

2021 USDA CONGRESSIONAL JUSTIFICATION – RURAL HOUSING SERVICE

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PURPOSE STATEMENT

The Rural Housing Service's (RHS) programs are authorized by the Housing Act of 1949, (Housing Act), as amended, and the Cranston-Gonzalez National Affordable Housing Act of 1990. The community facilities programs are authorized by the Consolidated Farm and Rural Development Act of 1972 (ConAct), 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.

All the programs administered by RHS support USDA Strategic Goal 4: Facilitate rural prosperity and economic development; Objective 4.1: Expand rural business opportunity and rural quality of life with access to capital; improved infrastructure; broadband access and connectivity; and support for workforce availability. These programs also support several priorities in the report from the Task Force on Agriculture and Rural Prosperity, chaired by Secretary Perdue, including: providing access to debt capital, incentivizing private investment, modernizing rural utilities, rebuilding rural infrastructure, contributing to e-connectivity, supporting rural workforce through apprenticeship programs, and harnessing technological innovation.

Section 502 SFH Guaranteed Loan Program — Authorized in 1990 by the Cranston-Gonzalez National Affordable Housing Act, this program provides low- and moderate-income borrowers access to mortgage credit by 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 — Authorized by the Housing Act, 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 that they do not to exceed 24 percent of a borrower's adjusted income.

Section 504 SFH Housing Repair and Rehabilitation Loans and Grants Program — Authorized by the Housing Act, P.L. 89-117, P.L. 89-754, and 42 U.S.C. 1474, this program provides loans and grants for very low-income and elderly borrowers who own and occupy a home in need of

repairs to remove identified health and safety hazards or to make homes accessible for household members with disabilities.

Section 523 SFH Mutual Self-Help Grants Program — Authorized by the Housing Act, P.L. 89-117, P.L. 89-754, and 42 U.S.C. 1490c, 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 – Authorized by Sections 523 and 524 of the Housing Act of 1949, 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, 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 — Authorized under the Housing Act, P.L. 102-550, and 42 U.S.C. 1485, 1490a, this program offers direct loan financing to purchase, construct or rehabilitate affordable rental or cooperative housing, or to develop manufactured housing projects for very low-, low- and moderate-income residents. 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 — Authorized under Title V of the Housing Act of 1949, 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) — Authorized under Title V, Section 521(a)(2) of the Housing Act of 1949, 42 U.S.C. 1490a, 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 — Authorized under Title V, Section 538 of the Housing Act of 1949, 42 U.S.C. 1490, 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 – Authorized by the Housing Act, P.L. 93-128, and 42 U.S.C. 1471 et. seq., vouchers are available to provide tenant protections in Section 515 properties prepaying mortgages after September 30, 2005, 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 – Authorized under Section 306 of the ConAct, P.L. 92-419, and 7 USC 1926, 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.

Completed OIG Reports

ID	Date	Title	Result
04601-0001-23	8/12/2019	SFH Guaranteed Loan Program – Liquidation Value Appraisals	NFAOC is taking corrective action.

In-Progress OIG Reports

ID	Title
04601-0003-31	Multi-Family Housing Tenant Eligibility
04601-0001-41	OIG Survey – Single Family Housing Guaranteed Loan Program Appraisals
11601-0001-12	USDA’s 2019 Compliance with the Data Act

Completed GAO Reports – No new reports completed in 2019

In-Progress GAO Reports

ID	Title
JC 102562	Housing and Related Needs of Older Adults
JC 102611	Domestic Rental Housing
JC 103116	State of Broadband Investment
JC 103330	Innovative Drinking Water Systems
JC 103335	USDA Business Centers
JC 103394	Maintenance of Real Estate Owned REO Properties
JC 103872	Post-Hurricane Electricity Grid Recovery and Resilience

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.

Single Family Housing (SFH) Programs

The RHS operates/administers a number of Single Family Housing programs that provide loans, grants, and 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 2019, RHS obligated \$16 billion through SFH programs. The following sections provide greater detail for the SFH programs.

Section 502 Single Family Housing Direct (SFHD) Loan Program

This program allows the Agency to underwrite and service loans for eligible low- and very low-income applicants at market interest rates, but with payment assistance which brings the interest rate down to as low as 1 percent. In 2019, RHS staff obligated 6,194 loans totaling \$1.002 billion. To further improve consistency and delivery of the program, the agency published (June 21, 2019) a Federal Register Final Rule (FR), titled *Single Family Housing Direct and Guaranteed Loan Programs*. The FR revised the definitions of very-low, low- and moderate income, assets, area loan limits, and rural area, consistent with the 2018 Farm Bill. The rule became effective in part, on July 22, 2019, and final on August 5, 2019. These changes implement a variety of pilot programs. Also in 2019, the Agency formalized an *Official Memorandum of Understanding*, with the Department of Health and Human Services allowing nonprofit organizations to purchase foreclosed SFHD homes (aka Real Estate Owned or “REO” properties) from USDA and convert them to transitional housing for people recovering from opioid misuse. In 2019, three homes were purchased for this purpose (Virginia (2), Kentucky (1)).

Section 502 Single Family Housing Guaranteed Loan Program (SFHGLP)

The 2019 program accomplishments include obligation of 98,311 fee purchase loans (\$14.7 billion), and 1,011 refinance loans (\$181 million). To achieve more efficient and effective delivery of new construction home loans, the agency published a Final Rule in the Federal Register on July 22, 2019, amending regulations to ease the financial costs of interim construction financing for non-depository lenders. The FR, titled *Single Close Combination Construction to Permanent*, became effective on October 1, 2019.

In August of 2019, USDA’s Office of the Inspector General (OIG) issued one audit report on the SFHGLP concerning Liquidation Value Appraisals ([Audit Report 04601-0001-23](#)). The OIG assessed whether RHS’ controls over liquidation value appraisals (LVA) safeguard the SFHGLP against overstated loss claims. Finding: RD’s Customer Service Center (CSC) generally had

sufficient controls, but due to processing errors, CSC made inaccurate loss claim payments. OIG recommended that RHS develop a process to verify LVA amounts in the system; establish a process to track claim submission timeliness; clarify when late-filed claims may be rejected; and determine which loans have outstanding future recovery funds. Staff are working to implement OIG’s recommendations.

In September 2019, SFH announced the reorganization of the SFHGLP. This reorganization integrates all 47 state models into a single nationwide SFHGLP delivery system. This new integrated structure will oversee and direct the nationwide implementation of policies, loan production, quality assurance, lender oversight, and marketing and outreach for the SFHGLP. The SFHGLP program is expected to be fully implemented by the third quarter of 2020.

The following table provides data for other Single Family Housing Programs.

2019 Financial/Performance Data All Other SFH Programs (Dollars in Millions)

Program	Obligations	No. of Loans or Grants
Sec. 509 Compensation for Construction Defects	\$1	1
Sec. 502 Credit Sales of Acquired Property SFHD	\$1	7
Sec. 504 Housing Repair Grants	\$24.8	3,908
Sec. 504 Housing Repair Loans	\$17.4	2,735
Sec. 523 Mutual and Self-Help Housing Grants	\$29	37
Sec. 524 Direct Housing Site Development Loans	\$1.9	1
TOTAL	\$75.1	6,689

Multi-family Housing (MFH) Programs

The RHS operates/administers several Multifamily 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 2019, RHS obligated \$452.9 million through MFH programs. Details are in the following sections.

Section 538 Multi-Family Housing Guaranteed Rural Rental Housing (GRRH) Loan Program

The 2019 program accomplishments include obligation of 90 loans totaling \$160.4 million, and publication of a Final Rule in the Federal Register, titled *Section 538 Guaranteed Rural Rental Housing Program NOFA Elimination Rule*, which amended the regulation requiring annual publication of a Notice of Funds Availability (NOFA). The NOFA elimination rule advances USDA’s strategic goal of delivering programs effectively and efficiently.

The following table provides financial/performance data for all other MFH programs.

2019 Financial/Performance Data All Other MFH Programs (Dollars in Millions)

Program	Obligations	No. of Loans or Grants
Sec. 514 Direct Farm Labor Housing Loans	\$20	17
Sec. 515 MFH Housing Revitalization	\$131.3	212
Sec. 515 Rural Rental Housing (RRH) New Construction Loans	\$36	41
Sec. 515 RRH Rehab and Repair Loans (Disasters and Persistent Poverty)	\$66	45
Sec. 516 Farm Labor Housing Grants	\$8.7	7
Sec. 533 Housing Preservation Grants	\$14.7	134
Rural Housing Voucher Grants	\$28.6	6,559
TOTAL	\$174	6,803

Community Facilities Programs

The RHS administers several Community Facilities (CF) programs that provide loans, grants, and guarantees to help rural communities build or improve essential community facilities and community infrastructure. 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. In 2019, 1,120 grants (\$47.8 million), and 354 loans (\$878.5 million) were obligated through CF programs. Details are in the following sections.

CF Direct Loan Program

This program allows the Agency to make direct loans to eligible borrowers for purposes of purchasing, constructing or improving essential community facilities in rural areas. Funds may also be used to purchase equipment and pay related project expenses. An essential community facility is defined as a facility that provides an essential service to the local community for the orderly development of the community, and does not include private, commercial, or business undertakings. Examples of essential community facilities include, but are not limited to, hospitals, medical clinics, courthouses, community centers, and libraries. Eligible borrowers include public bodies, community-based non-profit corporations, and Federally-recognized tribes. Once the RD Direct loan is approved, the interest rate is fixed for the entire term of the loan, and is determined by the median household income of the service area. In 2019, RHS obligated 330 CF Direct loans (\$773.9 million).

CF Guaranteed Loan Program

This program guarantees loans made by eligible private lenders to eligible borrowers for purposes of purchasing, constructing or improving essential community facilities in rural areas. Funds may also be used to purchase equipment and pay related project expenses. An essential community facility is defined as a facility that provides an essential service to the local community for the orderly development of the community, and does not include private,

commercial, or business undertakings. Examples of essential community facilities include, but are not limited to, hospitals, medical clinics, courthouses, community centers, and libraries. Eligible borrowers include public bodies, community-based non-profit corporations, and Federally-recognized tribes. In 2019, RHS provided 24 loans (\$104.6 million).

Rural Community Development Initiative (RCDI) Grant Program

In 2019, priority was given to applications that support the Agency’s overall goal to reduce the morbidity and mortality associated with Substance Use Disorders (including opioid misuse) in high-risk rural communities through prevention, treatment, and recovery projects. Administrator discretionary points were awarded to applications that addressed this Agency goal. In 2019, RHS obligated 34 RCDI grants (\$6.4 million).

2019 Disaster Relief Grants

The CF received a supplemental appropriation of \$150 million in grant funds in 2019 for expenses related to the consequences of Hurricanes Michael and Florence, wildfires occurring in calendar year 2018, tornadoes and floods occurring in calendar year 2019, and for other natural disasters. Program staff developed a NOFA, which was published in the Federal Register on September 10, 2019. In 2019, RHS obligated 4 disaster grants (\$2 million).

The following table provides financial/performance data for all other CF programs.

2019 Financial/Performance Data All Other CF Grant Programs (Dollars in Millions)

Program	Obligations	No. of Grants
Technical Assistance and Training (TAT) Grant	\$1.5	13
EZ/EC Grants	\$0.6	10
CF Grants	\$24.7	708
Native American Tribes Grants	\$4	30
Persistent Poverty Grants	\$4.6	129
Economic Impact Initiative Grants	\$5.8	192
TOTAL	\$39.9	1,082

RURAL COMMUNITY FACILITIES PROGRAM ACCOUNT

LEAD-OFF TABULAR STATEMENT

2020 Appropriations.....	\$49,000,000
Change in Appropriation.....	+11,000,000
2021 Budget Estimate.....	60,000,000

APPROPRIATIONS LANGUAGE

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

For gross obligations for the principal amount of direct and guaranteed loans as authorized by section 306 and described in section 381E(d)(1) of the Consolidated Farm and Rural Development Act, [~~\$2,800,000,000~~] \$2,500,000,000 for direct loans and \$500,000,000 for guaranteed loans: *Provided*, That for the purposes of determining eligibility or level of program assistance the Secretary shall not include incarcerated prison populations.

For the cost of direct loans, loan guarantees and grants, including the cost of modifying loans, as defined in section 502 of the Congressional Budget Act of 1974, for rural community facilities programs as authorized by section 306 and described in section 381E(d)(1) of the Consolidated Farm and Rural Development Act, [~~\$49,000,000,~~] \$60,000,000, to remain available until expended: *Provided*, That \$6,000,000 of the amount appropriated under this heading shall be available for a Rural Community Development Initiative: *Provided further*, That such funds shall be used solely to develop the capacity and ability of private, nonprofit community-based housing and community development organizations, low-income rural communities, and Federally Recognized Native American Tribes to undertake projects to improve housing, community facilities, community and economic development projects in rural areas: *Provided further*, That such funds shall be made available to qualified private, nonprofit and public intermediary organizations proposing to carry out a program of financial and technical assistance: *Provided further*, That such intermediary organizations shall provide matching funds from other sources, including Federal funds for related activities, in an amount not less than funds provided: *Provided further*, That \$6,000,000 of the amount appropriated under this heading shall be to provide grants for facilities in rural communities with extreme unemployment and severe economic depression (Public Law 106-387), with up to 5 percent for administration and capacity building in the State rural development offices] of the amount appropriated under this heading, \$20,000,000 shall be available to cover the subsidy costs for direct loans or loan guarantees under this heading: *Provided further*, That if any funds remain unobligated for the direct loan subsidy costs after June 30, 2021, the unobligated balance may be transferred to the grant programs funded under this heading: *Provided further*, That [~~\$5,000,000~~] \$10,000,000 of the amount appropriated under this heading shall be available for community facilities grants to tribal colleges, as authorized by section 306(a)(19) of such Act: *Provided*

further, That sections 381E-H and 381N of the Consolidated Farm and Rural Development Act are not applicable to the funds made available under this heading.

The first change adds direct and guaranteed loans as authorized purposes under this section.

The second change provides \$20 million to cover any subsidy costs calculated for direct loans resulting from changes in the program regulation.

The third change eliminates funding for the Rural Community Development Initiative and Economic Impact Initiative grant programs.

2021 CONGRESSIONAL JUSTIFICATIONS – RURAL HOUSING SERVICE

PROJECT STATEMENT (thousands of dollars)

Program/Activity	2018 Actual		2019 Enacted		2020 Enacted		2021 Budget Request		Chg Key	Change from 2020 Budget	
	Program	B.A.	Program	B.A.	Program	B.A.	Program	B.A.		Program	B.A.
Direct Appropriations:											
Community Facilities Direct Loans	\$2,800,000	0	\$2,800,000	0	\$2,800,000	0	\$2,500,000	0	(1)	-\$300,000	0
Community Facilities Guaranteed Loans	148,287	\$4,849	148,287	\$4,285	500,000	0	500,000	0		0	0
Subsidy for Non-conforming Loans.....	0	0	0	0	0	0	0	\$20,000	(2)	0	20,000
Community Facilities Grants	30,000	30,000	30,000	30,000	32,000	\$32,000	30,000	30,000	(3)	-2,000	-\$2,000
Rural Community Development Initiative Grants	4,000	4,000	6,000	6,000	6,000	6,000	0	0	(4)	-6,000	-6,000
Tribal College Grants	4,000	4,000	4,000	4,000	5,000	5,000	10,000	10,000	(5)	5,000	5,000
Economic Impact Initiative	5,778	5,778	5,778	5,778	6,000	6,000	0	0	(4)	-6,000	-6,000
Subtotal, Direct Appropriations	2,992,065	48,627	2,994,065	50,063	3,349,000	49,000	3,040,000	60,000		-309,000	11,000
General Provisions:											
Section 770: Rural Hospital Pilot program	0	0	0	0	1,000	1,000	0	0	(6)	-1,000	-1,000
Transfer In:											
Technical Assistance and Training Grant Program from DAF	0	0	0	0	1,000	1,000	0	0		-1,000	-1,000
Supplemental Appropriations:											
Disaster Relief Grants P.L. 116-20.....	0	0	150,000	150,000	0	0	0	0		0	0
Subtotal, Supplemental Appropriations	0	0	150,000	150,000	0	0	0	0		0	0
Carryover from Prior Years:											
Community Facility Direct Loans	3,813	3,813	4,990	3,132	11,722	3,168	3,295	3,295		-8,427	127
Guaranteed Community Facility Loans.....	35,263	1,261	47,042	1,360	143,895	1,726	49,600	2,750		-94,295	1,024
Community Facility Grants.....	1,320	1,320	1,397	1,397	154,202	154,202	2,995	2,295		-151,207	-151,907
Community Facility Development Initiative Grants.....	1,528	1,528	1,043	1,483	526	526	500	500		-26	-26
Tribal College Grants	0	0	0	0	0	0	15	15		15	15
Economic Impact Initiative Grants	1,710	1,710	325	325	0	0	510	510		510	510
Subtotal, Carryover	43,633	9,631	54,797	7,696	310,345	159,622	56,915	9,365		-253,430	-150,257
Transfers Out	-4,782	-2,029	0	0	0	0	0	0		0	0
Recoveries, Other.....	43,726	3,098	49,319	3,637	2,628	2,628	2,213	2,213		-415	-415
Total Available.....	3,079,424	61,356	3,398,181	361,396	3,661,345	212,250	3,099,128	71,578		-563,845	-140,672
Lapsing Balances.....	-814,649	-1,850	-2,168,068	-2,650	-1,899,430	-2,850	-1,454,133	-3,150		445,297	-300
Balances, Available End of Year.....	-54,797	-7,696	-310,345	-159,622	-56,915	-9,365	150,365	-8,400		207,280	965
Total Obligations	\$2,209,978	\$51,810	\$919,768	\$199,124	\$1,705,000	\$200,035	\$1,795,360	\$60,028		\$88,732	-\$140,007

JUSTIFICATIONS OF INCREASES/DECREASES

(1) Direct Community Facility Loans: A decrease of \$300,000,000 in program level from the FY 2020 Appropriations

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. 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. Funds can be used to purchase, construct, and/or improve essential community facilities, pay related project expenses, and purchase equipment.

A funding level of \$2.5 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 reduced 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 programs success.

(2) Community Facilities Loan Subsidy/Grant Reserve: A increase of \$20,000,000 from the FY 2020 Appropriations

The \$20 million is available for direct and guaranteed loan subsidy costs when the risk analysis indicates that a particular loan, as structured, falls outside the parameters of the regular portfolio subsidy rate. This funding can be used for regular community facilities grants, if is determined that it not needed for subsidy costs. Any unobligated balances remaining on June 30, 2021, may be transferred to grants if not needed for subsidy costs.

(3) Community Facilities Grants: A decrease of \$2,000,000 from the FY 2020 Appropriations

The CF Grant Program provides funding to eligible public bodies, community-based nonprofit corporations, and Federally-recognized Indian Tribes to develop essential community facilities in rural areas. Funds can be used to purchase, construct, and/or improve essential community facilities, pay related project expenses, and purchase equipment. Examples of essential community facilities include; hospitals, medical and dental clinics, town halls, courthouses, museums, libraries, street improvements, and transitional housing. CF grants, often used in conjunction with loans to meet funding needs, can also help defray pre-development and compliance-associated costs which enable rural communities to move forward with needed projects.

Percentage of rural residents provided access to new or improved essential community facilities as a result of Community Facilities direct loans and/or grants				
	2018 Actual	2019 Estimate	2020 Estimate	2021 Estimate
(1) Health Care	9.4	6.8	6.8	6.8
(2) Public Safety	5.52	4.3	4.3	4.3
(3) Education	12.6	6.8	6.8	6.8

The \$30 million request would allow CF to continue helping rural communities create prosperity and to continue executing the agency’s strategic outreach and community engagement plan for underserved areas.

(4) Rural Community Development Initiative and Economic Impact Initiative grants: A decrease of \$12,000,000 from the FY 2020 Appropriations

Funding for these programs is not requested. Funding is available through direct and guaranteed loans, and grants which are sufficient to address community facility needs.

(5) Tribal College Grants: An increase of \$5,000,000 from the FY 2020 Appropriations

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.

Obligations were \$4,010,501 (30 projects) in 2019. An increase to \$10 million would increase support of high-quality education, career-building opportunities, and expansion of STEM (Science, Technology, Engineering, and Math) education opportunities in Tribal colleges and universities.

(6) Rural Hospitals Pilot Program, General Provision 770: A decrease of \$1,000,000 from the FY 2020 Appropriations

The budget is not requesting funding for this purpose as it was a one-time general provision.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS**Community Facilities Direct Loans (thousands of dollars)**

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Alabama	\$9,269	\$10,499	-	-
Alaska	4,955	3,035	-	-
Arizona	31,041	680	-	-
Arkansas	830	350	-	-
California	473,707	3,699	-	-
Colorado	27,785	26,063	-	-
Delaware	15,000	7,650	-	-
Florida	35,849	3,860	-	-
Georgia	23,496	1,198	-	-
Hawaii	580	13,450	-	-
Idaho	2,610	5,424	-	-
Illinois	74,002	43,706	-	-
Indiana	35,278	764	-	-
Iowa	48,844	268	-	-
Kansas	92,483	7,353	-	-
Kentucky	3,030	213	-	-
Louisiana	35,643	14,610	-	-
Maine	5,407	13,357	-	-
Maryland	1,201	-	-	-
Massachusetts	2,835	250	-	-
Michigan	16,871	24,944	-	-
Minnesota	37,999	2,331	-	-
Mississippi	4,214	-	-	-
Missouri	56,659	334	-	-
Montana	8,080	3,899	-	-
Nebraska	14,731	24,130	-	-
Nevada	11,459	2,731	-	-
New Hampshire	21,624	-	-	-
New Mexico	210	446	-	-
New York	56,144	11,676	-	-
North Carolina	120,879	87,020	-	-
North Dakota	45,507	2,658	-	-
Ohio	77,767	78,557	-	-
Oklahoma	24,921	-	-	-
Pennsylvania	88,349	106,423	-	-
Puerto Rico	1,205	18,425	-	-
South Carolina	111,260	26,032	-	-
South Dakota	23,861	5,065	-	-
Tennessee	18,965	78,152	-	-
Texas	4,202	50,303	-	-
Utah	57,764	9,063	-	-
Vermont	43,433	5,730	-	-
Virginia	93,369	33,220	-	-
Washington	20,984	65	-	-
West Virginia	31,482	20,456	-	-
Wisconsin	37,585	11,140	-	-
Wyoming	33,932	5,600	-	-
Distribution Unknown ^a	-	-	\$1,500,000	\$1,570,000
Obligations	1,987,299	764,826	1,500,000	1,570,000

^a Totals cannot be distributed at this time for 2020 and 2021.

Community Facilities Guaranteed Loans (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Arizona	\$7,027	-	-	-
California	660	\$2,700	-	-
Colorado	5,886	7,000	-	-
Florida	4,380	3,000	-	-
Georgia	2,593	-	-	-
Hawaii	-	3,980	-	-
Idaho	3,000	6,441	-	-
Illinois	10,000	4,000	-	-
Indiana	2,000	-	-	-
Iowa	3,600	150	-	-
Kansas	11,163	-	-	-
Kentucky	14,200	23,575	-	-
Louisiana	6,000	-	-	-
Maine	2,570	-	-	-
Michigan	1,092	1,641	-	-
Minnesota	-	4,800	-	-
Mississippi	750	-	-	-
Montana	3,250	-	-	-
Nebraska	15,000	5,805	-	-
Nevada	4,271	-	-	-
New Hampshire	6,350	-	-	-
North Carolina	2,931	9,990	-	-
North Dakota	2,000	897	-	-
Ohio	1,500	-	-	-
Oklahoma	9,800	-	-	-
Pennsylvania	897	16,075	-	-
South Carolina	14,631	970	-	-
Tennessee	1,500	-	-	-
Texas	4,000	-	-	-
Utah	6,262	2,388	-	-
Vermont	8,600	-	-	-
Virginia	10,700	5,000	-	-
Washington	2,507	-	-	-
West Virginia	-	2,259	-	-
Wisconsin	5,000	1,490	-	-
Wyoming	2,428	2,455	-	-
Distribution Unknown ^d			\$156,000	\$165,360
Obligations	176,549	104,616	156,000	165,360

2021 CONGRESSIONAL JUSTIFICATIONS – RURAL HOUSING SERVICE

Community Facilities Grants (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Alabama	912	\$1,063	-	-
Alaska	141	201	-	-
Arizona	510	604	-	-
Arkansas	1335	1,095	-	-
California	1850	888	-	-
Colorado	253	353	-	-
Connecticut	37	131	-	-
Delaware	35	211	-	-
Florida	650	1,055	-	-
Georgia	790	802	-	-
Idaho	-	8	-	-
Illinois	214	668	-	-
Indiana	817	521	-	-
Iowa	489	927	-	-
Kansas	1103	313	-	-
Kentucky	431	1,034	-	-
Louisiana	1606	231	-	-
Maine	374	316	-	-
Maryland	525	319	-	-
Massachusetts	41	90	-	-
Michigan	2	1,517	-	-
Minnesota	944	857	-	-
Mississippi	393	1,096	-	-
Missouri	722	812	-	-
Montana	840	1,120	-	-
Nebraska	122	485	-	-
Nevada	318	184	-	-
New Hampshire	363	291	-	-
New Jersey	255	213	-	-
New Mexico	364	588	-	-
New York	234	730	-	-
North Carolina	575	1,139	-	-
North Dakota	820	889	-	-
Ohio	318	887	-	-
Oklahoma	636	1,500	-	-
Oregon	1356	232	-	-
Pennsylvania	239	1,125	-	-
Puerto Rico	1118	100	-	-
Rhode Island	-	179	-	-
South Carolina	87	2,765	-	-
South Dakota	2939	621	-	-
Tennessee	449	1,183	-	-
Texas	1597	1,293	-	-
Utah	808	184	-	-
Vermont	443	732	-	-
Virginia	942	899	-	-
Washington	662	295	-	-
West Virginia	347	494	-	-
Wisconsin	468	683	-	-
Wyoming	544	152	-	-
Other Countries	120	-	-	-
Distribution Unknown ^a			\$30,000	\$30,000
Obligations	31,135	34,072	30,000	30,000

^a Totals cannot be distributed at this time for 2020 and 2021.

Rural Community Development Initiative Grants (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Minnesota	-	\$250	-	-
Alabama	-	121	-	-
Alaska	-	250	-	-
Arkansas	\$250	600	-	-
California	725	-	-	-
Delaware	-	100	-	-
Georgia	-	150	-	-
Idaho	-	120	-	-
Iowa	272	350	-	-
Kentucky	229	193	-	-
Maine	179	500	-	-
Maryland	350	-	-	-
Massachusetts	215	65	-	-
Minnesota	250	223	-	-
Missouri	240	213	-	-
Montana	-	99	-	-
Nebraska	-	189	-	-
New Hampshire	138	250	-	-
New Mexico	-	250	-	-
New York	411	-	-	-
North Carolina	250	250	-	-
Ohio	250	-	-	-
Oklahoma	-	50	-	-
Oregon	-	100	-	-
Pennsylvania	-	250	-	-
Puerto Rico	-	370	-	-
South Dakota	-	500	-	-
Tennessee	250	88	-	-
Texas	-	250	-	-
Vermont	250	150	-	-
Virginia	250	500	-	-
Washington	169	-	-	-
Distribution Unknown ^a	-	-	\$6,000	0
Obligations	4,678	6,429	6,000	-

^a Totals cannot be distributed at this time for 2020.

Tribal College Grants (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Alaska	\$129	\$138	-	-
Arizona	258	275	-	-
Michigan	387	275	-	-
Minnesota	258	356	-	-
Montana	903	913	-	-
Nebraska	258	275	-	-
New Mexico	258	275	-	-
North Dakota	645	689	-	-
Oklahoma	129	138	-	-
South Dakota	378	400	-	-
Washington	129	138	-	-
Wisconsin	258	138	-	-
Distribution Unknown ^a	-	-	\$5,000	\$10,000
Obligations	3,989	4,011	5,000	10,000

^a Totals cannot be distributed at this time for 2020 and 2021.

Community Facilities Grants Technical Assistance Disaster Assistance (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Distribution Unknown ^a	-	-	\$1,000	-
Obligations	-	-	1,000	-
Total Available	-	-	1,000	-

^a Totals cannot be distributed at this time for 2020.

Rural Hospital Pilot Program (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Distribution Unknown ^a	-	-	\$1,000	-
Obligations	-	-	1,000	-
Total Available	-	-	1,000	-

^a Totals cannot be distributed at this time for 2020.

Grant Reserve (Thousands of Dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Distribution Unknown ^a	-	-	-	\$20,000
Obligations	-	-	-	20,000
Total Available	-	-	-	20,000

^a Totals cannot be distributed at this time for 2020.

2021 CONGRESSIONAL JUSTIFICATIONS – RURAL HOUSING SERVICE

Economic Impact Initiative Grants (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Alaska	\$33	-	-	-
Arizona	87	\$102	-	-
Arkansas	674	237	-	-
California	410	386	-	-
Connecticut	-	-	-	-
Delaware	-	10	-	-
District of Columbia	-	-	-	-
Florida	187	172	-	-
Georgia	163	363	-	-
Hawaii	-	-	-	-
Idaho	-	-	-	-
Illinois	90	107	-	-
Iowa	399	193	-	-
Kansas	74	-	-	-
Kentucky	130	161	-	-
Louisiana	-	126	-	-
Maine	77	87	-	-
Maryland	-	81	-	-
Michigan	345	338	-	-
Minnesota	94	112	-	-
Mississippi	674	261	-	-
Missouri	127	175	-	-
Montana	-	72	-	-
Nebraska	67	74	-	-
Nevada	60	19	-	-
New Hampshire	65	71	-	-
New Jersey	64	70	-	-
New Mexico	52	81	-	-
New York	128	159	-	-
North Carolina	163	169	-	-
North Dakota	58	56	-	-
Ohio	141	177	-	-
Oklahoma	539	734	-	-
Oregon	78	-	-	-
Pennsylvania	192	206	-	-
South Carolina	126	157	-	-
South Dakota	64	69	-	-
Tennessee	330	174	-	-
Utah	61	65	-	-
Vermont	62	67	-	-
Virginia	336	333	-	-
Washington	-	33	-	-
West Virginia	91	107	-	-
Wisconsin	87	12	-	-
Distribution Unknown ^a			\$6,000	\$0
Obligations	<u>6,328</u>	<u>5,814</u>	<u>6,000</u>	<u>-</u>

^a Totals cannot be distributed at this time for 2020 and 2021.

CLASSIFICATION OF OBJECTS (thousands of dollars)

Item No.	Item	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
41.0	Grants, subsidies, and contributions	\$51,810	\$199,124	\$200,035	\$60,028
	Total, Other Objects	<u>51,810</u>	<u>199,124</u>	<u>200,035</u>	<u>60,028</u>
99.9	Total, new obligations	<u>51,810</u>	<u>199,124</u>	<u>200,035</u>	<u>60,028</u>

RURAL HOUSING INSURANCE FUND

LEAD-OFF TABULAR STATEMENT

Item	Grants	Loan Level	Subsidy	Administrative Expenses
2020 Appropriations.....	\$10,000,000	\$25,346,000,000	\$116,685,000	\$412,254,000
Change in Appropriation.....	-10,000,000	-1,066,000,000	-76,685,000	-172,254,000
2021 Budget Estimate.....	0	24,280,000,000	40,000,000	240,000,000

APPROPRIATIONS LANGUAGE

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

For gross obligations for the principal amount of direct and guaranteed loans as authorized by title V of the Housing Act of 1949, to be available from funds in the rural housing insurance fund, as follows: [\$1,000,000,000 shall be for direct loans and] \$24,000,000,000 shall be for unsubsidized guaranteed loans [; \$28,000,000 for section 504 housing repair loans; \$40,000,000 for section 515 rental housing]; \$230,000,000 for section 538 guaranteed multi-family housing loans; and \$10,000,000 for credit sales of single family housing acquired property[; \$5,000,000 for section 523 self-help housing land development loans; and \$5,000,000 for section 524 site development loans.]

[For the cost of direct and guaranteed loans, including the cost of modifying loans, as defined in section 502 of the Congressional Budget Act of 1974, as follows: section 502 loans, \$90,000,000 shall be for direct loans; section 504 housing repair loans, \$4,679,000; section 523 self-help housing land development loans, \$577,000; section 524 site development loans, \$546,000; and repair, rehabilitation, and new construction of section 515 rental housing, \$12,144,000]: *Provided*, That to support the loan program level for section 538 guaranteed loans made available under this heading the Secretary may charge or adjust any fees to cover the projected cost of such loan guarantees pursuant to the provisions of the Credit Reform Act of 1990 (2 U.S.C. 661 et seq.), and the interest on such loans may not be subsidized: *Provided further*, That applicants in communities that have a current rural area waiver under section 541 of the Housing Act of 1949 (42 U.S.C. 1490q) shall be treated as living in a rural area for purposes of section 502 guaranteed loans provided under this heading [*Provided further*, That of the amounts available under this paragraph for section 502 direct loans, no less than \$5,000,000 shall be available for direct loans for individuals whose homes will be built pursuant to a program funded with a mutual and self-help housing grant authorized by section 523 of the Housing Act of 1949 until June 1, 2020: *Provided further*, That the Secretary shall implement provisions to provide incentives to nonprofit organizations and public housing authorities to facilitate the acquisition of Rural Housing Service (RHS) multifamily housing properties by such nonprofit organizations and public housing authorities that commit to keep such properties in the RHS multifamily housing program for a period of time as determined by the Secretary, with such incentives to include, but not be limited to, the following: allow such nonprofit entities and public housing authorities

to earn a Return on Investment on their own resources to include proceeds from low income housing tax credit syndication, own contributions, grants, and developer loans at favorable rates and terms, invested in a deal; and allow reimbursement of organizational costs associated with owner's oversight of asset referred to as "Asset Management Fee" of up to \$7,500 per property.]

[In addition, for the cost of direct loans, grants, and contracts, as authorized by sections 514 and 516 of the Housing Act of 1949 (42 U.S.C. 1484, 1486), \$18,739,000, to remain available until expended, for direct farm labor housing loans and domestic farm labor housing grants and contracts: *Provided*, That any balances available for the Farm Labor Program Account shall be transferred to and merged with this account].

In addition, for the cost of direct loans and grants, including the cost of modifying loans, as defined in section 502 of the Congressional Budget Act of 1974, \$40,000,000 shall be available until expended shall be for a demonstration program for the preservation and revitalization of the sections 514, 515, and 516 multi-family rental housing properties to restructure existing USDA multi-family housing loans, as the Secretary deems appropriate, expressly for the purposes of ensuring the project has sufficient resources to preserve the project for the purpose of providing safe and affordable housing for low-income residents and farm laborers including reducing or eliminating interest; deferring loan payments, subordinating, reducing or re-amortizing loan debt; and other financial assistance including advances, payments and incentives (including the ability of owners to obtain reasonable returns on investment) required by the Secretary: *Provided*, That, as part of the preservation and revitalization agreement, the Secretary shall obtain a restrictive use agreement consistent with the terms of the restructuring: *Provided further*, That all balances, including obligated balances, available for all demonstration programs for the preservation and revitalization of section 514, 515, and 516 multi-family rental housing properties in the "Multi-Family Housing Revitalization Program Account" shall be transferred to and merged with this account, and shall be available for the preservation and revitalization of section 514, 515, and 516 multi-family rental housing properties, including the restructuring of existing USDA multi-family housing loans: *Provided further*, That following the transfer of balances described in the preceding proviso, any adjustments to obligations for demonstration programs for the preservation and revitalization of section 514, 515, and 516 multi-family rental housing properties incurred in the "Multi-Family Housing Revitalization Program Account" shall be made in this account.

In addition, for administrative expenses necessary to carry out the direct and guaranteed loan programs, [\$412,254,000] \$240,000,000 shall be transferred to and merged with the appropriation for "Rural Development, Salaries and Expenses".

The first change eliminates funding for Section 502 Single Family Housing Direct loan program. The budget is not requesting any funding for this program.

The second change eliminates funding for Section 504 and Section 515 Direct Multi-family loan programs. The budget is not requesting any funding for this program.

The third change eliminates funding for Section 523 Mutual Self-Help Land Development loan program. The budget is not requesting any funding for this program.

The fourth change eliminates the budget authority that supports the loan programs that are not being requested in the budget.

The fifth change eliminates the set aside for mutual and self-help recipients and management incentives for Section 515 Multi-family Direct loan program. These programs are not requested in the budget.

The sixth change includes language for the Section 515 Multi-family Housing Revitalization Program. The 2021 budget is requesting to move this program under the Rural Housing Insurance Fund program account.

The seventh change eliminates funding for Farm Labor Housing loan and grant programs. The budget is not requesting any funding for this program.

2021 CONGRESSIONAL JUSTIFICATIONS – RURAL HOUSING SERVICE

PROJECT STATEMENT (thousands of dollars)

Program/Activity	2018		2019		2020		2021		Chg. Key	Change from	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.		P.L.	B.A.
Direct Appropriations:											
Sec 502 SFH direct loans	\$1,101,771	\$42,299	\$1,000,000	\$67,700	\$1,000,000	\$90,000	0	0	(1)	-\$1,000,000	-\$90,000
Sec 502 SFH guaranteed loans	24,000,000	0	24,000,000	0	24,000,000	0	\$24,000,000	0		0	0
Sec 515 MFH direct loans	40,000	10,524	40,000	9,484	40,000	12,144	0	0	(2)	-40,000	-12,144
Sec 515 MFH Revitalization and Modification loans	0	0	0	0	0	0	0	\$40,000	(3)	40,000	40,000
Sec 538 MFH guaranteed loans	230,000	0	230,000	0	230,000	0	250,000	0		20,000	0
Sec 504 direct loans, very low	19,997	2,466	28,000	3,419	28,000	4,679	0	0	(4)	-28,000	-4,679
Sec 524 direct site dev loans	0	0	5,000	176	5,000	546	0	0	(4)	-5,000	-546
Sec 523 self-help housing land dev loans	0	0	5,000	431	5,000	577	0	0	(4)	-5,000	-577
SFH credit sales	10,000	0	10,000	0	10,000	0	10,000	0		0	0
Sec 514 FLH loans	23,855	6,374	27,500	6,853	28,000	8,739	0	0	(5)	-28,000	-8,739
Sec 516 FLH grants	8,336	8,336	10,000	10,000	10,000	10,000	0	0	(5)	-10,000	-10,000
Administrative expenses		412,254		412,254		412,254		240,000			-172,254
Subtotal, Direct Appropriations.....	25,433,959	482,253	25,355,500	510,317	25,356,000	538,939	24,260,000	280,000		-1,056,000	-258,939
General Provisions:											
Section 754: Providing Housing for pets.....	0	0	0	0	2,000	2,000	0	0		-2,000	-2,000
Supplemental Appropriations:											
Sec 515 RRH direct loans HIM	70,969	18,672	58,857	17,869	0	0	0	0		0	0
Subtotal, Supplemental Appropriations.....	70,969	18,672	58,857	17,869	0	0	0	0		0	0
Transfers In:											
Sec 515 MFH Revitalization and Modification loans	0	0	0	0	0	0	28,563	10,198		28,563	10,198
Rsc, Trns, Other (Net).....	19,778	1,908	0	0	0	0	0	0		0	0
Subtotal, Transfers In.....	19,778	1,908	0	0	0	0	28,563	10,198		28,563	10,198
Total, Discretionary Funding	25,524,706	502,833	25,414,357	528,186	25,358,000	540,939	24,288,563	290,198		-1,069,437	-250,741
Carryover from Prior Years:											
502 X-Year Low & Vlow Income	8,724	588	1,716	116	1,843	166	11,327	377		9,484	211
515 Direct MFH	0	17	75,365	17,869	0	0	0	0		0	0
514 Farm Labor Housing	16,625	5,704	13,685	3,410	21,847	6,819	49,145	8,939		27,297	2,121
516 Farm Labor Housing Grants	9,690	9,690	1,795	1,795	4,244	4,244	6,421	6,421		2,177	2,177
516 Farm Labor Housing Technical Assistance Grants	1,007	1,007	1,941	1,941	2,834	2,834	2,864	2,864		30	30
Subtotal, Carryover	36,047	17,007	94,502	25,131	30,768	14,062	69,756	18,601		38,988	4,539
Transfers Out	-19,778	-1,908	-11,035	-1,883	0	0	0	0		0	0
Recoveries, Other	6,368	2,823	8,168	3,541	8,760	5,870	14,791	5,212		6,031	-658
Total Available.....	25,547,343	520,755	25,505,991	554,975	25,397,528	560,871	24,373,110	314,011		-1,024,418	-246,861
Lapsing Balances.....	-7,227,572	-911	-9,296,746	-1,169	-6,821,203	-3,273	-7,114,053	-198		-292,850	3,075
Balances, Available End of Year.....	-94,502	-25,131	-30,768	-14,062	-69,756	-18,601	-73,917	-14,077		-4,161	4,524
Total Obligations	\$18,225,269	\$494,713	\$16,178,478	\$539,744	\$18,506,569	\$538,997	\$17,185,140	\$299,735		-\$1,321,429	-\$239,262

JUSTIFICATIONS OF INCREASES/DECREASES

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.

(1) Section 502 Single Family Housing Direct Loan Program (SFHGLP). A decrease of \$1,000,000,000 in program level from the FY 2020 Appropriations

The FY 2021 President's budget does not include funding for activity in the section 502 direct single-family loan program. Rural areas once isolated from easy access to credit have shrunk as internet access and use has grown. Therefore, USDA is now in a position to utilize solely the guarantee program, and still achieve the Administration's goals for rural housing at a lower cost to taxpayers. The FY 2021 President's budget maintains a robust level of funding for the section 502 guaranteed loan program, and the program has implemented numerous delivery enhancements in recent years to improve program performance.

(2) Section 515 Rural Rental Housing Direct Loans: A decrease of \$40,000,000 in program level from the FY 2020 Appropriations

Funding for this program is not requested. Funding for Section 515 guaranteed loans will be accomplished through the Section 515 multifamily preservation and revitalization account and Section 538 multifamily direct.

(3) Section 515 Multifamily Housing Preservation and Revitalization program: An Increase of \$12,000,000 from the FY 2020 Appropriations [NOTE: \$28,000,000 was appropriated to the Multifamily Housing Preservation and Revitalization account in FY2020 for this activity, but is included here for FY2021.]

The multi-family housing revitalization activities are being transferred and merged into this account. This program provides funding for multifamily housing 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 second, and revitalization grant funds will be used for the modification program, once subsidy rates can be established for the modifications.

The revitalization tools are critical to attract capital market investment into rural communities through the modernization of existing RD housing. RHS uses the revitalization tools to provide gap financing not covered through the LIHTC or other State or Federal programs. As a result, RHS is able to leverage approximately three times its funds in investments from LIHTC and other sources. A close partnership with State tax credit allocating agencies is critical, because without a financial commitment by RHS through the revitalization tools, the credits and other third-party funding will decrease and rehabilitation of RHS's aging stock of rural rental housing is less likely to occur. The FY 2021 President's budget is requesting \$40 million to be used for the different tools available: soft seconds loans (A loan with a one percent interest rate will have its accrued interest and principal deferred to a balloon payment), zero percent loans, modifications and grants.

(4) Section 504 Housing Repair, Section 524 Housing Site Development, and Section 523 Housing Land Development: A decrease of \$38,000,000 in program level from the FY 2020 Appropriations

Funding for these loan programs are not requested. The focus for 2021 will be loan guarantee housing programs.

(5) Section 514 Farm Labor Housing loan and grant programs: A decrease of \$38,000,000 in program level from the FY 2020 Appropriations

Funding for this program is not requested. The focus for multi-family housing in 2021 will be the section 538 guaranteed program and Section 515 MFH reservation and modification program.

LEGISLATIVE PROPOSALS

Through a general provision in the appropriations language, USDA would like to propose legislation to facilitate the sales of Real Estate Owned (REO) properties. The proposed legislation will allow the agency to consider applicants for these properties that otherwise will not be eligible for this program. Current law only considers applicants that are eligible for Single Family Housing Sec. 502 programs. This is a new legislative proposal. 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 1000 REO sales annually). This legislation is consistent with the Administration's emphasis on transitional housing and residential needs related to the opioid crisis.

SEC. XXX. STREAMLINE USE OF USDA INVENTORY PROPERTY FOR TRANSITIONAL AND TURNKEY HOUSING.

Section 592 of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11408a) is amended by--

1. in the section heading, striking "FMHA" and inserting "USDA";
2. in subsection (a), in the matter preceding paragraph (1), striking "program and nonprogram";
3. striking subsection (b) and inserting the following--

"(b) Priority.—The priority uses of inventory property under this section shall not have a higher priority 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."

This provision would eliminate the need to determine whether REO properties are program vs. 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 could be listed with a broker (or through an interagency agreement) which would really streamline the sales and listing process. The estimated administrative savings would be \$1 million per year (or 9 FTEs, based on an average annual salary of \$110,000).

The change will have an impact in the subsidy rate of the program. The proposal is in line with the Special Assets Unit pillar that will help to reduce the risk of the RHS portfolio.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS

Section 502 Direct Single-Family Housing Loans (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Alabama	\$15,728	\$15,159	-	-
Alaska	24,939	25,604	-	-
Arizona	26,643	24,853	-	-
Arkansas	12,217	12,974	-	-
California	151,186	120,385	-	-
Colorado	21,555	15,365	-	-
Connecticut	2,620	4,913	-	-
Delaware	15,546	11,446	-	-
Florida	39,997	37,383	-	-
Georgia	24,352	24,449	-	-
Guam	4,334	-	-	-
Hawaii	12,642	13,891	-	-
Idaho	10,082	9,032	-	-
Indiana	35,662	37,100	-	-
Iowa	11,021	9,012	-	-
Kansas	5,950	4,344	-	-
Kentucky	21,927	22,087	-	-
Louisiana	14,041	12,433	-	-
Maine	21,949	14,027	-	-
Maryland	8,106	8,427	-	-
Massachusetts	7,284	2,113	-	-
Michigan	39,385	38,335	-	-
Minnesota	21,516	21,354	-	-
Mississippi	18,283	13,143	-	-
Missouri	16,300	17,680	-	-
Montana	7,639	5,656	-	-
Nebraska	3,467	3,415	-	-
Nevada	6,171	6,603	-	-
New Hampshire	13,169	13,026	-	-
New Jersey	3,715	4,037	-	-
New Mexico	10,344	8,053	-	-
New York	17,887	17,931	-	-
North Carolina	64,153	58,415	-	-
North Dakota	1,678	2,112	-	-
Ohio	28,515	26,550	-	-
Oklahoma	10,771	11,457	-	-
Oregon	27,606	24,090	-	-
Pennsylvania	22,488	18,925	-	-
Puerto Rico	24,804	19,241	-	-
Rhode Island	879	821	-	-
South Carolina	40,350	30,515	-	-
South Dakota	12,682	7,239	-	-
Tennessee	31,742	34,397	-	-
Texas	33,057	30,067	-	-
Utah	39,449	47,542	-	-
Vermont	9,912	8,600	-	-
Virgin Islands	1,416	1,757	-	-
Virginia	25,673	29,229	-	-
Washington	38,109	32,776	-	-
West Virginia	6,558	6,826	-	-
Western Pacific	-	8,922	-	-
Wisconsin	14,839	11,318	-	-
Wyoming	7,243	5,543	-	-
Distribution Unknown ^a	-	-	\$1,000,000	-
Obligations	1,100,078	1,001,608	1,000,000	-

^a Totals cannot be distributed at this time for 2020 and 2021.

Section 502 Guaranteed Single-Family Housing Loans (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Alabama	\$521,879	\$419,049	-	-
Alaska	100,655	81,675	-	-
Arizona	245,380	197,961	-	-
Arkansas	445,951	444,870	-	-
California	370,100	329,740	-	-
Colorado	200,166	163,497	-	-
Connecticut	113,736	114,325	-	-
Delaware	133,252	111,946	-	-
Florida	626,809	528,369	-	-
Georgia	601,051	546,755	-	-
Guam	5,289	-	-	-
Hawaii	167,998	128,395	-	-
Idaho	206,644	148,467	-	-
Illinois	298,490	261,282	-	-
Indiana	601,495	586,123	-	-
Iowa	221,894	203,957	-	-
Kansas	147,627	143,675	-	-
Kentucky	476,257	433,948	-	-
Maine	234,172	188,076	-	-
Maryland	518,214	448,618	-	-
Massachusetts	114,786	81,555	-	-
Michigan	604,676	533,104	-	-
Minnesota	414,892	357,046	-	-
Mississippi	345,120	333,607	-	-
Missouri	629,972	603,189	-	-
Montana	137,387	107,948	-	-
Nebraska	102,367	98,652	-	-
Nevada	86,324	69,980	-	-
New Hampshire	93,134	71,872	-	-
New Jersey	130,349	114,177	-	-
New Mexico	41,687	35,831	-	-
New York	170,730	154,659	-	-
North Carolina	874,392	671,084	-	-
North Dakota	71,266	68,190	-	-
Ohio	546,449	466,200	-	-
Oklahoma	262,305	256,675	-	-
Oregon	307,946	279,148	-	-
Pennsylvania	591,665	554,016	-	-
Puerto Rico	272,594	248,860	-	-
Rhode Island	12,817	12,318	-	-
South Carolina	479,137	449,304	-	-
South Dakota	151,363	131,627	-	-
Tennessee	825,976	699,783	-	-
Texas	563,813	456,194	-	-
Utah	354,603	347,365	-	-
Vermont	53,333	54,895	-	-
Virgin Islands	232	-	-	-
Virginia	644,036	574,258	-	-
Washington	295,730	226,567	-	-
West Virginia	248,650	253,241	-	-
Western Pacific	-	3,496	-	-
Wisconsin	289,763	227,278	-	-
Wyoming	182,906	160,372	-	-
Distribution Unknown ^a	-	-	\$17,236,382	\$16,889,668
Obligations	16,826,420	14,865,886	17,236,382	16,889,668

^a Totals cannot be distributed at this time for 2020 and 2021.

Section 515 Multifamily Housing Direct Loans (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Alabama	\$530	-	-	-
California	\$2,316	\$944	-	-
Florida	-	52,398	-	-
Georgia	368	-	-	-
Illinois	-	885	-	-
Indiana	2,878	619	-	-
Kentucky	-	10,759	-	-
Maine	732	-	-	-
Michigan	616	1,238	-	-
Minnesota	-	1,094	-	-
Missouri	-	1,331	-	-
New Hampshire	5,959	642	-	-
New York	-	1,345	-	-
Ohio	-	415	-	-
Oregon	2,124	752	-	-
Pennsylvania	11,225	-	-	-
Tennessee	6,092	-	-	-
Texas	-	538	-	-
Vermont	2,911	4,740	-	-
Virgin Islands	-	11,486	-	-
Washington	1,044	5,211	-	-
West Virginia	2,419	41	-	-
Wisconsin	343	7,586	-	-
Distribution Unknown ^a	-	-	\$40,000	-
Obligations	39,557	102,022	40,000	-

^a Totals cannot be distributed at this time for 2020 and 2021.

Section 515 Multifamily Housing Preservation and Revitalization (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Distribution Unknown ^a	-	-	-	\$111,159
Obligations	-	-	-	111,159

^a Totals cannot be distributed at this time for 2021.

Section 538 Multifamily Housing Loans (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Alabama	\$730	\$1,444	-	-
Alaska	2,106	726	-	-
Arkansas	8,636	-	-	-
California	8,826	13,122	-	-
Colorado	4,002	-	-	-
Florida	380	-	-	-
Georgia	45,904	1,805	-	-
Idaho	1,740	1,790	-	-
Indiana	1,675	-	-	-
Kansas	-	2,000	-	-
Kentucky	4,523	4,002	-	-
Louisiana	9,382	768	-	-
Maryland	3,175	2,750	-	-
Michigan	3,340	2,167	-	-
Mississippi	9,003	-	-	-
Montana	-	1,755	-	-
Nevada	2,625	-	-	-
New Mexico	-	13,050	-	-
New York	1,488	-	-	-
North Carolina	12,884	46,421	-	-
North Dakota	-	968	-	-
Ohio	4,375	850	-	-
Oklahoma	4,375	940	-	-
Oregon	-	4,289	-	-
Pennsylvania	6,186	-	-	-
South Carolina	-	1,548	-	-
Tennessee	9,364	11,158	-	-
Texas	15,207	46,894	-	-
Utah	2,100	-	-	-
Virginia	1,650	-	-	-
Washington	19,595	518	-	-
West Virginia	2,370	1,425	-	-
Distribution Unknown ^a	-	-	\$173,016	\$173,016
Obligations	185,641	160,390	173,016	173,016

^a Totals cannot be distributed at this time for 2020 and 2021.

Section 504 Direct Housing Repair Loans (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Alabama	\$398	\$211	-	-
Alaska	92	66	-	-
Arizona	256	152	-	-
Arkansas	271	326	-	-
California	342	282	-	-
Colorado	42	80	-	-
Connecticut	51	29	-	-
Delaware	23	-	-	-
Florida	336	188	-	-
Georgia	423	485	-	-
Hawaii	137	300	-	-
Idaho	40	100	-	-
Illinois	906	869	-	-
Indiana	600	650	-	-
Iowa	516	481	-	-
Kansas	83	128	-	-
Kentucky	1,084	838	-	-
Louisiana	550	364	-	-
Maine	243	140	-	-
Maryland	88	55	-	-
Massachusetts	76	4	-	-
Michigan	1,317	1,168	-	-
Minnesota	358	352	-	-
Mississippi	1,078	1,032	-	-
Missouri	535	320	-	-
Montana	98	76	-	-
Nebraska	137	162	-	-
Nevada	8	24	-	-
New Hampshire	334	399	-	-
New Jersey	36	75	-	-
New Mexico	117	145	-	-
New York	282	368	-	-
North Carolina	1,295	939	-	-
North Dakota	67	37	-	-
Ohio	577	501	-	-
Oklahoma	311	175	-	-
Oregon	274	300	-	-
Pennsylvania	1,383	544	-	-
Puerto Rico	371	257	-	-
South Carolina	424	268	-	-
South Dakota	172	85	-	-
Tennessee	834	823	-	-
Texas	1,224	1,308	-	-
Utah	38	39	-	-
Vermont	191	132	-	-
Virgin Islands	-	14	-	-
Virginia	650	816	-	-
Washington	205	167	-	-
West Virginia	240	323	-	-
Western Pacific	-	529	-	-
Wisconsin	164	223	-	-
Wyoming	32	20	-	-
Distribution Unknown ^a	-	-	\$13,645	-
Obligations	19,312	17,364	13,645	-

^a Totals cannot be distributed at this time for 2020 and 2021.

Section 524 Direct Site Development Loans (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Delaware	-	\$1,898	-	-
Distribution Unknown ^a	-	-	\$1,221	-
Obligations	-	1,898	1,221	-

^a Totals cannot be distributed at this time for 2020 and 2021.

Section 523 Direct Self-Help Housing Site Development Loans (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Distribution Unknown ^a	-	-	\$1,000	-
Obligations	-	-	1,000	-

^a Totals cannot be distributed at this time for 2020.

Single-Family Housing Credit Sales (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Arizona	-	\$325	-	-
Oregon	\$1,591	292	-	-
Distribution Unknown ^a	-	-	\$1,532	\$1,562
Obligations	1,591	617	1,532	1,562

^a Totals cannot be distributed at this time for 2020 and 2021.

Section 514 Farm Labor Housing Loans (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Arkansas	-	\$717	-	-
California	\$20,455	8,100	-	-
Florida	1,500	3,000	-	-
Georgia	4,758	528	-	-
Hawaii	-	570	-	-
Kansas	1,756	-	-	-
Louisiana	2,150	-	-	-
Nebraska	-	3,000	-	-
Oregon	1,500	3,071	-	-
Texas	2,500	-	-	-
Washington	-	1,000	-	-
Distribution Unknown ^a	-	-	\$25,734	-
Obligations	35,477	19,985	25,734	-

^a Totals cannot be distributed at this time for 2020 and 2021.

Section 516 Farm Labor Housing Grants (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
California	\$7,873	-	-	-
Florida	1,300	\$5,200	-	-
Georgia	3,783	807	-	-
Kansas	1,236	-	-	-
Louisiana	858	-	-	-
Mississippi	642	-	-	-
Oregon	1,500	-	-	-
Washington	-	2,700	-	-
Distribution Unknown ^a	-	-	\$12,039	\$9,735
Obligations	17,193	8,707	12,039	9,735

^a Totals cannot be distributed at this time for 2020 and 2021

General Provisions (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Distribution Unknown ^a	-	-	\$2,000	-
Obligations	-	-	2,000	-

^a Totals cannot be distributed at this time for 2020.

CLASSIFICATION BY OBJECTS (thousands of dollars)

Item No.	Item	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
25.3	Other goods and services from Federal sources	\$412,254	\$412,254	\$412,254	\$240,000
41.0	Grants, subsidies, and contributions	82,459	127,490	126,743	59,735
99.9	Total, new obligations	494,713	539,744	538,997	299,735

RURAL HOUSING ASSISTANCE GRANTS

LEAD-OFF TABULAR STATEMENT

2020 Appropriations.....	\$47,000,000
Change in Appropriation.....	-2,000,000
2021 Budget Estimate.....	45,000,000

APPROPRIATIONS LANGUAGE

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

For grants for very low-income housing repair and rural housing preservation made by the Rural Housing Service, as authorized by 42 U.S.C. 1474[,] and 1490m, \$45,000,000, to remain available until expended.

PROJECT STATEMENT (thousands of dollars)

<u>Program/Activity</u>	<u>2018 Actual</u>	<u>2019 Actual</u>	<u>2020 Enacted</u>	<u>2021 Budget Request</u>	<u>Change from 2020 Enacted</u>
Direct Appropriations:					
Very low-income housing repair grants	\$30,000	\$30,000	\$30,000	\$30,000	0
Rural housing preservation grants	10,000	15,000	15,000	15,000	0
Subtotal, Direct Appropriations	40,000	45,000	45,000	45,000	0
General Provisions:					
Section 754: Protecting animals with Shelter	0	0	2,000	0 (1)	-\$2,000
Total, Discretionary Funding.....	40,000	45,000	47,000	45,000	-2,000
Carryover from Prior Years:					
Very low-income housing repair grants	1,206	3,973	10,325	5,624	-4,701
Rural housing preservation grants	1,264	888	1,528	1,201	-327
Compensation for construction defects grants.....	126	126	126	126	0
Processing Workers Housing Grants.....	630	630	630	630	0
Natural disaster grants.....	144	0	0	0	0
Subtotal, Carryover	3,370	5,618	12,610	7,582	-5,028
Transfers Out: RD Disaster Assistance Fund.....	-144	0	0	0	0
Recoveries, Other	1,349	1,528	1,222	977	-245
Total Available.....	44,575	52,146	60,832	53,559	-7,273
Balances, Available End of Year.....	-5,617	-12,610	-7,582	-2,399	5,183
Total Obligations	\$38,958	\$39,536	\$53,250	\$51,160	-\$2,090

JUSTIFICATIONS OF INCREASES/DECREASES

**(1) Rural Housing Assistance Grants, Protecting animals with Shelter, General Provision 754:
A decrease of \$2,000,000 from the FY 2020 Appropriations**

The budget is not requesting funding for this program, which was a one-time general provision.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS

Section 504 Very Low-Income Housing Repair Grants (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Alabama	\$439	\$248	-	-
Alaska	275	169	-	-
Arizona	942	604	-	-
Arkansas	401	368	-	-
California	576	416	-	-
Colorado	171	131	-	-
Connecticut	73	67	-	-
Delaware	20	-	-	-
Florida	713	383	-	-
Georgia	936	836	-	-
Hawaii	87	68	-	-
Idaho	88	65	-	-
Illinois	746	1,070	-	-
Indiana	567	521	-	-
Iowa	546	580	-	-
Kansas	121	88	-	-
Kentucky	1,444	1,073	-	-
Louisiana	588	649	-	-
Maine	271	280	-	-
Maryland	160	79	-	-
Massachusetts	128	26	-	-
Michigan	1,089	1,317	-	-
Minnesota	262	214	-	-
Mississippi	2,454	2,450	-	-
Missouri	576	375	-	-
Montana	147	151	-	-
Nebraska	119	158	-	-
Nevada	38	41	-	-
New Hampshire	503	497	-	-
New Jersey	78	135	-	-
New Mexico	289	336	-	-
New York	559	675	-	-
North Carolina	2,298	1,365	-	-
North Dakota	101	65	-	-
Ohio	862	701	-	-
Oklahoma	445	208	-	-
Oregon	148	151	-	-
Pennsylvania	1,046	668	-	-
Puerto Rico	459	433	-	-
Rhode Island	15	5	-	-
South Carolina	706	422	-	-
South Dakota	159	87	-	-
Tennessee	1,095	1,153	-	-
Texas	2,363	2,361	-	-
Utah	167	107	-	-
Vermont	390	427	-	-
Virgin Islands	80	52	-	-
Virginia	988	1,159	-	-
Washington	188	152	-	-
West Virginia	258	251	-	-
Wisconsin	400	311	-	-
Wyoming	68	8	-	-
West Pacific	-	642	-	-
Other Countries	550	-	-	-
Distribution Unknown /a	-	-	\$35,560	\$35,690
Obligations	28,193	24,797	35,560	35,690

a/ Totals cannot be distributed at this time for 2020 and 2021.

2021 CONGRESSIONAL JUSTIFICATIONS – RURAL HOUSING SERVICE

Rural Housing Preservation Grants (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Alabama	\$100	\$370	-	-
Alaska	143	-	-	-
Arizona	182	287	-	-
Arkansas	208	288	-	-
California	419	606	-	-
Colorado	76	-	-	-
Connecticut	72	120	-	-
Delaware	-	60	-	-
Florida	211	372	-	-
Georgia	413	643	-	-
Hawaii	-	120	-	-
Idaho	67	90	-	-
Illinois	203	197	-	-
Indiana	346	339	-	-
Iowa	186	274	-	-
Kansas	102	-	-	-
Kentucky	314	424	-	-
Louisiana	307	311	-	-
Maine	143	131	-	-
Maryland	215	324	-	-
Massachusetts	-	106	-	-
Michigan	268	392	-	-
Minnesota	151	223	-	-
Mississippi	465	1,263	-	-
Missouri	221	319	-	-
Montana	56	85	-	-
Nebraska	64	81	-	-
Nevada	72	42	-	-
New Hampshire	72	50	-	-
New Jersey	118	180	-	-
New Mexico	129	150	-	-
New York	244	318	-	-
North Carolina	402	568	-	-
North Dakota	212	200	-	-
Ohio	311	460	-	-
Oklahoma	233	315	-	-
Oregon	128	279	-	-
Pennsylvania	428	488	-	-
Puerto Rico	638	1,277	-	-
Rhode Island	72	-	-	-
South Carolina	286	367	-	-
South Dakota	54	83	-	-
Tennessee	243	125	-	-
Texas	1,103	990	-	-
Utah	143	120	-	-
Vermont	285	295	-	-
Virginia	239	353	-	-
Washington	-	242	-	-
West Virginia	72	-	-	-
Wisconsin	277	353	-	-
Wyoming	72	60	-	-
Distribution Unknown /a	-	-	\$15,600	\$15,560
Obligations	10,764	14,738	15,600	15,560

a/ Totals cannot be distributed at this time for 2020 and 2021

2021 CONGRESSIONAL JUSTIFICATIONS – RURAL HOUSING SERVICE

Rural Housing Compensation for Construction Defects Grants (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Kentucky	\$1	-	-	-
Obligations	1	-	-	-

Section 754: Title of GP Protecting Animals with Shelter (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Distribution Unknown a/	-	-	\$2,000	-
Obligations	-	-	2,000	-

a/ Total cannot be distributed at this time for 2020.

CLASSIFICATION BY OBJECT (thousands of dollars)

Item No.	Item	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
41.0	Grants, subsidies, and contributions	\$38,958	\$39,536	\$53,250	\$51,160
99.9	Total, new obligations	38,958	39,536	53,250	51,160

RENTAL ASSISTANCE PROGRAM ACCOUNT

LEAD-OFF TABULAR STATEMENT

2020 Appropriations.....	\$1,375,000,000
Change in Appropriation.....	75,000,000
2021 Budget Estimates.....	1,450,000,000

APPROPRIATIONS LANGUAGE

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

For rental assistance agreements entered into or renewed pursuant to the authority under section 521(a)(2) of the Housing Act of 1949 or agreements entered into in lieu of debt forgiveness or payments for eligible households as authorized by section 502(c)(5)(D) of the Housing Act of 1949, and for the rural housing voucher program as authorized under section 542 of the Housing Act of 1949, notwithstanding subsection (b) of such section, [\$1,375,000,000] \$1,450,000,000, of which \$40,000,000 shall be available until September 30, [2021] 2022; and in addition such sums as may be necessary, as authorized by section 521(c) of the Act, to liquidate debt incurred prior to fiscal year 1992 to carry out the rental assistance program under section 521(a)(2) of the Act: Provided, That of the amounts made available under this heading, \$1,410,000,000 shall be available for renewal of rental assistance agreements: Provided further, That rental assistance agreements entered into or renewed during the current fiscal year shall be funded for a one-year period[: Provided further, That upon request by an owner of a project financed by an existing loan under section 514 or 515 of the Act, the Secretary may renew the rental assistance agreement for a period of 20 years or until the term of such loan has expired, subject to annual appropriations: Provided further, That any unexpended balances remaining at the end of such one-year agreements may be transferred and used for purposes of any debt reduction; maintenance, repair, or rehabilitation of any existing projects; preservation; and rental assistance activities authorized under title V of the Act: Provided further, That rental assistance provided under agreements entered into prior to fiscal year 2020 for a farm labor multi-family housing project financed under section 514 or 516 of the Act may not be recaptured for use in another project until such assistance has remained unused for a period of 12 consecutive months, if such project has a waiting list of tenants seeking such assistance or the project has rental assistance eligible tenants who are not receiving such assistance: Provided further, That such recaptured rental assistance shall, to the extent practicable, be applied to another farm labor multi-family housing project financed under section 514 or 516 of the Act[: Provided further, That tenants in projects financed under section 514 or 515 shall contribute a minimum of \$50 per month towards the rent, as determined by the Secretary, unless the Secretary determines a lower amount because the tenant qualifies for a hardship exemption, which shall, to the extent practicable, be consistent with similar hardship exemption requirements and conditions established by the Secretary of Housing and Urban Development

for similar programs: *Provided further*, That notwithstanding any other provision of the Act, the Secretary may recapture funds provided for rental assistance under agreements entered into prior to fiscal year 2021 for a project that the Secretary determines no longer needs rental assistance: *Provided further*, That such recaptured funds shall remain available for obligation in fiscal year 2021 for the purposes specified under this heading: *Provided further*, That except as provided in the fourth proviso under this heading and notwithstanding any other provision of the Act, the Secretary may recapture rental assistance provided under agreements entered into prior to fiscal year 2020 for a project that the Secretary determines no longer needs rental assistance and use such recaptured funds for current needs[.]: *Provided further*, That of the amounts made available under this heading, \$40,000,000 shall be available for rural housing vouchers to any low-income household, including a household that does not receive rental assistance, residing in a property financed with a section 515 loan that has been prepaid or otherwise paid off after September 30, 2005: *Provided further*, That the amount of such vouchers shall be equal to the difference between comparable market rent for the section 515 unit and the tenant paid rent for such unit: *Provided further*, That such vouchers shall be subject to the availability of annual appropriations: *Provided further*, That the Secretary shall, to the maximum extent practicable, administer such vouchers with current regulations and administrative guidance applicable to section 8 housing vouchers administered by the Secretary of the Department of Housing and Urban Development: *Provided further*, That any balances available for the rural housing voucher program in the "Multi-Family Housing Revitalization Program Account" shall be transferred to and merged with this account and available for the rural housing voucher program: *Provided further*, That if the Secretary determines that the amount made available for vouchers or rental assistance in this Act is not needed for vouchers or rental assistance, the Secretary may use such funds for any of the programs described under this heading.

The first change includes language that adds the authority for the Voucher program.

The second change includes language for a minimum rent of \$50 per month to offset the cost of the program. This minimum payment will be only applied to those that are not paying such a minimum rent payment.

The third change includes language to fund the rural voucher program under this account. The voucher program will be delivered under the rental assistance program. The change also includes language to capture vouchers recoveries and carryover balances from the multi-family revitalization account to the rental assistance account.

PROJECT STATEMENT (thousands of dollars)

<u>Program/Activity</u>	2018	2019	2020	2021	Change Chg from 2020 Key	Enacted
	Actual	Enacted	Enacted	Budget Estimate		
Direct Appropriations:						
Rental Assistance (Sec. 521).....	\$1,345,293	\$1,331,400	\$1,375,000	\$1,410,000	(1)	\$35,000
Rural Housing Voucher program.....	0	0	0	40,000	(2)	40,000
Subtotal, Direct Appropriations	1,345,293	1,331,400	1,375,000	1,450,000		75,000
Total, Discretionary Funding.....	1,345,293	1,331,400	1,375,000	1,450,000		75,000
Transfer In:						
MFH Revitalization Program	0	0	0	2,753		-2,753
Carryover from Prior Years:						
Rental Assistance	40,000	40,000	40,000	40,000		0
Subtotal, Carryover	40,000	40,000	40,000	40,000		0
Total Available.....	1,385,293	1,371,400	1,415,000	1,492,753		77,753
Balances, Available End of Year.....	-40,000	-40,000	-40,000	-40,000		0
Total Obligations	\$1,345,293	\$1,331,400	\$1,375,000	\$1,452,753		\$77,753

JUSTIFICATIONS OF INCREASES/DECREASES

(1) Section 521 Rental Assistance (RA) Grant Program: An increase of \$35,000,000 from the FY 2020 Appropriations

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. This program supports this critical infrastructure by increasing housing affordability and providing homes (rented and owned) 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; which 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.

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 RD subsidized 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. Projects must be established on a nonprofit or limited profit basis.

A \$1.41 billion funding level for this program would allow RHS to continue assisting lower-income residents in obtaining and sustaining decent, safe, and sanitary housing in rural communities. Demand for RA is strong. Obligations were \$1.3 billion (252,766 units) in 2019.

Units assisted with new/renewed contracts (Section 521 Rental Assistance)				
	2018 Actual	2019 Actual	2020 Estimate	2021 Estimate
Units	268,991	252,766	261,043	267,688
Cost	\$1,395,493,000	\$1,331,400,000	\$1,375,000,000	\$1,410,000,000

(2) Rural Voucher Program: An increase of \$8,000,000 from the FY 2020 Appropriations. [NOTE: \$32,000,000 was appropriated to the Multifamily Housing Preservation and Revitalization account in FY2020 for this program, but is included here for FY2021.]

This program is crucial because the need for low-and moderate-income housing in rural communities is increasing, and it cannot be satisfied by the existing supply of decent and affordable housing. Funding protects very low- and low-income families who are affected by the loss of affordable RD housing in rural communities. Rural housing voucher funding enables tenants (of foreclosed properties or those that have prepaid mortgages) to continue to access affordable housing without the benefit of the traditional rental assistance program.

The program continues to grow at a significant rate because of increased prepayments of section 515 properties. The budget request will provide 9,107 vouchers. The average cost is \$366 per month.

The budget includes a proposal to transfer the voucher program account to the rental assistance account. The voucher account was funded in the multi-family revitalization and preservation account, which was not funded in the 2020 budget.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS

Section 521 Rural Rental Assistance Program (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Alabama	\$35,785	\$35,322	-	-
Alaska	7,866	6,783	-	-
Arizona	19,660	19,125	-	-
Arkansas	25,899	26,812	-	-
California	116,833	115,611	-	-
Colorado	14,642	12,545	-	-
Connecticut	9,369	9,140	-	-
Delaware	8,619	8,175	-	-
Florida	66,393	55,665	-	-
Georgia	34,750	35,722	-	-
Hawaii	10,481	12,577	-	-
Idaho	18,833	18,821	-	-
Illinois	29,837	30,597	-	-
Indiana	23,491	23,720	-	-
Iowa	25,808	25,551	-	-
Kansas	12,610	13,384	-	-
Kentucky	24,647	25,086	-	-
Louisiana	44,437	44,224	-	-
Maine	35,510	34,476	-	-
Maryland	19,199	19,197	-	-
Massachusetts	12,355	12,950	-	-
Michigan	35,075	37,508	-	-
Minnesota	23,642	24,280	-	-
Mississippi	52,243	49,271	-	-
Missouri	25,093	27,518	-	-
Montana	7,697	7,605	-	-
Nebraska	7,756	8,745	-	-
Nevada	9,562	10,709	-	-
New Hampshire	14,022	14,367	-	-
New Jersey	11,948	13,297	-	-
New Mexico	19,518	19,355	-	-
New York	28,911	27,964	-	-
North Carolina	86,968	81,430	-	-
North Dakota	6,519	6,344	-	-
Ohio	29,192	30,272	-	-
Oklahoma	23,008	25,915	-	-
Oregon	27,532	23,498	-	-
Pennsylvania	34,077	32,735	-	-
Puerto Rico	23,133	23,549	-	-
Rhode Island	2,713	2,433	-	-
South Carolina	35,578	35,357	-	-
South Dakota	17,569	17,288	-	-
Tennessee	33,034	30,689	-	-
Texas	56,933	57,183	-	-
Utah	9,675	9,887	-	-
Vermont	9,783	8,684	-	-
Virgin Islands	5,774	5,900	-	-
Virginia	34,346	33,412	-	-
Washington	33,762	36,629	-	-
West Virginia	18,333	17,710	-	-
Wisconsin	18,963	20,237	-	-
Wyoming	5,909	6,148	-	-
Distribution Unknown ^a	-	-	\$1,415,000	\$1,410,030
Obligations	1,345,293	1,331,400	1,415,000	1,410,030

^a Totals cannot be distributed at this time for 2020 and 2021.

2021 CONGRESSIONAL JUSTIFICATIONS – RURAL HOUSING SERVICE

Section 521 Rural Voucher Program (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Distribution Unknown ^a	-	-	-	\$42,723
Obligations	-	-	-	42,723

^a Totals cannot be distributed at this time for 2021.

CLASSIFICATION OF OBJECTS (thousands of dollars)

Item No.	Item	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
25.3	Other goods and services from Federal sources	\$1,345,293	\$1,331,400	\$1,375,000	\$1,452,753
	Total, Other Objects	1,345,293	\$1,331,400	\$1,375,000	\$1,452,753
99.9	Total, new obligations	1,345,293	1,331,400	1,375,000	1,452,753

MULTI-FAMILY HOUSING REVITALIZATION PROGRAM ACCOUNT

LEAD-OFF TABULAR STATEMENT

2020 Appropriations.....	\$60,000,000
Change in Appropriation.....	-60,000,000
2021 Budget Estimate.....	0

APPROPRIATIONS LANGUAGE

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

[For the rural housing voucher program as authorized under section 542 of the Housing Act of 1949, but notwithstanding subsection (b) of such section, and for additional costs to conduct a demonstration program for the preservation and revitalization of multi-family rental housing properties described in this paragraph, \$60,000,000, to remain available until expended:

Provided, That of the funds made available under this heading, \$32,000,000, shall be available for rural housing vouchers to any low-income household (including those not receiving rental assistance) residing in a property financed with a section 515 loan which has been prepaid after September 30, 2005: *Provided further*, That the amount of such voucher shall be the difference

between comparable market rent for the section 515 unit and the tenant paid rent for such unit: *Provided further*, That funds made available for such vouchers shall be subject to the availability of annual appropriations: *Provided further*, That the Secretary shall, to the maximum extent

practicable, administer such vouchers with current regulations and administrative guidance applicable to section 8 housing vouchers administered by the Secretary of the Department of Housing and Urban Development: *Provided further*, That if the Secretary determines that the

amount made available for vouchers in this or any other Act is not needed for vouchers, the Secretary may use such funds for the demonstration program for the preservation and revitalization of multi-family rental housing properties described in this paragraph: *Provided*

further, That of the funds made available under this heading, \$28,000,000 shall be available for a demonstration program for the preservation and revitalization of the sections 514, 515, and 516 multi-family rental housing properties to restructure existing USDA multi-family housing

loans, as the Secretary deems appropriate, expressly for the purposes of ensuring the project has sufficient resources to preserve the project for the purpose of providing safe and affordable housing for low-income residents and farm laborers including reducing or eliminating interest;

deferring loan payments, subordinating, reducing or re-amortizing loan debt; and other financial assistance including advances, payments and incentives (including the ability of owners to obtain reasonable returns on investment) required by the Secretary: *Provided further*,

That the Secretary shall as part of the preservation and revitalization agreement obtain a restrictive use agreement consistent with the terms of the restructuring: *Provided further*, That if

the Secretary determines that additional funds for vouchers described in this paragraph are needed, funds for the preservation and revitalization demonstration program may be used for such vouchers: *Provided further*, That if Congress enacts legislation to permanently authorize a multifamily rental housing loan restructuring program similar to the demonstration program

described herein, the Secretary may use funds made available for the demonstration program under this heading to carry out such legislation with the prior approval of the Committees on Appropriations of both Houses of Congress: *Provided further*, That in addition to any other available funds, the Secretary may expend not more than \$1,000,000 total, from the program funds made available under this heading, for administrative expenses for activities funded under this heading.]

This change is a result of the proposal to move the multifamily housing preservation and revitalization demonstration program to the Rural Housing Insurance Fund program, which contains the section 515 multi-family housing loan program. In addition, the change also reflects the proposal to move the voucher program to the Rental Assistance Grant Program Account to have all housing rental assistance programs in one account.

2021 CONGRESSIONAL JUSTIFICATIONS – RURAL HOUSING SERVICE

PROJECT STATEMENT (thousands of dollars)

Program/Activity	2018		2019		2020		2021		Chg Key	Change from 2020 Enacted	
	Actual		Actual		Enacted		Budget Request			P.L.	B.A.
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.		P.L.	B.A.
Direct Appropriations:											
Rural housing voucher program and administrative	\$24,000	\$24,000	\$27,000	\$27,000	\$32,000	\$32,000	0	0	(1)	-\$32,000	-\$32,000
MFH revitalization soft seconds (Sec. 514/515)	15,650	8,557	0	0	0	0	0	0		0	0
MFH Preservation Zero Loans (Sec. 515)	0	0	24,500	24,500	28,000	28,000	0	0	(2)	-28,000	-28,000
Subtotal, Direct Appropriations	39,650	32,557	51,500	51,500	60,000	60,000	0	0		-60,000	-60,000
General Provisions:											
Section 746 and 764: Maturing Mortgages Pilot program	1,000	1,000	1,000	1,000	1,000	1,000	0	0	(3)	-1,000	-1,000
Carryover from Prior Years:											
MPR Zero Interest Rate	0	410	0	0	0	0	\$625	\$42		625	42
MPR Soft Second	5,131	2,806	68	34	41	24	1,597	63		1,556	39
MPR Demo revolving loan	1,006	297	1,072	297	0	0	2,000	112		2,000	112
Vouchers	0	0	0	0	4,128	4,128	1,000	1,000		-3,128	-3,128
Vouchers Admin Expenses - IT	0	0	0	0	0	0	261	261		261	261
From 1985 Year	1,498	1,498	1,492	1,492	1,492	1,492	1,492	1,492		0	0
515 MFH Revitalization Defferrals of Liquidating Loans	0	0	0	0	2,528	0	3,650	0		1,122	0
515 MFH Revital Mods Maturing Mortgages of Liquidating Loans	0	0	0	0	252	0	5,239	0		4,987	0
MPR 514/515 modification loans	0	0	0	0	0	0	5,570	0		5,570	0
MFH Preservation Pilot Program	0	0	1,000	1,000	2,000	2,000	2,000	2,000		0	0
515 Revitalization Grants	2,772	2,772	3,986	3,986	104	104	4,000	4,000		3,896	3,896
Cost of Modified Sidsidy	26	26	6,019	6,019	227	227	3,882	3,981		3,655	3,754
Subtotal, Carryover	10,433	7,810	13,637	12,828	10,772	7,975	31,316	12,951		20,544	4,976
Transfers Out: Rental assistance account	0	0	0	0	0	0	-2,753	-2,753		-2,753	-2,753
Transfers Out: Rural Housing Insurance Fund account	0	0	0	0	0	0	-28,563	-10,198		-28,563	-10,198
Recoveries, Other	11,800	2,804	19,420	2,150	19,544	0	0	0		-19,544	0
Total Available	62,883	44,171	85,557	67,478	91,316	68,975	-31,316	-12,951		-91,316	-68,975
Lapsing Balances	-6,666	-1,000	0	0	0	0	0	0		0	0
Balances, Available End of Year	-13,637	-12,828	-10,772	-7,975	-31,316	-12,951	0	0		31,316	12,951
Total Obligations	\$42,580	\$30,343	\$74,784	\$59,503	\$60,000	\$56,024	0	0		-\$60,000	-\$56,024

JUSTIFICATIONS OF INCREASES/DECREASES

Multi-family Revitalization programs support USDA Strategic Goal 4: Facilitate rural prosperity and economic development; Objective 4.1: Expand rural business opportunity and rural quality of life with access to capital; improved infrastructure; broadband access and connectivity; and support for workforce availability. The programs also support several priorities in the report from the Task Force on Agriculture and Rural Prosperity, chaired by Secretary Perdue, including: providing access to debt capital, incentivizing private investment, modernizing rural utilities, rebuilding rural infrastructure, contributing to e-connectivity, supporting rural workforce through apprenticeship programs, and harnessing technological innovation

Multi-family Preservation and Revitalization Account

The multi-family housing revitalization activities are being transferred and merged into other accounts in the President's FY 2021 Budget request. Section 515 multi-family revitalization and preservation loans will be moved to the Rural Housing Insurance Funds (RHIF) account and the budget requests \$40 million. Rural Housing Vouchers will be moved to the Rental Assistance account, with funding of \$40 million.

- (1) Section 542 MFH Rural Voucher Program: [Please refer to the Rental Assistance Grant Account for this justification. \$32,000,000 was appropriated for Vouchers in this account in FY2020, but funding is proposed in the Rental Assistance Grant Account for FY2021.]**

- (2) Section 515 Multifamily Housing Loans: [Please refer to the Rural Housing Insurance Fund Account for this justification. \$28,000,000 was appropriated for multifamily housing preservation and revitalization activities in this account for FY2020, but funding is proposed in the the Rural Housing Insurance Fund Account for FY2021.]**

- (3) Maturing Mortgage Pilot program, General Provision 764: A decrease of \$1,000,000 from the FY 2020 Appropriations**

The budget is not requesting funding for this purpose.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
MFH Rural Housing Voucher Program (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Alabama	\$249	\$245	-	-
Alaska	64	55	-	-
Arizona	440	392	-	-
Arkansas	219	163	-	-
California	10	14	-	-
Colorado	151	133	-	-
Connecticut	3	-	-	-
Delaware	21	25	-	-
Florida	2,389	2,677	-	-
Georgia	534	792	-	-
Idaho	362	400	-	-
Illinois	842	815	-	-
Indiana	1,262	1,555	-	-
Iowa	857	1,660	-	-
Kansas	417	458	-	-
Kentucky	159	131	-	-
Louisiana	245	206	-	-
Maine	701	597	-	-
Maryland	20	53	-	-
Massachusetts	128	43	-	-
Michigan	1,894	2,282	-	-
Minnesota	1,170	971	-	-
Mississippi	327	288	-	-
Missouri	1,060	1,039	-	-
Montana	1,081	993	-	-
Nebraska	510	492	-	-
Nevada	89	61	-	-
New Hampshire	304	244	-	-
New Jersey	236	198	-	-
New Mexico	236	205	-	-
New York	1,555	1,522	-	-
North Carolina	424	390	-	-
North Dakota	172	164	-	-
Ohio	510	461	-	-
Oklahoma	244	212	-	-
Oregon	218	198	-	-
Pennsylvania	178	379	-	-
Puerto Rico	12	5	-	-
Rhode Island	7	15	-	-
South Carolina	579	694	-	-
South Dakota	1,582	1,625	-	-
Tennessee	406	479	-	-
Texas	951	1,365	-	-
Utah	95	41	-	-
Vermont	6	6	-	-
Virgin Islands	94	93	-	-
Virginia	82	97	-	-
Washington	994	1,018	-	-
West Virginia	57	49	-	-
Wisconsin	2,467	2,552	-	-
Wyoming	62	72	-	-
Distribution Unknown ^a	-	-	\$30,560	0
Obligations	26,679	28,623	30,560	0

^a Totals cannot be distributed at this time for 2020.

Multi-Family Revitalization (MFH) Grants (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Iowa	-	\$234	-	-
Missouri	\$15	563	-	-
South Dakota	-	192	-	-
Wisconsin	236	-	-	-
Distribution Unknown ^a	-	-	\$440	0
Obligations	251	989	440	0

^a Totals cannot be distributed at this time for 2020.

Multi-Family Revitalization – Soft Seconds (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Georgia	\$2,038	-	-	-
Indiana	-	\$1,785	-	-
Iowa	-	1,741	-	-
Kentucky	-	3,211	-	-
Louisiana	6,573	3,141	-	-
Maine	1,978	3,721	-	-
Missouri	1,885	968	-	-
Nebraska	-	150	-	-
New York	-	1,338	-	-
Ohio	-	10,388	-	-
South Carolina	906	2,782	-	-
South Dakota	-	1,120	-	-
Texas	-	1,817	-	-
Vermont	-	765	-	-
West Virginia	315	2,976	-	-
Wisconsin	1,957	2,666	-	-
Distribution Unknown ^a	-	-	\$20,000	0
Obligations	15,650	38,568	20,000	0

^a Totals cannot be distributed at this time for 2020.

Multi-Family Revitalization – Zero Loans(thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Florida	-	\$900	-	-
Indiana	-	808	-	-
Iowa	-	200	-	-
Kentucky	-	429	-	-
New York	-	3,168	-	-
South Dakota	-	1,100	-	-
Distribution Unknown ^a	-	-	\$8,000	0
Obligations	0	6,604	8,000	0

^a Totals cannot be distributed at this time for 2020.

2021 CONGRESSIONAL JUSTIFICATIONS – RURAL HOUSING SERVICE

Maturing Mortgage Pilot Program (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Distribution Unknown ^a	-	-	\$1,000	0
Obligations	0	0	1,000	0

^a Totals cannot be distributed at this time for 2020.

CLASSIFICATION OF OBJECTS (thousands of dollars)

Item No.	Item	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
41.0	Grants, subsidies, and contributions	\$30,343	\$59,503	\$56,024	0
99.9	Total, new obligations	30,343	59,503	56,024	0

MUTUAL SELF-HELP PROGRAM ACCOUNT

LEAD-OFF TABULAR STATEMENT

2020 Appropriations.....	\$31,000
Change in Appropriation.....	-31,000
2021 Budget Estimate.....	0

APPROPRIATIONS LANGUAGE

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

[For grants and contracts pursuant to section 523(b)(1)(A) of the Housing Act of 1949 (42 U.S.C. 1490c), \$31,000,000, to remain available until expended.]

This change eliminates funding for this program. This program works in tandem with Section 502 Single Family Housing Direct loan which is also eliminated in the budget.

PROJECT STATEMENT (thousands of dollars)

<u>Program/Activity</u>	<u>2018</u> <u>Actual</u>	<u>2019</u> <u>Actual</u>	<u>2020</u> <u>Enacted</u>	<u>2021</u> <u>Budget</u> <u>Request</u>	<u>Change</u> <u>from 2020</u> <u>Enacted</u>
Direct Appropriations:					
Mutual and self-help housing grants.....	\$30,000	\$30,000	\$31,000	0 (1)	-\$31,000
Total, Discretionary Funding.....	30,000	30,000	31,000	0	-31,000
Carryover from Prior Years:					
Subtotal, Carryover	6,263	2,413	3,925	\$2,370	-1,555
Transfers In:					
Transfer funding from the Disaster Assistance Fund....	0	0	4,000	0	-4,000
Recoveries, Other	955	513	410	0	-410
Total Available.....	37,218	32,926	39,335	2,370	-36,965
Balances, Available End of Year	-2,413	-3,925	-2,370	-2,370	0
Total Obligations	\$34,805	\$29,001	\$36,965	\$0	-\$36,965

JUSTIFICATIONS OF INCREASES/DECREASES

(1) Section 523 Mutual and Self-Help Housing Technical Assistance Grants: A decrease of \$31,000,000 from the FY 2020 appropriations.

This program is not requested in the 2021 budget. This program works in tandem with Section 502 Single Family Housing Direct loans, which is also not requested in the budget. The budget focusses on providing housing through Section 502 Single Family Housing Guaranteed loans.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS

Mutual and Self-Help Housing Technical Assistance Grants (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Alaska	\$483	-	-	-
Arizona	2,589	\$488	-	-
Arkansas	1,396	788	-	-
California	9,052	6,681	-	-
Colorado	792	480	-	-
Delaware	900	1,738	-	-
District of Columbia	77	60	-	-
Florida	1,488	5,800	-	-
Hawaii	1,513	1,064	-	-
Idaho	-	520	-	-
Illinois	110	-	-	-
Indiana	375	-	-	-
Maine	-	794	-	-
Maryland	420	485	-	-
Mississippi	419	-	-	-
Missouri	159	366	-	-
Montana	1,232	-	-	-
New Jersey	269	-	-	-
New Mexico	560	-	-	-
North Carolina	1,515	-	-	-
Ohio	-	675	-	-
Oklahoma	3,129	1,789	-	-
Oregon	417	-	-	-
Pennsylvania	120	-	-	-
Rhode Island	93	495	-	-
South Dakota	-	404	-	-
Texas	-	868	-	-
Utah	3,683	2,002	-	-
Virginia	300	-	-	-
Washington	3,714	3,146	-	-
Other Countries	-	360	-	-
Distribution Unknown ^a	-	-	\$36,965	-
Obligations	34,805	29,001	36,965	-

^a Totals cannot be distributed at this time for 2020.

CLASSIFICATION BY OBJECTS (thousands of dollars)

Item No.	Item	2018 Actual	2019 Actual	2020 Estimate	2021 Budget
41.0	Grants, subsidies, and contributions	\$34,805	\$29,001	\$32,965	0
	Total, Other Objects	34,805	29,001	32,965	0
99.9	Total, new obligations	34,805	29,001	36,965	0

SUMMARY OF PERFORMANCE

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

RHS has one Key Performance Measure within the Departments Strategic Plan Goal 4, Facilitate Rural Prosperity and Economic Development. The following table summarizes the results for the Departmental Key Performance Indicator (KPI) for which RHS is responsible.

Table RHS - 1 KPI-Health Facilities

KPI	2018 Actual	2019 Target	2019 Target	2019 Result	2020 Target	2021 Target
Percent of customers who are provided access to new and/or improved essential community facilities	9.4%	6.8%	2.45%	Unmet	6.8%	6.8%

Selected Past Accomplishments Toward the Achievement of the KPI Outcomes

In FY 2019, RHS renewed its focus on strengthening underwriting requirements, standards and processes. RHS also enhanced risk assessment processes and program compliance to ensure strong portfolio health and manage risk. Outreach to community stakeholders emphasized risk management and the need to leverage RD and stakeholder resources for greater impact.

A lack of appropriation at the start of the fiscal year and the implementation of Farm Bill provisions contributed to a slower start up for the Community Facilities program.

In FY 2019, CF continued to prioritize supporting economic prosperity in rural America through critical investments in community infrastructure, outreach to persistent poverty communities, and the development of resources to assist communities in developing stronger applications for CF resources.

In FY 2019, the Community Facilities Program (CF) invested over \$21 million in projects related to bridges/roads/transportation infrastructure supporting more than 68,121 rural residents. CF also invested over \$365 million in 80 rural healthcare facilities serving over 1.4 million rural Americans.

Selected Accomplishments Expected at the 2021 Proposed Resource Level

RHS will continue to promote collaboration and develop community partnerships to foster economic prosperity in rural communities through strategic investments in infrastructure, partnership and innovation.

CF will make strategic investments in rural transportation infrastructure such as roads, bridges, inland waterways, airports, intermodal terminals, and street improvements to help increase the

competitiveness of rural communities to attract and retain businesses and industries that provide employment and services for their residents. CF will also invest in other community infrastructure to support the work force and build rural prosperity.

CF will continue outreach efforts to attract institutional investors and the capital credit markets that are interested in long term investment opportunities in rural community infrastructure, which will improve rural America's access to capital and leverage Agency resources to better manage credit risk. RHS will also continue to closely monitor loan delinquencies and act proactively to mitigate account issues and strengthen the portfolio.

CF will continue and expand investments that support substance use disorder prevention, treatment, and recovery opportunities including mental healthcare facilities, critical care clinics, hospitals, and transitional housing facilities to aid rural communities struggling with substance use disorders and opioid misuse. The opioid crisis disproportionately affects rural communities in part due to the lack of outreach and treatment resources available in rural and remote areas.