

■ Rural Housing Service

Decent, safe, sanitary, affordable housing and essential community facilities are indispensable to vibrant rural communities. USDA's Rural Housing Service has the responsibility to make these essential elements available to rural Americans. RHS programs help finance new or improved housing for more than 70,000 moderate- or low-income families each year. These programs also help rural communities finance construction, enlargement, or improvement of fire stations, libraries, hospitals, clinics, day-care centers, industrial parks, and other essential community facilities.

In October 1996, a Centralized Service Center in St. Louis, MO, opened to provide automated loan servicing to RHS single-family housing borrowers. This effort is considered a showcase project for the reinvention of government, intended to make government services work better and cost less. The new service, when fully implemented in October 1997, will greatly expand services to borrowers while substantially reducing the amount of staff needed to operate the program nationally.

Home Ownership Loans provide opportunities and assistance to low income households in rural communities, helping them to purchase, construct, repair, or relocate a home. Borrowers are offered 33-year loans at fixed interest rates as low as 1 percent, depending on the family's adjusted income. Moderate-income rural residents can be assisted with loan guarantees offered through private lenders. The loans, both direct and guaranteed, can cover up to 100 percent of market value or acquisition cost, whichever is less.

Home Improvement and Repair Loans and Grants enable very-low-income rural homeowners to remove health and safety hazards from their homes and to make homes accessible for people with disabilities. Loans have a maximum interest rate of 1 percent. Grants are available for people age 62 and older who cannot afford to repay a loan. A combination of funds from a loan and grant can be used by eligible elderly residents. Housing preservation grants are made to nonprofit groups and government agencies to finance rehabilitation of rental units for low-income residents.

Rural Rental Housing Loans finance construction of rental and cooperative housing for low-income individuals and families, including elderly or disabled persons. Loans have a maximum term of 50 years, can equal up to 100 percent of the appraised value or development cost, and can be used to construct new housing or to purchase or rehabilitate existing structures.

Rental Assistance payments subsidize rental costs to ensure that low-income tenants will pay no more than 30 percent of their income for rent.

Community Facilities Loans, Loan Guarantees, and Grants are used to finance the construction, enlargement, extension, or other improvements for community facilities providing essential services in rural areas and towns with a population of 20,000 or less. Funds are available to public entities such as municipalities, counties, special-purpose districts, Indian Tribes, and nonprofit corporations.