

2008 Explanatory Notes
Housing and Community Facilities Programs

Table of Contents

	<u>Page</u>
Purpose Statement.....	25-1
Rural Community Program Account:	
Appropriations Language.....	25-4
Project Statement.....	25-6
Justifications.....	25-8
Geographic Breakdown of Obligations.....	25-10
Classification by Objects.....	25-18
Rural Housing Insurance Fund Program Account:	
Appropriations Language.....	25-19
Project Statement.....	25-21
Geographic Breakdown of Obligations.....	25-27
Classification by Objects.....	25-38
Farm Labor Program Account:	
Appropriations Language.....	25-39
Project Statement.....	25-41
Justifications.....	25-42
Geographic Breakdown of Obligations.....	25-43
Classification by Objects.....	25-45
Multifamily Housing Revitalization Program Account:	
Appropriations Language.....	25-46
Project Statement.....	25-48
Justifications.....	25-49
Geographic Breakdown of Obligations.....	25-50
Classification by Objects.....	25-51
Rental Assistance Program:	
Appropriations Language.....	25-52
Project Statement.....	25-54
Justifications.....	25-55
Geographic Breakdown of Obligations.....	25-56
Classification by Objects.....	25-57
Rural Housing Assistance Grants:	
Appropriations Language.....	25-58
Project Statement.....	25-60
Justifications.....	25-62
Geographic Breakdown of Obligations.....	25-63
Classification by Objects.....	25-69

Mutual and Self-Help Housing Grants:	
Appropriations Language.....	25-70
Project Statement.....	25-72
Justifications.....	25-73
Geographic Breakdown of Obligations.....	25-74
Classification by Objects.....	25-75
Status of Programs.....	25g-1
Summary of Budget and Performance.....	25-76
Strategic Objectives and Funding Matrix.....	25-78
Key Performance Outcomes and Measures.....	25-81
Full Cost by Strategic Goal.....	25-85

RURAL DEVELOPMENT HOUSING PROGRAMS

Purpose Statement

USDA Rural Development's Housing Programs provide affordable housing to rural communities. This serves dual objectives: improving the quality of life for rural residents and increasing homeownership among lower-income rural residents.

Hospitals, schools, public safety buildings and facilities, child and elder care facilities, community centers, town halls, libraries, and many other social and community services -- directly enhance the quality of life of rural residents. At the same time, they can generate growth and development in rural areas.

Housing Programs

Rural Development delivers housing programs authorized by the Housing Act of 1949, as amended, and community facilities programs authorized by the Consolidated Farm and Rural Development Act, as amended.

Section 502 Guaranteed Single Family Housing. Families may be eligible to become rural homeowners with the help of a USDA guaranteed home loan. When the Federal government agrees to guarantee a loan, lending institutions can help buyers while incurring less risk. Through Rural Development's guaranteed rural housing loan program, low- and moderate-income people can qualify for mortgages even without a down payment.

Loans through this program may be for up to 100 percent of appraised value or for the acquisition cost, whichever is less. No down payment is required. Mortgages are 30-year fixed rate at market interest rates. Homebuyers apply with participating lenders. Guaranteed loans may also be made to refinance either existing guaranteed housing loans or Section 502 direct housing loans. For purchase loans, a one-time guarantee fee of two percent of the loan amount is charged to the lender, but may be passed on to the buyer. The guarantee fee for refinance transactions is 0.5 percent.

Section 502 Direct Single Family Housing Loan Program. Provides loans to low- and very-low-income families to purchase, build or rehabilitate a home in rural areas. Financing is 100 percent with payments subsidized to between 22 percent and 26 percent of the applicant's income.

Section 504 Housing Repair and Rehabilitation Loans. Available to very-low-income applicants who own and occupy dwellings in rural areas. Loans of up to \$20,000 may be made to remove health and safety hazards or for repairs or improvements to the home. Loans feature a one percent interest rate and up to a 20-year term.

Section 504 Housing Repair Grants. Available to very low-income elderly families who own and occupy a rural home and cannot afford a Section 504 loan. Grants of up to \$7,500 are available to improve accessibility or to remove health and safety hazards. Grants must be repaid to the government if the property is sold within three years.

Section 524 Housing Site Development Loans. Available to public and private non-profit organizations, local governments and tribal organizations to buy and develop building sites, including construction of access roads, streets, and utilities in rural areas. Organizations receiving site loans must make the sites available to low- to moderate-income families using Section 502 or similar affordable mortgage financing programs that serve lower-income families.

Section 523 Self-Help Land Development Housing Loans. Available to public and private non-profit organizations, local governments and tribal organizations to buy and develop building sites, including construction of access roads, streets, and utilities in rural areas. Organizations receiving Section 524 site loans must offer the sites to families who will be building their own homes by the self-help method.

Section 523 Mutual Self-Help Grants. Available to public and private non-profit organizations, local governments and tribal organizations to provide technical assistance to low- and very-low-income families to build their homes through the mutual self-help method. Grant terms are for 2 years and funds may be used to pay salaries, office rent and related expenses associated with operating the organization.

Section 525 Technical and Supervisory Assistance Grants. Available to non-profits, local governments, and tribal organizations for rural technical assistance programs (i.e. homeownership education and financial counseling). The technical assistance provided through these entities ultimately promotes successful homeownership and helps reduce home loan delinquency.

Section 509 Compensation for Construction Defects. Available to Section 502 direct homeowners to repair structural defects in homes constructed by the contractor method. Grants are available only if the contractor refuses or is unable to honor the warranty and only covers defects within 18 months of completion of the home. Funds may also be used for related costs, such as temporary living expenses.

Single Family Housing Credit Sale (Non-Program). Available to individuals to purchase inventory property at non-program rates and terms. Loan terms range from ten years for investors to a maximum of 30 years if the buyer occupies the property. Down payment of two percent to five percent of purchase price is required.

Section 515 Rural Rental Housing Program. Provides funds for the construction and rehabilitation of affordable rental housing for rural families and elderly residents who have very low to moderate incomes.

Section 514/516 Farm Labor Housing Loan and Grant Program. Provides decent, safe, and sanitary housing for farm workers by providing loans to farmers for small, on-farm housing or loans and grants for off-farm multi-family developments.

Section 521 Rental Assistance Program. Provides assistance to eligible tenants in Section 515 and Section 514/516 assisted housing so that they pay no more than 30 percent of their incomes for rent and utilities.

Section 533 Housing Preservation Grant Program. Provides funds to repair and rehabilitate housing owned or occupied by rural families with low incomes through grants to non-profit organizations and public bodies.

Section 538 Guaranteed Loan Program. Provides loan guarantees to approved public and private lenders for the construction, acquisition, or rehabilitation of rural multi-family housing.

OIG Reports

None

GAO Reports

None

Community Facilities Program

Community facilities direct and guaranteed loan programs have a major role in reaching the goal of contributing to the quality of life of rural Americans. Direct loan funds may be used to construct, enlarge, or improve essential community facilities in rural areas and towns of up to 20,000 in population. Eligible applicants are public bodies such as towns, counties, and special purpose districts, as well as nonprofit

corporations and Indian tribes. These funds may be used to construct, enlarge, or improve facilities to provide such services as health care; fire, rescue, and public safety; nursing homes; assisted living facilities; child and adult day care; schools, libraries, museums, and other educational and cultural facilities; office buildings, town halls, and community centers; municipal streets, bridges, and sidewalks; and other similar facilities. In short, those facilities needed to improve the health, education, and the quality of life of rural residents can be financed by this program. Rural Development can guarantee these loans made and serviced by lenders such as banks, savings and loans, mortgage companies which are part of bank holding companies, banks of the Farm Credit System, or insurance companies regulated by the National Association of Insurance Commissioners. Rural Development may guarantee up to 90 percent of any loss of interest or principal on these loans.

Community facilities grants assist in the development of essential community facilities in rural areas and towns of up to 20,000 in population. Grants are authorized on a graduated scale. Applicants located in small communities with low populations and low incomes will receive a higher percentage of grants. Grant funds can be used to construct, enlarge, or improve community facilities for health care, public safety, and community and public services. This can include the purchase of equipment required for a facility's operation. A grant may be made in combination with other community facilities financial assistance such as a direct or guaranteed loan, applicant contributions, or loans and grants from other sources. Grant assistance may be available for up to 75 percent of project costs. Grant funding limitations are based on population and income. Projects that will receive priority are those that:

- Serve small communities - with the highest priority going to projects located in a community with a population of 5,000 or less.
- Serve low-income communities - with the highest priority going to projects serving communities with median household incomes below the higher of the poverty line or 60 percent of the State non-metropolitan median household income.
- Provide health care, public safety, or public and community services.

OIG Reports

OIG Report No: 04601-4-SF, issued June 2006, indicated no findings or recommendations for the community facilities program.

GAO Reports

None

Geographic dispersion of offices and employees

Rural Development programs are administered by the three programs representing Rural Development: Housing and Community Facilities, Utilities, and Business and Cooperative Development. Rural Development headquarters is located in Washington, D.C. As of September 30, 2006, there were 6,344 permanent full-time employees, including 617 in the headquarters office and 5,727 in field offices.

RURAL HOUSING SERVICE

The estimates include appropriation language for this item as follows (new language underscored):

Rural Community Program Account (including transfer of balances)

For the costs of direct loans, loan guarantees, and grants for rural community programs as authorized by 7 U.S.C. 1926 and 1932 and described in section 381E(d)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 note), \$24,512,000, to remain available until expended: *Provided*, That of the amount appropriated under this heading, not to exceed \$100,000 shall be available through June 30, 2008, for authorized empowerment zones and enterprise communities and communities designated by the Secretary of Agriculture as Rural Economic Area Partnership Zones for the rural community programs described in section 381E(d)(1) of such Act: *Provided further*, That any prior year balances for high cost energy grants authorized by section 19 of the Rural Electrification Act of 1936 (7 U.S.C. 901(19)) shall be transferred to and merged with the "Rural Utilities Service, High Energy Costs Grants Account": *Provided further*, That sections 381E-H and 381N of the Consolidated Farm and Rural Development Act, are not applicable to funds made available under this heading: *Provided further*, That any prior year balances in the "Rural Development, Rural Community Advancement Program" account for programs authorized by 7 U.S.C. 1926 and 1932 and described in section 381E(d)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 note) shall be transferred and merged with this account: *Provided further*, That the Secretary shall transfer and merge with this account any other prior balances from "Rural Development, Rural Community Advancement Program" account that the Secretary determines is appropriate to transfer.

The FY 2008 budget reflects a change in the presentation of funding for programs that were previously combined under the Rural Community Advancement Program (RCAP). RCAP, which was created by the 1996 Farm Bill, provided for a single budget request to be distributed among three funding streams – rural utilities programs (water and waste loans and grants), rural community programs (direct and guaranteed loans and grants), and rural business and cooperative development programs (primarily business and industry loan guarantees and rural business enterprise grants); with specific limitations on the transferability of funds both within and among these streams. Recent appropriations language, however, provided for the transferability of funds only within streams. The appropriations language of the FY 2008 budget provides for a separate request for each stream. This change presents the budget in a simpler, more direct manner while achieving the same purpose as recent appropriations.

RURAL HOUSING SERVICE

Analysis of Change in AppropriationRURAL COMMUNITY PROGRAM ACCOUNT

(On basis of loan level, subsidy, and grants)

	<u>Loan Level</u>	<u>Subsidy</u>	<u>Grants</u>
Estimate, 2007.....	\$182,436,000	\$11,452,000	\$46,450,000
Budget Estimate, 2008.....	<u>512,414,000</u>	<u>24,512,000</u>	<u>0</u>
Increase or Decrease in Appropriation.....	<u><u>329,978,000</u></u>	<u><u>13,060,000</u></u>	<u><u>-46,450,000</u></u>

PROJECT STATEMENT

(On basis of supportable loan levels and appropriated subsidies and grants)
(In thousands of dollars)

Item of Change	2006 Actual		2007 Estimated		Increase or Decrease		2008 Estimated	
	Program Level	Subsidy/BA	Program Level	Subsidy/BA	Program Level	Subsidy/BA	Program Level	Subsidy/BA
Rural Community Facility Programs:								
Community facilities:								
Direct loans.....	\$394,270	\$13,208	\$173,634	\$11,130	\$128,780 (1)	\$5,654 (8)	\$302,414	\$16,784
Direct loans - 2005 hurricane em. suppl. b/.....	3,203	107	0	0	0	0	0	0
Guaranteed loans.....	164,270	591	8,802	322	201,198 (2)	7,406 (9)	210,000	7,728
Grants.....	17,991	17,991	16,714	16,714	-16,714 (3)	-16,714	0	0
Grants - 2003/2004 hurricane em. suppl. a/.....	1,401	1,401	0	0	0	0	0	0
Grants - 2005 hurricane em. supplemental b/.....	1,441	1,441	0	0	0	0	0	0
Rural community dev. initiative grants.....	8,288	8,288	8,021	8,021	-8,021 (4)	-8,021	0	0
Rural coop. home based health care demo.....	0	0	0	0	0	0	0	0
Hazardous weather early warning grants.....	0	0	0	0	0	0	0	0
Economic impact initiative grants.....	17,950	17,950	17,123	17,123	-17,123 (5)	-17,123	0	0
High energy costs grants.....	0	0	0	0	0	0	0	0
Tribal college grants.....	4,689	4,689	4,592	4,592	-4,592 (6)	-4,592	0	0
Special Earmarks g/.....	3,713	3,713	3,713	3,713	-3,713 (7)	-3,713	0	0
Total Available or Estimate.....	617,217	69,381	232,598	61,614	279,816	-37,102	512,414	24,512
Transfer to high energy cost grants d/.....	25,740	25,740	25,740	25,740	-25,740	-25,740		
Recovery of prior year obligations.....	-109,138	-2,505						
Unobligated balance available, start of year.....	-82,919	-15,392						
Unobligated balance available, end of year.....	298,062	33,283						
Hurricane emergency supplemental b/.....	-169,254	-25,000						
Rescission e/.....	5,856	864						
Total Appropriation.....	585,564	86,370	258,338	87,354	254,076	-62,842	512,414	24,512

NOTE: Amounts reflected above are budget projections of use of funds within the Rural Community Advancement Program and Rural Community Facility Program. The justification of increases and decreases is based on the projected use of funds. Individual columns may not add down due to rounding.

- a/ Provided by the FY 2005 Military Construction Appropriations and Emergency Hurricane Supplemental Appropriations Act, 2005, P.L. 108-234, for the purpose of serving communities affected by tropical storms and hurricanes during calendar years 2003 and 2004.
- b/ Provided by the FY 2006 Department of Defense Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and the Pandemic Influenza Act, 2006, 109-148, signed December 30, 2005, for the purpose of serving communities affected by hurricanes in the Gulf of Mexico and Pandemic Influenza, 2006.
- c/ The special earmarks were provided in General Provisions of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2006, P.L. 109-97, sections 755, 767, and 790.
- d/ This program was transferred to the Rural Utilities Service, High Energy Cost Grant Account in accordance with the FY 2006 Appropriations Act.
- e/ The amounts are rescinded pursuant to Section 3801 of Division B, Title III, of P.L. 109-148.

PROJECT STATEMENT
(On basis of obligations under available funds)
(In thousands of dollars)

Item of Change	2006 Actual		2007 Estimated		Increase or Decrease		2008 Estimated	
	Program Level	Subsidy/BA	Program Level	Subsidy/BA	Program Level	Subsidy/BA	Program Level	Subsidy/BA
Rural Community Facility Programs:								
Community facilities:								
Direct loans.....	\$394,270	\$13,208	\$195,387	\$12,524	\$107,027	\$4,260	\$302,414	\$16,784
Direct loans - 2005 hurricane em. suppl. b/.....	3,203	107	39,891	2,557	-39,891	-2,557	0	0
Guaranteed loans.....	164,270	591	20,493	750	189,507	6,978	210,000	7,728
Grants.....	17,991	17,991	17,355	17,355	-17,355	-17,355	0	0
Grants - 2003/2004 hurricane em. suppl. a/.....	1,401	1,401	162	162	-162	-162	0	0
Grants - 2005 hurricane em. supplemental b/.....	1,441	1,441	20,895	20,895	-20,895	-20,895	0	0
Rural community dev. initiative grants.....	8,288	8,288	15,268	15,268	-15,268	-15,268	0	0
Rural coop. home based health care demo.....	0	0	144	144	-144	-144	0	0
Hazardous weather early warning grants.....	0	0	427	427	-427	-427	0	0
Economic impact initiative grants.....	17,950	17,950	19,292	19,292	-19,292	-19,292	0	0
High energy costs grants.....	0	0	0	0	0	0	0	0
Tribal college grants.....	4,689	4,689	4,689	4,689	-4,689	-4,689	0	0
Special Earmarks e/.....	3,713	3,713	3,713	3,713	-3,713	-3,713	0	0
Total Available or Estimate.....	617,217	69,381	337,716	97,775	174,698	-73,263	512,414	24,512
Transfer to high energy cost grants d/.....	25,740	25,740	25,740	25,740	-25,740	-25,740	0	0
Recovery of prior year obligations.....	-109,138	-5,383	0	0	0	0	0	0
Unobligated balance available, start of year.....	-82,919	-15,392	-105,117	-36,161	105,117	36,161	0	0
Unobligated balance available, end of year.....	298,062	36,161	0	0	0	0	0	0
Hurricane emergency supplemental b/.....	-169,254	-25,000	0	0	0	0	0	0
Rescission e/.....	5,856	864	0	0	0	0	0	0
Total Appropriation.....	585,564	86,370	258,339	87,354	254,076	-62,842	512,414	24,512

NOTE: Amounts reflected above are budget projections of use of funds within the Rural Community Advancement Program and Rural Community Facility Program. The justification of increases and decreases is based on the projected use of funds. Individual columns may not add down due to rounding.

- a/ Provided by the FY 2005 Military Construction Appropriations and Emergency Hurricane Supplemental Appropriations Act, 2005, P.L. 108-234, for the purpose of serving communities affected by tropical storms and hurricanes during calendar years 2003 and 2004.
- b/ Provided by the FY 2006 Department of Defense Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and the Pandemic Influenza Act, Act, 2006, 109-148, signed December 30, 2005, for the purpose of serving communities affected by hurricanes in the Gulf of Mexico and Pandemic Influenza, 2006.
- c/ The special earmarks were provided in General Provisions of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2006, P.L. 109-97, sections 755, 767, and 790.
- d/ This program was transferred to the Rural Utilities Service, High Energy Cost Grant Account in accordance with the FY 2006 Appropriations Act.
- e/ The amounts are rescinded pursuant to Section 3801 of Division B, Title III, of P.L. 109-148.

JUSTIFICATION OF INCREASES AND DECREASE

- (1) An increase of \$128,780,000 for the direct community facilities loans (\$173,634,000 available in 2007).

The \$128.7 million funding increase for the direct community facilities loans would increase the number of projects funded and rural residents served. Expanding access to health care and public safety resources will help strengthen local rural economies, reduce population migration from rural communities, and provide back-up emergency equipment for more urban communities when natural or man-made disasters occur.

The additional funds will also provide additional educational and cultural facilities, public buildings (including city hall buildings, child care centers, food pantries, and courthouses), and other essential community facilities (including recreation and transportation projects). These facilities help meet the USDA strategic goal of improving rural residents' quality of life.

- (2) An increase of \$201,198,000 for the guaranteed community facilities loans (\$8,802,000 available in 2007).

The funding increase for the community facilities guaranteed loan program would substantially increase the number of projects funded and rural residents served. Expanding access to health care and public safety resources will help strengthen local rural economies, reduce population migration from rural communities, and provide back-up emergency equipment for more urban communities when natural or man-made disasters occur.

The additional funds will also provide additional educational and cultural facilities, public buildings (including city hall buildings, child care centers, food pantries, and courthouses), and other essential community facilities (including recreation and transportation projects). These facilities help meet the USDA strategic goal of improving rural residents' quality of life.

- (3) A decrease of \$16,714,000 in the community facilities grants program (\$16,714,000 available in 2007).

In the current low interest rate environment, more communities can take on debt to address needs for community facilities. The \$16.7 million decrease in community facilities grants will be partially offset by the increase in community facilities direct loans and guaranteed loans.

- (4) A decrease of \$8,021,000 in rural community development initiative grants (\$8,021,000 available in 2007).

Earmarked grants provide assistance to a limited area of eligibility and deplete the already limited available funding for the RCAP funding to meet other high priority and targeted needs. Other program funds under the RCAP program can be used on a competitive basis to provide the same benefits that the earmarked grant funds would provide to this area of the country.

- (5) A decrease of \$17,123,000 in economic impact initiative grants (\$17,123,000 available in 2007).

Earmarked grants provide assistance to a limited area of eligibility and deplete the already limited available funding for the RCAP funding to meet other high priority and targeted needs. Other program funds under the RCAP program can be used on a competitive basis to provide the same benefits that the earmarked grant funds would provide to this area of the country.

- (6) A decrease of \$4,592,000 in tribal college grants (\$4,592,000 available in 2007).

Earmarked grants provide assistance to a limited area of eligibility and deplete the already limited available funding for the RCAP funding to meet other high priority and targeted needs. Other program

funds under the RCAP program can be used on a competitive basis to provide the same benefits that the earmarked grant funds would provide to this area of the country.

- (7) A decrease of \$3,713,000 in special earmark grants (\$3,713,000 available in 2007).

Earmarked grants provide assistance to a limited area of eligibility and deplete the already limited available funding for the RCAP funding to meet other high priority and targeted needs. Other program funds under the RCAP program can be used on a competitive basis to provide the same benefits that the earmarked grant funds would provide to this area of the country.

- (8) An increase of \$5,654,000 in the loan subsidy for the direct community facilities loans (\$11,130,000 available in 2007).

The requested subsidy amount is necessary to support the estimated loan obligations associated with the requested FY 2008 loan levels for the direct community facility loan program. The change is due to changes in the borrower rate.

- (9) An increase of \$7,406,000 in the loan subsidy for guaranteed community facilities loans (\$322,000 available in 2007).

The requested subsidy amount is necessary to support the estimated loan obligations associated with the requested FY 2008 loan levels for the guaranteed community facility loan program. The change is due to the annual technical assumption changes in addition to changes in the borrower rate and the discount rates.

RURAL HOUSING SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
2006 Actual and Estimated 2007 and 2008

Rural Community Facility Loan Program - Direct

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Alabama	\$6,756,530	\$4,889,000	\$7,577,000
Alaska	4,765,000	90,000	139,000
Arizona	2,397,000	1,313,000	2,035,000
Arkansas	6,806,000	3,042,000	4,715,000
California	10,757,070	4,377,000	6,784,000
Colorado	1,230,620	817,000	1,266,000
Connecticut	1,911,400	97,000	150,000
Delaware	650,000	448,000	694,000
Florida	6,948,900	3,409,000	5,283,000
Georgia	13,449,500	5,852,000	9,070,000
Hawaii	3,500,000	322,000	499,000
Idaho	2,364,000	707,000	1,095,000
Illinois	10,391,960	3,251,000	5,039,000
Indiana	7,603,600	3,338,000	5,173,000
Iowa	5,042,000	2,083,000	3,228,000
Kansas	4,441,900	1,180,000	1,829,000
Kentucky	12,301,760	5,246,000	8,131,000
Louisiana	7,574,100	3,162,000	4,901,000
Maine	18,788,900	1,213,000	1,880,000
Maryland	3,267,500	722,000	1,119,000
Massachusetts	6,680,500	203,000	314,000
Michigan	12,708,500	5,225,000	8,098,000
Minnesota	8,802,500	2,580,000	3,999,000
Mississippi	10,570,914	4,452,000	6,900,000
Missouri	10,569,498	3,962,000	6,141,000
Montana	3,045,000	582,000	902,000
Nebraska	5,942,700	496,000	768,000
Nevada	5,293,313	318,000	492,000
New Hampshire	740,000	248,000	384,000
New Jersey	2,295,500	274,000	424,000
New Mexico	2,095,626	1,202,000	1,863,000
New York	8,545,450	4,883,000	7,568,000
North Carolina	40,466,394	7,273,000	11,273,000
North Dakota	18,950	41,000	63,000
Ohio	9,197,000	5,334,000	8,267,000
Oklahoma	12,462,030	2,749,000	4,260,000
Oregon	3,726,000	1,494,000	2,315,000
Pennsylvania	14,312,600	5,762,000	8,931,000
Rhode Island	2,983,449	650,000	1,007,000
South Carolina	8,235,700	3,714,000	5,756,000
South Dakota	7,487,450	253,000	392,000
Tennessee	8,180,300	4,937,000	7,652,000
Texas	12,285,401	7,573,000	11,738,000
Utah	2,618,000	42,000	65,000
Vermont	5,732,400	115,000	178,000
Virginia	34,983,815	3,924,000	6,082,000
Washington	2,952,411	2,351,000	3,644,000
West Virginia	9,146,600	2,596,000	4,023,000
Wisconsin	4,794,590	3,168,000	4,910,000
Wyoming	1,817,000	236,000	365,000
Puerto Rico	2,333,000	1,505,000	2,332,000
Virgin Islands	300,000	847,000	1,312,000
W. Pacific Areas	2,000,000	847,000	1,312,000
Undistributed	--	69,993,133	108,077,000
Total Avail./Est.	<u>\$394,270,331</u>	<u>\$195,387,133</u>	<u>\$302,414,000</u>

RURAL HOUSING SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
2006 Actual and Estimated 2007 and 2008

Rural Community Facility Loans
2005 Hurricanes Natural Disaster

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Louisiana	\$1,600,000	--	--
Texas	<u>1,603,490</u>	--	--
Total Avail./Est.	<u><u>\$3,203,490</u></u>	<u><u>\$39,891,084</u></u> <u>1/</u>	<u><u>--</u></u>

1/ Cannot be distributed by geographic area in advance.

RURAL HOUSING SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
2006 Actual and Estimated 2007 and 2008

Rural Community Facility Loan Program - Guaranteed

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Alabama	-	\$591,000	\$6,028,000
Alaska	\$2,800,000	167,000	1,703,000
Arizona	1,200,000	275,000	2,805,000
Arkansas	16,650,000	428,000	4,366,000
California	8,036,105	546,000	5,569,000
Colorado	-	232,000	2,366,000
Connecticut	16,490,000	151,000	1,540,000
Delaware	-	120,000	1,224,000
Florida	-	460,000	4,692,000
Georgia	-	676,000	6,895,000
Hawaii	26,000,000	131,000	1,336,000
Idaho	1,093,000	222,000	2,264,000
Illinois	4,592,000	446,000	4,549,000
Indiana	-	454,000	4,632,000
Iowa	7,050,600	343,000	3,499,000
Kansas	-	264,000	2,694,000
Kentucky	2,500,000	622,000	6,344,000
Louisiana	2,400,000	438,000	4,468,000
Maine	2,000,000	267,000	2,723,000
Maryland	-	223,000	2,275,000
Massachusetts	14,876,000	177,000	1,805,000
Michigan	1,571,483	620,000	6,324,000
Minnesota	18,125,000	387,000	3,947,000
Mississippi	-	552,000	5,630,000
Missouri	-	509,000	5,193,000
Montana	595,000	211,000	2,152,000
Nebraska	-	203,000	2,071,000
Nevada	-	131,000	1,336,000
New Hampshire	-	181,000	1,846,000
New Jersey	-	184,000	1,878,000
New Mexico	-	266,000	2,713,000
New York	-	590,000	6,018,000
North Carolina	4,500,000	801,000	8,170,000
North Dakota	1,296,374	156,000	1,591,000
Ohio	3,000,000	630,000	6,426,000
Oklahoma	-	402,000	4,100,000
Oregon	-	291,000	2,968,000
Pennsylvania	8,355,058	668,000	6,814,000
Rhode Island	-	102,000	1,040,000
South Carolina	1,530,000	487,000	4,967,000
South Dakota	2,264,500	182,000	1,856,000
Tennessee	100,000	595,000	6,069,000
Texas	4,213,000	801,000	8,170,000
Utah	-	163,000	1,663,000
Vermont	3,567,500	170,000	1,734,000
Virginia	-	506,000	5,161,000
Washington	3,813,966	367,000	3,743,000
West Virginia	-	388,000	3,958,000
Wisconsin	-	439,000	4,478,000
Wyoming	-	139,000	1,418,000
Puerto Rico	-	292,000	2,978,000
Virgin Islands	-	100,000	1,020,000
W. Pacific Areas	5,650,000	100,000	1,020,000
Undistributed	-	1,647,989	17,771,000
Total Avail./Est.	<u>\$164,269,586</u>	<u>\$20,493,989</u>	<u>\$210,000,000</u>

RURAL HOUSING SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
2006 Actual and Estimated 2007 and 2008

Rural Community Facility Grants

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Alabama	\$507,000	\$435,000	--
Alaska	101,000	100,000	--
Arizona	200,000	197,000	--
Arkansas	297,000	293,000	--
California	847,504	378,000	--
Colorado	408,307	155,000	--
Connecticut	104,000	106,000	--
Delaware	87,167	85,000	--
Florida	369,000	340,000	--
Georgia	457,000	450,000	--
Hawaii	84,000	82,000	--
Idaho	170,000	134,000	--
Illinois	605,494	261,000	--
Indiana	288,000	283,000	--
Iowa	510,600	213,000	--
Kansas	228,950	167,000	--
Kentucky	575,640	434,000	--
Louisiana	315,000	310,000	--
Maine	371,100	178,000	--
Maryland	246,662	153,000	--
Massachusetts	125,000	123,000	--
Michigan	992,200	397,000	--
Minnesota	356,000	251,000	--
Mississippi	430,300	368,000	--
Missouri	369,280	345,000	--
Montana	127,250	138,000	--
Nebraska	187,230	140,000	--
Nevada	159,587	88,000	--
New Hampshire	291,137	123,000	--
New Jersey	118,000	117,000	--
New Mexico	172,000	169,000	--
New York	404,000	398,000	--
North Carolina	1,170,000	524,000	--
North Dakota	111,600	111,000	--
Ohio	683,000	409,000	--
Oklahoma	421,052	277,000	--
Oregon	244,426	171,000	--
Pennsylvania	529,700	455,000	--
Rhode Island	59,692	74,000	--
South Carolina	503,000	348,000	--
South Dakota	193,000	131,000	--
Tennessee	564,000	409,000	--
Texas	760,689	523,000	--
Utah	105,000	103,000	--
Vermont	654,456	115,000	--
Virginia	24,700	351,000	--
Washington	336,000	225,000	--
West Virginia	307,000	268,000	--
Wisconsin	409,950	276,000	--
Wyoming	106,800	91,000	--
Puerto Rico	176,503	174,000	--
Virgin Islands	50,000	74,000	--
W. Pacific Areas	75,000	74,000	--
Undistributed	--	4,760,945	--
Total Avail./Est.	<u>\$17,990,976</u>	<u>\$17,354,945</u>	<u>--</u>

RURAL HOUSING SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
2006 Actual and Estimated 2007 and 2008

Rural Community Facility Grants 2005 Hurricanes Natural Disaster

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Alabama	\$450,000	--	--
Mississippi	618,615	--	--
Texas	<u>372,509</u>	<u>--</u>	<u>--</u>
Total Avail./Est.	<u>\$1,441,124</u>	<u>\$20,894,541</u> ^{1/}	<u>--</u>

^{1/} Cannot be distributed by geographic area in advance.

Rural Community Facility Grants 2003/2004
Hurricanes Natural Disaster

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Louisiana	\$501,234	--	--
Mississippi	464,864	--	--
Virginia	<u>435,390</u>	<u>--</u>	<u>--</u>
Total Avail./Est.	<u>\$1,401,488</u>	<u>\$162,026</u> ^{1/}	<u>--</u>

RURAL HOUSING SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
2006 Actual and Estimated 2007 and 2008

Rural Community Development Initiative Grants

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Alabama	\$50,000	--	--
Arizona	207,329	--	--
Arkansas	523,240	--	--
California	798,434	--	--
Delaware	75,000	--	--
Georgia	326,115	--	--
Illinois	766,666	--	--
Iowa	826,833	--	--
Kentucky	300,000	--	--
Maine	895,286	--	--
Maryland	600,000	--	--
Massachusetts	300,000	--	--
Minnesota	504,275	--	--
Mississippi	165,000	--	--
Montana	300,000	--	--
Nebraska	189,402	--	--
New Mexico	150,000	--	--
Ohio	105,825	--	--
Oregon	100,000	--	--
South Carolina	130,077	--	--
Washington	515,000	--	--
Wisconsin	300,000	--	--
Wyoming	160,000	--	--
Total Avail./Est.	<u>\$8,288,482</u>	<u>\$15,267,654</u> 1/	<u>--</u>

Rural Cooperative Home Based Health Care Grants

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Total Avail./Est.	<u>--</u>	<u>\$143,500</u> 1/	<u>--</u>

1/ Cannot be distributed by geographic area in advance.

RURAL HOUSING SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
2006 Actual and Estimated 2007 and 2008

Economic Impact Initiative Grants

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Alaska	\$2,132,496	--	--
Arkansas	719,600	--	--
California	427,719	--	--
Hawaii	38,500	--	--
Illinois	266,750	--	--
Iowa	866,055	--	--
Kentucky	181,400	--	--
Louisiana	1,522,958	--	--
Maine	400,000	--	--
Michigan	286,000	--	--
Minnesota	700,000	--	--
Mississippi	1,301,154	--	--
Missouri	916,071	--	--
Montana	580,000	--	--
Nebraska	132,870	--	--
New Hampshire	182,264	--	--
New Jersey	482,500	--	--
New Mexico	746,425	--	--
North Carolina	288,000	--	--
North Dakota	161,312	--	--
Oklahoma	144,594	--	--
Oregon	525,000	--	--
South Dakota	885,000	--	--
Tennessee	562,500	--	--
Utah	755,000	--	--
Vermont	26,373	--	--
Virginia	831,945	--	--
Washington	323,715	--	--
West Virginia	344,000	--	--
Wisconsin	326,050	--	--
W. Pacific Areas	893,894	--	--
Total Avail./Est.	<u>\$17,950,145</u>	<u>\$19,291,684</u> ^{1/}	<u>--</u>

^{1/} Cannot be distributed by geographic area in advance.

RURAL HOUSING SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
2006 Actual and Estimated 2007 and 2008

Hazardous Weather Early Warning Grants

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Total Avail./Est.	<u> --</u>	<u>\$427,230 ^{1/}</u>	<u> --</u>

Tribal College Grants

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Michigan	\$300,000	--	--
Minnesota	139,800	--	--
Montana	2,100,000	--	--
New Mexico	200,000	--	--
North Dakota	724,361	--	--
South Dakota	625,000	--	--
Washington	300,000	--	--
Wisconsin	300,000	--	--
Total Avail./Est.	<u>\$4,689,161</u>	<u>\$4,689,161 ^{1/}</u>	<u> --</u>

Community Facility Project Special Earmark Grants GP 790, GP 791, GP 793

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Ohio	\$990,000	--	--
Texas	495,000	--	--
Wisconsin	2,227,500	--	--
Total Avail./Est.	<u>\$3,712,500</u>	<u>\$3,712,500 ^{1/}</u>	<u> --</u>

^{1/} Cannot be distributed by geographic area in advance.

RURAL HOUSING SERVICE

RURAL COMMUNITY PROGRAM ACCOUNT

Classification by Objects
2006 Actual and Estimates 2007 and 2008

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Other Objects:			
41 Grants, subsidies, and contributions.....	<u>\$69,380,621</u>	<u>\$97,774,655</u>	<u>\$24,512,000</u>
Total direct obligations.....	<u><u>69,380,621</u></u>	<u><u>97,774,655</u></u>	<u><u>24,512,000</u></u>

RURAL HOUSING SERVICE

The estimates include appropriation language for this item as follows (new language underscored):

Rural Housing Insurance Fund Program Account (including transfers of funds)

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: \$4,848,611,000 for loans to section 502 unsubsidized guaranteed loans; \$22,855,000 for section 504 housing repair loans; \$200,000,000 for section 538 guaranteed multi-family housing loan; \$5,045,000 for section 524 site loans; and \$11,408,000 for credit sales of acquired property, of which up to \$1,408,000 may be for multi-family credit sales.

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 \$10,070,000, to remain available until expended, shall be for unsubsidized guaranteed loans; section 504 housing repair loans, \$6,461,000; section 538 multi-family housing guaranteed loans, \$18,800,000; and credit sales of acquired property, \$523,000: Provided, That of the total amount appropriated in this paragraph, \$180,000 shall be available through June 30, 2008, for authorized empowerment zones and enterprise communities and communities designated by the Secretary of Agriculture as Rural Economic Area Partnership Zones: Provided further, That any balances for a demonstration program for the preservation and revitalization of the section 515 multi-family rental housing properties as authorized in Public Law 109-97 shall be transferred to and merged with the "Rural Housing Service, Multifamily Housing Revitalization Program Account".

In addition, for administrative expenses necessary to carry out the direct and guaranteed loan programs, \$434,890,000, which shall be paid to the appropriation for "Rural Development, Salaries and Expenses".

RURAL HOUSING SERVICE

Analysis of Change in AppropriationRURAL HOUSING INSURANCE FUND PROGRAM ACCOUNT

(On basis of loan level, subsidy, and administrative expenses)

	<u>Loan Level</u>	<u>Subsidy</u>	<u>Administrative Expenses</u>
Estimate, 2007.....	\$4,472,495,293	\$217,810,941	\$409,166,000
Budget Estimate, 2008	5,087,918,000	35,854,000	434,890,000
Increase or Decrease in Appropriations.....	<u>615,422,707</u>	<u>-181,956,941</u>	<u>25,724,000</u>

PROJECT STATEMENT
(On basis of supportable loan levels and appropriated subsidies and administrative expenses)
(In thousands of dollars)

Item of Change	2006 Actual		2007 Estimated		Increase or Decrease		2008 Estimated	
	Program Level	Subsidy/BA	Program Level	Subsidy/BA	Program Level	Subsidy/BA	Program Level	Subsidy/BA
Single family housing (SFH) direct loans.....	1,129,248	128,621	1,165,474	116,897	-1,165,474	(1)	-116,897	(10)
SFH direct loans - emer supp g/.....	122	14	0	0	0	0	0	0
SFH direct loans - 2005 hurricanes em supp b/.....	81,044	9,231	0	0	0	0	0	0
SFH guaranteed loans - purchase.....	2,891,254	33,537	2,996,334	36,256	1,791,166	(2)	-26,681	(11)
SFH guaranteed loans - refinance.....	3,800	11	107,957	540	-46,846	(3)	-45	(11)
SFH guar. 2005 hurricanes emer. supp. b/.....	179,631	2,084	0	0	0	0	0	0
SFH guar. modification 2005 hurr. emer supp.....	0	16	0	0	0	0	0	0
Rural rental housing direct loans.....	98,207	45,058	90,378	41,276	-90,378	(4)	-41,276	(10)
Multi-family housing preservation modification.....	0	4,588	0	8,097	0	0	-8,097	(5)
Multi-family housing preserv zero percent loans.....	280	152	0	0	0	0	0	0
Multi-family housing preserv soft second loans.....	4,502	3,940	0	0	0	0	0	0
Multi-family housing preservation grants.....	210	210	0	0	0	0	0	0
Multi-family housing guaranteed loans.....	98,380	5,332	62,998	4,876	137,002	(6)	13,924	(11)
Housing repair direct loans.....	32,942	9,635	31,169	9,211	-8,315	(7)	-2,750	(10)
Housing repair direct loans - disaster a/.....	0	0	0	0	0	0	0	0
Housing repair direct loans - 2003/2004 hurricanes disaster supplemental f/.....	364	106	0	0	0	0	0	0
Housing repair direct loans - 2005 hurricanes disaster supplemental b/.....	2,554	747	0	0	0	0	0	0
Direct farm labor loans disaster.....	0	0	0	0	0	0	0	0
Site development direct loans g/.....	2,975	0	5,045	0	0	0	0	0
Self-help housing land dev. loans.....	3,618	37	1,894	47	-1,894	(8)	-47	(10)
Single-family housing credit sales d/.....	414	0	10,000	48	0	0	-48	(10)
Multi-family housing credit sales.....	1,485	674	1,246	565	162	(9)	-42	(10)
Total Available.....	4,531,029	243,995	4,472,495	217,811	615,423		-181,957	
Recovery of prior year obligations.....	-46,564	-571	0	0	0	0	0	0
Unobligated balance available, start of year.....	-159,440	-7,381	0	0	0	0	0	0
Transfer to working capital fund b/.....	1,709	500	0	0	0	0	0	0
Unobligated balance expiring.....	61,949	447	0	0	0	0	0	0
Unobligated balance available, end of year.....	2,150,859	47,697	0	0	0	0	0	0
Total administrative expenses g/.....	0	450,261	0	409,166	0	0	25,724	0
2005 Hurricanes disaster supplemental b/.....	-1,502,884	-45,000	0	0	0	0	0	0
Rescission g/.....	50,721	6,969	0	0	0	0	0	0
Total loans and subsidies.....	5,087,379	242,108	4,472,495	217,811	615,423		-181,957	
Total administrative expenses.....	0	454,809	0	409,166	0	0	25,724	(12)
Staff-years are reflected in the Salaries and Expenses Project Statement.								

* Included in this table is the proposed legislation, General Provision 717, which changes the guarantee fee from 2% to 3% for single family guaranteed purchase loans. The effect of the change on the loan level with the same proposed budget authority is from \$797,916,667 to \$4,787,500,000.

PROJECT STATEMENT
(On basis of available loan levels, subsidies and administrative expenses)
(In thousands of dollars)

Item of Change	2006 Actual		2007 Estimated		Increase or Decrease		2008 Estimated	
	Program Level	Subsidy/BA	Program Level	Subsidy/BA	Program Level	Subsidy/BA	Program Level	Subsidy/BA
Single family housing (SFH) direct loans.....	1,129,248	128,621	1,165,474	116,897	-1,165,474	-116,897	0	0
SFH direct loans - emer supp a/.....	122	14	1,908	191	-1,908	-191	0	0
SFH direct loans - 2005 hurricanes em supp b/.....	81,044	9,231	107,369	10,769	-107,369	-10,769	0	0
SFH guaranteed loans - purchase.....	2,891,254	33,537	3,661,801	44,308	1,125,699	-34,733	4,787,500	9,575
SFH guaranteed loans - refinance.....	3,800	11	246,925	1,235	-185,814	-740	61,111	495
SFH guar. 2005 hurricanes emer. supp. b/.....	179,631	2,084	1,026,139	12,416	-1,026,139	-12,416	0	0
SFH guar. modification 2005 hurr. emer supp b/.....	0	16	0	484	0	-484	0	0
Rural rental housing direct loans.....	98,207	45,058	90,378	41,276	-90,378	-41,276	0	0
Multi-family housing preservation modification.....	0	4,588	0	8,097	0	-8,097	0	0
Multi-family housing preserv zero percent loans.....	280	152	0	0	0	0	0	0
Multi-family housing preserv soft second loans.....	4,502	3,940	0	0	0	0	0	0
Multi-family housing preservation grants.....	210	210	0	0	0	0	0	0
Multi-family housing guaranteed loans.....	98,380	5,332	62,998	4,876	137,002	13,924	200,000	18,800
Housing repair direct loans.....	32,942	9,635	31,169	9,211	-8,315	-2,750	22,854	6,461
Housing repair direct loans - disaster a/.....	0	0	3,024	894	-3,024	-894	0	0
Housing repair direct loans - 2003/2004 hurricanes disaster supplemental f/.....	364	106	14,913	4,407	-14,913	-4,407	0	0
Housing repair direct loans - 2005 hurricanes disaster supplemental b/.....	2,554	747	31,313	9,253	-31,313	-9,253	0	0
Direct farm labor loans disaster.....	0	0	1,118	536	-1,118	-536	0	0
Site development direct loans c/.....	2,975	0	5,045	0	0	0	5,045	0
Self-help housing land dev. loans.....	3,618	37	1,894	47	-1,894	-47	0	0
Single-family housing credit sales d/.....	414	0	10,000	48	0	-48	10,000	0
Multi-family housing credit sales.....	1,485	674	1,246	565	162	-42	1,408	523
Total Available or Estimate.....	4,531,029	243,995	6,462,713	265,508	-1,374,795	-229,654	5,087,918	35,854
Recovery of prior year obligations.....	-46,564	-571	0	0	0	0	0	0
Unobligated balance available, start of year.....	-159,440	-7,381	-1,990,218	-47,697	1,990,218	47,697	0	0
Transfer to working capital fund h/.....	1,709	500	0	0	0	0	0	0
Unobligated balance expiring.....	61,949	447	0	0	0	0	0	0
Unobligated balance available, end of year.....	2,150,859	47,697	0	0	0	0	0	0
Total administrative expenses e/.....	0	450,261	0	409,166	0	25,724	0	434,890
2005 Hurricanes disaster supplemental b/.....	-1,502,884	-45,000	0	0	0	0	0	0
Rescission g/.....	50,721	6,969	0	0	0	0	0	0
Total loans and subsidies.....	5,087,379	242,108	4,472,495	217,811	615,423	-181,957	5,087,918	35,854
Total administrative expenses.....	0	454,809	0	409,166	0	25,724	0	434,890

Staff-years are reflected in the Salaries and Expenses Project Statement.

* Included in this table is the proposed legislation, General Provision 717, which changes the guarantee fee from 2% to 3% for single family guaranteed purchase loans. The effect of the change on the loan level with the same proposed budget authority is from \$797,916,667 to \$4,787,500,000.

Project Statement Footnotes

- a/ Provided by the Omnibus Appropriations Act FY 2000, P.L. 106-113, dated November 29, 1999 and FY 2000 Emergency Supplemental Appropriations Act, P.L. 106-246, dated July 13, 2000.
- b/ Provided by the FY 2006 Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and Pandemic Influenza Appropriations Act, 2006, 109-148, signed December 30, 2005, for the purpose of serving communities affected by 2005 hurricanes in the Gulf of Mexico and Pandemic Influenza, 2006.
- c/ Negative subsidy rates of 3.51% were calculated for FY 2006, 1.66% for FY 2007 and 0.79% for FY 2008. Therefore, corresponding budget authority is not required to support the loan levels.
- d/ Negative subsidy rates of 14.53% were calculated for FY 2006 and 1.15% for FY 2008. Therefore, corresponding budget authority is not required to support the loan levels.
- e/ In FY 2006, funding of \$450,260,910 was appropriated and transferred to the Rural Development Salaries and Expense Account. In FY 2007, funding of \$409,166,000 was estimated and will be transferred to the Rural Development Salaries and Expense Account. In FY 2008, funding of \$434,890,000 is requested and shall be paid to the Rural Development Salaries and Expense Account.
- f/ Provided by the FY 2005 Military Construction Appropriations and Emergency Hurricane Supplemental Appropriations Act, 2005, P.L. 108-324, for the purpose of serving communities affected by tropical storms and hurricanes during calendar years 2003 and 2004.
- g/ The FY 2006 amounts are rescinded pursuant to Section 3801 of Division B, Title III, of P.L. 109-148.
- h/ Transferred under the authority provided in the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriation Act, 2006, P.L. 109-97, General Provision section 705.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A decrease of \$1,165,474,000 in direct single family housing loans (\$1,165,474,000 available in FY 2007).

In an effort to be consistent with other Federal Housing Programs, the section 502 direct single family housing loan program will be discontinued. The private market will be able to provide mortgage credit to rural residents in the future. A significant increase in section 502 guaranteed loan level will compensate for this reduction.

The direction of Rural Development's single family housing mortgage assistance over the last two decades has been towards guaranteed loans. The guaranteed single family housing loan program was newly authorized in 1990 at \$100 million and has grown into a \$3 billion plus loan program annually. Meanwhile the direct single family loan program has been stagnant at approximately a \$1 billion loan level.

Solely utilizing guarantees for single family housing mortgage is consistent with the other Federal homeownership programs. In fact, there are no Federal direct single family loan home ownership programs for urban areas.

Furthermore, financial markets have become more efficient and increased the reach of mortgage credit to lower credit qualities and incomes. While there are still rural areas that are isolated from broad credit availability, these areas are shrinking as broadband internet access and correspondent lending grows. Therefore, utilizing the private banking industry to provide this service, with a guarantee from the Federal government, is a more efficient way to deliver that assistance.

For example, the per unit budget authority cost of the section 502 direct single family housing loans is approximately \$10,000 each for credit subsidy. Direct loans are much more expensive than the guaranteed rural housing loans on a per unit cost basis. That is, Rural Development can place 10 times as many people into homeownership through the guaranteed program, for a given amount of budget authority, as through the direct program. And because almost 30% of guaranteed loans already go to low income families, there are twice as many low income families brought into homeownership when using the guaranteed program. That said, it is because we recognize the need for deep subsidies in certain cases (self-help housing, distressed areas, etc.) that we expect to propose a program to add interest rate subsidies to guaranteed loans.

- (2) An increase of \$1,791,166,000 in guaranteed single family unsubsidized purchase loans (\$2,996,334,000 available in FY 2007).

Funding in FY 2008 is requested at an increased amount of \$4.8 billion for purchase loans. The main justification for the increase is to compensate for FY 2008 funding for direct single family housing loans.

The proposed funding will provide the means for about 39,119 rural, lower income families to become homeowners, a projected 9,643 more than in 2006, based on 10-percent annual increases in average loan amounts. The budget cost to the Government is only \$245 per loan. This budget authority cost is lower than in FY 2007 due to an additional 1% being financed by the borrowers through a fee increase to 3% from 2%. This program provides the following benefits:

Increased economic opportunities and improved quality of life in rural America through the wealth building attributes associated with homeownership;

Retention and attraction of populations to rural areas by providing access to affordable home mortgage credit;

Opportunity to contribute to the new affordable housing unit stock in rural American; and

Serve first-time and minority homebuyers, with average household income of about \$42,000 per year (in FY 2006).

The portfolio's default performance continues to remain strong, and is better than the Federal Housing Administration's (FHA) portfolio. With rising interest rates expected to make qualifying for home mortgages more difficult for lower income purchasers in FY 2007 and FY 2008, the section 502 guaranteed single family housing loan program as a source for affordable mortgage credit, as opposed to conventional production that may have been an option in lower interest rate environments. Average loan amounts are also increasing every month. Unlike the loan production at the Federal Housing Administration (FHA) or the Department of Veterans Affairs (VA), which has fallen off significantly in the past several years, demand for section 502 guaranteed single family housing loan product has remained steady over the corresponding time periods since the need it

serves has remained constant. Almost 30% of non-subsidized guaranteed single family housing loans go to low-income families, with incomes less than 80% of median area income.

- (3) A decrease of \$46,846,000 in guaranteed single family unsubsidized refinanced loans (\$107,957,000 available in FY 2007).

This program is market driven: refinance loan activity (in both the public and private sectors) is expected to be very light in FY 2008 due to rising interest rates. Section 502 guaranteed loan refinances are limited to existing section 502 program borrowers. Most borrowers that are eligible to refinance have done so already in prior fiscal years. Activity was very limited (100 loans or less) in FY 2007.

- (4) A decrease of \$90,378,000 in direct rural rental housing loans (\$90,378,000 available in FY 2007).

Rural Development has prioritized the FY 2008 budget authority amongst various programs, and the section 515 direct rural rental housing loan program was not funded. The available budget authority for all of Rural Development has been reapportioned within Rural Development to higher priorities and the success of the section 538 guaranteed multi-family housing construction programs. For new rural rental housing, the Administration looks to continue the successful partnership of the section 538 guaranteed rural rental housing program with the low income housing tax credit program to provide the major source of federal construction subsidy.

The relative per unit cost of the section 515 rural rental housing program is higher compared to the guaranteed rural rental housing program per unit cost. For a given level of budget authority, the section 538 guaranteed rural rental housing program can produce 5 times as many units as the section 515 direct rural rental housing program. Therefore, more emphasis and resources are directed to the guaranteed rural rental housing program.

- (5) A decrease of \$8,097,000 in costs for multi-family housing preservation modifications (\$8,097,000 available in 2007).

This was a pilot program authorized within the Rural Housing Insurance Fund Program in FY 2007. Funding for restructuring of our multi-family portfolio, which would include preservation modifications, is included in the multi-family housing revitalization appropriations. \$28 million is provided for vouchers and restructuring. However, restructuring activities are contingent on authorization of the multi-family housing revitalization legislation which is expected to be re-proposed by the Administration for the 110th Congress, so until the authorization is officially provided, funding is assumed to be spent on vouchers.

- (6) An increase of \$137,002,000 in guaranteed multi-family housing loans (\$62,998,000 available in FY 2007).

This increase follows the direction toward guarantees by the Federal government in terms of housing programs. Section 538 guaranteed rural rental housing program growth from \$63 million in the FY 2007 full year continuing resolution to \$200 million in FY 2008 includes both new construction and rehabilitation of existing affordable housing properties. In FY 2006, the section 538 guaranteed rural rental housing program was used to preserve existing affordable housing and to construct new housing. Rural Development plans to expand the use of section 538 program in the preservation of existing affordable housing.

As Rural Development continues to emphasize the preservation of existing affordable housing properties, the section 538 program will be a primary funding tool. Rural Development forecasts in FY 2007 that the section 538 program will fund approximately \$7 million in multi-family housing preservation revitalization projects. The section 538 program provides a cost effective method of

providing supplemental funds in these renovation efforts. Therefore, in FY 2008, a growth in the section 538 program will facilitate the preservation of many more existing affordable housing properties.

- (7) A decrease of \$8,315,000 in direct housing repair loans (\$31,169,000 available in FY 2007).

The decrease is tied with the elimination of section 502 direct single family housing loan program.

- (8) A decrease of \$1,894,000 in direct self-help land development loans (\$1,894,000 available in FY 2007).

This proposed decrease reflects expected demand given the proposal for zero funding for the section 502 direct single family housing loan program in FY 2008. This supporting program is no longer necessary without the accompanying section 502 direct single family housing program.

- (9) An increase of \$162,000 in direct multi-family housing credit sales loans (\$1,246,000 available in FY 2007).

The proposed increase will improve the likelihood of sales of multi-family inventory properties. Inventory properties are an extremely small part of the portfolio (0.0005%) and by keeping these properties in the program, Rural Development continues to provide affordable housing units to rural families.

- (10) A decrease of \$161,060,000 in loan subsidy for direct rural housing insurance fund loan programs (\$168,044,000 available in 2007).

The requested subsidy amount supports the estimated loan obligations associated with the requested FY 2008 loan levels for the rural housing insurance fund direct loan programs. The change is due to data and model changes used to update the annual technical assumptions and to the restructuring of the multi-family housing loan program.

- (11) A decrease of \$12,802,000 in loan subsidy for guaranteed loan subsidy for rural housing insurance fund loan programs (\$41,672,000 available in 2007).

The requested subsidy amount supports the estimated loan obligations associated with the requested FY 2008 loan levels for the rural housing insurance fund guaranteed loan programs. The change is due to the annual technical assumption changes.

- (12) An increase of \$25,724,000 in administrative expenses (\$409,166,000 available in 2007).

Justification for administrative expenses in the amount of \$438,890,000 and the associated staff-years are reflected in the Rural Development Salaries and Expenses Project Statement.

RURAL HOUSING SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
2006 Actual and Estimated 2007 and 2008

Single-Family Housing Direct Loans

	2006	2007	2008
Alabama	\$17,278,177	\$19,880,000	--
Alaska	11,134,064	4,130,000	--
Arizona	21,827,880	11,699,000	--
Arkansas	26,804,117	14,330,000	--
California	50,185,222	29,889,000	--
Colorado	29,435,687	7,296,000	--
Connecticut	5,045,820	2,006,000	--
Delaware	13,348,820	706,000	--
Florida	38,553,072	19,397,000	--
Georgia	36,473,851	25,061,000	--
Hawaii	2,051,460	4,125,000	--
Idaho	22,435,101	4,925,000	--
Illinois	25,510,908	16,903,000	--
Indiana	23,200,886	16,827,000	--
Iowa	31,858,379	10,912,000	--
Kansas	21,226,770	7,944,000	--
Kentucky	35,856,184	18,150,000	--
Louisiana	10,031,434	15,056,000	--
Maine	30,067,672	6,364,000	--
Maryland	15,488,190	5,678,000	--
Massachusetts	9,672,845	4,166,000	--
Michigan	43,866,675	23,508,000	--
Minnesota	21,666,733	15,058,000	--
Mississippi	6,277,588	18,097,000	--
Missouri	34,580,633	18,162,000	--
Montana	15,257,132	4,549,000	--
Nebraska	7,941,350	5,664,000	--
Nevada	4,771,821	1,021,000	--
New Hampshire	16,370,221	3,290,000	--
New Jersey	12,949,251	3,563,000	--
New Mexico	12,381,898	8,798,000	--
New York	22,704,314	22,117,000	--
North Carolina	43,478,766	34,396,000	--
North Dakota	6,078,896	2,303,000	--
Ohio	39,284,982	24,520,000	--
Oklahoma	21,166,154	12,683,000	--
Oregon	19,154,129	10,148,000	--
Pennsylvania	33,345,769	28,300,000	--
Rhode Island	3,637,876	554,000	--
South Carolina	17,257,459	17,196,000	--
South Dakota	9,871,875	5,061,000	--
Tennessee	43,407,663	19,920,000	--
Texas	38,165,360	52,052,000	--
Utah	26,660,702	2,140,000	--
Vermont	8,548,171	2,691,000	--
Virginia	33,455,505	17,484,000	--
Washington	40,196,266	12,125,000	--
West Virginia	14,665,963	9,709,000	--
Wisconsin	24,909,478	16,948,000	--
Wyoming	5,021,853	1,398,000	--
Puerto Rico	14,435,684	12,934,000	--
Virgin Islands	2,528,352	1,686,000	--
W. Pacific Areas	7,722,644	484,000	--
Undistributed	--	511,470,635	--
Total Avail./Est.	<u>\$1,129,247,702</u>	<u>\$1,165,473,635</u>	--

RURAL HOUSING SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
2006 Actual and Estimated 2007 and 2008

Single-Family Housing Direct Loans for Natural Disaster

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Missouri	<u>\$121,600</u>	--	--
Total Avail./Est.	<u>\$121,600</u>	<u>\$1,907,723</u> 1/	--

Single-Family Housing Direct Loans 2005 Hurricanes for Natural Disaster

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Alabama	\$5,516,489	--	--
Florida	23,620,506	--	--
Louisiana	21,452,006	--	--
Mississippi	23,194,710	--	--
Texas	<u>7,260,214</u>	--	--
Total Avail./Est.	<u>\$81,043,925</u>	<u>\$107,368,859</u> 1/	--

1/ Cannot be distributed by geographic area in advance.

RURAL HOUSING SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
2006 and Estimated 2007 and 2008

Single Family Housing Guaranteed Loans Unsubsidized

	2006	2007	2008
Alabama	\$69,258,293	\$55,229,000	\$68,500,000
Alaska	30,349,883	19,683,000	24,387,000
Arizona	8,883,997	36,555,000	45,326,000
Arkansas	136,713,659	48,332,000	59,941,000
California	37,257,108	98,822,000	122,600,000
Colorado	26,259,001	31,350,000	38,866,000
Connecticut	6,882,905	13,929,000	17,247,000
Delaware	7,018,019	11,487,000	14,216,000
Florida	39,880,796	53,096,000	65,854,000
Georgia	45,494,229	76,089,000	94,387,000
Hawaii	4,424,264	21,040,000	26,071,000
Idaho	29,468,306	22,735,000	28,175,000
Illinois	245,838,870	54,011,000	66,988,000
Indiana	38,398,857	49,799,000	61,761,000
Iowa	66,160,693	37,178,000	46,099,000
Kansas	56,419,165	30,909,000	38,319,000
Kentucky	119,313,991	55,416,000	68,732,000
Louisiana	24,298,158	48,786,000	60,504,000
Maine	50,629,290	27,618,000	34,235,000
Maryland	33,727,232	23,770,000	29,459,000
Massachusetts	2,720,713	17,819,000	22,074,000
Michigan	198,590,703	67,362,000	83,557,000
Minnesota	185,032,040	48,029,000	59,565,000
Mississippi	17,637,138	55,105,000	68,346,000
Missouri	146,637,040	58,403,000	72,440,000
Montana	48,201,036	20,716,000	25,669,000
Nebraska	36,253,426	24,114,000	29,886,000
Nevada	2,228,990	13,268,000	16,426,000
New Hampshire	17,886,814	19,214,000	23,805,000
New Jersey	9,753,038	15,405,000	19,078,000
New Mexico	16,642,690	31,206,000	38,687,000
New York	19,555,134	73,284,000	90,906,000
North Carolina	85,783,887	99,661,000	123,640,000
North Dakota	16,810,753	14,498,000	17,953,000
Ohio	80,067,359	71,050,000	88,134,000
Oklahoma	69,474,468	43,309,000	53,707,000
Oregon	44,524,084	41,491,000	51,451,000
Pennsylvania	74,091,942	81,523,000	101,131,000
Rhode Island	-	7,805,000	9,647,000
South Carolina	38,975,231	52,821,000	65,512,000
South Dakota	95,437,124	20,210,000	25,041,000
Tennessee	128,726,622	59,721,000	74,075,000
Texas	31,685,274	140,061,000	173,777,000
Utah	28,074,617	15,793,000	19,561,000
Vermont	14,221,690	18,605,000	23,050,000
Virginia	96,666,970	53,333,000	66,147,000
Washington	20,317,829	46,923,000	58,192,000
West Virginia	46,028,050	34,012,000	42,170,000
Wisconsin	89,672,960	53,720,000	66,627,000
Wyoming	8,194,660	13,674,000	16,930,000
Western Pacific	19,309,786	10,498,000	12,989,000
Puerto Rico	128,566,710	23,313,000	28,892,000
Virgin Islands	609,351	12,050,000	14,915,000
Undistributed	-	1,734,894,489	2,152,964,000
Total Avail./Est.	<u>\$2,895,054,845</u>	<u>\$3,908,724,489</u>	<u>\$4,848,611,000</u>

RURAL HOUSING SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
2006 Actual and Estimated 2007 and 2008

Single Family Housing Guaranteed Loans Purchase
2005 Hurricanes for Natural Disaster

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Alabama	\$5,290,654	--	--
Florida	40,180,115	--	--
Louisiana	81,164,471	--	--
Mississippi	47,550,007	--	--
Texas	5,445,473	--	--
Total Avail./Est.	<u>\$179,630,720</u>	<u>\$1,026,139,145</u> ^{1/}	<u>--</u>

Single Family Housing Guaranteed Loans Purchase Refinance Modification
2005 Hurricanes for Natural Disaster

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Total Avail./Est.	<u>\$15,877</u> ^{2/}	<u>\$484,123</u> ^{1/}	<u>--</u>

^{1/} Cannot be distributed by geographic area in advance.

^{2/} State detail unavailable.

RURAL HOUSING SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
2006 and Estimated 2007 and 2008

Rural Rental Housing Direct Loans

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Alabama	\$1,930,200	-	-
Arizona	4,099,502	-	-
Arkansas	3,441,500	-	-
California	3,391,859	-	-
Colorado	675,000	-	-
Connecticut	500,000	-	-
Delaware	141,000	-	-
Florida	3,407,657	-	-
Georgia	540,000	-	-
Idaho	1,115,578	-	-
Illinois	3,636,094	-	-
Indiana	1,540,381	-	-
Iowa	2,959,260	-	-
Kansas	1,105,977	-	-
Kentucky	638,551	-	-
Louisiana	562,991	-	-
Maine	3,300,360	-	-
Massachusetts	250,000	-	-
Michigan	7,493,200	-	-
Mississippi	13,081,911	-	-
Missouri	1,038,820	-	-
Montana	469,280	-	-
New Hampshire	1,200,000	-	-
New Jersey	775,000	-	-
New Mexico	191,180	-	-
New York	3,200,046	-	-
North Carolina	1,987,719	-	-
North Dakota	403,000	-	-
Ohio	4,703,000	-	-
Oklahoma	2,324,285	-	-
Oregon	2,201,324	-	-
Pennsylvania	489,372	-	-
Rhode Island	500,000	-	-
South Carolina	1,122,000	-	-
South Dakota	5,030,477	-	-
Tennessee	865,070	-	-
Texas	531,650	-	-
Vermont	4,589,630	-	-
Virginia	2,450,000	-	-
Washington	2,964,431	-	-
West Virginia	4,400,000	-	-
Wisconsin	915,622	-	-
Puerto Rico	2,044,490	-	-
Total Avail./Est.	<u>\$98,207,417</u>	<u>\$90,378,046</u> 1/	<u>-</u>

1/ Cannot be distributed by geographic area in advance.

RURAL HOUSING SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
2006 Actual and Estimated 2007 and 2008

Multi-Family Housing Guaranteed Loans

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Alabama	\$4,189,943	--	--
Arizona	11,194,123	--	--
Arkansas	4,370,000	--	--
California	8,643,300	--	--
Colorado	1,050,000	--	--
Florida	1,840,000	--	--
Georgia	3,909,000	--	--
Idaho	1,100,000	--	--
Illinois	5,251,000	--	--
Kentucky	1,350,000	--	--
Maine	1,930,719	--	--
Maryland	2,227,164	--	--
Michigan	3,480,000	--	--
Minnesota	800,000	--	--
Mississippi	1,199,263	--	--
North Carolina	1,250,000	--	--
North Dakota	1,302,489	--	--
Ohio	17,512,307	--	--
Oklahoma	2,200,000	--	--
Pennsylvania	3,875,000	--	--
South Dakota	4,255,892	--	--
Tennessee	5,675,000	--	--
Texas	4,664,300	--	--
West Virginia	4,105,000	--	--
Wisconsin	1,005,500	--	--
Total Avail./Est.	<u>\$98,380,000</u>	<u>\$62,998,307</u> ^{1/}	<u>\$200,000,000</u> ^{1/}

^{1/} Cannot be distributed by geographic area in advance.

RURAL HOUSING SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
2006 and Estimated 2007 and 2008

Very Low Income Housing Repair Loans

	2006	2007	2008
Alabama	\$981,116	\$837,000	\$609,000
Alaska	199,015	231,000	176,000
Arizona	239,570	733,000	535,000
Arkansas	678,631	623,000	456,000
California	250,688	1,690,000	1,218,000
Colorado	160,372	254,000	192,000
Connecticut	31,155	3,731	14,000
Delaware	86,130	6,791	16,000
Florida	539,780	833,000	606,000
Georgia	891,131	1,093,000	792,000
Hawaii	297,361	222,000	170,000
Idaho	324,307	200,000	154,000
Illinois	2,730,668	607,000	445,000
Indiana	449,064	568,000	416,000
Iowa	1,289,496	364,000	270,000
Kansas	453,400	289,000	217,000
Kennucky	2,465,727	733,000	534,000
Louisiana	284,855	721,000	525,000
Maine	594,567	212,000	162,000
Maryland	404,766	152,000	119,000
Massachusetts	195,593	80,000	68,000
Michigan	977,557	837,000	608,000
Minnesota	761,895	592,000	433,000
Mississippi	284,067	846,000	615,000
Missouri	1,815,916	718,000	524,000
Montana	67,765	159,000	125,000
Nebraska	455,780	189,000	146,000
Nevada	33,654	22,000	27,000
New Hampshire	279,860	67,000	59,000
New Jersey	85,325	58,000	52,000
New Mexico	276,091	560,000	411,000
New York	506,892	773,000	563,000
North Carolina	2,591,728	1,439,000	1,039,000
North Dakota	154,766	52,000	48,000
Ohio	797,727	833,000	606,000
Oklahoma	200,929	545,000	400,000
Oregon	320,927	442,000	327,000
Pennsylvania	1,324,194	982,000	712,000
Rhode Island	82,488	7,811	17,000
South Carolina	961,050	740,000	540,000
South Dakota	262,605	176,000	137,000
Tennessee	1,028,535	837,000	609,000
Texas	1,125,914	2,720,000	1,954,000
Utah	198,643	62,000	55,000
Vermont	244,993	56,000	51,000
Virginia	603,961	659,000	482,000
Washington	263,324	553,000	406,000
West Virginia	767,865	354,000	264,000
Wisconsin	781,175	611,000	447,000
Wyoming	73,273	25,000	29,000
Western Pacific	1,331,429	425,000	315,000
Puerto Rico	675,308	731,000	533,000
Virgin Islands	58,553	55,000	50,000
Undistributed	-	3,591,049	2,576,000
Total Avail./Est.	<u>\$32,941,581</u>	<u>\$31,169,382</u>	<u>\$22,854,000</u>

RURAL HOUSING SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
2006 and Estimated 2007 and 2008

Very Low Income Housing Repair Loans
for Natural Disaster

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Total Avail./Est.	<u> --</u>	<u>\$3,024,428 1/</u>	<u> --</u>

Very Low Income Housing Repair Loans
2005 Hurricanes for Natural Disaster

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Florida	60,550	--	--
Georgia	303,450	--	--
Total Avail./Est.	<u>\$364,000</u>	<u>\$14,913,293 1/</u>	<u> --</u>

Very Low Income Housing Repair Loans for Natural Disaster

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Alabama	\$198,227	--	--
Florida	350,571	--	--
Louisiana	621,865	--	--
Mississippi	1,071,915	--	--
Texas	311,353	--	--
Total Avail./Est.	<u>\$2,553,931</u>	<u>\$31,312,943 1/</u>	<u> --</u>

1/ Cannot be distributed by geographic area in advance.

RURAL HOUSING SERVICE
 GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
 2006 and Estimated 2007 and 2008

Farm Labor Housing Loans
 for Natural Disaster

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Total Avail./Est.	<u> --</u>	<u>\$1,117,637 1/</u>	<u> --</u>

1/ Cannot be distributed by geographic area in advance.

RURAL HOUSING SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
2006 Actual and Estimated 2007 and 2008

Housing Site Development Direct Loans

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Kansas	\$2,500,000	--	--
Maine	<u>475,000</u>	<u>--</u>	<u>--</u>
Total Avail./Est.	<u><u>\$2,975,000</u></u>	<u><u>\$5,045,000</u></u> 1/	<u><u>\$5,045,000</u></u> 1/

Self-Help Housing Land Development Housing Loans

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Arizona	2,894,508	--	--
Colorado	283,531	--	--
Maine	259,752	--	--
North Carolina	<u>180,000</u>	<u>--</u>	<u>--</u>
Total Avail./Est.	<u><u>\$3,617,791</u></u>	<u><u>\$1,893,987</u></u> 1/	<u><u>--</u></u>

1/ Cannot be distributed by geographic area in advance.

RURAL HOUSING SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
2006 Actual and Estimated 2007 and 2008

Single Family Housing Credit Sales

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Arkansas	\$15,200	--	--
Illinois	51,300	--	--
Montana	48,450	--	--
New Jersey	91,314	--	--
New Mexico	15,000	--	--
North Dakota	52,000	--	--
Texas	79,054	--	--
Wisconsin	61,750	--	--
Total Avail./Est.	<u>\$414,068</u>	<u>\$10,000,000</u> ^{1/}	<u>\$10,000,000</u> ^{1/}

Multi-Family Housing Credit Sales

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Unavailable	<u>1,485,000</u>	--	--
Total Avail./Est.	<u>\$1,485,000</u>	<u>\$1,245,659</u> ^{1/}	<u>\$1,408,000</u> ^{1/}

^{1/} Cannot be distributed by geographic area in advance.

RURAL HOUSING SERVICE
RURAL HOUSING INSURANCE FUND

Classification by Objects
2006 Actual and Estimates 2007 and 2008

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Other Objects:			
25 Other purchases of goods and services from government accounts.....	\$450,260,910	\$409,166,000	\$434,890,000
41 Grants, subsidies, and contributions.....	<u>243,995,541</u>	<u>265,508,000</u>	<u>35,854,100</u>
Total other objects.....	<u>694,256,451</u>	<u>674,674,000</u>	<u>470,744,100</u>
Total direct obligations.....	<u><u>694,256,451</u></u>	<u><u>674,674,000</u></u>	<u><u>470,744,100</u></u>

RURAL HOUSING SERVICE

The estimates include appropriation language for this item as follows (new language underscored):

Farm Labor Program Account

For the cost of direct loans, grants, and contracts, as authorized by 42 U.S.C. 1484 and 1486, \$9,849,000, to remain available until expended, for direct farm labor housing loans and domestic farm labor housing grants and contracts.

RURAL HOUSING SERVICE

Analysis of Change in AppropriationFARM LABOR PROGRAM ACCOUNT
(On basis of loan levels, subsidies, and grants)

	<u>Loan Level</u>	<u>Subsidy</u>	<u>Grants</u>
Estimate, 2007.....	\$9,304,000	\$4,461,000	\$22,320,000
Budget Estimate, 2008.....	<u>13,520,000</u>	<u>5,849,000</u>	<u>4,000,000</u>
Increase or Decrease in Appropriations.....	<u><u>4,216,000</u></u>	<u><u>1,388,000</u></u>	<u><u>-18,320,000</u></u>

PROJECT STATEMENT

(On basis of appropriated/supportable loan level, subsidy, and grants)
(In thousands of dollars)

Item of Change	2006 Actual		2007 Estimated		Increase or Decrease		2008 Estimated	
	Program Level	Subsidy/BA	Program Level	Subsidy/BA	Program Level	Subsidy/BA	Program Level	Subsidy/BA
Direct farm labor housing loans.....	\$19,916	\$8,880	\$9,304	\$4,461	\$4,216	\$1,388 (2)	\$13,520	\$5,849
Domestic farm labor housing grants.....	25,941	25,941	22,320	22,320	-18,320	-18,320	4,000	4,000
Total Available or Estimate.....	45,857	34,821	31,624	26,781	-14,104 (1)	-16,932	17,520	9,849
Recovery of prior year obligations.....	-13,876	-8,040						
Unobligated balance, start of year.....	0	0						
Unobligated balance, end of year.....	8,690	4,075						
Rescission a/.....	525	312						
Total Appropriation.....	41,196	31,168						

Staff Years are reflected in the Salaries and Expenses Project Statement.

a/ The FY 2006 amounts are rescinded pursuant to Section 3801 of Division B, Title III, Chapter 8 of P.L. 109-148.

PROJECT STATEMENT

(On basis of obligations under available funds)
(In thousands of dollars)

Item of Change	2006 Actual		2007 Estimated		Increase or Decrease		2008 Estimated	
	Program Level	Subsidy/BA	Program Level	Subsidy/BA	Program Level	Subsidy/BA	Program Level	Subsidy/BA
Direct farm labor housing loans.....	\$19,916	\$8,880	\$9,853	\$4,724	\$3,667	\$1,125	\$13,520	\$5,849
Domestic farm labor housing grants.....	25,941	25,941	26,132	26,132	-22,132	-22,132	4,000	4,000
Total Available or Estimate.....	45,857	34,821	35,985	30,856	-18,465	-21,007	17,520	9,849
Recovery of prior year obligations.....	-13,876	-8,040	0	0	0	0	0	0
Unobligated balance, start of year.....	0	0	-4,361	-4,075	4,361	4,075	0	0
Unobligated balance, end of year.....	8,690	4,075	0	0	0	0	0	0
Rescission a/.....	525	312	0	0	0	0	0	0
Total Appropriation.....	41,196	31,168	31,624	26,781	-14,104	-16,932	17,520	9,849

Staff Years are reflected in the Salaries and Expenses Project Statement.

a/ The FY 2006 amounts are rescinded pursuant to Section 3801 of Division B, Title III, Chapter 8 of P.L. 109-148.

JUSTIFICATION OF DECREASE AND INCREASE

- (1) A decrease of \$14,104,000 in the direct farm labor housing loans and grants, (\$31,624,000 available in 2007).

The budget includes a reduction of \$18,320,000 for farm labor housing grants. Most projects require significant amounts of rental assistance payments in addition to grants and a very deep interest subsidy. In addition, the program is limited to domestic farm workers and is not widely used in all states. To meet demands, the budget includes an increase of \$4,216,000 for direct loans. The rehabilitation needs of the farm labor properties can be met through a new shift of section 514/515/516 resources to the section 533 housing preservation grant program and the multifamily housing revitalization program.

- (2) An increase of \$1,388,000 in the direct farm labor housing loan subsidy (\$4,461,000 available in 2007).

The requested subsidy amount is necessary to support the estimated loan obligations associated with the requested FY 2008 loan level. The change is due to the annual technical assumption changes.

RURAL HOUSING SERVICE
 GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
 Actual 2006 and Estimated 2007 and 2008

Farm Labor Housing Grants

	<u>2006</u>	<u>2007</u>	<u>2008</u>
California	\$10,421,077	--	--
Colorado	137,500	--	--
Florida	13,069,006	--	--
New Mexico	671,370	--	--
Texas	1,642,338	--	--
Total Avail./Est.	<u>\$25,941,291</u>	<u>\$26,131,772</u> <u>1/</u>	<u>4,000,000</u> <u>1/</u>

1/ Cannot be distributed by geographic area in advance.

RURAL HOUSING SERVICE
 GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
 Actual 2006 and Estimated 2007 and 2008

Farm Labor Housing Loans

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Arkansas	\$205,000	--	--
California	7,507,507	--	--
Colorado	137,500	--	--
Florida	10,867,350	--	--
Iowa	160,000	--	--
Nevada	423,986	--	--
New Mexico	74,590	--	--
Oregon	400,000	--	--
Vermont	<u>140,000</u>	<u>--</u>	<u>--</u>
Total Avail./Est.	<u><u>\$19,915,933</u></u>	<u><u>\$9,853,073 1/</u></u>	<u><u>\$13,520,000 1/</u></u>

1/ Cannot be distributed by geographic area in advance.

RURAL HOUSING SERVICE
FARM LABOR PROGRAM ACCOUNT

Classification by Objects
2006 Actual and Estimates 2007 and 2008

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Other Objects:			
41 Grants, subsidies, and contributions.....	<u>\$34,821,805</u>	<u>\$30,856,320</u>	<u>\$9,849,000</u>
Total direct obligations.....	<u>34,821,805</u>	<u>30,856,320</u>	<u>9,849,000</u>

RURAL HOUSING SERVICE

The estimates include appropriation language for this item as follows (new language underscored):

Multifamily Housing Revitalization Program Account

For the rural housing voucher program as authorized under section 542 of the Housing Act of 1949, but notwithstanding subsection (b) of such section, \$27,800,000, to remain available until expended: Provided, That such vouchers shall be available 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 the 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 for section 8 housing vouchers administered by the Secretary of the Department of Housing and Urban Development (including the ability to pay administrative costs related to delivery of the voucher funds): Provided further, That funds made available under this paragraph may also be used for preservation and revitalization of the section 515 multifamily rental housing properties including debt restructuring, subject to authorization.

RURAL HOUSING SERVICE

Analysis of Change in Appropriation

MULTIFAMILY HOUSING REVITALIZATION PROGRAM ACCOUNT

(On basis of loan levels, subsidies and grants)

Estimate, 2007.....	\$3,340,000
Budget Estimate, 2008.....	<u>27,800,000</u>
Increase in Appropriation.....	<u><u>24,460,000</u></u>

PROJECT STATEMENT

(On basis of appropriated/supportable loan level, subsidy, and grants)
(In thousands of dollars)

	2006 Actual		2007 Estimated		Increase or Decrease		2008 Estimated	
	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA
Rural housing voucher program.....	638	638	2,161	\$2,161	\$25,639 (1)	\$25,639	\$27,800	\$27,800
Rural housing voucher program administrative expenses.....	894	894	1,179	1,179	-1,179 (1)	-1,179	0	0
Construction and rehabilitation housing - Choctaw.....	2,117	990	2,070	990	-2,070	-990	0	0
Total Available or Estimate.....	3,649	2,522	5,410	4,329	22,390	23,471	27,800	27,800
Recovery of prior year obligations.....	0	0	0	0	0	0	0	0
Unobligated balance, start of year.....	0	0	0	0	0	0	0	0
Unobligated balance, end of year.....	14,308	14,308	0	0	0	0	0	0
Rescission a/.....	170	170	0	0	0	0	0	0
Total Appropriation.....	18,127	17,000	5,410	4,329				

Staff years are reflected in the Salaries and Expenses Project Statement.

a/ The FY 2006 amounts are rescinded pursuant to Section 3801 of Division B, Title III, Chapter 8 of P.L. 109-148.

PROJECT STATEMENT

(On basis of appropriated/supportable loan level, subsidy, and grants)
(In thousands of dollars)

	2006 Actual		2007 Estimated		Increase or Decrease		2008 Estimated	
	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA
Rural housing voucher program.....	638	638	15,840	\$15,840	\$11,960	\$11,960	\$27,800	\$27,800
Rural housing voucher program administrative expenses.....	894	894	1,808	1,808	-1,808	-1,808	0	0
Construction and rehabilitation housing - Choctaw.....	2,117	990	2,070	990	-2,070	-990	0	0
Total Available or Estimate.....	3,649	2,522	19,718	18,638	8,082	9,162	27,800	27,800
Unobligated balance, start of year.....	0	0	0	0	0	0	0	0
Unobligated balance, end of year.....	0	0	-14,308	-14,308	14,308	14,308	0	0
Recovery of prior year obligations.....	0	0	0	0	0	0	0	0
Unobligated balance, start of year.....	0	0	0	0	0	0	0	0
Unobligated balance, end of year.....	14,308	14,308	0	0	0	0	0	0
Rescission a/.....	170	170	0	0	0	0	0	0
Total Appropriation.....	18,127	17,000	5,410	4,329	22,390	23,471		

Staff years are reflected in the Salaries and Expenses Project Statement.

a/ The FY 2006 amounts are rescinded pursuant to Section 3801 of Division B, Title III, Chapter 8 of P.L. 109-148.

JUSTIFICATION OF INCREASE AND DECREASE

- (1) An increase of \$24,460,000 in rural housing voucher program (\$3,340,000 available in 2007).

A total of \$28 million is provided for vouchers and restructuring purposes. However, restructuring activities are contingent on authorization of the multi-family housing revitalization legislation, which is expected to be re-proposed by the Administration for the 110th Congress, so until the authorization is officially provided, funding is assumed to be spent on vouchers. Funding for restructuring was provided as a pilot program authorized within Rural Housing Insurance Fund Program in FY 2007. The funding for housing vouchers is needed to protect tenants against displacement in situations where there is prepayment or foreclosure within the portfolio. Once authorization occurs, it is possible for funding to be redirected from vouchers to the restructuring of our multi-family housing portfolio.

RURAL HOUSING SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
2006 Actual and Estimated 2007 and 2008

Rural Housing Voucher Program

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Alabama	\$19,512	--	--
Colorado	1,992	--	--
Georgia	130,836	--	--
Idaho	6,132	--	--
Iowa	125,017	--	--
Kentucky	36,096	--	--
Maine	10,788	--	--
Michigan	65,820	--	--
Minnesota	83,556	--	--
Missouri	48,744	--	--
Nebraska	2,856	--	--
New York	29,988	--	--
North Dakota	384	--	--
South Carolina	33,360	--	--
South Dakota	8,736	--	--
Tennessee	34,632	--	--
Total Avail./Est.	<u>638,449</u>	<u>\$15,840,000</u> ^{1/}	<u>\$27,800,000</u> ^{1/}

Rural Housing Voucher Program Administrative Expenses

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Administrative	<u>893,682</u> ^{2/}	--	--
Total Avail./Est.	<u>893,682</u>	<u>\$1,808,237</u> ^{1/}	--

^{1/} Cannot be distributed by geographic area in advance.

^{2/} Administrative funding not distributed by state.

RURAL HOUSING SERVICE

MULTIFAMILY HOUSING REVITALIZATION PROGRAM ACCOUNT

Classification by Objects
2006 Actual and Estimated 2007 and 2008

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Other Objects:			
25 Other purchases of goods and services from government accounts.....	\$893,684	\$1,807,237	\$0
41 Grants, subsidies, and contributions.....	<u>1,628,449</u>	<u>16,830,000</u>	<u>27,800,000</u>
Total direct obligations.....	<u>2,522,133</u>	<u>18,637,237</u>	<u>27,800,000</u>

RURAL HOUSING SERVICE

The estimates include appropriation language for this item as follows (new language underscored):

Rental Assistance Program

For rental assistance agreements entered into or renewed pursuant to the authority under section 521(a)(2) 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, \$567,000,000 to remain available until September 30, 2009; 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 agreements entered into or renewed during the current fiscal year shall be funded for a one-year period: Provided further, That the life of any such agreement may be extended to fully utilize amounts obligated.

RURAL HOUSING SERVICE

Analysis of Change in Appropriation

RENTAL ASSISTANCE PROGRAM

(On basis of grants)

Estimate, 2007.....	\$335,400,000
Budget Estimate, 2008.....	<u>567,000,000</u>
Increase in Appropriation.....	<u>231,600,000</u>

PROJECT STATEMENT
 (On basis of appropriation)
 (In thousands of dollars)

Item of Change	2006 Actual	2007 Estimated	Increase or Decrease	2008 Estimated
Rental assistance (sec 521).....	\$646,521	\$329,500	\$237,500	\$567,000
Rental assistance (sec 521) - emergency supplemental.....	163	0	0	0
Rental assistance in lieu of debt forgiveness (sec.502(c)(5)(D)).....	50	5,900	-5,900	0
Total Available or Estimate.....	646,734	335,400	231,600	567,000
Unobligated balance start of year	-163	0	0	0
Unobligated balance, end of year b/.....	0	0	0	0
Rescission a/.....	6,531	0	0	0
Total Appropriation.....	653,102	335,400	231,600	567,000

Staff years are reflected in the Salaries and Expenses Project Statement.

a/ The FY 2006 amounts are rescinded pursuant to Section 3801 of Division B, Title III, Chapter 8 of P.L. 109-148

b/ Less than a thousand.

JUSTIFICATION OF INCREASE

- (1) An increase of \$237,500,000 in section 521 rental assistance (\$329,500,000 available in 2007).

The proposed increase reflects an increase in the number of rental assistance units (contracts) from FY 2007 to FY 2008. The rental assistance program renews contracts with borrowers as funding is depleted or at least once a year. More contracts are expected to need renewal in FY 2008 than in FY 2007. These contracts provide rental assistance to families with annual incomes under \$10,000. The rental assistance pays the difference between the apartment rent and the tenant contribution (a maximum of 30% of tenant income).

The FY 2008 proposed program level funding for rental assistance reflects a one-year commitment for provision of such assistance. This increase includes a decrease of \$5,900,000 in section 502 rental assistance for preservation incentives. The decrease is due to proposed legislation that will eliminate the requirement for USDA to offer incentives to borrowers who are requesting to prepay their multi-family housing loans in order to retain affordable housing. Therefore, section 502 rental assistance will not be needed to provide preservation incentive rental assistance.

RURAL HOUSING SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
2006 Actual and Estimated 2007 and 2008

Rural Rental Assistance Programs

	2006	2007	2008
Alabama	\$20,135,394	--	--
Alaska	6,246,464	--	--
Arizona	10,284,395	--	--
Arkansas	14,281,224	--	--
California	64,960,736	--	--
Colorado	6,935,760	--	--
Connecticut	3,861,279	--	--
Delaware	3,998,610	--	--
Florida	23,511,280	--	--
Georgia	15,656,239	--	--
Hawaii	2,074,928	--	--
Idaho	12,929,124	--	--
Illinois	10,874,864	--	--
Indiana	9,526,528	--	--
Iowa	11,547,848	--	--
Kansas	6,572,526	--	--
Kentucky	10,158,731	--	--
Louisiana	21,123,207	--	--
Maine	19,065,024	--	--
Maryland	10,946,100	--	--
Massachusetts	4,282,875	--	--
Michigan	19,933,235	--	--
Minnesota	12,112,842	--	--
Mississippi	23,327,937	--	--
Missouri	12,782,260	--	--
Montana	3,257,260	--	--
Nebraska	6,360,041	--	--
Nevada	4,404,357	--	--
New Hampshire	5,704,188	--	--
New Jersey	8,559,288	--	--
New Mexico	6,261,420	--	--
New York	17,397,138	--	--
North Carolina	47,049,858	--	--
North Dakota	2,667,007	--	--
Ohio	11,964,312	--	--
Oklahoma	7,348,576	--	--
Oregon	6,607,825	--	--
Pennsylvania	16,515,096	--	--
Rhode Island	692,080	--	--
South Carolina	16,558,300	--	--
South Dakota	11,342,908	--	--
Tennessee	14,944,336	--	--
Texas	24,461,220	--	--
Utah	5,019,630	--	--
Vermont	5,126,420	--	--
Virginia	11,923,540	--	--
Washington	16,046,160	--	--
West Virginia	8,095,500	--	--
Wisconsin	11,669,358	--	--
Wyoming	1,627,008	--	--
Puerto Rico	17,115,201	--	--
Virgin Islands	886,600	--	--
Undistributed	--	--	--
Total Avail./Est.	<u>\$646,734,037</u>	<u>\$329,500,000 1/</u>	<u>\$567,000,000 1/</u>

Multi-Family Cost Advance Grants

	2006	2007	2008
Oregon	\$50,000	\$5,900,000	--
Total Avail./Est.	<u>\$50,000</u>	<u>\$5,900,000</u>	<u>--</u>

1/ Cannot be distributed by geographic area in advance.

RURAL HOUSING SERVICE
RURAL RENTAL ASSISTANCE PROGRAM

Classification by Objects
2006 Actual and Estimates 2007 and 2008

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Other Objects:			
41 Grants, subsidies, and contributions.....	<u>\$646,734,037</u>	<u>\$335,400,402</u>	<u>\$567,000,000</u>
Total direct obligations.....	<u>646,734,037</u>	<u>335,400,402</u>	<u>567,000,000</u>

RURAL HOUSING SERVICE

The estimates include appropriation language for this item as follows (new language underscored):

Rural Housing Assistance Grants

For grants and contracts for very low-income housing repair, supervisory and technical assistance, compensation for construction defects, and rural housing preservation made by the Rural Housing Service, as authorized by 42 U.S.C. 1474, 1479(c), 1490e, and 1490m, \$39,000,000, to remain available until expended: Provided, That of the total amount appropriated, \$1,188,000 shall be available through June 30, 2008, for authorized empowerment zones and enterprise communities and communities designated by the Secretary of Agriculture as Rural Economic Area Partnership Zones: Provided further, That any balances to carry out a housing demonstration program to provide revolving loans for the preservation of low-income multi-family housing projects as authorized in Public Law 108-447 and Public Law 109-97 shall be transferred to and merged with "Rural Housing Service, Multifamily Housing Revitalization Program Account".

RURAL HOUSING SERVICE

Analysis of Change in AppropriationRURAL HOUSING ASSISTANCE GRANTS

(On basis of loan level, subsidy, and grants)

	<u>Loan Level</u>	<u>Subsidy</u>	<u>Grants</u>
Estimate, 2007.....	\$5,744,000	\$2,747,000	\$37,843,000
Budget Estimate, 2008.....	0	0	39,000,000
Increase or Decrease in Appropriations.....	<u>-5,744,000</u>	<u>-2,747,000</u>	<u>1,157,000</u>

PROJECT STATEMENT
(On basis of supportable loan levels and appropriated subsidy and grants)
(In thousands of dollars)

Item of Change	2006 Actual		2007 Estimated		Increase or Decrease		2008 Estimated	
	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA
Domestic farm labor grants - hurricane disaster supplemental.....	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Very-low income housing repair grants.....	30,793	30,793	27,598	27,598	2,402 (1)	2,402	30,000	30,000
Very-low income housing repair grants - disaster supplemental.....	26	26	0	0	0	0	0	0
Very-low income housing repair grants - 2003/2004 hurricanes disaster supplemental.....	1,466	1,466	0	0	0	0	0	0
Very-low income hsg. repair grants 2005 hurricanes dis. supplemental.....	14,725	14,725	0	0	0	0	0	0
Supervisory and technical assistance.....	1,000	1,000	923	923	-923 (2)	-923	0	0
Compensation for construction defects.....	40	40	92	92	-92 (3)	-92	0	0
Rural housing preservation grants.....	10,782	10,782	9,230	9,230	-230 (4)	-230	9,000	9,000
Multi-family demo revolving fund.....	3,500	1,636	5,744	2,747	-5,744 (5)	-2,747 (6)	0	0
Processing workers housing grants.....	800	800	0	0	0	0	0	0
Total Available or Estimate.....	63,133	61,269	43,587	40,590	-4,587	-1,590	39,000	39,000
Recovery of prior year obligations.....	-1,751	-1,050						
Unobligated balance available, start of year.....	-12,092	-12,031						
Unobligated balance available, end of year.....	17,126	15,348						
Rescission of unobligated balance.....	0	0						
Hurricane disaster supplemental.....	-20,000	-20,000						
Rescission g/.....	474	440						
Total Appropriation.....	46,890	43,976						

a/ The FY 2006 amounts are rescinded pursuant to Section 3801 of Division B, Title III, of P.L. 109-148. Staff-years are reflected in the Salaries and Expenses Project Statement.

PROJECT STATEMENT
(On basis of available loan levels, subsidies and grants)
(In thousands of dollars)

Item of Change	2006 Actual		2007 Budget		Increase or Decrease		2008 Estimated	
	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA
Domestic farm labor grants - hurricane disaster supplemental.....	\$0	\$0	\$881	\$881	-\$881	-\$881	\$0	\$0
Very-low income housing repair grants.....	30,793	30,793	27,653	27,653	2,348	2,348	30,000	30,000
Very-low income housing repair grants - disaster supplemental.....	26	26	21	21	-21	-21	0	0
Very-low income housing repair grants - 2003/2004 hurricanes disaster supplemental.....	1,466	1,466	992	992	-992	-992	0	0
Very-low income hsg. repair grants 2005 hurricanes dis. supplemental.....	14,725	14,725	5,275	5,275	-5,275	-5,275	0	0
Supervisory and technical assistance.....	1,000	1,000	979	979	-979	-979	0	0
Compensation for construction defects.....	40	40	256	256	-256	-256	0	0
Rural housing preservation grants.....	10,782	10,782	9,456	9,456	-456	-456	9,000	9,000
Multi-family demo revolving fund.....	3,500	1,636	8,594	4,110	-8,594	-4,110	0	0
Processing workers housing grants.....	800	800	6,606	6,606	-6,605	-6,606	0	0
Total Available or Estimate.....	63,133	61,269	60,713	56,229	-21,712	-17,229	39,000	39,000
Recovery of prior year obligations.....	-1,751	-1,050	0	0	0	0	0	0
Unobligated balance available, start of year.....	-12,092	-12,031	-17,126	-15,639	17,126	15,639	0	0
Unobligated balance available, end of year.....	17,126	15,348	0	0	0	0	0	0
Rescission of unobligated balance.....	0	0	0	0	0	0	0	0
Hurricane disaster supplemental.....	-20,000	-20,000	0	0	0	0	0	0
Rescission a/.....	474	440	0	0	0	0	0	0
Total Appropriation.....	46,890	43,976	43,587	40,590	-4,587	-1,590	39,000	39,000

Staff-years are reflected in the Salaries and Expenses Project Statement.

a/ The FY 2006 amounts are rescinded pursuant to Section 3801 of Division B, Title III, of P.L. 109-148.

JUSTIFICATION OF INCREASE AND DECREASE

- (1) An increase of \$2,402,000 for section 504 very low-income housing repair grants (\$27,598,000 available in 2007).

The proposed increase will make the funding level consistent with the estimated need for the program. Rural Development has prioritized the FY 2008 budget authority and reallocated some of the section 504 grants programs to other Rural Development programs.

- (2) A decrease of \$923,000 in supervisory and technical assistance grants (\$923,000 available in 2007).

It is expected that carryover balances will be used to fund this program. If demand is greater, redirection from another Rural Housing Assistance Grants program should be used to fill the gap.

- (3) A decrease of \$92,000 in compensation for construction defects (\$92,000 available in 2007).

It is expected that carryover balances will be used to fund this program. If demand is greater, redirection from another Rural Housing Assistance Grants program should be used to fill the gap.

- (4) A decrease of \$230,000 in housing preservation grants (\$9,230,000 available in 2007).

The housing preservation grants program in the FY 2008 President's Budget decreased by 2% versus the FY 2007 full year continuing resolution.

- (5) A decrease of \$5,744,000 in the multi-family housing preservation demo revolving loan fund (\$5,744,000 available in 2007).

The multi-family housing preservation revolving loan fund will be funded under the multifamily housing preservation revitalization program.

- (6) A decrease of \$2,747,000 in loan subsidy for the multi-family housing preservation demo revolving loan fund (\$2,747,000 available in 2007).

The multi-family housing preservation revolving loan fund will be funded under the multifamily housing preservation revitalization program.

RURAL HOUSING SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
2006 and Estimated 2007 and 2008

Farm Labor Housing Grants
for Natural Disaster

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Total Avail./Est.	<u> --</u>	<u>\$880,519 ^{1/}</u>	<u> --</u>

^{1/} Cannot be distributed by geographic area in advance.

RURAL HOUSING SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
2006 Actual and Estimated 2007 and 2008

Very-Low Income Housing Repair Grants

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Alabama	\$987,389	\$652,000	\$710,000
Alaska	267,937	126,000	131,000
Arizona	870,118	396,000	428,000
Arkansas	677,093	512,000	555,000
California	639,897	1,086,000	1,187,000
Colorado	293,977	198,000	210,000
Connecticut	77,048	50,000	48,000
Delaware	160,895	61,000	60,000
Florida	1,028,141	687,000	748,000
Georgia	1,050,893	835,000	911,000
Hawaii	113,302	137,000	143,000
Idaho	276,383	166,000	175,000
Illinois	868,067	592,000	644,000
Indiana	656,575	535,000	581,000
Iowa	494,904	388,000	419,000
Kansas	429,839	288,000	309,000
Kentucky	927,355	603,000	656,000
Louisiana	312,576	537,000	583,000
Maine	378,043	218,000	232,000
Maryland	335,925	184,000	195,000
Massachusetts	236,064	123,000	128,000
Michigan	957,122	750,000	818,000
Minnesota	564,634	522,000	567,000
Mississippi	809,378	606,000	659,000
Missouri	854,373	630,000	686,000
Montana	238,884	134,000	140,000
Nebraska	334,039	197,000	209,000
Nevada	154,425	61,000	60,000
New Hampshire	297,709	103,000	106,000
New Jersey	207,443	99,000	101,000
New Mexico	489,813	301,000	324,000
New York	874,248	715,000	779,000
North Carolina	1,443,877	1,159,000	1,267,000
North Dakota	175,048	74,000	74,000
Ohio	918,529	778,000	848,000
Oklahoma	558,301	465,000	504,000
Oregon	323,959	384,000	415,000
Pennsylvania	1,151,900	938,000	1,024,000
Rhode Island	128,951	61,000	60,000
South Carolina	779,549	580,000	631,000
South Dakota	328,981	136,000	142,000
Tennessee	1,254,905	670,000	730,000
Texas	2,649,489	1,839,000	2,015,000
Utah	173,899	77,000	77,000
Vermont	229,839	88,000	90,000
Virginia	694,067	588,000	639,000
Washington	445,942	434,000	470,000
West Virginia	467,828	334,000	360,000
Wisconsin	746,396	562,000	611,000
Wyoming	107,229	53,000	51,000
Western Pacific	632,306	955,000	1,043,000
Puerto Rico	633,378	397,000	429,000
Virgin Islands	84,448	61,000	60,000
Undistributed	--	4,527,558	4,958,000
Total Avail./Est.	<u>\$30,793,310</u>	<u>\$27,652,558</u>	<u>\$30,000,000</u>

RURAL HOUSING SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
2006 Actual and Estimated 2007 and 2008

Very-Low Income Housing Grants
2005 Hurricanes for Natural Disaster

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Alabama	\$1,462,097	--	--
Florida	697,786	--	--
Louisiana	1,122,221	--	--
Mississippi	9,596,999	--	--
Texas	<u>1,846,035</u>	--	--
Total Avail./Est.	<u>\$14,725,138</u>	<u>\$5,274,862</u> ^{1/}	<u>--</u>

Very-Low Income Housing Grants
2003/2004 Hurricanes for Natural Disaster

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Florida	\$508,876	--	--
Georgia	<u>957,021</u>	--	--
Total Avail./Est.	<u>\$1,465,897</u>	<u>992,280</u> ^{1/}	<u>--</u>

Very-Low Income Housing Grants
for Natural Disaster

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Missouri	12,500	--	--
North Carolina	<u>13,829</u>	--	--
Total Avail./Est.	<u>\$26,329</u>	<u>21,287</u> ^{1/}	<u>--</u>

^{1/} Cannot be distributed by geographic area in advance.

RURAL HOUSING SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
2006 Actual and Estimated 2007 and 2008

Supervisory and Technical Assistance Grants

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Alabama	\$100,000	--	--
California	130,000	--	--
Hawaii	60,000	--	--
Kentucky	100,000	--	--
Maine	69,000	--	--
Michigan	79,000	--	--
Mississippi	100,000	--	--
Montana	12,500	--	--
North Carolina	90,000	--	--
Ohio	500	--	--
South Dakota	100,000	--	--
Texas	99,000	--	--
Wisconsin	60,000	--	--
Total Avail./Est.	<u>\$1,000,000</u>	<u>\$978,853</u> ^{1/}	<u>--</u> ^{1/}

Compensation for Construction Defects Grants

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Georgia	\$3,900	--	--
Oklahoma	\$6,218	--	--
Tennessee	10,192	--	--
Virgin Islands	19,500	--	--
Total Avail./Est.	<u>\$39,810</u>	<u>\$256,556</u> ^{1/}	<u>--</u>

^{1/} Cannot be distributed by geographic area in advance.

RURAL HOUSING SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
Actual 2006 and Estimated 2007 and 2008

Rural Housing Preservation Grants

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Alabama	\$292,839	--	--
Alaska	50,000	--	--
Arizona	93,429	--	--
Arkansas	228,765	--	--
California	598,964	--	--
Colorado	83,187	--	--
Connecticut	50,000	--	--
Delaware	50,000	--	--
Florida	364,633	--	--
Georgia	382,959	--	--
Hawaii	78,236	--	--
Idaho	73,581	--	--
Illinois	207,782	--	--
Indiana	213,613	--	--
Iowa	203,038	--	--
Kansas	134,102	--	--
Kentucky	344,930	--	--
Louisiana	313,933	--	--
Maine	191,429	--	--
Maryland	87,149	--	--
Massachusetts	78,533	--	--
Michigan	447,677	--	--
Minnesota	165,682	--	--
Mississippi	329,340	--	--
Missouri	293,620	--	--
Montana	86,400	--	--
Nebraska	70,610	--	--
New Hampshire	100,000	--	--
New Jersey	50,000	--	--
New Mexico	142,310	--	--
New York	264,239	--	--
North Carolina	445,350	--	--
North Dakota	116,429	--	--
Ohio	341,662	--	--
Oklahoma	189,845	--	--
Oregon	74,541	--	--
Pennsylvania	365,133	--	--
Rhode Island	50,000	--	--
South Carolina	266,398	--	--
South Dakota	59,122	--	--
Tennessee	294,424	--	--
Texas	757,104	--	--
Utah	50,000	--	--
Vermont	191,429	--	--
Virginia	263,427	--	--
Washington	137,519	--	--
West Virginia	321,756	--	--
Western Pacific	64,074	--	--
Wisconsin	185,488	--	--
Wyoming	50,000	--	--
Puerto Rico	487,537	--	--
Total Avail./Est.	<u>\$10,782,218</u>	<u>\$9,455,763</u> 1/	<u>\$9,000,000</u> 1/

1/ Cannot be distributed by geographic area in advance.

RURAL HOUSING SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
2006 Actual and Estimated 2007 and 2008

Multi-Family Housing Preservation Demonstration Revolving Loan Fund

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Maryland	2,000,000	--	--
Utah	<u>1,500,000</u>	<u>--</u>	<u>--</u>
Total Avail./Est.	<u><u>\$3,500,000</u></u>	<u><u>\$8,594,727</u></u> ^{1/}	<u><u>--</u></u>

Processing Workers Housing Grants

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Wisconsin	<u>\$800,000</u>	<u>--</u>	<u>--</u>
Total Avail./Est.	<u><u>\$800,000</u></u>	<u><u>\$6,605,989</u></u> ^{1/}	<u><u>--</u></u>

^{1/} Cannot be distributed by geographic area in advance.

RURAL HOUSING SERVICE
RURAL HOUSING ASSISTANCE GRANTS

Classification by Objects
2006 Actual and Estimates 2007 and 2008

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Other Objects:			
41 Grants, subsidies, and contributions.....	<u>\$61,269,301</u>	<u>\$56,228,666</u>	<u>\$39,000,000</u>
Total direct obligations.....	<u><u>61,269,301</u></u>	<u><u>56,228,666</u></u>	<u><u>39,000,000</u></u>

RURAL HOUSING SERVICE

The estimates include appropriation language for this item as follows (new language underscored):

Mutual and Self-Help Housing Grants

For grants and contracts pursuant to section 523(b)(1)(A) of the Housing Act of 1949 (42 U.S.C. 1490c), \$9,500,000, to remain available until expended.

RURAL HOUSING SERVICE

Analysis of Change in Appropriation

MUTUAL AND SELF HELP HOUSING GRANTS

(On basis of loan level, subsidy, and grants)

	<u>Grants</u>
Estimate, 2007.....	\$33,660,000
Budget Estimate, 2008.....	<u>9,500,000</u>
Decrease in Appropriation.....	<u><u>-24,160,000</u></u>

PROJECT STATEMENT
(On basis of appropriation)
(In thousands of dollars)

Item of Change	2006 Actuals	2007 Estimated	Increase or Decrease	2008 Estimated
Mutual and self-help housing grants.....	\$33,965	\$33,660	-\$24,160	\$9,500
Recovery of prior year obligations.....	-306	0		
Unobligated balance available, start of year.....	-714	0		
Unobligated balance available, end of year.....	715	0		
Total Available or Estimate.....	33,660	33,660		
Rescission <u>a/</u>	340	0		
Total Appropriation.....	34,000	33,660		

Staff years are reflected in the Salaries and Expenses Project Statement.

PROJECT STATEMENT
(On basis of obligations under available funds)
(In thousands of dollars)

Item of Change	2006 Actuals	2007 Estimated	Increase or Decrease	2008 Estimated
Mutual and self-help housing grants.....	\$33,965	\$34,374	-\$24,874	\$9,500
Recovery of prior year obligations.....	-306	0	0	0
Unobligated balance available, start of year.....	-714	-715	715	0
Unobligated balance available, end of year.....	715	0	0	0
Total Available or Estimate.....	33,660	33,660	-24,160	9,500
Rescission <u>a/</u>	340	0	0	0
Total Appropriation.....	34,000	33,660	-24,160	9,500

Staff years are reflected in the Salaries and Expenses Project Statement.

a/ The amount is rescinded pursuant to Section 3801 of Division B, Title III, Chapter 8 of P.L. 109-148.

JUSTIFICATION OF DECREASE

A decrease of \$24,160,000 in mutual and self-help housing grants (\$33,660,000 available in 2007).

This proposed decrease will make the funding level consistent with the estimated need for the program. Nearly all of the lowest income and minority families who build their own homes through self-help participation use section 502 direct single family loan program funds to finance their efforts. The remaining \$9.5 million will support nonprofit and faith-based self-help sponsors which do not require section 502 direct single family loan funds. Some of these sponsors, such as Habitat for Humanity, provide their own low-cost home funding for needy families; other groups will use a combination of grants and loans from other programs supplemented with sub prime mortgage loans.

RURAL HOUSING SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
2006 Actual and Estimated 2007 and 2008

Mutual and Self-Help Housing Grants

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Alabama	\$338,800	--	--
Alaska	603,124	--	--
Arizona	2,740,120	--	--
Arkansas	847,400	--	--
California	4,205,352	--	--
Colorado	1,084,934	--	--
Delaware	1,411,638	--	--
Florida	4,154,199	--	--
Georgia	10,000	--	--
Idaho	1,265,050	--	--
Iowa	10,000	--	--
Kansas	685,000	--	--
Kentucky	241,234	--	--
Louisiana	10,000	--	--
Maine	1,361,960	--	--
Maryland	10,000	--	--
Mississippi	1,196,300	--	--
Missouri	198,000	--	--
Montana	1,560,320	--	--
North Carolina	675,179	--	--
North Dakota	10,000	--	--
Ohio	883,360	--	--
Oklahoma	4,463,530	--	--
Pennsylvania	558,192	--	--
South Carolina	20,000	--	--
South Dakota	34,247	--	--
Tennessee	408,067	--	--
Texas	431,129	--	--
Utah	882,890	--	--
Virginia	204,204	--	--
Washington	1,355,048	--	--
West Virginia	224,100	--	--
Wisconsin	1,574,284	--	--
Wyoming	10,000	--	--
Western Pacific	297,826	--	--
Total Avail./Est.	<u>\$33,965,487</u>	<u>\$34,374,327</u> 1/	<u>\$9,500,000</u> 1/

1/ Cannot be distributed by geographic area in advance.

RURAL HOUSING SERVICE

MUTUAL AND SELF HELP HOUSING GRANTS

Classification by Objects
2006 Actual and Estimates 2007 and 2008

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Other Objects:			
41 Grants, subsidies, and contributions.....	<u>\$33,965,487</u>	<u>\$34,374,328</u>	<u>\$9,500,000</u>
Total direct obligations.....	<u><u>33,965,487</u></u>	<u><u>34,374,328</u></u>	<u><u>9,500,000</u></u>

RURAL DEVELOPMENT HOUSING PROGRAM

STATUS OF PROGRAMS

Section 521 Rental Assistance Program

Current Activities: The Section 521 rental assistance program provides rental subsidies to about 269,000 households in multi-family properties financed through the Rural Development Section 515 rural rental housing program and the Section 514/516 farm labor housing loan and grant programs. The rental assistance program is designed to supplement a property's operating account when tenant payments are less than the basic rent necessary to operate the property. Tenants generally do not pay more than 30 percent of their income toward rent. The rental assistance program makes it possible for very-low-income and low-income residents to live in decent, safe, and affordable housing.

In order to meet the Rural Development strategic goal of improving the quality of life in rural America, the multi-family housing program focused on two demonstration programs in FY 2006.

The FY 2006 budget provided the multi-family housing preservation and revitalization demonstration program budget authority of \$9 million. This resulted in 78 properties with approximately 2,200 rental units being revitalized and preserved for affordable housing for the next 20 years. Forty-eight million dollars in Rural Development debt was deferred and leveraged with \$14 million in other Rural Development resources and \$6 million from third party funding. This program can play an essential role in stabilizing the security for the multi-family housing loan portfolio and the number and quality of affordable housing units in rural America. Rural Development is expecting to expand this program as it develops policies and procedures necessary to protect the \$12 billion dollar multi-family housing loan portfolio from potential losses resulting from the liquidation of deteriorated properties.

The Rural Development voucher demonstration program was authorized in FY 2006 with \$16 million to protect tenants of Rural Development properties that were prepaying their Rural Development mortgage. These tenants could be subject to substantial rent increases and the availability of a housing voucher is intended to lessen the impact of this action. The program expanded this definition to include tenants in foreclosed properties who may suffer the same fate. Over 350 vouchers were issued in sixteen states in its first year of implementation. Rural Development expects to continue this activity into FY 2007 and further refine administrative and operational procedures.

Specific areas being addressed currently include:

1. Further development of an automated forecasting process to standardize the budget estimation method in order to achieve more accurate budgeting of rental assistance.
2. The improvement of internal controls to strengthen verification methods of tenant income in order to reduce the risk of improper rental assistance subsidy payments, thereby reducing the incidence of waste, fraud and abuse at properties financed by Rural Development.
3. The rental assistance program is subject to Improper Payments Information Act compliance and guidance to State offices has been provided to help ensure appropriate subsidy calculations by multi-family property managers and borrowers.

Selected Examples of Recent Progress:

- In FY 2006, the rental assistance program played a key role in assisting evacuees from Hurricanes Katrina and Rita. In addition to the rental housing units made available across the country by Rural Development borrowers for over 3,000 families, emergency rental assistance helped over 2,500 families afford shelter during a very difficult time.

- The program also instituted a new initiative for more efficient and effective utilization of rental assistance. As a result of these efforts, the number of tenants paying more than 30 percent of their income towards rent was reduced by 7 percent in FY 2006.
- The Section 521 program continues to focus on tenant income verification and ensuring payment of the appropriate subsidy. New regulations issued in early 2005 continued to be refined; proposed legislation on wage matching on a national scale is being drafted; and the program conducts annual audits of improper payments through the Improper Payment Information Act compliance efforts.
- In FY 2007, the program moved to one-year rental assistance contracts for borrowers. This is a significant change from the last three years when four-year contracts were offered. The move to one-year contracts will eventually bring almost all (270,000) contracts into one year renewal terms by 2010.

PART Assessments

The multi-family housing direct loan and rental assistance programs underwent a rePART in June 2005 for FY 2007 and received a rating of “moderately effective.” For the re-PART, program managers adopted new, ambitious targets, an efficiency measure, and more strategic annual and long-term goals and performance measures. The new targets are outcome-oriented and refer to goals such as reducing rural homelessness and improving the overall quality of the multi-family housing portfolio.

Section 514/516 Farm Labor Housing

Current Activities: The farm labor housing program is the only national source of construction funds for dedicated farm labor housing. This program provides loans and grants to build housing for both migrant and year-round farm laborers. Funds may also be used for related facilities such as on-site child care and community buildings. Funding is annually made available through a competitive process, giving priority to proposals with leveraged assistance.

Specific areas being addressed currently include:

The need for continuing to improve the quality of the existing housing portfolio as evidenced by the Comprehensive Property Assessment (CPA). The CPA indicated that a substantial portion of the existing portfolio, including the farm labor properties, needed repair. Approximately 90 percent of the FY 2006 loans and grants were obligated to repair 30 existing farm labor housing properties.

Selected Examples of Recent Progress:

Multi-family housing financed the construction and repair of more than 3,400 farm labor housing units in FY 2006. This far exceeded the target of approximately 2,000 units in 2006. The target in FY 2008 is approximately 2,100 newly constructed and repaired units, utilizing the same funding level. The majority of these financings are expected to be repairs on existing properties. The selection process for farm labor housing loans and grants is conducted through a Federal Register notice and an annual survey from the states. The notice and the survey establish criteria used by RD to allocate these loans and grants. One criterion used in the selection process is the amount of outside financing in the project. RD has stressed attracting other funding sources to these properties. The majority of the farm labor projects are located in a handful of states that tend to attract more applicants for new construction and rehabilitation funds.

PART Assessments

This program has not been PARTed.

Section 515 Direct Rural Rental Housing Loans

Current Activities: The Section 515 direct loan program provides low-cost financing to support the development of rental units in rural areas that need housing affordable to very-low-, low-, and moderate-income households, elderly households and persons with disabilities, congregate projects, and group homes. Assistance is targeted to rural communities and populations where this housing is unlikely to be provided through other means.

Specific areas being addressed currently include:

In order to meet the Rural Development strategic goal of improving the quality of life in rural America, the multi-family housing program is focusing on tenant protection and revitalization of an aging housing portfolio. A voucher program is provided to protect tenants threatened with displacement from properties exiting the program. The revitalization program will provide property owners with a toolbox of financial options in exchange for providing 20 more years of affordable rental housing. The demonstration of these programs in FY 2006 was highly successful. To maximize new rental housing construction, we also propose continuing to shift the new construction program emphasis from Section 515 direct loans to Section 538 guaranteed loans. The FY 2008 budget request includes a significant increase of Section 538 funding.

Selected Examples of Recent Progress:

Multi-family housing financed more than 6,000 units of housing in the Section 515 rural rental housing program in FY 2006. More than 80 percent of these units financed were repairs and revitalizations. The Comprehensive Property Assessment study produced in November, 2004 indicated a need to revitalize the existing housing portfolio. More than 5,000 units were repaired or revitalized utilizing only Section 515 loans and approximately 1,000 more units were repaired utilizing both Section 515 funds and the multi-family housing preservation and revitalization demonstration funds during FY 2006.

Rural Development has developed partnerships with Freddie Mac, Fannie Mae and Ginnie Mae to get the funding sources provided by these conduits to work with our programs. Rural Development has a pilot initiative with Freddie Mac to make first mortgage loans, after Rural Development subordinates to provide rehabilitation funding for older Section 515 properties. Rural Development has partnered with Ginnie Mae to provide new construction financing and repair financing in the Section 538 guaranteed rural rental housing properties.

PART Assessments

The multi-family housing direct loan and rental assistance programs underwent a re-PART in June 2005 for FY 2007 and received a rating of "moderately effective." For the rePART, program managers adopted new, ambitious targets, an efficiency measure, and more strategic annual and long-term goals and performance measures. The new targets are outcome-oriented, and refer to goals such as reducing rural homelessness and improving the overall quality of the multi-family housing portfolio.

Section 538 Guaranteed Rural Rental Housing Program

Current Activities: The guaranteed rural rental housing program fosters risk-sharing partnerships with public and private lenders. The goal is to increase the supply of affordable housing to low- and moderate-income rural residents whose incomes do not exceed 115 percent of area median income, and to provide housing that is decent, safe, sanitary, and competitive in the market.

Specific areas being addressed currently include:

To maximize new rental housing construction, we also propose continuing to shift the new construction program emphasis from Section 515 direct loans to Section 538 guaranteed loans. The budget request

includes significant increases in both Section 538 funding and rental assistance. The requested rental assistance is sufficient to accommodate current tenants.

Selected Examples of Recent Progress:

Multi-family housing financed the construction and repair of approximately 3,700 affordable housing units in 2006. For the first time since the creation of the Section 538 program, the Section 538 guaranteed loans were used to fund repairs of existing 515 properties. Approximately 20 percent of the properties financed through the Section 538 program were existing 515 properties. In FY 2006, the multi-family housing program produced almost 2,900 newly constructed affordable housing units through this guarantee program.

PART Assessments

This program has not been PARTed.

Section 533 Housing Preservation Grants Program

Current Activities: Section 533 housing preservation grants program funds are used to renovate deteriorating homes and rental properties occupied by persons who have low and very-low incomes. Nonprofit organizations, public bodies, and Native American tribes receive grants to repair these properties and bring them up to code. Financial assistance for repairs and rehabilitation includes loans, grants, and/or interest reduction payments. Funds may be used to: a) install or repair water and waste disposal systems; b) provide energy conservation; repair or replace heating systems or electrical wiring; c) repair structural supports, foundations or roofs; d) replace deteriorated siding or porches; e) alter the interior or exterior to provide access for people with disabilities; f) make additions to dwellings to alleviate overcrowding; and g) remove health hazards.

Specific areas being addressed currently include:

Multi-family housing has emphasized the use of other funding sources in conjunction with housing preservation grants program funds. Leveraging these housing preservation grants funds with other funding sources has enabled the multi-family housing program to fund many more affordable housing units that are at or below housing standards. Over the past several years leveraging of housing preservation grants funds has continued to increase, and the multi-family housing program expects this trend to continue.

Selected Examples of Recent Progress:

The housing preservation grants program strives to improve the quality of existing multi-family housing units through partnerships with various local organizations. Multi-family housing raised the quality of housing for more than 2,600 families in FY 2006. The \$11 million housing preservation grants funds awarded in 2006 were matched with more than \$30 million from other funding sources. This leverage ratio of approximately 3 to 1 enabled multi-family housing to exceed its FY 2006 goal of approximately 2,200 family housing units repaired to meet housing standards.

PART Assessments

This program has not been PARTed.

Section 502 Direct and Guaranteed Single Family Housing Loans

Current Activities: Since the enactment of the Housing Act of 1949, USDA's direct and guaranteed loan programs have been very useful as a program to provide housing for farm families, but these favorable-term loans were made available in the 1960s to all seeking modest housing in small towns and rural areas.

The Section 502 direct loan program has provided nearly \$61 billion since 1949 to set more than 2.06 million low-income families on the path to successful homeownership. The Section 502 guaranteed loan program has made homeownership possible for nearly 400,000 rural Americans since 1991. It has provided loan guarantees totaling \$31.5 billion.

Specific areas being addressed currently include:

Through automation initiatives, it is getting faster and cheaper for rural Americans to purchase their homes. In FY 2006, Rural Development began piloting an automated underwriting system known as the guaranteed underwriting system. The guaranteed underwriting system will enable participating private-sector lenders to make loans faster and less expensively, will result in better quality loans and more consistent program delivery, and will fulfill legal requirements under the Freedom to E-File Act and the Government Paperwork Elimination Act. A guaranteed underwriting system pilot program involving 14 lenders is nearing completion.

Rural Development is providing greater encouragement to mortgage loan services to use a wide range of loss mitigation techniques. Our greater emphasis on loss mitigation should result in fewer foreclosures, fewer loss claims, and an increase in successful homeownership by borrowers who otherwise would have lost their homes. Loss mitigation techniques include special forbearance, loan modifications, and when possible, pre-foreclosure sales and the acceptance of deeds in lieu of foreclosures.

Selected Examples of Recent Progress:

The single family housing direct loan program provided funding for 11,041 new homeownership opportunities in FY 2006. The single family housing guaranteed loan program provided funding for 29,476 new homeownership opportunities in FY 2006. In addition, hurricane supplemental funds provided loans or guarantees to 1,475 families to buy homes.

PART Assessments

The single family housing direct and guaranteed loan programs underwent a PART assessment in FY 2004 for the FY 2006 budget cycle and received a rating of "moderately effective." OMB found that both programs are well managed and targeted. OMB also concluded that annual and long-term performance goals are neither ambitious nor challenging. In response to OMB's recommendations, program managers have developed for the direct and guaranteed programs more challenging targets, a revised efficiency measure for program delivery, and solutions to continue effective performance when program demand exceeds the resources available. The guaranteed loan program will be re-PARTed in FY 2007.

Community Facilities

Current Activities:

The community facilities program provides assistance for essential facilities to rural communities that are unable to provide basic services to their residents. Rural Development provides housing to basic community projects with direct guaranteed loans and grants for public entities, nonprofit organizations and Indian tribes. Eligible projects include: education; health care; fire, rescue, and public safety; town halls; community centers, and child care facilities.

Specific areas being addressed currently include:

Several specific strategies to provide essential facilities to rural communities have been identified and are receiving special emphasis in the current fiscal year. Outreach efforts to the neediest rural communities were found to be a common area of weakness during the FY 2006 Management Control Reviews. Guidance is being prepared which will assist field staff in improving outreach plans. In addition, outreach to lenders is being increased in an effort to expand the utilization of the guaranteed loan program; full utilization of that program will effectively increase the availability of affordable credit for rural communities. Partnerships increase leveraging, therefore making limited resources stretch farther and improve the quality of life for more communities. The areas of health care and fire, rescue, and public safety have long commanded the largest percentage of program dollars and comprise the largest numbers of loans. These services have proven crucial to maintaining sustainable rural communities. We will continue our efforts to develop creative, affordable ways to provide these vital services in rural America.

Selected Examples of Recent Progress

In FY 2006, community facilities program continued to make great strides toward implementing the President's Faith-Based and Community Organizations Initiative. A good example is the new child care/learning center in Ellsworth, Maine. "Let's put the children first" was the mantra used during the design phase. This new child care learning center includes a 12,000-square-foot building with six classrooms, a meeting room, parent space, a commercial kitchen, offices, a library, a secure computer area, a parking area, and an outdoor playground. Specific attention was taken to create rooms filled with natural light and promote a safe and creative environment for 60 preschoolers and 24 infants and toddlers. The project was financed by a Rural Development community facilities direct loan of \$605,000, a Rural Development community facilities guaranteed loan with Union Trust Company of \$380,000, a Head Start grant and community-wide fundraising.

In the past, the program has successfully provided rural communities with health care facilities, fire and rescue equipment, and child care facilities. In FY 2006, Rural Development provided funds to construct, renovate or improve almost 900 essential community facilities. Rural Americans had new or improved services available from approximately 110 health care facilities, 375 public safety facilities, 80 educational facilities, eight energy-related facilities, 180 public buildings and improvements, and a number of other essential community facilities. In FY 2006, 12.9 million rural residents had new or improved services available to them through these facilities.

Rural Development also began examining the capital funding needs of critical access hospitals located in rural communities. A total of 17 hospitals and 11 outpatient facilities were funded in FY 2006 for a total investment of \$74 million. Increased numbers of requests for financing of critical access hospitals are expected in the coming years.

PART Assessments

The community facilities program received a "moderately effective" rating from OMB after submitting a re-PART in FY 2006. Community facilities developed new efficiency and long-term performance measures to tie program performance more directly with Rural Development's strategic objectives and overall mission. The program has set goals of increasing the percentage of the rural population who have improved health care facilities from 3.8 to 5.5 percent by 2010.

RURAL DEVELOPMENT HOUSING PROGRAMS

Summary of Budget and Performance
Statement of Goals and Objectives

The agency has one strategic goal and one strategic objective that contribute to one of the Department’s Strategic Goals and one of the Department’s Strategic Objectives.

USDA Strategic Goal/Objective	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
<p>USDA Strategic Goal 3: Support Increased Economic Opportunities and Improved Quality of Life in Rural America</p> <p>USDA Strategic Objective 3.2: Improve the Quality of Life Through USDA Financing of Quality Housing, Modern Utilities and Needed Community Facilities</p>	<p>Agency Goal 2: Improve the quality of life in Rural America</p>	<p><u>Objective 2.1:</u> Provide decent, safe and affordable housing</p> <p><u>Objective 2.2:</u> Develop community infrastructure</p>	<p>Sec. 502 Guaranteed Single Family Housing Purchase</p> <p>Sec. 502 Guaranteed Single Family Housing Refinance</p> <p>Sec. 538 Guaranteed Multi-Family Housing</p> <p>Sec. 504 Very Low Income Housing Repair Loans</p> <p>Sec. 504 Housing Repair Grants</p> <p>Sec. 524 Housing Site Development Loans</p> <p>Sec. 523 Self-Help Land Development Housing Loans</p> <p>Sec. 521 Rental Assistance Program Grants</p> <p>Sec. 502 Rental Assistance Program Grants</p> <p>Sec. 514 Farm Labor Housing Loans</p> <p>Sec. 516 Domestic Farm Labor Housing Grants</p> <p>Sec. 523 Mutual and Self-Help Housing Grants</p> <p>Sec. 525 Supervisory and Technical Assistance Grants</p> <p>Sec. 533 Housing Preservation Grants</p> <p>Processing Workers Housing Grants</p> <p>Credit Sales of Acquired Property – Single Family Housing</p> <p>Credit Sales of Acquired Property - Multi-Family Housing</p> <p>Multi-Family Housing Revitalization Project</p> <p>Sec. 542 Multi-Family Housing Voucher Program</p>	<p><u>Key Outcome 1:</u> Decent, safe and affordable housing</p> <p><u>Key Outcome 2:</u> Develop community infrastructure</p>

USDA Strategic Goal/Objective	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
<p>USDA Strategic Goal 3: Support Increased Economic Opportunities and Improved Quality of Life in Rural America</p> <p>USDA Strategic Objective 3.2: Improve the Quality of Life Through USDA Financing of Quality Housing, Modern Utilities and Needed Community Facilities</p>	<p>Agency Goal 2: Improve the quality of life in Rural America</p>	<p><u>Objective 2.2:</u> Develop community infrastructure</p>	<p><u>Rural Community Programs</u> Community Facility Direct Loans Community Facility Guaranteed Loans Community Facility Grants</p>	<p><u>Key Outcome 2:</u> Develop community infrastructure</p>

Strategic Objective and Funding Matrix

RURAL DEVELOPMENT							
USDA STRATEGIC OBJECTIVE 3.2: Improve the Quality of Life Through USDA Financing of Quality Housing, Modern Utilities, and Needed Community Facilities							
Strategic Objective and Funding Matrix							
(On basis of appropriation)							
	2006 Actual		2007 Estimated			2008 Estimated	
	Amount	Staff Years	Amount	Staff Years	Increase or Decrease	Amount	Staff Years
Strategic Objective 3.2							
Rural Housing Programs	5,324,368	3,837	4,922,172	4,100	(826,566)	5,748,738	3,736
Rural Community Programs	617,217	1,107	232,598	1,183	(279,816)	512,414	1,078
Total, Strategic Objective 3.2	5,941,585	4,944	5,154,770	5,283	(1,106,382)	6,261,152	4,814
Total, Available	5,941,585	4,944	5,154,770	5,283	(1,106,382)	6,261,152	4,814

Selected Accomplishments Expected at the FY 2008 Proposed Resource Level:**Section 502 direct loan program**

Based on budget priorities, no direct loans will be available. This will be mostly offset by a significant increase in, and easier lender access to Section 502 loan guarantees. It is expected that most direct loan-eligible families seeking homeownership will be served by approved guaranteed lenders, including those offering sub prime products. The availability of credit from other lenders in rural areas will be affected by interest rate fluctuations and local economic conditions. The elimination of these costly subsidized loans will mean more funds available for low-cost loan guarantees and other Rural Development programs.

USDA will responsibly manage its portfolio with a goal of keeping its loan delinquency rate within 150 basis points of the FHA delinquency rate for FY 2008. FHA loans are serviced by the private sector. USDA's direct loan delinquency rate is expected to be higher than that of the FHA portfolio because USDA loans are 'means tested' – only for families who cannot afford other credit. With the elimination of the direct loan program, changes in the servicing structure could be considered in coming years.

Section 502 guaranteed loan program

The \$1.79 billion increase from the FY 2007 program level will enable the program to provide additional expected service to lower income borrowers as well as offset housing cost increases. It also provides ample funding to meet greater anticipated demand as the direct loan program is eliminated and guaranteed loans are increasingly targeted to lower income households.

The goal in FY 2008 is to provide approximately 39,119 homeownership opportunities for low- and moderate-income rural families. About 30 percent of guaranteed loans are made to low-income households. This projection is based on an average home purchase loan of \$122,382 – based on annual increases of 10 percent from the average loan in FY 2006. The projected numbers do not include possible carryover of hurricane supplemental funds to aid the Gulf region.

Rural Development intends to manage the guaranteed loan portfolio with a goal of keeping its loan delinquency rate within 75 basis points of the FHA delinquency rate in FY 2007. FHA loans, like guaranteed loans, are serviced by the private sector. Even though guaranteed loans are ‘means tested,’ the guaranteed loan portfolio has performed better than FHA over the past several years.

In FY 2008, the guaranteed underwriting system is expected to increase the number of lenders submitting guaranteed loans by providing a simple and cost-effective electronic submission alternative. More lenders competing and doing business in rural America will result in lower costs to rural residents, thereby increasing affordable housing. Changes proposed to the guaranteed underwriting system in FY 2007 could increase its effectiveness and increase its “user friendliness” to lenders. More lenders competing and doing business in rural America will result in lower costs to rural residents, thereby increasing affordable housing. The guaranteed underwriting system will enable participating private-sector lenders to make loans faster and less expensively, will result in better quality loans and more consistent program delivery, and will fulfill legal requirements under the Freedom to E-File Act and the Government Paperwork Elimination Act.

Section 523 mutual and self-help housing program

Families building their own homes through the mutual and self-help program will be required to obtain financing through other lenders in FY 2008. The number of homes built is still projected to reach a milestone of 2,587 in FY 2008 – with all financing from sub prime and other lenders. The ultimate goal is to double the number of participant families (from 2002 levels) by 2010. These goals were established in 2002 as part of the Secretary’s “Five Star Commitment to Increase Minority Homeownership.”

Self-Help grants typically fund a two-year grant cycle. Grants funded in FY 2008 will put families in homes in fiscal years 2009 and 2010. With Section 502 direct loan funding eliminated in future years, this level could support sponsor groups for about 475 families to obtain their Self-Help home loans from other sources, such as State and local governments, nonprofits, faith-based groups, and sub prime lenders.

Section 521 rental assistance program

Rural Development expects to renew 153,000 units for a one-year term in the Section 521 rental assistance program in FY 2008. This will allow Rural Development housing programs to continue to provide affordable housing to the very-low-income residents of Section 515 and Section 514 rural rental housing. The change to one-year terms for Rental Assistance contracts started in FY 2007 and Rural Development is still assessing the behavior of those contracts (i.e., how long they will last and if they need to be renewed before the end of the one-year term). Rental Assistance needs vary each month depending on tenant income changes, and property operating costs and accompanying rent increases. Rural Development is monitoring these contracts closely to determine what effect, if any, will result from the one-year term limit. Rural Development is also evaluating possible methods of reducing the growth of Rental Assistance to lessen the budgetary impact of this subsidy program.

Section 514/516 farm labor housing program

Rural Development expects to fund 668 units in FY 2008. The majority of these financings expect to be repairs on existing properties. The need for continuing to improve the quality of the existing housing portfolio as evidenced by the Comprehensive Property Assessment has been and continues to be addressed.

Section 538 guaranteed rural rental housing program

Rural Development has established an ongoing dialog with major program participants as well as mortgage finance industry associations and secondary market entities, including State Housing Finance agencies. We keep them informed of funding and program issues and they keep us informed of their needs as lending institutions. Through automation initiatives, Rural Development loan guarantees will be faster and more economical for both lender and

customer. In addition to the establishment of an Electronic Data Interchange facilitating electronic reporting and a dynamic mapping facility to determine program-eligible areas, ongoing efforts include the development of automated systems to facilitate underwriting, guarantee fee collection and issuance and loss claim processing, based on systems already in use and familiar to our private partners.

Rural Development expects to see increased demand for the Section 538 loan guarantee program in FY 2008. Expectations are that 5,826 units will be constructed or rehabilitated in FY 2008. The Section 538 guaranteed rural rental housing program has entered into agreements with Fannie Mae, Freddie Mac and Ginnie Mae.

Rural Development plans to attract more external funding to Section 538 financed properties. Increasing the leverage of external funding dollars for each Rural Development guarantee dollar will enable Rural Development to rehab or construct more units. Through these increases, Rural Development expects to be able to build or renovate more units with little or no increase in Rural Development funding beginning in FY 2008.

Section 515 direct rural housing program

To maximize new rental housing construction and stretch taxpayers' dollars, Rural Development proposes to continue to shift the new construction program emphasis from Section 515 direct loans to Section 538 guaranteed loans. The budget request includes significant increases in both Section 538 funding.

Rural Development has enhanced its ability to analyze multi-family property operating budget requests through an automated analysis system. This program highlights for field staff variances above an established threshold that requires staff review and resolution. In addition, more loan servicing documents have been automated and most documents are in a fillable format.

Rural Development has embarked on an ambitious plan to improve the quality of existing rural rental housing. Rural Development has committed to reducing the number of projects in the lower two of the existing four classification categories and increasing the number of projects in the higher classifications. Rural Development uses an alphabetical four-tier classification system -- A is highest; D is lowest -- that categorizes properties according to physical condition, loan status and the number of outstanding or unaddressed corrective actions. As part of its efforts to preserve the loan portfolio, Rural Development recently instituted an automated program that re-categorized properties based on automated outstanding compliance issues. This re-categorization resulted in a shift in classification proportions. The target remains a 1 percent move of properties in the higher A and B categories as a result of improved oversight, aggressive action against owners, and implementation of the Multifamily Portfolio Revitalization Demonstration Program. During FY 2006, in a successful effort to demonstrate the potential positive affect on the portfolio, over 2,200 units in 16 States were revitalized using new revitalization tools provided through this demonstration program

Community Facilities Program

The community facilities (CF) program directly addresses four elements to assist rural economies: 1) retain or attract population; 2) provide basic infrastructure; 3) improve the quality of life; and 4) increase asset values. For example, the lack of adequate health care in a community may encourage families with elderly members, young children, or those with chronic health conditions to move elsewhere, while the presence of a modern hospital may draw new residents to the area. Given the funding level proposed for FY 2008, we expect to continue our steady progress in helping rural communities meet the most basic needs of their residents.

The following specific strategies to achieve the goals have been identified:

- Undertake outreach efforts to neediest rural communities.
- Build partnerships with other organizations to increase leveraging.
- Continue partnerships with other Federal and State agencies to create innovative products for rural communities, such as the critical access hospital prototype.
- Increase utilization of the community facilities guaranteed loan program through marketing to eligible commercial lenders.

For FY 2008, Rural Development proposes a modest increase in CF direct loans and a continuation of CF guaranteed loans at approximately current levels.

RURAL DEVELOPMENT HOUSING PROGRAMS
 Summary of Budget and Performance
 Key Performance Outcomes and Measures

Goal 2: Improve the Quality of Life in Rural America

Key Outcome: Decent, safe and affordable housing.

Key Performance Measures:

- Measure #1: Homeownership opportunities
- Measure #2: Units selected for construction or rehabilitation

Performance Measure	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Target	2008 Target
Performance Measure #1 Homeownership opportunities						
Section 502 guaranteed loans						
a. Units	31,751	34,251	31,480	29,476	26,932	39,119
b. Dollars (billions)	\$2.9	\$3.2	\$3.0	\$3.5	\$3.0	\$4.8
Performance Measure #1 Homeownership opportunities						
Section 502 direct loans						
a. Units	12,379	14,643	11,744	11,041	10,646	0
b. Dollars (billions)	\$1	\$1.4	\$1.1	\$1.1	\$1.2	0

Performance Measure	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Target	2008 Target
Performance Measure #1 Homeownership opportunities Section 523 mutual self-help grants a. Units b. Dollars (millions)	1,465 \$40.1	1,525 \$35.3	1,746 \$42.1	1,474 \$33.6	2,352 \$33.7	2,587 \$9.5
Performance Measure #2 Units selected for construction or rehabilitation Section 515 direct rental housing a. Units b. Dollars (thousands)	7,274 \$115,053	7,639 \$117,002	5,731 \$99,200	5,079 \$99,000	4,416 \$90,379	0 \$0
Performance Measure #2 Units selected for construction or rehabilitation Section 538 guaranteed rental housing loans a. Units b. Dollars (thousands)	2,581 \$99,350	2,611 \$99,410	2,354 \$97,200	2,884 \$99,000	1,744 \$62,997	5,826 \$200,000
Performance Measure #2 Contracts to be renewed Section 521 rental assistance a. Units b. Dollars (thousands)	N/A \$721,148	N/A \$580,561	55,428 \$587,264	43,572 \$638,651	78,750 \$335,400	153,000 \$567,000

Performance Measure	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Target	2008 Target
Performance Measure #2 Units selected for construction or rehabilitation						
Section 514/516 direct farm labor housing loans & grants						
a. Units	4,000	2,642	2,040	1,980	1,087	668
b. Dollars (thousands)	\$60,244	\$53,714	\$45,858	\$53,179	\$26,781	\$9,849

Community Facilities Program

Key Performance Measures:

- Measure #1: Percentage of rural population with new or improved health care services
- Measure #2: Percentage of rural population with new or improved public safety services

Key Performance Targets:

Performance Measure	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Target	2008 Target
Community Facilities Program						
Performance Measure #1						
Percentage of rural population with new or improved health care services	N/A	N/A	3.5%	3.8%	1.0%*	5.3%
Performance Measure #2						
Percentage of rural population with new or improved public safety services	N/A	N/A	4.1%	3.8%	1.3%	1.06%*
Program Dollars (in millions)	\$441	\$757	\$665	\$806	\$254.6	\$512

* The FY 2007 health measure (#1) has been sharply reduced due to proposed reductions in the direct and guaranteed loan programs. With the guaranteed loan program funded at \$40 million, the program's ability to fund critical access hospitals and other health care facilities will be severely restricted. The FY 2008 public safety measure (#2) has been significantly reduced because there are presently no proposed funds for community facilities grants.

HOUSING AND COMMUNITY FACILITIES PROGRAMS				
Full Cost by Strategic Objective				
Strategic Objective 3.2: Improve the Quality of Life Through USDA Financing of Quality Housing, Modern Utilities, and Needed Community Facilities				
PROGRAM	PROGRAM ITEMS	2006 AMOUNT (\$000)	2007 AMOUNT (\$000)	2008 AMOUNT (\$000)
Direct Single Family Housing Loans (Section 502) 4/				
	Program Level	\$1,129,248	\$1,165,473	\$0
	Budget Authority	128,621	116,897	0
	S&E	73,062	69,807	72,502
	Total Costs	201,683	186,704	72,502
	FTEs	716	764	697
	Performance measure:			
	homeownership opportunities			
	Target:	11,041	10,646	0
	Cost per Unit	18.27	17.54	0
Guaranteed Single Family Housing Purchase and Refinance Loans (Section 502)				
	Program Level	\$2,895,054	\$3,104,291	\$4,848,611
	Budget Authority	33,548	36,796	10,070
	S&E	76,345	72,943	75,759
	Total Costs	109,893	109,739	85,829
	FTEs	749	799	728
	Performance measure: new			
	homeownership opportunities			
	Target:	29,476	26,932	39,119
	Cost per Unit	3.73	4.07	2.19
Direct Rural Rental Housing Loans (Section 515) 4/				
	Program Level	\$98,207	\$90,378	\$0
	Budget Authority	45,058	41,276	0
	S&E	92,351	88,236	91,643
	Total Costs	137,409	129,512	91,643
	FTEs	905	967	879
	Performance measure: units			
	selected for new const. or rehab.			
	Target:	5,079	4,416	0
	Cost per Unit	27.05	0	0
Multi-Family Housing Revitalization Program				
	Program Level	\$2,117	\$2,070	\$0
	Budget Authority	990	990	0
	S&E	0	0	0
	Total Costs	990	990	0
	FTEs	0	0	0
	Performance measure: units			
	selected for preservation			
	Target:	N/A	N/A	N/A
	Cost per Unit	N/A	N/A	N/A

PROGRAM	PROGRAM ITEMS	2006 AMOUNT (\$000)	2007 AMOUNT (\$000)	2008 AMOUNT (\$000)
Guaranteed Multi-Family Housing Loans (Section 538)				
	Program Level	\$98,380	\$62,998	\$200,000
	Budget Authority	5,332	4,876	18,800
	S&E	27,215	26,003	27,007
	Total Costs	32,547	30,879	45,807
	FTEs	266	285	259
	Performance measure: units selected for new construction			
	Target:	2,884	1,744	5,826
	Cost per Unit	11.29	17.71	7.86
Housing Repair Loans (Section 504)				
	Program Level	\$32,942	\$31,169	\$22,854
	Budget Authority	9,635	9,211	6,461
	S&E	9,947	9,504	9,871
	Total Costs	19,582	18,715	16,332
	FTEs	97	104	95
	Performance measure: # of families assisted			
	Target:	5,114	5,860	5,524
	Cost per Unit	3.83	3.19	2.96
Housing Site Development Loans (Section 524)				
	Program Level	\$2,975	\$5,045	\$5,045
	Budget Authority	0	0	0
	S&E	1,666	1,592	1,653
	Total Costs	1,666	1,592	1,653
	FTEs	16	17	16
	Performance measure: # of sites financed			
	Target:	4	4	4
	Cost per Unit	416.50	398.00	413.25
Self-Help Land Development Housing Loans (Section 523)				
	Program Level	\$3,618	\$1,893	\$0
	Budget Authority	37	47	0
	S&E	23,226	22,192	23,048
	Total Costs	23,263	22,239	23,048
	FTEs	227	243	221
	Performance measure: # of sites financed			
	Target:	5	5	5
	Cost per Unit	4,652.60	4,447.80	4,609.60
Single and Multi-Family Housing Credit Sales (Non-Program)				
	Program Level	\$1,899	\$11,245	\$11,408
	Budget Authority	674	613	523
	S&E	2,575	2,460	2,555
	Total Costs	3,249	3,073	3,078
	FTEs	25	27	25
	Performance measure: 1/			
	Target:	0	0	0
	Cost per Unit	0	0	0

PROGRAM	PROGRAM ITEMS	2006 AMOUNT (\$000)	2007 AMOUNT (\$000)	2008 AMOUNT (\$000)
Rental Assistance Program (Section 521/502)				
	Program Level	\$646,734	\$335,400	\$567,000
	Budget Authority	646,734	335,400	567,000
	S&E	21,560	20,600	21,395
	Total Costs	668,294	356,000	588,395
	FTEs	211	226	206
	Performance measure: Families assisted with renewed Sec. 521 RA contracts			
	Target:	43,572	78,750	153,000
	Cost per Unit	15.34	4.52	3.85
Farm Labor Housing Loans and Grants (Section 514/516) and Direct Farm Labor Housing - Natural Disaster (Section 514)				
	Program Level	\$45,857	\$31,624	\$17,520
	Budget Authority	34,822	26,781	9,849
	S&E	28,124	26,871	27,908
	Total Costs	62,946	53,652	37,757
	FTEs	275	294	268
	Performance measure: units selected for financing or new construction			
	Target:	1,980	1,087	668
	Cost per Unit	31.79	49.36	56.52
Multi-Family Housing Preservation Loans and Grants (Section 515)				
	Program Level	\$4,992	\$0	\$0
	Budget Authority	8,890	8,097	0
	S&E	0	0	0
	Total Costs	8,890	8,097	0
	FTEs	0	0	0
	Performance measure: units selected for financing or new construction			
	Target:	0	0	0
	Cost per Unit	0	0	0
Mutual Self-Help Grants (Section 523)				
	Program Level	\$33,965	\$33,660	\$9,500
	Budget Authority	33,965	33,660	9,500
	S&E	1,666	1,592	1,653
	Total Costs	35,631	35,252	11,153
	FTEs	16	17	16
	Performance measure: # of families who build their own homes			
	Target:	1,474	2,352	2,587
	Cost per Unit	24.17	14.99	4.31
Housing Assistance Grants				
	Program Level	\$46,916	\$43,587	\$39,000
	Budget Authority	45,052	40,590	39,000
	S&E	34,132	32,612	33,871
	Total Costs	79,184	73,202	72,871
	FTEs	334	357	326
	Performance measure: 1/			
	Target:	0	0	0
	Cost per Unit	0	0	0

PROGRAM	PROGRAM ITEMS	2006 AMOUNT (\$000)	2007 AMOUNT (\$000)	2008 AMOUNT (\$000)
Rural Housing Voucher Program				
	Program Level	\$1,532	\$3,340	\$27,800
	Budget Authority	1,532	3,340	27,800
	S&E	0	0	0
	Total Costs	1,532	3,340	27,800
	FTEs	0	0	0
	Performance measure:			
	Tenants Protected			
	Target:	0	17,284	21,340
	Cost per Unit	0	4,296	4,039
Direct Single Family Supplemental (Section 502)				
	Program Level	\$121	\$0	\$0
	Budget Authority	13	0	0
	S&E	0	0	0
	Total Costs	13	0	0
	FTEs	0	0	0
	Performance measure:			
	Target:	N/A	N/A	N/A
	Cost per Unit	N/A	N/A	N/A
Direct Single Family 2005 Hurricanes Emergency Supplemental (Section 502)				
	Program Level	\$81,044	\$0	\$0
	Budget Authority	9,231	0	0
	S&E	0	0	0
	Total Costs	9,231	0	0
	FTEs	0	0	0
	Performance measure:			
	Target:	N/A	N/A	N/A
	Cost per Unit	N/A	N/A	N/A
Guaranteed Single Family Housing Purchase 2005 Hurricanes Emergency Supplemental, Guaranteed Single Family Housing Purchas/Refinance Modifications 2005 Hurricanes Emergency Supplemental (Section 502)				
	Program Level	\$179,631	\$0	\$0
	Budget Authority	2,100	0	0
	S&E	0	0	0
	Total Costs	2,100	0	0
	FTEs	0	0	0
	Performance measure:			
	Target:	N/A	N/A	N/A
	Cost per Unit	N/A	N/A	N/A

PROGRAM	PROGRAM ITEMS	2006 AMOUNT (\$000)	2007 AMOUNT (\$000)	2008 AMOUNT (\$000)
Housing Repair Loans Emergency Supplemental, Housing Repair Loans 2003/2004 Hurricanes Emerg. Supplemental, Housing Repair Loans 2005 Hurricanes Emergency Supplemental, Housing Repair Grants Emergency Supplemental, Housing Repair Grants 203/2004 Hurricanes Supplementals, and Housing Repair Loans 2005 Hurricanes Emergency Supplemental (Section 504)				
	Program Level	\$19,135	\$0	\$0
	Budget Authority	17,070	0	0
	S&E	0	0	0
	Total Costs	17,070	0	0
	FTEs	0	0	0
	Performance measure:			
	Target:	N/A	N/A	N/A
	Cost per Unit	N/A	N/A	N/A
Rural Community Programs - Direct Community Facilities Loans, Guaranteed Community Facility Loans, Community Facility Grants				
	Program Level	\$617,217	\$232,598	\$512,414
	Budget Authority	69,381	61,614	24,512
	S&E	113,052	108,016	112,185
	Total Costs	182,433	169,630	136,697
	FTEs	1,107	1,183	1,078
	Performance measure: Percent of rural population with new or improved public safety services			
	Target:	3.8	1.3	1.1
	Cost per Unit	70,167	62,826	48,820
Total for Strategic Objective 3.2				
	Program Level	\$5,941,585	\$5,154,770	\$6,261,152
	Budget Authority	\$1,092,685	\$720,188	\$713,515
	S&E	\$504,921	\$482,428	\$501,050
	Total Costs	1,597,606	1,202,616	1,214,565
	FTEs	\$4,944	\$5,283	\$4,814
	Performance measure:			
	Target:	N/A	N/A	N/A
	Cost per Unit	N/A	N/A	N/A

1/ Performance measures are currently under evaluation.

2/ The supplemental is included in P.L. 108-324 and is not included in the base program.

3/ The subsidy rate for the program has not been developed at this time; therefore, the loan level does not reflect the true availability of the program.

4/ FY 2008 S&E and FTE for the Direct Single Family Loans (Section 502) and the Direct Rural Rental Housing Loans (Section 515) are currently under evaluation.

* S&E and FTE figures for each program are based on calculations and a best estimate of the personnel involved. Actual staff time by program is not available at this time.

** Previous performance measure was "number of units selected for construction or rehabilitation."

** FY 07 data based on CR.