building and Upgrading Schools, Libraries, Clinics, and Public Safety Facilities: In November 2021, USDA announced an investment of \$222 million across 536 projects to benefit 2.5 million rural residents in 44 states, Guam, Northern Mariana Islands, and Puerto Rico. These projects will build and improve critical facilities. This investment includes \$132 million to support health care, food security, and emergency response services. Some of the projects included in this effort are as follows:

- RD provided a \$81,000 grant for Apache County, Arizona; the funds will be used to purchase a wood processor, logging trailer, commercial chain saws and other wood cutting equipment allowing them to stockpile more cut firewood earlier in the year. Apache County assists the Navajo Nation and the Fort Apache Indian Reservation elders by providing cut firewood to heat their homes. This project will assist about 290 elderly families each winter by providing heat with the added benefit of removing dead and downed trees from forested areas, preventing the spread of potential wildfires.
- In Minnesota, RD is investing in a \$42.5 million loan to build a health care campus in Wadena. The new facility will include: three emergency bays; two trauma rooms; 14 inpatient rooms; three operating rooms; one endoscopy room; four suites for labor, delivery, recovery and postpartum; 50 clinic rooms; 10 major imaging modalities; and 14 universal platform spaces to support surgery, emergency, imaging, obstetrics and ambulatory services. The health care campus will improve and expand access to critical health care services for more than 7,200 rural residents.
- RD is providing a \$2.5 million loan to build a 15,675 square foot theater in Hickman, Nebraska. The existing playhouse will be dedicated to a Youth Theater Academy and rehearsal space which will include an educational element in the performing arts arena. The new facility includes a stage, patio, lounge, office and box office, concession area, storage area, mechanical room, lobby/waiting area, a 436-seat auditorium, a light and sound booth, storage area and a mechanical room. The new auditorium improves facility accessibility to those with disabilities and other ancillary accommodations plus it will increase overall seating to better align with demand.
- Using a combination CF \$320,000 loan and \$50,000 grant the Spring City Volunteer Fire Department in Tennessee will purchase a pumper truck. The community is divided by the main lines of the CSX railroad, which often sees 30-40 trains per day; this makes it necessary for the pumper trucks to be staged in locations on either side of the tracks to respond to an emergency. The oldest of these pumper trucks has undergone numerous repairs and was commissioned in 1993. This new truck would provide public safety and fire protection to the approximate 2,000 residents.
- RD provide a \$3.2 million CF direct loan in Culpeper, Virginia that supported an historically underserved population. The Boxwood Recovery Center in Culpeper, Virginia, struggled to provide high-quality care operating out of a deteriorating former roadside motel and restaurant. However, they received a \$3.2 million CF loan and built a 21,000 square-foot facility to help people on their recovery journeys by offering residential alcohol and drug treatment programs with individual, family, and group counseling, educational films, lectures, and relapse prevention.

Other examples of funding:

- A northwest Ohio center that serves those on Medicaid, with no insurance, and low income was lacking a dental clinic. To better support the community, they applied for and received a CF loan. The center purchased and renovated a building so they can now offer dental and behavioral health services to the community.
- In rural southeastern New York, a pediatric center that specializes in complex medical conditions will soon offer services on a state-wide level. Through the CF loan, they were able to purchase a building that will house a specialty hospital, research institute, and an educational school program that will provide education and care for pediatric patients during their stay. Not only did this loan help children and their family receive medical care, but it also provides economic opportunities through new jobs.

Helping Communities with Long-Term Recovery from Natural Disasters (Hurricanes, Floods, and Tornadoes): During 2022, USDA invested \$22.1 million for 156 CF Disaster Grants. In August 2022, USDA announced an

investment in critical infrastructure to combat climate change across rural America; this included \$5.6 million in CF Disaster Grants.

- RD is investing \$225,000 in Tennessee to construct an office building for the utility district; the previous office was destroyed in a tornado on December 10, 2021. The new building will have office space, a public meeting room, and a front access area for utility payment receipts; it will serve and benefit the approximately 200 rural customers of Samburg.
- Golden Valley Community Broadcasters in California received a \$27,100 grant to purchase an emergency generator and broadcasting equipment. The generator will allow continued Emergency Management System broadcasts and emergency instructions in the event of disasters. During situations such as the Camp Fire in 2018 and California's public safety power shutoffs the emergency broadcasting capabilities of the community radio station are in danger of being blacked out. This is a region where many residents do not have cell phones or access to the internet; radio is the only reliable source of emergency information available to these residents.

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. 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 2022, priority was given to applications that supported the Department/agency's goals

- Assisting rural communities, particularly disadvantaged communities, recover economically from the impacts of the COVID-19 pandemic.
- 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.

In December 2022, the Agency announced \$102 million in investments to include many RCDI projects. RD awarded \$249,998 to Missouri Main Street Connection Inc to provide technical assistance to 10 rural communities throughout Missouri through a community empowerment program. This assistance will enable economic recovery from impacts of the COVID-19 pandemic, increase local investments, and assist in development of new businesses and jobs within the 10 communities. Through the development of skills this technical assistance provides, the communities will not only begin recovery from economic impacts they face due to the pandemic, but also build resiliency to better weather future economic hardships. RD awarded \$250,000 to Region 9 Economic Development District of Southwest Colorado Inc. to act as intermediary and assist the Ute Mountain Ute Tribe in southwestern Colorado by providing project oversight and facilitation. In 2017, the tribe developed their Comprehensive Master Plan for Housing and Open Spaces, which resulted in over \$50 million in new grants to go towards wellness, housing, landscape and connections projects. However, due to the COVID-19 pandemic and changing economic circumstances, the plan is need of an update. This project will ensure that momentum from the 2017 plan is not lost, and the Tribe is able to make long-lasting and significant improvements that increase the 932 Tribal residents' social and economic well-being. In 2022, RCDI obligated \$5.3 million, funding 26 grants across 18 states, Washington, DC, and Puerto Rico.

- Rural Community Development Direct Loans: The \$4.3 million obligated for persistent poverty projects spanned across six states: Alabama, Georgia, North Carolina, Oklahoma, Tennessee, and Virginia. The two states with the most funding were Oklahoma, which received \$2.5 million, and Alabama, which received just over \$1.0 million. In 2022, \$842 million, or 64 percent, of these funds went to support health care facilities such as critical access hospitals, clinics, assisted living facilities, and nursing homes. The persistent poverty funding is not the only funding that goes to distressed communities, funding from the main Community Facility (CF) Direct Loan program also made investments in distressed communities. For example, all \$7.1 million obligated in Oklahoma in the CF Direct Loan program was obligated in distressed communities.

- Municipal governments and fire departments are essential pillars of the community, crucial to everyday life across rural America; the CF program provides opportunities to invest in these essential services. For example, in Alabama in 2022, RD awarded approximately \$4.2 million to the city of Southside for a new fire station that is needed for continued growth in the city. This investment will benefit the 8,412 residents in rural Etowah County, Alabama. The station will have the capacity for four fire trucks in drive-through bays and living quarters that allow it to be continually staffed to help save lives and reduce property damage. Plans for the new station's staffing should improve response time for medical emergency and fire calls. The Elkmont Volunteer Fire Department received a \$92,200 loan to purchase a new fire truck and equipment, allowing firefighters to better serve the nearly 10,000 residents in their area. The Owens Volunteer Fire Department, which serves about 2,100 residents received a \$350,000 loan for a new fire truck and equipment. This program is included in the Justice40 initiative and in 2022, 492,00 population benefitted from it.
- One of the ways to make rural Iowa a better place to live and work is modernized and improved local hospitals; they make life better and safer. Grundy County Memorial Hospital opened its doors 70 years ago; it is one of Iowa's veteran's memorial hospitals and records more than 50,000 patient visits annually. They are breaking ground for a 24,000 square foot addition that will improve its surgery, laboratory, and imaging departments. This includes expanded pre-op and post-op rooms, two larger operating rooms, and an expanded Radiology & Imaging department with side-by-side MRI and CT services in a location that supports improved safety and efficiency. Once the surgery moves to its new space in Fall 2023, the existing lab can be expanded to double its current size. The hospital is among the county's largest employers, with 155 full and part time associates.

Rural Community Development Guaranteed Loans: Demand for this program has grown significantly over the past six years. The program obligated \$149.5 million in 2017. By comparison, in 2022 this program obligated 26 guaranteed loans totaling \$238.3 million across the U.S. The top five States with the largest investments include: Arizona, Michigan, Mississippi, North Dakota, and New York. Approximately 71 percent of the guaranteed loan funding supported health care and social assistance in rural communities. Funding in 2024 will support an estimated 65 loans.

On December 6, 2022, Secretary Vilsack announced that RD is investing \$981 million to help create new and better market opportunities and expand essential services for rural people, businesses and entrepreneurs in 47 states, Guam and the Virgin Islands; some of this funding was used for CF Guaranteed loans. RD awarded a \$3.0 million guaranteed loan to be used to purchase a helicopter, modified for medical service operation, for Mercy Flight, Inc., located in Batavia, Genesee County, New York. This project will allow Mercy Flight, Inc., to continue to provide critical care and air transport to those patients who are critically ill or injured. Mercy Flight has not been able to station a helicopter in Batavia since a fatal crash in Elba that claimed the lives of three individuals in April. Navigator Homes of Martha's Vineyard received a \$8.5 million guaranteed loan to construct a 70-bed, 55,960 square foot Green House skilled elder nursing facility in Edgartown, Massachusetts. The facility will serve the elderly population living on the island of Martha's Vineyard and will be comprised of five 14-bed, single story "homes." In this facility each patient will be provided a private, single-bed room with its own full bathroom and shower. The current facility is more than 30 years old, is outdated per Massachusetts' Department of Public Health standards, and is scheduled to close in two years.