

2009 Explanatory Notes  
Housing and Community Facilities Programs

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## RURAL DEVELOPMENT HOUSING PROGRAMS

### Purpose Statement

Rural Development 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.

### Authorization and Program Descriptions

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 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 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 USDA'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.

Community Facilities Direct and Guaranteed Loans and Grants. Provides financing to units of local government, nonprofit corporations, or Federally-recognized Indian tribes for the development of essential community facilities in rural areas. Eligible purposes include health care facilities; fire, rescue, and public safety buildings, vehicles, and equipment; educational and cultural facilities; town halls, community centers, and libraries; and adult and child day care facilities. There are no minimum or maximum loan amounts and the loan term is the useful life of the facility or the limit established by State law.

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.

Section 542 Rural Housing Voucher Program. The Rural Housing Voucher Program, authorized under Section 542 of the Housing Act of 1949, is designed to provide tenant protections in properties that prepay their mortgages after September 30, 2005. These Vouchers are portable and will enable tenants to continue to access affordable housing without benefit of the traditional Rental Assistance Program.

#### Geographic dispersion of offices and employees

Rural Development programs are administered by the three programs representing Rural Development: Housing and Community Facilities, Utilities, Business and Cooperative Development. Rural Development headquarters is located in Washington, D.C. As of September 30, 2007, there were 6,058 permanent full-time employees, including 592 in the headquarters office and 5,466 in field offices.

#### OIG/GAO Reports

None



## RURAL HOUSING SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Rural Community Facilities Program Account (including transfer of balances)

- 1 For the cost of direct loans[,] and loan guarantees[, and grants] for rural community facilities programs as authorized by section 306 and described in section 381E(d)(1) of the Consolidated Farm and Rural Development Act, [~~\$68,952,000~~]\$23,767,000, to remain available until expended:
- 2 *Provided*, That [~~\$6,300,000~~ of the amount appropriated under this heading shall be available for a Rural Community Development Initiative: *Provided further*, That such funds shall be used solely to develop the capacity and ability of private, nonprofit community-based housing and community development organizations, low-income rural communities, and Federally Recognized Native American Tribes to undertake projects to improve housing, community facilities, community and economic development projects in rural areas: *Provided further*, That such funds shall be made available to qualified private, nonprofit and public intermediary organizations proposing to carry out a program of financial and technical assistance: *Provided further*, That such intermediary organizations shall provide matching funds from other sources, including Federal funds for related activities, in an amount not less than funds provided: *Provided further*, That \$14,000,000 of the amount appropriated under this heading shall be to provide grants for facilities in rural communities with extreme unemployment and severe economic depression (Public Law 106-387), with up to 5 percent for administration and capacity building in the State rural development offices: *Provided further*, That \$4,000,000 of the amount appropriated under this heading shall be available for community facilities grants to tribal colleges, as authorized by section 306(a)(19) of such Act: *Provided further*, That ]not to exceed [~~\$1,000,000~~]\$100,000 of the amount appropriated
- 3 under this heading shall be available through June 30, [~~2008~~]2009, 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 the Consolidated Farm and Rural Development Act: *Provided further*, That section 381E-H and 381N of the Consolidated Farm and Rural Development Act are not applicable to the funds made available under this heading: *Provided further*, That any prior balances in the Rural Development, Rural Community Advancement Program account for programs authorized by section 306 and described in section 381E(d)(1) of such Act be transferred and merged with this account and any other prior balances from the Rural Development, Rural Community Advancement Program account that the Secretary determines is appropriate to transfer.

The first change proposes to eliminate the funding for community facility grants program.

The second change eliminates the set-asides for the grant programs since the grants are being proposed to be eliminated.

The third change modifies the expiration date of set-aside funds for empowerment zones and enterprise communities from June 30, 2008, to June 30, 2009.

## RURAL HOUSING SERVICE

Analysis of Change in AppropriationRURAL COMMUNITY FACILITIES PROGRAM ACCOUNT

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

	<u>Loan Level</u>	<u>Subsidy</u>	<u>Grants</u>
Appropriations Act, 2008.....	\$504,907,461	\$24,135,000	\$44,817,000
Budget Estimate, 2009.....	512,430,070	23,767,000	0
Increase or decrease in Appropriations.....	<u>7,522,609</u>	<u>-368,000</u>	<u>-44,817,000</u>
Adjustments in 2008:			
Appropriations Act, 2008.....	504,907,461	24,135,000	44,817,000
Rescission under P.L. 110-161 a/.....	<u>-3,534,352</u>	<u>-168,945</u>	<u>-313,719</u>
Adjusted base for 2008.....	501,373,109	23,966,055	44,503,281
Budget Estimate, 2009.....	512,430,070	23,767,000	0
Increase or decrease over adjusted 2008.....	<u>11,056,961</u>	<u>-199,055</u>	<u>-44,503,281</u>

a/ The amount is rescinded pursuant to Section 752 of Division A, Title VII of P.L. 110-161.

**PROJECT STATEMENT**

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

Item of Change	2007 Actual		2008 Estimated		Increase or Decrease		2009 Estimated	
	Program Level	Subsidy/BA	Program Level	Subsidy/BA	Program Level	Subsidy/BA	Program Level	Subsidy/BA
Rural Community Facilities Programs:								
Direct loans.....	\$333,188	\$21,357	\$294,948	\$16,370	\$7,482 (1)	\$929 (7)	\$302,430	\$17,299
Direct loans - 2005 hurricane em. suppl. <u>a</u> /.....	20,736	1,329	0	0	0	0	0	0
Direct loans - 2007 disaster supplemental <u>b</u> /.....	0	0	0	0	0	0	0	0
Guaranteed loans.....	228,229	8,353	206,425	7,596	3,575 (2)	-1,128 (8)	210,000	6,468
Grants.....	17,471	17,471	20,373	20,373	-20,373 (3)	-20,373	0	0
Grants - 2003/2004 hurricane em. suppl. <u>c</u> /.....	162	162	0	0	0	0	0	0
Grants - 2005 hurricane em. supplemental <u>a</u> /.....	16,657	16,657	0	0	0	0	0	0
Grants - 2007 disaster supplemental <u>b</u> /.....	2,000	2,000	0	0	0	0	0	0
Rural community dev. initiative grants.....	7,054	7,054	6,256	6,256	-6,256 (4)	-6,256	0	0
Rural coop. home based health care demo.....	0	0	0	0	0	0	0	0
Hazardous weather early warning grants.....	447	447	0	0	0	0	0	0
Economic impact initiative grants.....	18,301	18,301	13,902	13,902	-13,902 (5)	-13,902	0	0
High energy costs grants <u>d</u> /.....	0	0	0	0	0	0	0	0
Tribal college grants.....	4,413	4,413	3,972	3,972	-3,972 (6)	-3,972	0	0
Total Available or Estimate.....	648,658	97,545	545,876	68,469	-33,446	-44,702	512,430	23,767
Transfer to high energy cost grants <u>d</u> /.....	25,740	25,740	0	0	0	0	0	0
Recovery of prior year obligations.....	-65,284	-3,897	0	0	0	0	0	0
Unobligated balance available, start of year.....	-105,116	-36,161	0	0	0	0	0	0
Unobligated balance available, end of year.....	114,237	22,444	0	0	0	0	0	0
2007 disaster supplemental <u>b</u> /.....	-43,311	-9,000	0	0	0	0	0	0
Secretary's Interchange transfer.....	1,072	1,072	0	0	0	0	0	0
Rescission <u>e</u> /.....	0	0	3,848	483	-3,848	-483	0	0
Total Appropriation.....	575,996	97,743	549,724	68,952	-37,294	-45,185	512,430	23,767

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

a/ Provided by the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006, P.L. 109-234, signed June 15, 2006, for necessary expenses related to consequences of Hurricane Katrina and other hurricanes of the 2005 season.

b/ Provided by the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007, P.L. 110-28, signed May 25, 2007, for areas in Kansas hit by the tornadoes on May 6, 2007.

c/ Provided by the Emergency Supplemental Appropriations for Hurricanes Disasters Assistance Act of 2005, P.L. 108-324, signed October 13, 2004, for the purpose of serving communities affected by hurricanes and tropical storms in calendar year 2003 or 2004.

d/ This program was transferred to the Rural Utilities Service, High Energy Cost Grant Account in accordance with the Revised Continuing Appropriations Resolution, 2007.

e/ The amounts are rescinded pursuant to Section 752 of Division A, Title VII, of P.L. 110-161.

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

Item of Change	2007 Actual		2008 Estimated		Increase or Decrease		2009 Estimated	
	Program Level	Subsidy/BA	Program Level	Subsidy/BA	Program Level	Subsidy/BA	Program Level	Subsidy/BA
Rural Community Facility Programs:								
Direct loans.....	\$333,188	\$21,357	\$297,523	\$16,513	4,907	787	\$302,430	\$17,299
Direct loans - 2005 hurricane em. suppl. <u>a</u> /.....	20,736	1,329	64,207	3,563	-64,207	-3,563	0	0
Direct loans - 2007 disaster supplemental <u>b</u> /.....	0	0	43,342	2,350	-43,342	-2,350	0	0
Guaranteed loans.....	228,229	8,353	209,899	7,724	101	-1,256	210,000	6,468
Grants.....	17,471	17,471	20,444	20,444	-20,444	-20,444	0	0
Grants - 2003/2004 hurricane em. suppl. <u>c</u> /.....	162	162	338	338	-338	-338	0	0
Grants - 2005 hurricane em. supplemental <u>a</u> /.....	16,657	16,657	1,902	1,902	-1,902	-1,902	0	0
Grants - 2007 disaster supplemental <u>b</u> /.....	2,000	2,000	4,650	4,650	-4,650	-4,650	0	0
Rural community dev. initiative grants.....	7,054	7,054	12,501	12,501	-12,501	-12,501	0	0
Rural coop. home based health care demo.....	0	0	74	74	-74	-74	0	0
Hazardous weather early warning grants.....	447	447	259	259	-259	-259	0	0
Economic impact initiative grants.....	18,301	18,301	16,521	16,521	-16,521	-16,521	0	0
High energy costs grants <u>d</u> /.....	0	0	0	0	0	0	0	0
Tribal college grants.....	4,413	4,413	4,075	4,075	-4,075	-4,075	0	0
Total Available or Estimate.....	648,658	97,545	675,734	90,913	-163,304	-67,146	512,430	23,767
Transfer to high energy cost grants <u>d</u> /.....	25,740	25,740	0	0	0	0	0	0
Recovery of prior year obligations.....	-65,284	-3,897	-129,858	-22,444	129,858	22,444	0	0
Unobligated balance available, start of year.....	-105,116	-36,161	0	0	0	0	0	0
Unobligated balance available, end of year.....	114,237	22,444	0	0	0	0	0	0
2007 disaster supplemental <u>b</u> /.....	-43,311	-9,000	0	0	0	0	0	0
Secretary's Interchange transfer.....	1,072	1,072	0	0	0	0	0	0
Rescission <u>e</u> /.....	0	0	3,848	483	-3,848	-483	0	0
Total Appropriation.....	575,996	97,743	549,724	68,952	-37,294	-45,185	512,430	23,767

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

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- c/ Provided by the Emergency Supplemental Appropriations for Hurricanes Disasters Assistance Act of 2005, P.L. 108-324, signed October 13, 2004, for the purpose of serving communities affected by hurricanes and tropical storms in calendar year 2003 or 2004.
- d/ This program was transferred to the Rural Utilities Service, High Energy Cost Grant Account in accordance with the Revised Continuing Appropriations Resolution, 2007.
- e/ The amounts are rescinded pursuant to Section 752 of Division A, Title VII, of P.L. 110-161.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$7,482,232 for the direct community facilities loans (\$294,947,838 available in 2008).

This modest increase in the direct community facilities loans will allow more funds to be targeted to those rural communities in greatest need of Federal assistance. In FY 2007, more than 14 million rural residents had access to new or improved essential community services through facilities financed by the program.

The \$7.5 million funding increase for the direct community facilities loans would slightly 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 \$3,574,728 for the guaranteed community facilities loans (\$206,425,272 available in 2008).

This incremental increase will allow the guaranteed community facilities loans to continue its mission of providing funding to complex projects, such as critical access hospitals. The small increase will offset inflation and the increasingly high cost of goods and services.

The slight funding increase for the community facilities guaranteed loan program helps to maintain 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 \$20,373,381 in the community facilities grants program (\$20,373,381 available in 2008).

In the current low interest rate environment, more communities can take on debt to address needs for community facilities. The \$20.4 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 \$6,255,900 in rural community development initiative grants (\$6,255,900 available in 2008).

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

- (5) A decrease of \$13,902,000 in economic impact initiative grants (\$13,902,000 available in 2008).

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

funds 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 \$3,972,000 in tribal college grants (\$3,972,000 available in 2008).

Earmarked grants provide assistance to a limited area of eligibility and deplete the already limited available funding to meet other high priority and targeted needs. Other Rural Development program funds 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) An increase of \$929,395 in the loan subsidy for the direct community facilities loans (\$16,369,605 available in 2008).

The requested subsidy amount is necessary to support the estimated loan obligations associated with the requested FY 2009 loan levels for the direct community facility loan program. The change is due to changes in the borrower rate.

- (8) A decrease of \$1,128,450 in the loan subsidy for guaranteed community facilities loans (\$7,596,450 available in 2008).

The requested subsidy amount is necessary to support the estimated loan obligations associated with the requested FY 2009 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  
2007 Actual and Estimated 2008 and 2009

Rural Community Facility Loan Program - Direct

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Alabama	\$4,483,979	\$8,337,000	\$8,428,000
Alaska	4,230,400	2,429,000	2,520,000
Arizona	5,225,527	3,935,000	4,026,000
Arkansas	7,630,000	6,064,000	6,155,000
California	8,666,030	7,707,000	7,798,000
Colorado	2,625,000	3,324,000	3,415,000
Connecticut	2,018,400	2,198,000	2,289,000
Delaware	2,459,000	1,766,000	1,857,000
Florida	6,095,200	6,516,000	6,607,000
Georgia	8,685,485	9,524,000	9,615,000
Hawaii	1,923,000	1,921,000	2,012,000
Idaho	4,402,000	3,189,000	3,280,000
Illinois	9,947,940	6,321,000	6,412,000
Indiana	3,946,075	6,428,000	6,519,000
Iowa	7,381,500	4,883,000	4,974,000
Kansas	1,598,400	3,772,000	3,863,000
Kentucky	8,683,750	8,778,000	8,869,000
Louisiana	6,524,000	6,211,000	6,302,000
Maine	7,535,200	3,812,000	3,903,000
Maryland	6,956,560	3,207,000	3,298,000
Massachusetts	3,351,250	2,569,000	2,660,000
Michigan	18,689,000	8,751,000	8,842,000
Minnesota	6,262,000	5,495,000	5,586,000
Mississippi	10,293,150	7,800,000	7,891,000
Missouri	9,599,045	7,197,000	7,288,000
Montana	7,000,000	3,035,000	3,126,000
Nebraska	15,764,000	2,929,000	3,020,000
Nevada	2,373,025	1,927,000	2,018,000
New Hampshire	455,700	2,624,000	2,715,000
New Jersey	1,085,700	2,656,000	2,747,000
New Mexico	1,540,760	3,799,000	3,890,000
New York	9,972,840	8,330,000	8,421,000
North Carolina	16,798,550	11,272,000	11,363,000
North Dakota	802,325	2,267,000	2,358,000
Ohio	8,910,000	8,686,000	8,777,000
Oklahoma	6,718,600	5,702,000	5,793,000
Oregon	1,922,000	4,158,000	4,249,000
Pennsylvania	9,317,300	9,412,000	9,503,000
Rhode Island	2,303,500	1,517,000	1,608,000
South Carolina	7,654,200	6,890,000	6,981,000
South Dakota	6,975,625	2,631,000	2,722,000
Tennessee	18,420,900	8,398,000	8,489,000
Texas	16,526,802	11,272,000	11,363,000
Utah	3,700,100	2,371,000	2,462,000
Vermont	2,818,975	2,461,000	2,552,000
Virginia	14,031,015	7,151,000	7,242,000
Washington	8,587,200	5,213,000	5,304,000
West Virginia	6,200,000	5,503,000	5,594,000
Wisconsin	3,047,000	6,218,000	6,309,000
Wyoming	--	2,027,000	2,118,000
Puerto Rico	1,050,000	4,173,000	4,264,000
Virgin Islands	--	637,000	728,000
W. Pacific Areas	--	1,275,000	1,366,000
Undistributed	--	30,855,449	30,939,000
Total Avail./Est.	<u>\$333,188,008</u>	<u>\$297,523,449</u>	<u>\$302,430,000</u>

RURAL HOUSING SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

Rural Community Facility Loans  
2005 Hurricanes for Natural Disaster

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Alabama	\$5,130,339	--	--
Louisiana	12,173,000	--	--
Mississippi	3,027,500	--	--
Texas	405,300	--	--
Total Avail./Est.	<u>\$20,736,139</u>	<u>\$64,207,145</u> <sup>1/</sup>	<u>--</u>

Rural Community Facility Loans  
2007 Tornadoes for Natural Disaster

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total Avail./Est.	<u>--</u>	<u>\$42,342,342</u> <sup>1/</sup>	<u>--</u>

<sup>1/</sup> Cannot be distributed by geographic area in advance.



RURAL HOUSING SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

Rural Community Facility Loan Program - Guaranteed

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Alabama	--	\$5,861,000	\$5,863,000
Alaska	\$370,175	1,669,000	1,671,000
Arizona	--	2,737,000	2,739,000
Arkansas	728,000	4,248,000	4,250,000
California	22,711,360	5,414,000	5,416,000
Colorado	600,000	2,304,000	2,306,000
Connecticut	15,700,000	1,505,000	1,507,000
Delaware	--	1,198,000	1,200,000
Florida	--	4,569,000	4,571,000
Georgia	--	6,703,000	6,705,000
Hawaii	1,700,000	1,308,000	1,310,000
Idaho	2,955,000	2,208,000	2,210,000
Illinois	1,500,000	4,430,000	4,432,000
Indiana	--	4,506,000	4,508,000
Iowa	4,329,500	3,410,000	3,412,000
Kansas	75,000	2,622,000	2,624,000
Kentucky	--	6,174,000	6,176,000
Louisiana	3,575,000	4,353,000	4,355,000
Maine	5,563,000	2,650,000	2,652,000
Maryland	4,000,000	2,221,000	2,223,000
Massachusetts	--	1,768,000	1,770,000
Michigan	26,800,000	6,155,000	6,157,000
Minnesota	1,077,000	3,844,000	3,846,000
Mississippi	--	5,480,000	5,482,000
Missouri	150,000	5,052,000	5,054,000
Montana	--	2,099,000	2,101,000
Nebraska	15,915,000	2,024,000	2,026,000
Nevada	500,000	1,312,000	1,314,000
New Hampshire	1,610,000	1,807,000	1,809,000
New Jersey	--	1,830,000	1,832,000
New Mexico	--	2,641,000	2,643,000
New York	5,000,000	5,856,000	5,858,000
North Carolina	1,573,000	7,944,000	7,946,000
North Dakota	1,340,424	1,554,000	1,556,000
Ohio	2,558,565	6,250,000	6,252,000
Oklahoma	2,000,000	3,991,000	3,993,000
Oregon	4,323,000	2,896,000	2,898,000
Pennsylvania	1,250,000	6,624,000	6,626,000
Rhode Island	--	1,022,000	1,024,000
South Carolina	58,840,000	4,835,000	4,837,000
South Dakota	4,500,000	1,812,000	1,814,000
Tennessee	859,500	5,904,000	5,906,000
Texas	120,500	7,944,000	7,946,000
Utah	--	1,627,000	1,629,000
Vermont	--	1,691,000	1,693,000
Virginia	20,865,000	5,019,000	5,021,000
Washington	2,000,000	3,644,000	3,646,000
West Virginia	900,000	3,850,000	3,852,000
Wisconsin	1,740,000	4,357,000	4,359,000
Wyoming	--	1,384,000	1,386,000
Puerto Rico	--	2,906,000	2,908,000
Virgin Islands	--	500,000	502,000
W. Pacific Areas	10,500,000	1,000,000	1,002,000
Undistributed	--	23,186,616	23,182,000
Total Avail./Est.	<u>\$228,229,024</u>	<u>\$209,898,616</u>	<u>\$210,000,000</u>

RURAL HOUSING SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

Rural Community Facility Grants

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Alabama	\$441,000	\$557,000	--
Alaska	101,000	112,000	--
Arizona	200,000	241,000	--
Arkansas	391,500	369,000	--
California	717,055	482,000	--
Colorado	573,664	187,000	--
Connecticut	95,000	121,000	--
Delaware	137,000	94,000	--
Florida	345,000	430,000	--
Georgia	457,000	577,000	--
Hawaii	84,000	90,000	--
Idaho	136,000	157,000	--
Illinois	544,804	326,000	--
Indiana	287,991	356,000	--
Iowa	526,900	264,000	--
Kansas	170,000	203,000	--
Kentucky	724,338	555,000	--
Louisiana	315,000	391,000	--
Maine	306,500	216,000	--
Maryland	174,485	183,000	--
Massachusetts	125,000	143,000	--
Michigan	1,201,000	506,000	--
Minnesota	288,204	314,000	--
Mississippi	671,568	467,000	--
Missouri	348,972	436,000	--
Montana	22,668	163,000	--
Nebraska	142,000	166,000	--
Nevada	89,000	96,000	--
New Hampshire	225,270	142,000	--
New Jersey	214,450	135,000	--
New Mexico	172,000	205,000	--
New York	629,280	509,000	--
North Carolina	610,600	675,000	--
North Dakota	163,000	128,000	--
Ohio	504,000	521,000	--
Oklahoma	215,000	346,000	--
Oregon	203,978	207,000	--
Pennsylvania	461,000	582,000	--
Rhode Island	--	78,000	--
South Carolina	353,000	441,000	--
South Dakota	133,000	154,000	--
Tennessee	410,500	521,000	--
Texas	882,712	675,000	--
Utah	418,350	117,000	--
Vermont	252,260	133,000	--
Virginia	476,313	446,000	--
Washington	338,350	278,000	--
West Virginia	322,000	335,000	--
Wisconsin	516,500	346,000	--
Wyoming	92,000	100,000	--
Puerto Rico	135,662	212,000	--
Virgin Islands	--	75,000	--
W. Pacific Areas	125,000	75,000	--
Undistributed	--	4,805,500	--
Total Avail./Est.	<u>\$17,470,874</u>	<u>\$20,443,500</u>	<u>--</u>

RURAL HOUSING SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

Rural Community Facility Grants  
North Carolina for Natural Disaster

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total Avail./Est.	<u>    --</u>	<u>\$337,873</u> <sup>1/</sup>	<u>    --</u>

Rural Community Facility Grants  
2003/2004 Hurricanes for Natural Disaster

	<u>2007</u>	<u>2008</u>	<u>2009</u>
North Carolina	<u>\$162,027</u>	<u>    --</u>	<u>    --</u>
Total Avail./Est.	<u>\$162,027</u>	<u>    --</u>	<u>    --</u>

Rural Community Facility Grants  
2005 Hurricanes for Natural Disaster

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Alabama	<u>\$1,446,930</u>	<u>    --</u>	<u>    --</u>
Florida	<u>    415,500</u>	<u>    --</u>	<u>    --</u>
Louisiana	<u>    7,725,000</u>	<u>    --</u>	<u>    --</u>
Mississippi	<u>    6,508,803</u>	<u>    --</u>	<u>    --</u>
Texas	<u>    560,428</u>	<u>    --</u>	<u>    --</u>
Total Avail./Est.	<u>\$16,656,661</u>	<u>\$1,902,215</u> <sup>1/</sup>	<u>    --</u>

Rural Community Facility Grants  
2007 Tornadoes for Natural Disaster

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Hawaii	<u>\$2,000,000</u>	<u>    --</u>	<u>    --</u>
Total Avail./Est.	<u>\$2,000,000</u>	<u>\$4,650,000</u> <sup>1/</sup>	<u>    --</u>

<sup>1/</sup> Cannot be distributed by geographic area in advance.

RURAL HOUSING SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

Rural Community Development Initiative Grants

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Alaska	\$300,000	--	--
Arkansas	569,852	--	--
California	400,000	--	--
Georgia	441,698	--	--
Idaho	300,000	--	--
Illinois	299,991	--	--
Indiana	107,334	--	--
Kentucky	300,000	--	--
Maine	197,100	--	--
Maryland	600,000	--	--
Massachusetts	300,000	--	--
Montana	186,756	--	--
Nebraska	300,000	--	--
New York	300,000	--	--
North Carolina	450,000	--	--
Ohio	175,000	--	--
Oklahoma	125,000	--	--
Oregon	165,492	--	--
South Dakota	300,000	--	--
Texas	314,867	--	--
Virginia	421,625	--	--
Washington	75,000	--	--
Wisconsin	124,371	--	--
Puerto Rico	300,000	--	--
Total Avail./Est.	<u>\$7,054,086</u>	<u>\$12,500,603 1/</u>	<u>--</u>

Rural Cooperative Home Based Health Care Grants

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total Avail./Est.	<u>--</u>	<u>\$73,955 1/</u>	<u>--</u>

1/ Cannot be distributed by geographic area in advance.

RURAL HOUSING SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

Economic Impact Initiative Grants

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Alaska	\$855,906	--	--
Arizona	263,000	--	--
Arkansas	588,838	--	--
California	707,350	--	--
Delaware	74,750	--	--
Georgia	610,775	--	--
Hawaii	87,000	--	--
Illinois	267,258	--	--
Iowa	941,275	--	--
Kentucky	485,000	--	--
Louisiana	891,622	--	--
Maine	430,000	--	--
Maryland	166,000	--	--
Michigan	975,000	--	--
Minnesota	292,000	--	--
Mississippi	1,097,931	--	--
Missouri	1,109,783	--	--
Montana	100,000	--	--
Nebraska	151,000	--	--
Nevada	50,000	--	--
New Hampshire	131,000	--	--
New Jersey	75,000	--	--
New Mexico	219,500	--	--
New York	453,680	--	--
North Carolina	838,000	--	--
North Dakota	144,290	--	--
Oklahoma	303,518	--	--
Oregon	275,000	--	--
South Carolina	387,000	--	--
South Dakota	760,685	--	--
Tennessee	556,000	--	--
Utah	359,000	--	--
Vermont	321,095	--	--
Virginia	1,107,750	--	--
Washington	319,300	--	--
Wisconsin	306,000	--	--
Wyoming	93,200	--	--
Puerto Rico	191,000	--	--
W. Pacific Areas	556,678	--	--
Administrative Expenses	759,178	--	--
Total Avail./Est.	<u>\$18,301,362</u>	<u>\$16,521,094</u> 1/	<u>--</u>

1/ Cannot be distributed by geographic area in advance.

RURAL HOUSING SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

Hazardous Weather Early Warning Grants

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Alaska	\$39,438	--	--
Michigan	71,642	--	--
Nebraska	59,600	--	--
New Mexico	31,000	--	--
North Dakota	54,767	--	--
Tennessee	72,000	--	--
Virginia	118,400	--	--
Total Avail./Est.	<u>\$446,847</u>	<u>\$258,896</u> <u>1/</u>	<u>--</u>

Tribal College Grants

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Michigan	\$223,000	--	--
Minnesota	162,000	--	--
Montana	1,730,000	--	--
North Dakota	700,000	--	--
South Dakota	898,697	--	--
Washington	349,700	--	--
Wisconsin	350,000	--	--
Total Avail./Est.	<u>\$4,413,397</u>	<u>\$4,075,125</u> <u>1/</u>	<u>--</u>

1/ Cannot be distributed by geographic area in advance.

## RURAL HOUSING SERVICE

## RURAL COMMUNITY FACILITIES PROGRAM ACCOUNT

Classification by Objects  
2007 Actual and Estimated 2008 and 2009

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Other Objects:			
41 Grants, subsidies, and contributions.....	<u>\$97,544,974</u>	<u>\$90,913,578</u>	<u>\$23,767,000</u>
Total direct obligations.....	<u><u>97,544,974</u></u>	<u><u>90,913,578</u></u>	<u><u>23,767,000</u></u>

## RURAL HOUSING SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

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:

1,2 [\$5,349,391,000] \$4,848,899,000 for loans [to] for section 502 [borrowers, of which \$1,129,391,000 shall be for direct loans, and of which \$4,220,000,000 shall be for] unsubsidized guaranteed loans;

3 [\$34,652,000] \$17,678,000 for section 504 housing repair loans; [\$70,000,000 for section 515 rental housing; \$130,000,000] \$300,000,000 for section 538 guaranteed multi-family housing loans; \$5,045,000 for section 524 site loans; [\$11,485,000] \$11,447,000 for credit sales of acquired property, of which up to [\$1,485,000] \$1,447,000 may be for multi-family credit sales; and [\$5,000,000] \$4,303,000 for section 523 self-help housing land development loans.

4 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, [\$156,224,000, of which \$105,824,000 shall be for direct loans, and of which \$50,400,000] \$13,526,000, to remain available until expended, shall be for unsubsidized guaranteed loans; section 504 housing repair

5 loans, [\$9,796,000] \$4,750,000; [repair, rehabilitation, and new construction of section 515 rental housing , \$29,827,00;] section 538 multi-family housing guaranteed loans, [\$12,220,000] \$1,710,000; credit sales of acquired property, [\$552,000] \$523,000; and section 523 self-help housing and development loans, [\$142,000] \$71,000: *Provided*, That of the total amount

6 appropriated in this paragraph, [\$2,500,000] \$180,000 shall be available through June 30, [2008] 2009, for authorized empowerment zones and enterprise communities and communities designated

7 by the Secretary of Agriculture as Rural Economic Area Partnership Zones: *Provided further*, [That any funds under this paragraph initially allocated by the Secretary for housing projects in the State of Alaska that are not obligated by September 30, 2008, shall be carried over until September 30, 2009, and made available for such housing projects only in the State of Alaska] That section 538 multi-

8 family housing guaranteed loans funded pursuant to this paragraph shall not be subject to a guarantee fee and the interest on such loans may not be subsidized: *Provided further*, That any

9 [unobligated] balances for a demonstration program for the preservation and revitalization of the

10 section 515 multi-family housing rental housing properties as authorized by Public Law 109-97 and Public Law 110-5 shall be transferred to and merged with the "Rural Housing Service, Multi-family Housing Revitalization Program Account".

11 In addition, for administrative expenses necessary to carry out the direct and guaranteed loan programs, [\$452,927,000] \$399,422,000, which shall be [transferred to and merged with] paid to the appropriation for "Rural Development, Salaries and Expenses".

The first change corrects the preposition in the law.

The second change eliminates the funding for the section 502 direct housing loans since no funding is requested.

The third change eliminates the funding for the section 515 rental housing loans since no funding is requested.

The fourth change eliminates the subsidy supporting the section 502 direct housing loans.

The fifth change eliminates the subsidy supporting the section 515 rental housing loans.



The sixth change modifies the expiration date of set-aside funds for empowerment zones and enterprise communities from June 30, 2008, to June 30, 2009.

The seventh change eliminates the extended time availability for funds allocated to the State of Alaska. The time extension for funds availability is not needed since the allocation is fully obligated each year.

The eighth change proposes to eliminate the guarantee fee for section 538 multi-family housing guaranteed loans as well as the subsidy for the interest associated with these loans.

The ninth change removes the word “unobligated” for the section 515 multi-family rental housing properties and would provide for all balances to be transferred to and merged with the Multi-family Housing Revitalization Program Account.

The tenth change seeks to incorporate Public Law 110-5 in the demonstration program for the preservation and revitalization of the section 515 multi-family housing rental housing properties.

The eleventh change reflects language simplifying the transfer and consolidation of funds from the individually appropriated administrative expense account to the Rural Development, Salaries and Expense account.

## 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>
Appropriations Act, 2008.....	\$5,605,636,246	\$208,761,000	\$452,927,000
Budget Estimate, 2009.....	5,187,372,000	20,580,000	399,422,000
Decrease in Appropriations.....	<u>-418,264,246</u>	<u>-188,181,000</u>	<u>-53,505,000</u>
Adjustments in 2008:			
Appropriations Act, 2008.....	\$5,605,636,246	\$208,761,000	\$452,927,000
Rescission under P.L. a/.....	<u>-39,134,139</u>	<u>-1,461,327</u>	<u>-3,170,489</u>
Adjusted base for 2008.....	\$5,566,502,107	\$207,299,673	\$449,756,511
Budget Estimate, Current Law, 2009....	<u>5,187,372,000</u>	<u>20,580,000</u>	<u>399,422,000</u>
Decrease over adjusted 2008.....	<u>-379,130,107</u>	<u>-186,719,673</u>	<u>-50,334,511</u>

a/ The amount is rescinded pursuant to Division A, Title VII, Section 752 of P.L. 110-161.

**PROJECT STATEMENT**

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

Item of Change	2007 Actual		2008 Estimated		Increase or Decrease		2009 Estimated	
	Program Level	Subsidy/BA	Program Level	Subsidy/BA	Program Level	Subsidy/BA	Program Level	Subsidy/BA
Single family housing (SFH) direct loans.....	\$1,129,385	\$113,277	\$1,121,486	\$105,083	-\$1,121,486 (1)	-\$105,083 (9)	\$0	\$0
SFH direct loans - emergency supplemental <u>a/</u> .....	0	0	0	0	0	0	0	0
SFH direct loans - 2005 hurricanes emergency supplemental <u>b/</u> .....	78,945	7,918	0	0	0	0	0	0
SFH direct loans - 2007 emergency supplemental <u>g/</u> .....	0	0	0	0	0	0	0	0
SFH guaranteed loans - purchase.....	3,334,132	40,343	4,129,225	49,551	658,552 (2)	-36,624 (10)	4,787,777	12,927
SFH guaranteed loans - refinance.....	6,747	34	61,296	497	-174 (3)	103 (10)	61,122	599
SFH guar. 2005 hurricanes emergency supplemental <u>b/</u> .....	322,712	3,905	0	0	0	0	0	0
SFH guar. modifications 2005 hurr. emer. supp. <u>b/</u> .....	0	0	0	0	0	0	0	0
SFH guar. 2007 emergency supplemental <u>g/</u> .....	0	0	0	0	0	0	0	0
Rural rental housing direct loans.....	98,925	45,179	69,510	29,618	-69,510 (4)	-29,618 (9)	0	0
Multi-family housing preservation modification.....	0	4,566	0	0	0	0	0	0
Multi-family housing preservation zero percent loans.....	2,562	1,386	0	0	0	0	0	0
Multi-family housing preservation soft second loans.....	2,759	2,403	0	0	0	0	0	0
Multi-family housing preservation grants.....	478	478	0	0	0	0	0	0
Multi-family housing guaranteed loans.....	90,356	6,994	129,090	12,134	170,910 (5)	-10,424 (10)	300,000	1,710
Multi-family housing guaranteed loans - No Year.....	0	0	0	0	0	0	0	0
Multi-family housing guaranteed loans 2007 emergency supp. <u>g/</u> .....	0	0	0	0	0	0	0	0
Housing repair direct loans.....	33,207	9,813	34,409	9,727	-16,731 (6)	-4,977 (9)	17,678	4,750
Housing repair direct loans - emergency supplemental <u>a/</u> .....	40	12	0	0	0	0	0	0
Housing repair direct loans - 2003/2004 hurricanes emerg. supp. <u>f/</u> .....	443	131	0	0	0	0	0	0
Housing repair direct loans - 2005 hurricanes emergency supp. <u>b/</u> .....	2,026	599	0	0	0	0	0	0
Housing repair direct loans - 2007 emergency supplemental <u>g/</u> .....	0	0	0	0	0	0	0	0
Direct farm labor loans disaster.....	0	0	0	0	0	0	0	0
Site development direct loans <u>c/</u> .....	2,451	0	5,045	0	0	0	5,045	0
Self-help housing land dev. loans.....	570	14	4,965	141	-662 (7)	-70 (9)	4,303	71
Single-family housing credit sales <u>d/</u> .....	153	1	10,000	0	0	0	10,000	0
Multi-family housing credit sales.....	1,485	673	1,476	548	-29 (8)	-25 (9)	1,447	523
Total Available or Estimate.....	5,107,375	237,725	5,566,502	207,300	-379,130	-186,720	5,187,371	20,580
Recovery of prior year obligations.....	-67,779	-1,256	0	0	0	0	0	0
Unobligated balance available, start of year.....	-1,992,839	-47,900	0	0	0	0	0	0
Unobligated balance expiring.....	12,484	386	0	0	0	0	0	0
Unobligated balance available, end of year.....	1,962,515	33,287	0	0	0	0	0	0
Secretary's Interchange transfer.....	10,565	748	0	0	0	0	0	0
Transferred to Working Capital.....	13,148	432	0	0	0	0	0	0
Transferred to very-low income repair grants 2005 hurr. dis. supp. ....	27,973	8,266	0	0	0	0	0	0
2007 disaster supplemental.....	-39,811	-2,900	0	0	0	0	0	0
Total administrative expenses <u>e/</u> .....	0	452,927	0	449,757	0	-50,335 (11)	0	399,422
Rescission <u>h/</u> .....	0	0	39,134	4,631	-39,134	-4,631	0	0
Total loans and subsidies.....	5,033,631	228,789	5,605,636	208,761	-418,264	-188,181	5,187,371	20,580
Total administrative expenses.....	0	452,927	0	452,927	0	-53,505	0	399,422

Staff-years are reflected in the Salaries and Expenses Project Statement. NOTE: Individual columns may not add due to rounding.

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

Item of Change	2007 Actual		2008 Estimated		Increase or Decrease		2009 Estimated	
	Program Level	Subsidy/BA	Program Level	Subsidy/BA	Program Level	Subsidy/BA	Program Level	Subsidy/BA
Single family housing (SFH) direct loans.....	\$1,129,385	\$113,277	\$1,121,486	\$105,083	-\$1,121,486	-\$105,083	\$0	\$0
SFH direct loans - emergency supplemental g/.....	0	0	2,062	193	-2,062	-193	0	0
SFH direct loans - 2005 hurricanes emergency supplemental b/.....	78,945	7,918	34,769	3,258	-34,769	-3,258	0	0
SFH direct loans - 2007 emergency supplemental g/.....	0	0	7,471	700	-7,471	-700	0	0
SFH guaranteed loans - purchase.....	3,334,132	40,343	4,958,563	59,503	-170,786	-46,576	4,787,777	12,927
SFH guaranteed loans - refinance.....	6,747	34	269,376	2,182	-208,254	-1,583	61,122	599
SFH guar. 2005 hurricanes emergency supplemental b/.....	322,712	3,905	755,034	9,060	-755,034	-9,060	0	0
SFH guar. modifications 2005 hurr. emer. supp. b/.....	0	0	0	0	0	0	0	0
SFH guar. 2007 emergency supplemental g/.....	0	0	16,667	200	-16,667	-200	0	0
Rural rental housing direct loans.....	98,925	45,179	69,510	29,618	-69,510	-29,618	0	0
Multi-family housing preservation modification.....	0	4,566	0	0	0	0	0	0
Multi-family housing preservation zero percent loans.....	2,562	1,386	0	0	0	0	0	0
Multi-family housing preservation soft second loans.....	2,759	2,403	0	0	0	0	0	0
Multi-family housing preservation grants.....	478	478	0	0	0	0	0	0
Multi-family housing guaranteed loans.....	90,356	6,994	129,090	12,134	170,910	-10,424	300,000	1,710
Multi-family housing guaranteed loans - No Year.....	0	0	888	83	-888	-83	0	0
Multi-family housing guaranteed loans 2007 emergency supp. g/.....	0	0	10,638	1,000	-10,638	-1,000	0	0
Housing repair direct loans.....	33,207	9,813	34,409	9,727	-16,731	-4,977	17,678	4,750
Housing repair direct loans - emergency supplemental a/.....	40	12	3,128	884	-3,128	-884	0	0
Housing repair direct loans - 2003/2004 hurricanes emerg. supp. f/.....	443	131	15,209	4,299	-15,209	-4,299	0	0
Housing repair direct loans - 2005 hurricanes emergency supp. b/.....	2,026	599	1,538	435	-1,538	-435	0	0
Housing repair direct loans - 2007 emergency supplemental g/.....	0	0	3,537	1,000	-3,537	-1,000	0	0
Direct farm labor loans disaster.....	0	0	1,239	536	-1,239	-536	0	0
Site development direct loans g/.....	2,451	0	5,045	0	0	0	5,045	0
Self-help housing land dev. loans.....	570	14	4,965	141	-662	-70	4,303	71
Single-family housing credit sales d/.....	153	1	10,000	0	0	0	10,000	0
Multi-family housing credit sales.....	1,485	673	1,476	548	-29	-25	1,447	523
Total Available or Estimate.....	5,107,375	237,725	7,456,099	240,587	-2,268,727	-220,007	5,187,371	20,580
Recovery of prior year obligations.....	-67,779	-1,256	0	0	0	0	0	0
Unobligated balance available, start of year.....	-1,992,839	-47,900	-1,889,597	-33,287	1,889,597	33,287	0	0
Unobligated balance expiring.....	12,484	386	0	0	0	0	0	0
Unobligated balance available, end of year.....	1,962,515	33,287	0	0	0	0	0	0
Secretary's Interchange transfer.....	10,565	748	0	0	0	0	0	0
Transferred to Working Capital.....	13,148	432	0	0	0	0	0	0
Transferred to very-low income repair grants 2005 hurr. dis. supp.....	27,973	8,266	0	0	0	0	0	0
2007 disaster supplemental.....	-39,811	-2,900	0	0	0	0	0	0
Total administrative expenses e/.....	0	452,927	0	449,757	0	-50,335	0	399,422
Rescission h/.....	0	0	39,134	4,631	-39,134	-4,631	0	0
Total loans and subsidies.....	5,033,631	228,789	5,605,636	208,761	-418,264	-188,181	5,187,371	20,580
Total administrative expenses.....	0	452,927	0	452,927	0	-53,505	0	399,422

Staff-years are reflected in the Salaries and Expenses Project Statement. NOTE: Individual columns may not add due to rounding.

## Project Statement Footnotes

- \* Included in this table is the proposed legislation which changes the guarantee fee from 2% to 3% for single family housing guaranteed purchase loans. The effect of the change on the loan level with the same budget authority is from \$1,017,874,015 to \$4,787,800,000. Included in this table is the proposed legislation which eliminates the guarantee fee and the subsidized interest on multi-family loans. The effect on the change on the loan level with the same budget authority is from \$10,905,615 to 300,000,000.
  
- 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 Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and Pandemic Influenza Appropriations Act, 2006, P.L. 109-148, signed December 30, 2005, for the purpose of serving communities affected by 2005 calendar year hurricanes.
  
- c/ Negative subsidy rates of 1.66%, 0.79%, and 1.84% were calculated for FY 2007, FY 2008, and FY 2009, respectively. Therefore, corresponding budget authority is not required to support the loan levels.
  
- d/ Negative subsidy rate of 1.15% and 2.59% were calculated for FY 2008 and FY 2009. Therefore, corresponding budget authority is not required to support the loan level.
  
- e/ In FY 2007, funding of \$452,926,910 was appropriated and transferred to the Rural Development Salaries and Expense Account. In FY 2008, funding of \$449,756,511 was appropriated and transferred to the Rural Development Salaries and Expense Account. In FY 2009, funding of \$399,422,000 is requested and will be paid to the Rural Development Salaries and Expense Account.
  
- f/ Provided by the Emergency Hurricane Supplemental Appropriations for Disaster Assistance Act of 2005, P.L. 108-324, signed October 13, 2004, for the purpose of serving communities affected by tropical storms and hurricanes during calendar years 2003 and 2004.
  
- g/ Provided by the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007, P.L. 110-28, dated May 25, 2007, for areas in Kansas hit by the tornadoes on May 6, 2007.
  
- h/ The FY 2008 amounts are rescinded pursuant to Division A, Title VII, Section 752 of P.L. 110-161.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A decrease of \$1,121,485,934 in direct single family housing loans (\$1,121,485,934 available in 2008).

The proposal would eliminate the direct single family housing loan program. This action supports the policy of working to reduce the cost of originating, servicing, and liquidating loans. This continues the move from direct government assistance to guaranteed loans.

- (2) An increase of \$658,552,000 in guaranteed single family unsubsidized purchase loans (\$4,129,225,000 available in 2008).

The section 502 guaranteed SFH program provides low-and moderate-income housing in rural areas. The increase supports the policy of working to reduce cost in credit programs and follows a trend from direct government assistance to guaranteed loans provided by the private sector. It assists the government to meet the continuing need for mortgage credit in rural areas in a more efficient, lower cost manner. Based on 2009 subsidy rates, 25 guaranteed loans can be provided for the same cost as one direct loan. The guaranteed loan program was rated as "effective" in the most recent PART finding (2007). After a record 35,300 loans totaling \$3.3 billion were guaranteed in FY 2007, demand for funds is up nearly 20 percent through December 2007. The requested increase is needed to meet this leap in popularity of the program brought on by the subprime meltdown and growing conservatism of mortgage lenders. As noted in the PART evaluation, this program is well-targeted and managed. The program has sufficient capacity to handle the increased allocation due to significant improvements in portfolio management, loss claim processing and application processing – particularly from automation initiatives such as the Guaranteed Underwriting System (GUS). GUS reduces paperwork and makes it easier and faster for lenders to process program loans. This program increase is designed to meet demand while keeping costs to the government low.

The goal in FY 2009 is to provide approximately 42,370 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 \$113,171 - based on annual increases of 5 percent from the average loan in FY 2007.

Rural Development intends to manage the guaranteed loan portfolio with a goal of keeping its loan delinquency rate 70 basis points lower than the comparable FHA delinquency rate in FY 2008. FHA loans, like guaranteed loans, are serviced by the private sector.

- (3) A decrease of \$174,296 in guaranteed single family unsubsidized refinanced loans (\$61,296,296 available in 2008).

Guaranteed refinance loans also support the administration initiative to move assistance from direct to guaranteed loans. This is accomplished by assisting direct loan borrowers to refinance with guaranteed loans at minimal cost and also meet direct loan graduation requirements. These loans are limited to section 502 direct borrowers. Need for the program is decreased due to several internal and external factors. To be eligible, the interest rate on a refinance must be the same or lower than original. Most borrowers with high rates have already re-financed while those with more recent low rates are not eligible. Further, property values have declined in many local markets and many borrowers do not have sufficient equity to meet loan-to-value requirements.

- (4) A decrease of \$69,510,000 in direct rural rental housing loans (\$69,510,000 available in 2008).

The Administration has not requested funding for the section 515 new construction since 2001, with the focus being solely on preservation. This policy was continued and expanded beginning in 2007

by requesting no funding for construction of any kind for the section 515 program. The program is costly and inefficient and we have created other programs as well as requested authorization for additional tools to fix the current portfolio. Through carryover balances in the multi-family revitalization account as well as through preservation grants, the current portfolio should be maintained, and the section 538 multi-family loan guarantees should fulfill the demand for rural rental housing in the future. Therefore, as with the single-family housing direct loan program, discontinuing funding for this program helps to reduce the cost of originating, servicing, and liquidating loans. This also continues the move from direct government assistance to guaranteed loans. In addition, this reduces the funding needs for rental assistance, so the efficiencies gained are two-fold.

- (5) An increase of \$170,910,000 in guaranteed multi-family housing loans (\$129,090,000 available in 2008).

The budget supports an increased program level of \$300 million in section 538 guaranteed rural rental housing loans for 2009. This level of support can be achieved at a more efficient cost through the removal of the subsidized interest authorization and the fee component of the program as part of the 2009 request. This will bring the subsidy cost from almost 10 percent down to approximately half a percent, which means gaining efficiencies while being able to provide more assistance to rural America. In addition, having no interest subsidy is consistent with the way HUD provides this type of assistance. Increasing this program level while discontinuing funding for the direct multi-family loans reduces the cost of originating, servicing, and liquidating loans. This also continues the move from direct government assistance to guaranteed loans. These loans can be used for both preservation and new construction.

- (6) A decrease of \$16,732,000 in direct housing repair loans (\$34,409,013 available in 2008).

The section 504 housing repair program is being reduced due to budget constraints and priority funding that support current policy and objectives. Requested funding will allow service to the lowest income homeowners with badly-needed essential repairs.

- (7) A decrease of \$662,000 in direct self-help land development loans (\$4,965,000 available in 2008).

As the section 523 grant program is being eliminated, this decrease is appropriate. Reduced funding is being made available for grantees completing the second year of the two-year grant as a possible source of site development financing. With the elimination of the direct loan program, self-help land development loans are also eliminated as they serve primarily low- and very low-income families who cannot afford unsubsidized guaranteed loans. This phase-out will be over two years and supports the management push to program delivery through less costly guaranteed loans.

- (8) A decrease of \$28,864 in direct multi-family housing credit sales loans (\$1,475,864 available in 2008).

This decrease is due to rounding and a change in the subsidy rate for the program. Rural Development utilizes these funds to assist in program administration of inventory properties.

- (9) A decrease of \$139,774,013 in loan subsidy for direct housing insurance fund loans (\$145,118,013 available in 2008).

The requested subsidy amount supports the estimated loan obligations associated with the requested FY 2009 loan levels for the rural housing insurance fund direct loan programs. The change is due to a proposed shift to lower cost guaranteed loans as well as data and model changes used to update the annual technical assumptions.

- (10) A decrease of \$46,945,660 in loan subsidy for guaranteed housing insurance fund loans (\$62,181,660 available in 2008).

The requested subsidy amount supports the estimated loan obligations associated with the requested FY 2009 loan levels for the rural housing insurance fund guaranteed loan programs. The change is due to the annual technical assumption changes.

- (11) A decrease of \$50,334,511 in administrative expenses (\$449,756,511 available in 2008).

Justification for administrative expenses in the amount of \$399,422,000 and the associated staff-years are reflected in the Rural Development Salaries and Expenses Project Statement.



RURAL HOUSING SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

Single-Family Housing Direct Loans

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Alabama	\$19,344,052	\$18,570,000	--
Alaska	13,291,336	7,142,000	--
Arizona	28,551,181	11,812,000	--
Arkansas	22,168,967	15,091,000	--
California	38,781,922	25,558,000	--
Colorado	28,672,522	10,169,000	--
Connecticut	6,488,997	6,245,000	--
Delaware	12,066,804	5,480,000	--
Florida	34,535,273	17,945,000	--
Georgia	40,053,683	23,151,000	--
Hawaii	10,224,580	7,139,000	--
Idaho	29,839,430	8,267,000	--
Illinois	28,134,400	17,231,000	--
Indiana	20,771,473	17,177,000	--
Iowa	36,617,132	12,884,000	--
Kansas	18,876,103	10,731,000	--
Kentucky	42,838,341	18,136,000	--
Louisiana	8,859,815	15,891,000	--
Maine	28,685,986	9,585,000	--
Maryland	19,331,200	9,087,000	--
Massachusetts	10,508,849	7,135,000	--
Michigan	36,764,653	22,024,000	--
Minnesota	21,195,997	15,893,000	--
Mississippi	10,615,738	17,276,000	--
Missouri	33,566,101	18,145,000	--
Montana	13,096,275	7,720,000	--
Nebraska	6,928,536	8,803,000	--
Nevada	7,882,714	5,709,000	--
New Hampshire	18,029,544	7,355,000	--
New Jersey	12,720,235	6,777,000	--
New Mexico	10,179,235	10,529,000	--
New York	18,638,055	21,015,000	--
North Carolina	44,346,734	29,924,000	--
North Dakota	6,056,826	6,364,000	--
Ohio	35,802,213	22,758,000	--
Oklahoma	20,629,696	14,169,000	--
Oregon	18,929,149	12,330,000	--
Pennsylvania	28,072,233	25,502,000	--
Rhode Island	3,484,081	4,453,000	--
South Carolina	20,075,046	17,444,000	--
South Dakota	8,121,331	7,550,000	--
Tennessee	41,831,409	19,421,000	--
Texas	41,418,132	41,091,000	--
Utah	31,203,352	6,520,000	--
Vermont	11,377,955	6,920,000	--
Virginia	30,667,351	17,654,000	--
Washington	37,666,912	13,765,000	--
West Virginia	17,987,750	12,012,000	--
Wisconsin	17,489,466	17,264,000	--
Wyoming	3,848,236	5,981,000	--
Puerto Rico	16,512,040	10,241,000	--
Virgin Islands	1,938,952	5,096,000	--
W. Pacific Areas	3,666,559	2,000,000	--
Undistributed		407,354,934	--
Total Avail./Est.	<u>\$1,129,384,552</u>	<u>\$1,121,485,934</u>	--

RURAL HOUSING SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

Single-Family Housing Direct Loans  
for Natural Disaster

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total Avail./Est.	<u>    --</u>	<u>\$2,062,278</u> <sup>1/</sup>	<u>    --</u>

Single-Family Housing Direct Loans  
2005 Hurricanes for Natural Disaster

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Alabama	\$3,794,748	--	--
Florida	20,088,536	--	--
Louisiana	26,843,832	--	--
Mississippi	23,534,200	--	--
Texas	4,683,283	--	--
Total Avail./Est.	<u>\$78,944,599</u>	<u>\$34,769,070</u> <sup>1/</sup>	<u>    --</u>

Single-Family Housing Direct Loans  
2007 Tornadoes or Natural Disaster

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total Avail./Est.	<u>    --</u>	<u>\$7,470,651</u> <sup>1/</sup>	<u>    --</u>

<sup>1/</sup> Cannot be distributed by geographic area in advance.

RURAL HOUSING SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

Single Family Housing Guaranteed Loans Unsubsidized

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Alabama	\$63,351,403	\$66,439,375	\$61,518,000
Alaska	34,435,545	28,995,484	26,848,000
Arizona	19,405,122	41,022,500	37,984,000
Arkansas	148,471,927	120,605,812	111,672,000
California	55,224,557	125,774,900	116,458,000
Colorado	23,649,516	33,938,125	31,424,000
Connecticut	7,655,271	10,224,650	9,467,000
Delaware	9,815,583	8,616,000	7,978,000
Florida	71,708,022	66,259,025	61,351,000
Georgia	54,866,239	94,832,025	87,807,000
Hawaii	5,255,953	19,905,375	18,431,000
Idaho	31,730,833	27,832,559	25,771,000
Illinois	247,459,286	194,322,898	179,929,000
Indiana	47,061,884	59,048,800	54,675,000
Iowa	61,763,937	53,867,264	49,877,000
Kansas	85,490,497	69,554,976	64,403,000
Kentucky	125,024,674	105,353,798	97,550,000
Louisiana	43,901,111	57,669,625	53,398,000
Maine	49,908,012	42,560,832	39,408,000
Maryland	32,552,976	28,589,204	26,471,000
Massachusetts	5,569,821	15,521,150	14,371,000
Michigan	224,723,759	181,185,096	167,764,000
Minnesota	163,882,384	131,952,297	122,178,000
Mississippi	24,726,115	66,271,200	61,362,000
Missouri	171,582,872	140,248,772	129,860,000
Montana	44,779,139	36,901,293	34,168,000
Nebraska	32,924,454	29,087,767	26,933,000
Nevada	6,075,337	9,326,500	8,636,000
New Hampshire	14,096,714	17,419,825	16,129,000
New Jersey	19,165,934	16,575,035	15,347,000
New Mexico	11,384,145	33,742,225	31,243,000
New York	34,744,298	91,015,125	84,273,000
North Carolina	116,191,883	126,917,025	117,516,000
North Dakota	14,761,377	13,081,379	12,112,000
Ohio	99,042,848	90,393,348	83,698,000
Oklahoma	68,607,569	60,616,466	56,126,000
Oregon	50,976,109	47,740,775	44,204,000
Pennsylvania	91,221,274	102,228,325	94,656,000
Rhode Island	--	1,890,675	1,751,000
South Carolina	34,828,129	63,162,350	58,484,000
South Dakota	92,463,978	71,914,082	66,587,000
Tennessee	140,688,133	118,080,477	109,334,000
Texas	117,713,529	181,905,850	168,431,000
Utah	30,110,736	24,748,439	22,915,000
Vermont	12,172,539	16,590,825	15,362,000
Virginia	120,033,812	101,046,487	93,562,000
Washington	21,021,435	55,134,350	51,050,000
West Virginia	52,174,095	45,835,290	42,440,000
Wisconsin	82,457,821	73,596,778	68,145,000
Wyoming	9,839,039	9,879,325	9,148,000
Western Pacific	9,397,625	154,610,846	143,158,000
Puerto Rico	203,503,956	7,668,575	7,101,000
Virgin Islands	1,285,798	8,298,821	7,684,000
Undistributed	--	1,827,939,184	1,700,751,000
Total Avail./Est.	<u>\$3,340,879,005</u>	<u>\$5,227,939,184</u>	<u>\$4,848,899,000</u>

RURAL HOUSING SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

Single Family Housing Guaranteed Loans Purchase  
2005 Hurricanes for Natural Disaster

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Alabama	\$4,256,846	--	--
Florida	38,614,328	--	--
Louisiana	137,991,529	--	--
Mississippi	124,922,510	--	--
Texas	16,932,896	--	--
Total Avail./Est.	<u>\$322,718,109</u>	<u>\$755,033,842</u> 1/	<u>--</u>

Single Family Housing Guaranteed Loans Purchase  
2007 Tornadoes for Natural Disaster

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total Avail./Est.	<u>--</u>	<u>\$16,666,667</u> 1/	<u>--</u>

1/ Cannot be distributed by geographic area in advance.

RURAL HOUSING SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

Rural Rental Housing Direct Loans

	2007	2008	2009
Arizona	\$2,080,968	--	--
Arkansas	1,476,412	--	--
California	5,234,460	--	--
Colorado	150,000	--	--
Florida	1,435,000	--	--
Georgia	2,653,138	--	--
Idaho	2,874,551	--	--
Illinois	2,128,275	--	--
Indiana	200,000	--	--
Iowa	4,365,550	--	--
Kansas	125,000	--	--
Louisiana	3,012,824	--	--
Maine	2,405,000	--	--
Massachusetts	4,291,295	--	--
Michigan	12,048,098	--	--
Minnesota	1,000,000	--	--
Mississippi	1,585,851	--	--
Missouri	541,540	--	--
Montana	411,875	--	--
Nebraska	1,001,686	--	--
Nevada	1,226,805	--	--
New Hampshire	1,160,000	--	--
New York	4,177,375	--	--
North Carolina	9,108,116	--	--
North Dakota	318,200	--	--
Ohio	950,000	--	--
Oklahoma	3,029,997	--	--
Oregon	755,545	--	--
South Carolina	17,008,227	--	--
South Dakota	2,356,041	--	--
Tennessee	864,669	--	--
Texas	78,000	--	--
Vermont	4,955,000	--	--
Virginia	392,370	--	--
Washington	1,846,145	--	--
Wisconsin	926,600	--	--
Wyoming	750,000	--	--
Total Avail./Est.	<u>\$98,924,613</u>	<u>\$69,510,000</u> 1/	<u>--</u>

1/ Cannot be distributed by geographic area in advance.

RURAL HOUSING SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

Multi Family Housing Guaranteed Loans

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Alabama	\$2,445,000	--	--
Arizona	7,642,578	--	--
Arkansas	1,500,000	--	--
Colorado	2,315,000	--	--
Delaware	1,500,000	--	--
Florida	700,000	--	--
Georgia	3,924,829	--	--
Idaho	776,570	--	--
Illinois	3,625,000	--	--
Indiana	560,000	--	--
Iowa	3,905,400	--	--
Kansas	7,684,993	--	--
Kentucky	2,191,000	--	--
Maine	1,934,700	--	--
Maryland	3,096,700	--	--
Michigan	1,360,000	--	--
Nevada	900,000	--	--
New York	608,600	--	--
North Carolina	800,000	--	--
Ohio	9,268,000	--	--
Oklahoma	11,203,536	--	--
Pennsylvania	1,110,000	--	--
South Dakota	1,200,000	--	--
Tennessee	8,803,909	--	--
Texas	4,330,700	--	--
Vermont	1,100,000	--	--
West Virginia	4,550,000	--	--
Wisconsin	119,660	--	--
Wyoming	1,200,000	--	--
Total Avail./Est.	<u>\$90,356,175</u>	<u>129,090,000 1/</u>	<u>\$300,000,000 1/</u>

Multi Family Housing Guaranteed Loans - No Year

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total Avail./Est.	<u>--</u>	<u>\$887,553 1/</u>	<u>--</u>

Multi Family Housing Guaranteed Loans  
2007 for Natural Disaster

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total Avail./Est.	<u>--</u>	<u>\$10,638,298 1/</u>	<u>--</u>

1/ Cannot be distributed by geographic area in advance.

RURAL HOUSING SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

Very Low Income Housing Repair Loans

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Alabama	\$1,043,283	\$901,000	\$429,000
Alaska	82,310	292,000	139,000
Arizona	244,780	670,000	319,000
Arkansas	682,358	712,000	339,000
California	160,450	1,656,000	789,000
Colorado	301,036	385,000	183,000
Connecticut	41,745	93,000	44,000
Delaware	18,238	81,000	39,000
Florida	335,112	885,000	421,000
Georgia	1,039,760	1,197,000	570,000
Hawaii	107,536	283,000	134,000
Idaho	294,597	286,000	136,000
Illinois	2,303,830	708,000	337,000
Indiana	473,262	669,000	319,000
Iowa	1,515,763	463,000	220,000
Kansas	347,246	387,000	184,000
Kentucky	2,994,246	835,000	398,000
Louisiana	269,355	822,000	391,000
Maine	626,288	311,000	148,000
Maryland	237,042	250,000	119,000
Massachusetts	95,974	152,000	72,000
Michigan	1,098,543	939,000	447,000
Minnesota	744,028	693,000	330,000
Mississippi	732,877	911,000	434,000
Missouri	2,077,574	819,000	390,000
Montana	57,910	231,000	110,000
Nebraska	237,458	275,000	132,000
Nevada	11,450	120,000	57,000
New Hampshire	298,380	165,000	79,000
New Jersey	92,401	133,000	63,000
New Mexico	146,490	533,000	254,000
New York	535,560	875,000	417,000
North Carolina	2,249,910	1,544,000	735,000
North Dakota	171,302	138,000	66,000
Ohio	867,041	936,000	446,000
Oklahoma	315,146	645,000	307,000
Oregon	329,748	541,000	258,000
Pennsylvania	1,389,870	1,085,000	517,000
Rhode Island	47,483	75,000	36,000
South Carolina	468,950	842,000	402,000
South Dakota	234,219	225,000	107,000
Tennessee	928,470	889,000	423,000
Texas	1,298,956	2,668,000	1,270,000
Utah	198,805	167,000	80,000
Vermont	332,490	154,000	73,000
Virginia	729,465	759,000	361,000
Washington	449,743	654,000	311,000
West Virginia	736,840	453,000	216,000
Wisconsin	499,894	711,000	339,000
Wyoming	80,837	123,000	59,000
Western Pacific	2,005,308	500,000	238,000
Puerto Rico	571,836	643,000	306,000
Virgin Islands	54,056	108,000	51,000
Undistributed	--	2,817,013	2,634,000
Total Avail./Est.	<u>\$33,207,251</u>	<u>\$34,409,013</u>	<u>\$17,678,000</u>

RURAL HOUSING SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

Very Low Income Housing Repair Loans  
for Natural Disaster

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Missouri	<u>\$40,000</u>	<u>--</u>	<u>--</u>
Total Avail./Est.	<u>\$40,000</u>	<u>\$3,127,786</u> <sup>1/</sup>	<u>--</u>

Very Low Income Housing Repair Loans  
2003/2004 Hurricanes for Natural Disaster

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Florida	<u>\$443,178</u>	<u>--</u>	<u>--</u>
Total Avail./Est.	<u>\$443,178</u>	<u>\$15,208,653</u> <sup>1/</sup>	<u>--</u>

Very Low Income Housing Repair Loans  
2005 Hurricanes for Natural Disaster

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Alabama	\$144,761	--	--
Florida	67,461	--	--
Louisiana	700,877	--	--
Mississippi	914,707	--	--
Texas	<u>198,367</u>	<u>--</u>	<u>--</u>
Total Avail./Est.	<u>\$2,026,173</u>	<u>\$1,538,194</u> <sup>1/</sup>	<u>--</u>

Very Low Income Housing Repair Loans  
2007 Tornadoes for Natural Disaster

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total Avail./Est.	<u>--</u>	<u>\$3,537,319</u> <sup>1/</sup>	<u>--</u>

<sup>1/</sup> Cannot be distributed by geographic area in advance.



RURAL HOUSING SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

Farm Labor Housing Loans  
for Natural Disaster

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total Avail./Est.	<u>    --</u>	<u>\$1,238,804</u> 1/	<u>    --</u>

Housing Site Development Direct Loans

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Georgia	\$899,239	--	--
Massachusetts	44,650	--	--
Western Pacific	<u>1,507,010</u>	<u>    --</u>	<u>    --</u>
Total Avail./Est.	<u>\$2,450,899</u>	<u>\$5,045,000</u> 1/	<u>\$5,045,000</u> 1/

Self-Help Housing Land Development Housing Loans

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Kansas	\$100,000	--	--
Ohio	280,000	--	--
Tennessee	<u>190,000</u>	<u>    --</u>	<u>    --</u>
Total Avail./Est.	<u>\$570,000</u>	<u>\$4,965,000</u> 1/	<u>\$4,303,000</u> 1/

Single Family Housing Credit Sales

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Oregon	\$98,000	--	--
West Virginia	<u>54,680</u>	<u>    --</u>	<u>    --</u>
Total Avail./Est.	<u>\$152,680</u>	<u>\$10,000,000</u> 1/	<u>\$10,000,000</u> 1/

Multi-Family Housing Credit Sales

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Illinois	\$611,400	--	--
Michigan	<u>873,598</u>	<u>    --</u>	<u>    --</u>
Total Avail./Est.	<u>\$1,484,998</u>	<u>\$1,475,864</u> 1/	<u>\$1,447,000</u> 1/

1/ Cannot be distributed by geographic area in advance.

## RURAL HOUSING SERVICE

## RURAL HOUSING INSURANCE FUND

Classification by Objects2007 Actual and Estimated 2008 and 2009

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Other Objects:			
25 Other purchases of goods and services from government accounts.....	\$452,926,910	\$449,756,511	\$399,422,000
41 Grants, subsidies, and contributions.....	<u>237,725,096</u>	<u>240,586,576</u>	<u>20,580,000</u>
Total other objects.....	<u>690,652,006</u>	<u>690,343,087</u>	<u>420,002,000</u>
Total direct obligations.....	<u><u>690,652,006</u></u>	<u><u>690,343,087</u></u>	<u><u>420,002,000</u></u>

RURAL HOUSING SERVICE

The estimates include appropriation language for this item as follows (deleted matter enclosed in brackets):

Farm Labor Program Account

[For the cost of direct loans, grants, and contracts, as authorized by 42 U.S.C. 1484 and 1486, \$22,000,000, to remain available until expended, for direct farm labor housing loans and domestic farm labor housing grants and contracts.]

This change eliminates the funding for farm labor loans and grants.

## 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>
Appropriations Act 2008.....	\$27,739,251	\$12,000,000	\$10,000,000
Budget Estimate, 2009.....	<u>0</u>	<u>0</u>	<u>0</u>
Decrease in Appropriations.....	<u>-27,739,251</u>	<u>-12,000,000</u>	<u>-10,000,000</u>
Adjustments in 2008:			
Appropriations Act, 2008.....	\$27,739,251	\$12,000,000	\$10,000,000
Rescission under P.L. 110-161 a/.....	<u>-194,175</u>	<u>-84,000</u>	<u>-70,000</u>
Adjusted base for 2008.....	\$27,545,076	\$11,916,000	\$9,930,000
Budget Estimate, 2009.....	<u>0</u>	<u>0</u>	<u>0</u>
Decrease from adjusted 2008.....	<u>-27,545,076</u>	<u>-11,916,000</u>	<u>-9,930,000</u>

a/ The amount is rescinded pursuant to Section 752 of Division A, Title VII of P.L. 110-161.

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

Item of Change	2007 Actual		2008 Budget		Increase or Decrease		2009 Estimated	
	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA
Direct farm labor housing loans.....	\$33,474	\$16,051	\$27,545	\$11,916	-\$27,545	-\$11,916 (2)	\$0	\$0
Domestic farm labor housing grants.....	16,648	16,648	9,930	9,930	-9,930	-9,930	0	0
Total Available or Estimate.....	50,122	32,699	37,475	21,846	-37,475 (1)	-21,846	0	0
Recovery of prior year obligations.....	-10,122	-10,810	0	0	0	0		
Unobligated balance, start of year.....	-4,391	-4,075	0	0	0	0		
Unobligated balance, end of year.....	16,368	14,323	0	0	0	0		
Rescission a/.....	0	0	264	154	-264	-154		
Total Appropriation.....	51,977	32,137	37,739	22,000	-37,739	-22,000		

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

a/ The amounts are rescinded pursuant to Section 752 of Division A, Title VII, of P.L. 110-161.

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

Item of Change	2007 Actual		2008 Budget		Increase or Decrease		2009 Estimated	
	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA
Direct farm labor housing loans.....	\$33,474	\$16,051	\$31,482	\$13,619	-\$31,482	-\$13,619	\$0	\$0
Domestic farm labor housing grants.....	16,648	16,648	22,550	22,550	-22,550	-22,550	0	0
Total Available or Estimate.....	50,122	32,699	54,032	36,169	-54,032	-36,169	0	0
Recovery of prior year obligations.....	-10,122	-10,810	-16,557	-14,323	16,557	14,323	0	0
Unobligated balance, start of year.....	-4,391	-4,075	0	0	0	0	0	0
Unobligated balance, end of year.....	16,368	14,323	0	0	0	0	0	0
Rescission a/.....	0	0	264	154	-264	-154	0	0
Total Appropriation.....	51,977	32,137	37,739	22,000	-37,739	-22,000	0	0

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

a/ The amounts are rescinded pursuant to Section 752 of Division A, Title VII, of P.L. 110-161.

JUSTIFICATION OF DECREASES

- (1) A decrease of \$37,475,076 in direct farm labor housing loans and grants (\$37,475,076 available in 2008).

There has been a history in the multi-family housing loan program of no funding for new construction since 2001. This was due to the need to focus on rehabilitating the current portfolio and discontinue funding a program that is costly to run and results in dilapidated properties over time because the reserve requirements are too low and the loans are for 30 years with no prepayment allowed. The reduction in funding was continued and expanded beginning in 2007 by requesting no funding for construction of any kind from the section 515 program. The structure of section 515 and the sections 514 and 516 programs is costly and inefficient and we have created other programs as well as requested authorization for additional tools to fix the current portfolio. While the problem of dilapidation is not as severe for farm labor housing properties, the reserve requirement issue includes all multi-family housing within RHS, not just section 515 direct. For that reason, no funding is requested for farm labor housing either. In addition, this reduces the funding needs for rental assistance, so the efficiencies gained are two-fold.

- (2) A decrease of \$11,916,000 in the direct farm labor housing loan subsidy (\$11,916,000 available in 2008).

No funding is being requested for this loan subsidy in order to be consistent in policy across the multi-family housing direct loan portfolio within RHS.

RURAL HOUSING SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

Farm Labor Housing Loans

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Alabama	\$366,600	--	--
Arizona	1,156,500	--	--
Arkansas	373,000	--	--
California	21,700,338	--	--
Colorado	2,100,000	--	--
Florida	3,125,000	--	--
Idaho	350,000	--	--
Iowa	107,000	--	--
Michigan	2,142,161	--	--
New Jersey	450,000	--	--
Ohio	549,491	--	--
Oregon	450,000	--	--
Vermont	325,500	--	--
Washington	278,000	--	--
Total Avail./Est.	<u>\$33,473,590</u>	<u>\$31,481,690</u> <u>1/</u>	<u>--</u>

Farm Labor Housing Grants

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Alabama	\$883,400	--	--
California	4,256,023	--	--
Colorado	1,090,000	--	--
Florida	3,000,000	--	--
Idaho	2,646,284	--	--
Oregon	2,050,610	--	--
Washington	2,722,000	--	--
Total Avail./Est.	<u>\$16,648,317</u>	<u>\$22,550,483</u> <u>1/</u>	<u>--</u>

1/ Cannot be distributed by geographic area in advance.

RURAL HOUSING SERVICE  
FARM LABOR PROGRAM ACCOUNT

Classification by Objects  
2007 Actual and Estimated 2008 and 2009

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Other Objects:			
41 Grants, subsidies, and contributions.....	<u>\$32,698,903</u>	<u>\$36,169,462</u>	<u>\$0</u>
Total direct obligations.....	<u><u>32,698,903</u></u>	<u><u>36,169,462</u></u>	<u><u>0</u></u>



## RURAL HOUSING SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Multi-family Housing Revitalization Program Account

- 1 [For the rural housing voucher program as authorized under section 542 of the Housing Act of 1949, but notwithstanding subsection (b) of such section, for the cost to conduct a housing demonstration program to provide revolving loans for the preservation of low-income multi-family housing projects, and for additional costs to conduct a demonstration program for the preservation and revitalization of multi-family rental housing properties described in this paragraph, \$28,000,000, to remain available until expended: *Provided*, That of the funds made available under this heading, \$5,000,000 shall be available for rural housing vouchers to any low-income household (including those not receiving rental assistance) residing in a property financed with a section 515 loan which has been prepaid after September 30, 2005: *Provided further*, That the amount of such voucher shall be the difference between comparable market rent for the section 515 unit and the tenant paid rent for such unit: *Provided further*, That funds made available for such vouchers, shall be subject to the availability of annual appropriations: *Provided further*, That the Secretary shall, to the maximum extent practicable, administer such vouchers with current regulations and administrative guidance applicable 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 if the Secretary determines that the amount made available for vouchers in this or any other Act is not needed for vouchers, the Secretary may use such funds for the demonstration programs for the preservation and revitalization of multi-family rental housing properties described in this paragraph; *Provided further*, That of the funds made available under this heading, \$3,000,000 shall be available for the cost of loans to private non-profit organizations, or such non-profit organizations' affiliate loan funds and State and local housing finance agencies, to carry out a housing demonstration program to provide revolving loans for the preservation of low-income multi-family housing projects: *Provided further*, That loans under such demonstration program shall have an interest rate of not more than 1 percent direct loan to the recipient: *Provided further*, That the Secretary may defer the interest and principal payment to the Rural Housing Service for up to 3 years and the term of such loans shall not exceed 30 years: *Provided further*, That of the funds made available under this heading, \$20,000,000 shall be available for a demonstration program for the preservation and revitalization of the section 514, 515, and 516 multi-family rental housing properties to restructure existing USDA multi-family housing loans, as the Secretary deems appropriate, expressly for the purposes of ensuring the project has sufficient resources to preserve the project for the purpose of providing safe and affordable housing for low-income residents and farm laborers including reducing or eliminating interest; deferring loan payments, subordinating, reducing or reamortizing loan debt; and other financial assistance including advances and incentives required by the Secretary: *Provided further*, That if the Secretary determines that additional funds for vouchers described in this paragraph are needed, funds for the preservation and revitalization demonstration program may be used for such vouchers: *Provided further*, That if Congress enacts legislation to permanently authorize a section 515 multi-family rental housing loan restructuring program similar to the demonstration program described herein, the Secretary may use funds made available for the demonstration program under this heading to carry out such legislation with the prior approval of the Committees on Appropriations of both Houses of Congress.] Of the balances contained in the Multifamily Housing Revitalization Program Account, \$20,000,000 is permanently cancelled.
- 2

The first change eliminates funding for the multi-family housing revitalization program and rural housing voucher program.

The second change rescinds \$20,000,000 in unobligated balances contained in the multi-family housing revitalization program accounts.

## RURAL HOUSING SERVICE

Analysis of Change in AppropriationMULTI-FAMILY HOUSING REVITALIZATION PROGRAM ACCOUNT

(On basis of loan levels, subsidies, and grants)

	<u>Loan Level</u>	<u>Subsidy</u>	<u>Grants</u>
Appropriations Act 2008.....	\$6,466,911	\$3,000,000	\$25,000,000
Budget Estimate, 2009.....	<u>0</u>	<u>0</u>	<u>-20,000,000</u>
Decrease in Appropriations.....	<u>-6,466,911</u>	<u>-3,000,000</u>	<u>-45,000,000</u>
Adjustments in 2008:			
Appropriations Act, 2008.....	\$6,466,911	\$3,000,000	\$25,000,000
Rescission under P.L. 110-161a/.....	<u>-45,268</u>	<u>-21,000</u>	<u>-175,000</u>
Adjusted base for 2008.....	\$6,421,643	\$2,979,000	\$24,825,000
Budget Estimate, 2009.....	<u>0</u>	<u>0</u>	<u>-20,000,000</u>
Decreases from adjusted 2008.....	<u>-6,421,643</u>	<u>-2,979,000</u>	<u>-44,825,000</u>

a/ The amount is rescinded pursuant to Section 752 of Division A, Title VII of P.L. 110-161.

PROJECT STATEMENT

(On basis of supportable loan level and appropriated subsidy and grants)

(In thousands of dollars)

	2007 Actual		2008 Budget		Increase or Decrease		2009 Estimated	
	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA
Rural housing voucher program and administrative expenses.....	\$3,624	\$3,624	\$4,965	\$4,965	-\$4,965 (1)	-\$4,965	\$0	\$0
Multi-family housing revitalization modifications (Sec.515).....	0	0	0	0	0	0	0	0
Multi-family housing revitalization zero percent (Sec.515).....	0	0	0	0	0	0	0	0
Multi-family housing revitalization soft seconds (Sec. 515).....	0	0	0	0	0	0	0	0
Multi-family housing revitalization grants (Sec. 515).....	0	0	19,860	19,860	-19,860 (2)	-19,860	0	0
Multi-family housing preservation demo revolving loan fund....	0	0	6,422	2,979	-6,422 (3)	-2,979 (4)	0	0
Total Available or Estimate.....	3,624	3,624	31,247	27,804	-31,247	-27,804	0	0
Recovery of prior year obligations.....	-195	-195	0	0	0	0	0	0
Unobligated balance start of year.....	-14,023	-14,023	-20,000	-20,000	0	0	-20,000	-20,000
Unobligated balance end of year.....	24,902	24,902	20,000	20,000	-20,000 (5)	-20,000	0	0
Secretary's Interchange transfer.....	1,532	1,532	0	0	0	0	0	0
Rescission a/.....	0	0	220	196	-220	-196	0	0
Total Appropriation.....	15,840	15,840	31,467	28,000	-51,467	-48,000	-20,000	-20,000

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

a/ The FY 2008 amount is rescinded pursuant to Division A, Title VII, Section 752 of P.L. 110-161.

**PROJECT STATEMENT**  
(On basis of available supportable loan level, subsidy, and grants)  
(In thousands of dollars)

	2007 Actual		2008 Budget		Increase or Decrease		2009 Estimated	
	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA
Rural housing voucher program and administrative expenses.....	\$3,624	\$3,624	\$9,867	\$9,867	-\$9,867	-\$9,867	\$0	\$0
Multi-family housing revitalization modifications (Sec.515).....	0	0	0	0	0	0	0	0
Multi-family housing revitalization zero percent (Sec.515).....	0	0	0	0	0	0	0	0
Multi-family housing revitalization soft seconds (Sec. 515).....	0	0	0	0	0	0	0	0
Multi-family housing revitalization grants (Sec. 515).....	0	0	19,860	19,860	-19,860	-19,860	0	0
Multi-family housing preservation demo revolving loan fund....	0	0	13,793	6,399	-13,793	-6,399	0	0
Total Available or Estimate.....	3,624	3,624	43,520	36,126	-43,520	-36,126	0	0
Recovery of prior year obligations.....	-195	-195	0	0	0	0	0	0
Unobligated balance start of year.....	-14,023	-14,023	-24,902	-24,902	4,902	4,902	-20,000	-20,000
Transfer of unobligated balance from Rural Assistance Grants account.....	0	0	-7,372	-3,420	7,372	3,420	0	0
Unobligated balance end of year.....	24,902	24,902	20,000	20,000	-20,000	-20,000	0	0
Secretary's Interchange transfer.....	1,532	1,532	0	0	0	0	0	0
Rescission <sup>a/</sup> .....	0	0	220	196	-220	-196	0	0
Total Appropriation.....	15,840	15,840	31,467	28,000	-51,467	-48,000	-20,000	-20,000

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

<sup>a/</sup> The FY 2008 amount is rescinded pursuant to Division A, Title VII, Section 752 of P.L. 110-161.

JUSTIFICATION OF DECREASES

- (1) A decrease of \$4,965,000 in rural housing voucher program (\$4,965,000 available in 2008).

No funding is requested for the rural housing voucher program because it is expected that the 2009 needs will be met by carryover funds in this account.

- (2) A decrease of \$19,860,000 in the multi-family housing revitalization program account (\$19,860,000 available in 2008).

This is not an authorized program for RHS to fund, therefore, no funding is provided. However, we encourage the congress to authorize the Administration's multi-family housing revitalization legislative proposal that would provide these tools for funding.

- (3) A decrease of \$6,421,643 in the multi-family housing preservation demo fund loans (\$6,421,643 available in 2008).

This is not an authorized program for RHS to fund, therefore, no funding is provided.

- (4) A decrease of \$2,979,000 in the multi-family housing preservation demo fund subsidy (\$2,979,000 available in 2008).

Rural Development has prioritized the FY 2009 budget authority amongst various programs. Rural Development reallocated the preservation revolving loan fund budget authority to other Rural Development programs.

- (5) A decrease of \$20,000,000 in the multi-family housing revitalization program account (\$27,804,000 available in 2008).

This decrease is due to a rescission of unobligated balances in the account. The voucher program has taken some time to grow, and, with the redistribution of funds within the programs for 2008 in this account, it is expected that there will be sufficient carryover balances that will not be needed in 2009. Therefore, we are proposing to rescind them to use for other priority RHS programs in 2009.

RURAL HOUSING SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

Rural Housing Voucher Program

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Alabama	\$79,767	--	--
Arizona	18,048	--	--
Arkansas	9,096	--	--
California	7,212	--	--
Colorado	43,395	--	--
Florida	347,578	--	--
Georgia	263,380	--	--
Idaho	15,924	--	--
Illinois	51,708	--	--
Indiana	38,244	--	--
Iowa	108,557	--	--
Kentucky	36,744	--	--
Maine	6,264	--	--
Michigan	31,560	--	--
Minnesota	65,226	--	--
Missouri	300,093	--	--
Montana	37,512	--	--
Nebraska	24,108	--	--
New Hampshire	136,008	--	--
New York	8,040	--	--
North Carolina	87,353	--	--
North Dakota	67,620	--	--
Ohio	32,908	--	--
Oklahoma	4,500	--	--
Oregon	228,018	--	--
Pennsylvania	42,120	--	--
South Carolina	330,240	--	--
South Dakota	5,280	--	--
Tennessee	15,540	--	--
Texas	242,110	--	--
Virginia	8,160	--	--
Washington	66,516	--	--
Wisconsin	198,890	--	--
Wyoming	17,100	--	--
Total Avail./Est.	<u>\$2,974,819</u>	<u>\$6,715,418 1/</u>	<u>--</u>

Rural Housing Vouchers and Administrative Expenses

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total Avail./Est.	<u>\$648,992</u>	<u>\$3,151,358 1/</u>	<u>--</u>

1/ Cannot be distributed by geographic area in advance.

RURAL HOUSING SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

Multi-Family Housing Revitalization Zero Percent Loans

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Connecticut	\$93,000	--	--
Illinois	155,000	--	--
Kansas	169,000	--	--
Kentucky	218,520	--	--
Nebraska	44,000	--	--
Nevada	302,300	--	--
North Carolina	737,680	--	--
North Dakota	171,900	--	--
Washington	190,500	--	--
Wyoming	479,975	--	--
Total Avail./Est.	<u>\$2,561,875</u>	<u>--</u>	<u>--</u>

Multi-Family Housing Revitalization Soft Second Loans

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Connecticut	\$29,500	--	--
Georgia	277,000	--	--
Illinois	49,000	--	--
Kansas	52,800	--	--
Kentucky	68,720	--	--
Michigan	25,425	--	--
Missouri	200,041	--	--
Nebraska	580,500	--	--
Nevada	97,070	--	--
New Mexico	106,000	--	--
North Carolina	223,592	--	--
North Dakota	93,472	--	--
Oklahoma	35,000	--	--
Tennessee	81,500	--	--
Texas	568,960	--	--
Washington	59,289	--	--
Wyoming	211,534	--	--
Total Avail./Est.	<u>\$2,759,403</u>	<u>--</u>	<u>--</u>

RURAL HOUSING SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS

2007 Actual and Estimated 2008 and 2009

Multi-Family Housing Revitalization Grants

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Massachusetts	\$36,850	--	--
Missouri	203,091	--	--
Nebraska	43,319	--	--
Nevada	10,000	--	--
North Dakota	24,428	--	--
Tennessee	120,000	--	--
Texas	40,388	--	--
Total Avail./Est.	<u>\$478,076</u>	<u>\$19,860,000</u> <sup>1/</sup>	<u>--</u>

Multi-Family Housing Preservation Demonstration Loan Fund

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Mississippi	\$2,000,000	--	--
Total Avail./Est.	<u>\$2,000,000</u>	<u>\$13,793,421</u> <sup>1/</sup>	<u>--</u>

<sup>1/</sup> Cannot be distributed by geographic area in advance.



## RURAL HOUSING SERVICE

## MULTI-FAMILY HOUSING REVITALIZATION PROGRAM ACCOUNT

Classification by Objects  
2007 Actual and Estimated 2008 and 2009

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Other Objects:			
25 Other purchases of goods and services from government accounts.....	\$648,992	\$3,151,358	\$0
41 Grants, subsidies, and contributions.....	<u>2,974,819</u>	<u>32,974,186</u>	<u>0</u>
Total direct obligations.....	<u>3,623,811</u>	<u>36,125,544</u>	<u>0</u>

## RURAL HOUSING SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

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, [~~\$482,090,000 to remain available until September 30, 2009~~]\$997,000,000, to carry out the rental assistance program under section 521(a)(2) of the Act, of which \$100,000,000 is for a pilot voucher program for tenants that meet the financial eligibility requirements for rental assistance; and, in addition, such sums as may be necessary, as authorized by section 521(c) of the Act, to liquidate debt incurred prior to fiscal year 1992 to carry out the rental assistance program under section 521(a)(2) of the Act: *Provided*, [~~That of this amount, up to \$6,000,000 shall be available for debt forgiveness or payments for eligible households as authorized by section 502(c)(5)(D) of the Act, and not to exceed \$50,000 per project for advances to nonprofit organizations or public agencies to cover direct costs (other than purchase price) incurred in purchasing projects pursuant to section 502(c)(5)(C) of the Act:~~ *Provided further,*] That rental assistance agreements entered into or shall be funded for a one-year period: *Provided further*, [~~That any unexpended balances remaining at the end of such one-year agreements may be transferred and used for the purposes of any debt reduction; maintenance, repair, or rehabilitation of any existing projects; preservation; and rental assistance activities authorized under title V of the Act: *Provided further*, That rental assistance provided under agreements entered into prior to fiscal year 2008 for a farm labor multi-family housing project financed under section 514 or 516 of the Act may not be recaptured for use in another project until such assistance has remained unused for a period of 12 consecutive months, if such project has a waiting list of tenants seeking such assistance or the project has rental assistance eligible tenants who are not receiving such assistance: *Provided further*, That such recaptured rental assistance shall, to the extent practicable, be applied to another farm labor multi-family housing project financed under section 514 or 516 of the Act]~~That the life of any such agreements may be extended to fully utilize amounts obligated: *Provided further*, That the recipients of rental assistance or vouchers described in this paragraph shall contribute a minimum of \$50 per month toward the rent, as determined by the Secretary.

The first change modifies the language to make funding available for one year. The two-year availability caused tremendous accounting problems and added IT costs with no benefits to the program.

The second change modifies the language for rental assistance agreements to include funding for a pilot voucher program for tenants that meet the financial eligibility requirements for rental assistance.

The third change proposes to eliminate funding for debt forgiveness or payments for eligible households.

The fourth change adds the words "rental assistance" to agreements entered into or shall be funded for a one-year period.

The fifth change proposes to reinstate the transfer of any unexpended funds between projects.

The sixth change proposes the extension of rental assistance agreements until funding is fully obligated and requires recipients to contribute a minimum of \$50 per month towards the rent.

## RURAL HOUSING SERVICE

Analysis of Change in AppropriationRENTAL ASSISTANCE PROGRAM

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

Appropriations Act 2008.....		\$482,090,000
Budget Estimate, 2009.....		997,000,000
Increase in Appropriation.....		<u>514,910,000</u>
Adjustments in 2008:		
Appropriations Act, 2008.....	\$482,090,000	
Rescission under P.L. 110-161 <u>a/</u> .....	<u>-3,374,630</u>	
Adjusted base for 2008.....		\$478,715,370
Budget Estimate, 2009.....		997,000,000
Increase over adjusted 2008.....		<u>518,284,630</u>

a/ The amount is rescinded pursuant to Section 752 of Division A, Title VII of P.L. 110-161.

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

Item of Change	2007 Actual	2008 Budget	Increase or Decrease	2009 Estimated
Rental assistance (sec 521).....	\$0	\$0	\$897,000 (1)	\$897,000
Rental assistance 2007/2008 (sec. 521).....	615,770	0	0	0
Rental assistance 2008/2009 (sec. 521).....	0	472,757	-472,757 (1)	0
Rental assistance emergency - supplemental (sec. 521) b/.....	0	0	0	0
Rental assistance in lieu of debt forgiveness (sec.502(c)(5)(D)).....	250	5,958	-5,958 (2)	0
Rental assistance vouchers.....	0	0	100,000 (3)	100,000
Total Available or Estimate.....	616,020	478,715	518,285	997,000
Unobligated balance start of year b/.....	0	0	0	0
Unobligated balance, end of year b/.....	0	0	0	0
Rescission a/.....	0	3,375	-3,375	0
Total Appropriation.....	616,020	482,090	514,910	997,000

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

a/ The amounts are rescinded pursuant to Section 752 of Division A, Title VII, of P.L. 110-161.

b/ Less than a thousand available.

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

Item of Change	2007 Actual	2008 Budget	Increase or Decrease	2009 Estimated
Rental assistance (sec 521).....	\$0	\$0	\$997,000	\$997,000
Rental assistance 2007/2008 (sec. 521).....	615,770	0	0	0
Rental assistance 2008/2009 (sec. 521).....	0	472,757	-472,757	0
Rental assistance emergency - supplemental (sec. 521) b/.....	0	0	0	0
Rental assistance in lieu of debt forgiveness (sec.502(c)(5)(D)).....	250	5,958	-5,958	0
Rental assistance vouchers.....	0	0	0	0
Total Available or Estimate.....	616,020	478,715	518,285	997,000
Unobligated balance start of year b/.....	0	0	0	0
Unobligated balance, end of year b/.....	0	0	0	0
Rescission a/.....	0	3,375	-3,375	0
Total Appropriation.....	616,020	482,090	514,910	997,000

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

a/ The amounts are rescinded pursuant to Section 752 of Division A, Title VII, of P.L. 110-161.

b/ Less than a thousand available.

JUSTIFICATION OF INCREASES AND DECREASE

- (1) An increase of \$424,243,000 in section 521 rental assistance (\$472,757,000 available in 2008).

This increase is due to the renewal of about eighty-two percent of all rental assistance contracts in FY 2009, up from about thirty-seven percent in FY 2008. The traditional section 521 rental assistance program will be supplemented with a pilot rural assistance voucher program for \$100 million. The rental assistance program renews contracts with borrowers as funding is depleted or the contracts come to the end of their fixed term. These contracts provide rental assistance to families with annual incomes under \$8,500. The rental assistance program pays the difference between the apartment rent and the tenant contribution (a maximum of 30 percent of tenant income). Also, the program will require a minimum rent of \$50 per month for contract beneficiaries beginning in 2009.

- (2) A decrease of \$5,958,000 in section 502 rental assistance (\$5,958,000 available in 2008).

This decrease is due to proposed legislation designed to help retain affordable housing by eliminating the requirement for USDA to offer incentives to borrowers who are requesting to prepay their multifamily housing loans. Therefore, section 502 rental assistance will not be needed to provide preservation incentives.

- (3) An increase of \$100,000,000 in rural assistance vouchers (\$0 available in 2008).

This increase is intended to supplement the traditional section 521 rental assistance program with a pilot rural assistance voucher program for \$100 million. This program will also require a minimum rent of \$50 per month for voucher recipients. Providing vouchers in a few select properties will allow us to target the rental subsidy to the low-income tenants rather than the developers and their projects and would begin to give USDA some flexibility in funding that currently is not the case with traditional rental assistance program. In addition, this is the direction that the HUD programs have gone and would bring consistency to all Federal housing rental assistance programs. Also, funding vouchers will ultimately allow RHS to combine rental assistance vouchers with loan guarantees as the way to provide this type of housing assistance in the future, more heavily relying on the private sector, and making the beneficiaries feel some ownership of the benefit. Instilling an appreciation for the benefit is also the reason we believe the minimum rent requirement on the vouchers is key.

RURAL HOUSING SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

Rural Rental Assistance Programs

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Alabama	\$16,530,602	--	--
Alaska	3,595,400	--	--
Arizona	7,774,773	--	--
Arkansas	10,734,856	--	--
California	50,570,952	--	--
Colorado	9,417,720	--	--
Connecticut	4,101,176	--	--
Delaware	5,040,458	--	--
Florida	25,051,056	--	--
Georgia	13,862,391	--	--
Hawaii	2,298,780	--	--
Idaho	5,482,235	--	--
Illinois	15,735,065	--	--
Indiana	16,606,689	--	--
Iowa	12,828,413	--	--
Kansas	4,412,892	--	--
Kentucky	9,391,659	--	--
Louisiana	15,760,170	--	--
Maine	19,954,390	--	--
Maryland	7,946,996	--	--
Massachusetts	5,769,143	--	--
Michigan	18,886,195	--	--
Minnesota	12,576,754	--	--
Mississippi	31,501,112	--	--
Missouri	13,645,188	--	--
Montana	5,086,963	--	--
Nebraska	4,106,037	--	--
Nevada	5,865,240	--	--
New Hampshire	7,168,071	--	--
New Jersey	4,338,126	--	--
New Mexico	7,993,908	--	--
New York	13,103,580	--	--
North Carolina	34,433,804	--	--
North Dakota	4,588,889	--	--
Ohio	10,134,009	--	--
Oklahoma	12,063,430	--	--
Oregon	6,280,163	--	--
Pennsylvania	18,275,905	--	--
Rhode Island	1,982,394	--	--
South Carolina	15,619,917	--	--
South Dakota	7,810,395	--	--
Tennessee	15,025,648	--	--
Texas	28,498,098	--	--
Utah	5,128,742	--	--
Vermont	5,347,878	--	--
Virginia	13,329,958	--	--
Washington	16,755,913	--	--
West Virginia	7,066,842	--	--
Wisconsin	10,830,376	--	--
Wyoming	2,584,384	--	--
Puerto Rico	10,834,156	--	--
Virgin Islands	2,292,108	--	--
W. Pacific Areas	--	--	--
Undistributed	--	--	--
Total Avail./Est.	<u>\$616,019,999</u>	<u>\$478,715,772</u> <sup>1/</sup>	<u>\$997,000,000</u> <sup>1/</sup>

<sup>1/</sup> Cannot be distributed by geographic area in advance.

RURAL HOUSING SERVICE  
RURAL RENTAL ASSISTANCE PROGRAM

Classification by Objects  
2007 Actual and Estimated 2008 and 2009

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Other Objects:			
41 Grants, subsidies, and contributions.....	<u>\$616,020,000</u>	<u>\$478,715,772</u>	<u>\$997,000,000 *</u>
Total direct obligations.....	<u>616,020,000</u>	<u>478,715,772</u>	<u>997,000,000</u>

\*Includes \$100 million for rental assistance voucher program.

## RURAL HOUSING SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Rural Housing Assistance Grants (including transfer of funds)

- 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~~], \$43,500,000, to remain available until expended: *Provided*, That of the total amount appropriated, \$1,200,000
- 1 shall be available through June 30, [2008] 2009, 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".

This change modifies the expiration date of set-aside funds for empowerment zones and enterprise communities from June 30, 2008, to June 30, 2009.



## RURAL HOUSING SERVICE

Analysis of Change in AppropriationRURAL HOUSING ASSISTANCE GRANTS

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

	<u>Grants</u>
Appropriation Act, 2008.....	\$39,000,000
Budget Estimate, 2009.....	<u>43,500,000</u>
Increase in Appropriation.....	<u><u>4,500,000</u></u>
Adjustments in 2008:	
Appropriations Act, 2008.....	\$39,000,000
Rescission under P.L. 110-161 <sup>a/</sup> .....	<u>-273,000</u>
Adjusted base for 2008.....	\$38,727,000
Budget Estimate, 2009.....	<u>43,500,000</u>
Increase over adjusted 2008.....	<u><u>4,773,000</u></u>

<sup>a/</sup> The amount is rescinded pursuant to Section 752 of Division A, Title VII of P.L. 110-161.

**PROJECT STATEMENT**

(On basis of supportable loan levels and appropriated subsidy and grants)

(In thousands of dollars)

Item of Change	2007 Actual		2008 Estimated		Increase or Decrease		2009 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
Migrant and seasonal farmworker emergency grants.....	0	0	0	0	0	0	0	0
Very-low income housing repair grants.....	29,463	29,463	29,790	29,790	210 (1)	210	30,000	30,000
Very-low income housing repair grants emergency supplemental.....	21	21	0	0	0	0	0	0
Very-low income housing repair grants 2003/2004 hurricanes emerg. supplemental a/.....	0	0	0	0	0	0	0	0
Very-low income housing repair grants 2005 hurricanes emerg. supplemental b/.....	8,126	8,126	0	0	0	0	0	0
Housing repair grants, 2007 Tornadoes emergency supplemental c/.....	0	0	0	0	0	0	0	0
Supervisory and technical assistance.....	1,073	1,073	0	0	1,000 (2)	1,000	1,000	1,000
Compensation for construction defects.....	64	64	0	0	500 (3)	500	500	500
Rural housing preservation grants.....	10,210	10,210	8,937	8,937	3,063 (4)	3,063	12,000	12,000
Multi-family demo revolving loans.....	2,000	956	0	0	0	0	0	0
Processing workers housing grants.....	630	630	0	0	0	0	0	0
Total Available or Estimate.....	51,587	50,543	38,727	38,727	4,773	4,773	43,500	43,500
Transferred from direct housing repair loans, 2005 hurricane emerg. supplemental b/.....	-8,266	-8,266	0	0	0	0		
Recovery of prior year obligations.....	-2,030	-1,809	0	0	0	0		
Unobligated balance available, start of year.....	-17,126	-15,639	0	0	0	0		
Unobligated balance available, end of year.....	40,726	36,774	0	0	0	0		
2007 Tornadoes emergency supplemental c/.....	-2,000	-2,000	0	0	0	0		
Rescission d/.....	0	0	273	273	-273	-273		
Total Appropriation.....	62,891	59,603	39,000	39,000	4,500	4,500		

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	2007 Actual		2008 Estimated		Increase or Decrease		2009 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	\$976	\$976	-\$976	-\$976	\$0	\$0
Migrant and seasonal farmworker emergency grants.....	0	0	16,000	16,000	-16,000	-16,000	0	0
Very-low income housing repair grants.....	29,463	29,463	30,444	30,444	-444	-444	30,000	30,000
Very-low income housing repair grants emergency supplemental.....	21	21	13	13	-13	-13	0	0
Very-low income housing repair grants 2003/2004 hurricanes emerg. supplemental a/.....	0	0	134	134	-134	-134	0	0
Very-low income housing repair grants 2005 hurricanes emerg. supplemental b/.....	8,126	8,126	6,723	6,723	-6,723	-6,723	0	0
Housing repair grants, 2007 Tornadoes emergency supplemental c/.....	0	0	2,000	2,000	-2,000	-2,000	0	0
Supervisory and technical assistance.....	1,073	1,073	22	22	978	978	1,000	1,000
Compensation for construction defects.....	64	64	200	200	300	300	500	500
Rural housing preservation grants.....	10,210	10,210	9,594	9,594	2,406	2,406	12,000	12,000
Multi-family demo revolving loans.....	2,000	956	0	0	0	0	0	0
Processing workers housing grants.....	630	630	5,976	5,976	-5,976	-5,976	0	0
Total Available or Estimate.....	51,587	50,543	72,082	72,082	-28,582	-28,582	43,500	43,500
Transferred from direct housing repair loans, 2005 hurricane emerg. supplemental b/.....	-8,266	-8,266	0	0	0	0	0	0
Recovery of prior year obligations.....	-2,030	-1,809	0	0	0	0	0	0
Unobligated balance available, start of year.....	-17,126	-15,639	-40,727	-36,774	40,727	36,774	0	0
Transfer of unobligated balance to MFH Revitalization Program Account.....	0	0	7,372	3,420	-7,372	-3,420	0	0
Unobligated balance available, end of year.....	40,726	36,774	0	0	0	0	0	0
2007 Tornadoes emergency supplemental c/.....	-2,000	-2,000	0	0	0	0	0	0
Rescission d/.....	0	0	273	273	-273	-273	0	0
Total Appropriation.....	62,891	59,603	39,000	39,000	4,500	4,500	43,500	43,500

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

Project statement footnotes

- a/ Provided by the Emergency Supplemental Appropriations for Hurricanes Disasters Assistance Act of 2005, P.L. 108-324, signed October 13, 2004, for the purpose of serving communities affected by hurricanes and tropical storms in calendar year 2003 or 2004.
- b/ Provided by the Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and the Pandemic Influenza Act, 2006, P.L. 109-148, signed December 30, 2005, for the purpose of serving communities affected by hurricanes that occurred during the FY 2005 calendar year.
- c/ Provided by the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007, P.L. 110-28, signed May 25, 2007, for areas in Kansas hit by the tornadoes on May 6, 2007.
- d/ The amount is rescinded pursuant to Section 752 of Division A, Title VII of P.L. 110-161.

JUSTIFICATION OF INCREASES

- (1) An increase of \$210,000 in section 504 housing repair grants (\$29,790,000 available in 2008).

A small increase is provided to reestablish previous years' funding levels.

- (2) An increase of \$1,000,000 in section 525 supervisory and technical assistance grants (\$0 available in 2008).

This funding will be used to assist applicants who had applied for the direct loan program to help them obtain funding through other programs such as the guaranteed loan program or other sources. Funding will be directed to areas with the greatest need for housing.

- (3) An increase of \$500,000 in section 509 compensation for construction defects (\$0 available in 2008).

Section 509 grants provide protection to those who build their homes with section 502 program funds by covering the cost of structural defects when the builder is unwilling or unable to meet warranty obligations. Funds carry over to succeeding years. This request would replenish available funding and meet anticipated need.

- (4) An increase of \$3,063,000 in section 533 housing preservation grants (\$8,937,000 available in 2008).

The Budget provides a \$3 million increase in program level. In FY 2007 the housing preservation grant program enabled non-profit providers to renovate more than 2,300 apartments to housing code standards. This represents a decrease of more than 2,300 families living in substandard housing. It is expected that this funding will be used to help facilitate the preservation of the multi-family housing direct loan portfolio.

RURAL HOUSING SERVICE  
 GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
 2007 Actual and Estimated 2008 and 2009

Farm Labor Housing Grants  
 2003/2004 Hurricanes for Natural Disaster

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total Avail./Est.	<u>    --</u>	<u>\$976,396</u> 1/	<u>    --</u>

Migrant and Seasonal Grants for Natural Disaster

	2007	2008	2009
Total Avail./Est.	<u>    --</u>	<u>\$16,000,000</u> 1/	<u>    --</u>

1/ Cannot be distributed by geographic area in advance.

RURAL HOUSING SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

Very-Low Income Housing Repair Grants

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Alabama	\$945,054	\$713,000	\$713,000
Alaska	186,123	168,000	168,000
Arizona	930,322	449,000	449,000
Arkansas	763,009	568,000	568,000
California	665,149	1,161,000	1,161,000
Colorado	327,518	269,000	269,000
Connecticut	101,395	91,000	91,000
Delaware	143,229	85,000	85,000
Florida	477,738	749,000	749,000
Georgia	1,070,324	902,000	902,000
Hawaii	169,060	180,000	180,000
Idaho	303,250	210,000	210,000
Illinois	800,910	651,000	651,000
Indiana	676,388	593,000	593,000
Iowa	539,743	440,000	440,000
Kansas	492,420	336,000	336,000
Kentucky	907,139	662,000	662,000
Louisiana	385,165	595,000	595,000
Maine	418,848	265,000	265,000
Maryland	327,165	228,000	228,000
Massachusetts	236,211	145,000	145,000
Michigan	972,593	813,000	813,000
Minnesota	412,131	579,000	579,000
Mississippi	900,257	665,000	665,000
Missouri	898,879	690,000	690,000
Montana	180,534	181,000	181,000
Nebraska	382,982	242,000	242,000
Nevada	54,536	88,000	88,000
New Hampshire	345,270	145,000	145,000
New Jersey	229,945	124,000	124,000
New Mexico	365,523	350,000	350,000
New York	870,486	778,000	778,000
North Carolina	1,366,089	1,236,000	1,236,000
North Dakota	337,374	116,000	116,000
Ohio	931,593	843,000	843,000
Oklahoma	456,539	519,000	519,000
Oregon	353,473	436,000	436,000
Pennsylvania	1,078,794	1,008,000	1,008,000
Rhode Island	124,782	85,000	85,000
South Carolina	692,156	638,000	638,000
South Dakota	243,505	178,000	178,000
Tennessee	912,502	732,000	732,000
Texas	2,047,482	1,940,000	1,940,000
Utah	246,300	122,000	122,000
Vermont	288,399	130,000	130,000
Virginia	696,234	646,000	646,000
Washington	474,995	488,000	488,000
West Virginia	476,250	384,000	384,000
Wisconsin	734,909	620,000	620,000
Wyoming	157,880	95,000	95,000
Western Pacific	617,546	500,000	500,000
Puerto Rico	657,517	393,000	393,000
Virgin Islands	89,354	85,000	85,000
Undistributed	--	5,135,362	4,691,000
Total Avail./Est.	<u>\$29,462,969</u>	<u>\$30,444,362</u>	<u>\$30,000,000</u>

RURAL HOUSING SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

Very-Low Income Housing Grants for Natural Disaster

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Missouri	\$21,287	--	--
Total Avail./Est.	<u>\$21,287</u>	<u>\$12,609</u> 1/	<u>--</u>

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total Avail./Est.	<u>--</u>	<u>\$133,991</u> 1/	<u>--</u>

Very-Low Income Housing Grants  
2005 Hurricanes for Natural Disaster

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Alabama	\$250,466	--	--
Florida	994,493	--	--
Louisiana	4,651,548	--	--
Mississippi	1,650,026	--	--
Texas	579,280	--	--
Total Avail./Est.	<u>\$8,125,813</u>	<u>\$6,723,457</u> 1/	<u>--</u>

Very-Low Income Housing Grants  
2007 Tornadoes for Natural Disaster

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total Avail./Est.	<u>--</u>	<u>\$2,000,000</u> 1/	<u>--</u>

1/ Cannot be distributed by geographic area in advance.



RURAL HOUSING SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

Supervisory and Technical Assistance Grants

	<u>2007</u>	<u>2008</u>	<u>2009</u>
California	\$115,000	--	--
Colorado	83,179	--	--
Georgia	60,000	--	--
Kansas	100,000	--	--
Kentucky	100,000	--	--
Louisiana	100,000	--	--
Mississippi	100,000	--	--
Montana	113,000	--	--
New Mexico	100,000	--	--
North Carolina	100,000	--	--
South Dakota	100,000	--	--
Texas	2,000	--	--
Total Avail./Est.	<u>\$1,073,179</u>	<u>\$21,697 1/</u>	<u>\$1,000,000 1/</u>

Compensation for Construction Defects Grants

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Mississippi	\$25,880	--	--
North Carolina	11,550	--	--
Tennessee	4,859	--	--
West Virginia	17,965	--	--
Virgin Islands	3,500	--	--
Total Avail./Est.	<u>\$63,754</u>	<u>\$199,502 1/</u>	<u>\$500,000 1/</u>

1/ Cannot be distributed by geographic area in advance.

RURAL HOUSING SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
Actual 2007 and Estimated 2008 and 2009

Rural Housing Preservation Grants

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Alabama	\$282,713	--	--
Alaska	50,000	--	--
Arizona	228,858	--	--
Arkansas	238,792	--	--
California	535,000	--	--
Colorado	71,561	--	--
Connecticut	50,000	--	--
Delaware	50,000	--	--
Florida	261,513	--	--
Georgia	329,436	--	--
Hawaii	67,301	--	--
Illinois	271,165	--	--
Indiana	183,758	--	--
Iowa	184,157	--	--
Kansas	188,133	--	--
Kentucky	325,561	--	--
Louisiana	405,084	--	--
Maine	98,000	--	--
Maryland	75,000	--	--
Massachusetts	67,557	--	--
Michigan	476,421	--	--
Minnesota	142,525	--	--
Mississippi	505,740	--	--
Missouri	234,648	--	--
Montana	52,819	--	--
Nebraska	60,742	--	--
New Hampshire	100,000	--	--
New Jersey	50,000	--	--
New York	252,000	--	--
North Carolina	383,106	--	--
North Dakota	50,000	--	--
Ohio	293,911	--	--
Oklahoma	217,348	--	--
Oregon	174,500	--	--
Pennsylvania	314,101	--	--
Rhode Island	50,000	--	--
South Carolina	229,165	--	--
South Dakota	50,000	--	--
Tennessee	432,900	--	--
Texas	651,289	--	--
Utah	50,000	--	--
Vermont	134,000	--	--
Virginia	226,610	--	--
Washington	186,013	--	--
West Virginia	204,180	--	--
Wisconsin	199,781	--	--
Wyoming	50,000	--	--
Puerto Rico	419,398	--	--
W. Pacific Areas	55,119	--	--
Total Avail./Est.	<u>\$10,209,905</u>	<u>\$9,593,704 1/</u>	<u>\$12,000,000 1/</u>

Processing Workers Housing Grants

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Mississippi	<u>\$630,000</u>	--	--
Total Avail./Est.	<u>\$630,000</u>	<u>\$5,975,989 1/</u>	--

1/ Cannot be distributed by geographic area in advance.

RURAL HOUSING SERVICE  
RURAL HOUSING ASSISTANCE GRANTS

Classification by Objects  
2007 Actual and Estimated 2008 and 2009

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Other Objects:			
41 Grants, subsidies, and contributions.....	<u>\$50,543,307</u>	<u>\$72,081,706</u>	<u>\$43,500,000</u>
Total direct obligations.....	<u>50,543,307</u>	<u>72,081,706</u>	<u>43,500,000</u>

RURAL HOUSING SERVICE

The estimates include appropriation language for this item as follows (deleted matter enclosed in brackets):

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), \$39,000,000, to remain available until expended: *Provided*, That of the total amount appropriated, \$1,000,000 shall be available through June 20, 2008, for authorized empowerment zones and enterprise communities and communities designated by the Secretary of Agriculture as Rural Economic Area Partnership Zones.]

This change eliminates the funding for mutual and self-help housing grants.

## RURAL HOUSING SERVICE

Analysis of Change in AppropriationMUTUAL AND SELF HELP HOUSING GRANTS

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

	<u>Grants</u>
Appropriations Act, 2008 .....	\$39,000,000
Budget Estimate, 2009.....	<u>0</u>
Decrease in Appropriations.....	<u><u>-39,000,000</u></u>
Adjustments in 2008:	
Appropriations Act, 2008.....	\$39,000,000
Rescission under P.L. 110-161 a/.....	<u>-273,000</u>
Adjusted base for 2008.....	\$38,727,000
Budget Estimate, 2009.....	<u>0</u>
Decrease over adjusted 2008.....	<u><u>-38,727,000</u></u>

a/ The amount is rescinded pursuant to Section 752 of Division B, Title VII of P.L. 110-161.

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

Item of Change	2007 Actuals	2008 Budget	Increase or Decrease	2009 Estimated
Mutual and self-help housing grants.....	\$35,456	\$38,727	-\$38,727 (1)	\$0
Total Available or Estimate.....	35,456	38,727	-38,727	
Recovery of prior year obligations.....	-2,361	0	0	
Unobligated balance available, start of year.....	-715	0	0	
Unobligated balance available, end of year.....	1,280	0	0	
Rescission a/ .....	0	273	-273	
Total Appropriation.....	33,660	39,000	-39,000	

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

a/ The amount is rescinded pursuant to Section 752 of Division B, Title VII of P.L. 110-161.

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

Item of Change	2007 Actuals	2008 Budget	Increase or Decrease	2009 Estimated
Mutual and self-help housing grants.....	\$35,456	\$40,007	-\$40,007	\$0
Total Available or Estimate.....	35,456	40,007	-40,007	0
Recovery of prior year obligations.....	-2,361	0	0	0
Unobligated balance available, start of year.....	-715	-1,280	1,280	0
Unobligated balance available, end of year.....	1,280	0	0	0
Rescission a/ .....	0	273	-273	0
Total Appropriation.....	33,660	39,000	-39,000	0

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

a/ The amount is rescinded pursuant to Section 752 of Division B, Title VII of P.L. 110-161.

JUSTIFICATION OF DECREASE

- (1) A decrease of \$38,727,000 in mutual and self-help housing grants (\$38,727,000 available in 2008)

Consistent with the strategic goal of moving away from grants and towards guaranteed lending, the mutual self help grant program will be eliminated in FY 2009 along with the elimination of the section 502 direct program and rededication of staff to other program areas. As noted, this supports the President's Management Agenda to reduce the cost of originating, servicing, and liquidating loans. The very low-income, minority families that predominate the program may be able to purchase a smaller, less costly home in many areas with a guaranteed loan or with assistance from other state and local programs.

RURAL HOUSING SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

Mutual and Self-Help Housing Grants

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Alabama	\$10,000	--	--
Alaska	483,360	--	--
Arizona	562,200	--	--
Arkansas	860,877	--	--
California	11,800,685	--	--
Colorado	1,475,572	--	--
Delaware	732,884	--	--
Florida	1,989,577	--	--
Georgia	250,000	--	--
Hawaii	889,458	--	--
Idaho	367,200	--	--
Illinois	154,440	--	--
Indiana	176,000	--	--
Iowa	250,000	--	--
Kansas	1,033,000	--	--
Kentucky	250,000	--	--
Louisiana	492,450	--	--
Maryland	472,175	--	--
Michigan	294,000	--	--
Minnesota	10,000	--	--
Mississippi	10,000	--	--
Missouri	183,000	--	--
Montana	1,350,954	--	--
Nevada	249,930	--	--
New Mexico	649,470	--	--
North Carolina	409,200	--	--
North Dakota	10,000	--	--
Oklahoma	1,430,748	--	--
Oregon	832,223	--	--
Pennsylvania	140,400	--	--
South Carolina	250,000	--	--
South Dakota	286,250	--	--
Tennessee	470,061	--	--
Texas	212,800	--	--
Utah	2,266,080	--	--
Washington	3,662,566	--	--
West Virginia	134,460	--	--
W. Pacific Areas	256,700	--	--
Department of Interior	97,400	--	--
Total Avail./Est.	<u>\$35,456,120</u>	<u>\$40,006,938</u> <sup>1/</sup>	<u>--</u>

<sup>1/</sup> Cannot be distributed by geographic area in advance.



## RURAL HOUSING SERVICE

## MUTUAL AND SELF HELP HOUSING GRANTS

Classification by Objects  
2007 Actual and Estimated 2008 and 2009

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Other Objects:			
41 Grants, subsidies, and contributions.....	<u>\$35,456,119</u>	<u>\$40,006,938</u>	<u>\$0</u>
Total direct obligations.....	<u>35,456,119</u>	<u>40,006,938</u>	<u>0</u>

## RURAL DEVELOPMENT HOUSING PROGRAMS

### STATUS OF PROGRAMS

#### Current Activities:

In order to meet the Rural Development (RD) strategic goal of improving the quality of life in rural America, the housing programs provide loans and grants for housing and community facilities. This includes the funding of single family homes, housing for low-income persons, the elderly and disabled, housing for farm laborers, childcare centers, fire and police stations, hospitals, libraries, nursing homes, schools, and other housing and community facilities.

For nearly 60 years, USDA's direct and guaranteed loan programs have provided a helping hand to low income rural families seeking homeownership. Since the first loan closed in 1950, more than 2.5 million families have benefited with loans or guarantees totaling more than \$97 billion.

The community facilities (CF) program provides direct and guaranteed loans and grants to rural communities for the development of essential community facilities. Eligible applicants are units of local government, nonprofit corporations, and Federally-recognized Indian tribes. Eligible project types include health care facilities; fire, rescue, and public safety buildings, equipment, and vehicles; education and cultural facilities; and streets, sidewalks, and bridges.

Historically, the greatest amount of CF funding has gone for health care projects, while the largest number of loans or grants is in the area of fire, rescue, and public safety. In FY 2007, more than \$253 million was invested in 147 health care facilities serving more than 4.3 million rural residents. During the same period, 668 communities received more than \$149 million to finance fire, rescue, and public safety facilities and equipment.

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: Recent accomplishments under this appropriation item cited below by program:

#### **Multi-Family Housing (MFH) Programs**

##### Section 521 Rental Assistance Program:

- The program instituted a new initiative in FY 2006 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 has been reduced by 9 percent since 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 continue 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 utilized one-year and two-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 in FY 2008 will eventually bring almost all (270,000) contracts into one year renewal terms by 2011.

#### Section 514/516 Farm Labor Housing Program

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.

Multi-family housing financed the construction and repair of more than 1,285 farm labor housing units in FY 2007. 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.

#### Section 515 Direct Rural Rental Housing Loans:

Multi-family housing financed more than 4,400 units of housing with the Section 515 rural rental housing program in FY 2007. These units represent just over \$99 million in funding for the construction of new affordable housing units, and the repair/rehabilitation of existing housing. In addition, the multi-family housing preservation and revitalization demonstration program preserved an additional 936 units in the existing portfolio using \$8.4 million in Section 515 funds allocated to the demonstration program. RD continues to develop partnerships with Freddie Mac, Fannie Mae and Ginnie Mae to get the funding sources provided by these conduits to work with our programs. RD has a pilot initiative with Freddie Mac to make first mortgage loans, after RD subordinates to provide rehabilitation funding for older Section 515 properties. RD 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 reassessment in June 2005 for FY 2007 and received a rating of "moderately effective." For the reassessment, 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.

One of the main components of the MFH PART Improvement Plan includes actions to address dilapidated properties currently within the portfolio and help borrowers revitalize their RD-financed properties. RD will seek passage of new legislation which creates new opportunities and incentives for borrowers to revitalize their properties. New regulations were developed in 2007 to support these efforts. Another component of the plan is implementing and tracking new long-term measures, as well as developing and improving current annual goals so that they tie more directly with funding decisions. New measures are to be reviewed and adopted by March, 2008.

Section 538 Guaranteed Rural Rental Housing Program:

In FY 2007, the guaranteed rural rental housing program (GRRHP) obligated funds for the construction, repair, and rehabilitation of approximately 4,100 affordable rural rental housing units. Over 20 percent of these units were from existing 515 projects. Out of the 4,100 affordable housing units, over 2,500 are newly constructed.

Section 533 Housing Preservation Grants Program:

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 2,400 families in FY 2007. The \$10.2 million housing preservation grants funds awarded in 2007 were matched with more than \$29 million from other funding sources. This leverage ratio of approximately 3 to 1 enabled multi-family housing to exceed its FY 2007 goal of approximately 2,200 family housing units repaired to meet housing standards.

**Single Family Housing Programs**Section 502 Direct and Guaranteed Single Family Housing Loans:

RD rolled out an automated underwriting system known as the guaranteed underwriting system (GUS). GUS enables participating private-sector lenders to make loans faster and less expensively, results in better quality loans and more consistent program delivery, and fulfills legal requirements under the Freedom to E-File Act and the Government Paperwork Elimination Act.

Private-sector lenders have been delighted with the GUS and participation is on the up rise. FHA, who does not have a full service automated underwriting system, has requested to participate in GUS so that lenders can process FHA loans through GUS.

**PART Assessments**

The 502 single family housing guaranteed loan program was reassessed during FY 2007. The reassessment resulted in the program's rating to be elevated from "moderately effective" to "effective". The reassessment found the program to be well-targeted, using both income and location for criteria, though there was some redundancy with FHA and VA insured/guaranteed programs. Single family housing program managers developed more aggressive annual and long-term performance measures and targets during the first half of FY 2007.

The single family housing direct loan program last underwent a PART assessment in FY 2004 and received a rating of 'moderately effective'. OMB reported the program is well managed and targeted. Improvement plans include: a) more aggressive delinquency and foreclosure rate targets, b) expanding automation initiatives, such as the Guaranteed Underwriting System (GUS), facilitating successful homeownership, and c) promoting successful homeownership by setting aggressive targets for troubled loan workouts.

**Community Facilities Program**

As a result of the emphasis on financing critical access hospitals, 147 such facilities have received more than \$485 million in community facilities financing from FY 2001 through FY 2007. Several of these facilities have received nation-wide attention as successful models that other rural communities can follow. In addition, as program staff develops expertise and relationships with lenders and other health care financing experts, they are able to provide guidance to smaller rural communities without staff expertise in this complex area.

Although the outreach and marketing project was initiated in the middle of FY 2007, it bore immediate results. For the first time in program history, the guaranteed loan program allocations were fully utilized. Activity level remains high in the early months of FY 2008.

**PART Assessments**

The CF program received a score of “moderately effective” after submitting a reassessment in FY 2006. New efficiency and long-term performance measures have been developed to more directly tie program performance RD’s strategic objectives and over-all mission. The program has set goals of increasing the percentage of the rural population with access to new or improved health care services from 3.8 to 6 percent by 2010. This goal was met in FY 2007, in large part due to the current focus on critical access hospitals. Program officials are re-evaluating this goal for FY 2008 and beyond. The CF program’s improvement plan includes monitoring the current annual measure inputs to ensure that they continue to provide ambitious targets and that goals will be achieved. We are working to obtain tangible statistics to create and improve performance measures. Since this task involves the creation of a performance-related computer model tailored for Rural Development programs, successful completion is dependent upon funding. The final step in the improvement plan entails rewriting program regulations to address identified concerns and deficiencies. While action has begun in each of these areas, completion remains several years in the future, due to the complexity of the tasks.

**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><b>USDA Strategic Goal 3:</b> Support Increased Economic Opportunities and Improved Quality of Life in Rural America</p> <p><b>USDA Strategic Objective 3.2:</b> Improve the Quality of Life Through USDA Financing of Quality Housing, Modern Utilities and Needed Community Facilities</p>	<p><b>Agency Goal 2:</b> 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>Rental Assistance 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><b>USDA Strategic Goal 3:</b> Support Increased Economic Opportunities and Improved Quality of Life in Rural America</p> <p><b>USDA Strategic Objective 3.2:</b> Improve the Quality of Life Through USDA Financing of Quality Housing, Modern Utilities and Needed Community Facilities</p>	<p><b>Agency Goal 2:</b> 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)							
	2007 Actual		2008 Estimated			2009 Estimated	
	Amount	Staff Years	Amount	Staff Years	Increase or Decrease	Amount	Staff Years
<b>Strategic Objective 3.2</b>							
Rural Housing Programs	5,451,862	3,837	7,260,600	4,100	-379,131	6,227,872	3,736
Rural Community Programs	609,103	1,107	561,320	1,183	-33,446	512,430	1,078
Total, Strategic Objective 3.2	6,060,965	4,944	7,821,920	5,283	-412,577	6,740,302	4,814
Total, Available	6,060,965	4,944	7,821,920	5,283	-412,577	6,740,302	4,814

**Selected Accomplishments Expected at the FY 2009 Proposed Resource Level:**

**Section 502 guaranteed loan program**

The FY 2009 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 2009 is to provide about 42,500 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 \$113,171 – based on annual increases of 5 percent from the average loan in FY 2007.

Rural Development intends to manage the guaranteed loan portfolio with a goal of keeping its loan delinquency rate 70 basis points lower than the FHA delinquency rate in FY 2008. 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 2009, 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 underway to the guaranteed underwriting system in FY 2008 will 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 521 rental assistance program**

Rural Development expects to renew approximately 230,000 units for a one-year term in the Section 521 rental assistance program in FY 2009, with a combination of traditional rental assistance and rural assistance vouchers. This represents about eighty-two percent of all available rental assistance units. Previously, these renewals were funded for multiple years and the costs of renewal were staggered over a period of time. The one-year term eliminates that staggered funding, so that in 2010, almost all existing rental assistance units will need renewal funding. Rental of this assistance 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. Rural Development has been evaluating possible methods of reducing the portfolio's dependence on rental assistance and ways to moderate the growth of rental assistance to lessen the budgetary impact of this subsidy program.

#### **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 2009. However, given the program level of \$300 million with no Interest Credit, Rural Development expects that 6,410 units will be constructed or rehabilitated in FY 2009. The Interest Credit buy-down is an attractive component of the program and one that makes housing in rural America affordable. Without the Interest Credit, the attractiveness and utilization of the program are minimized.

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 2009.

#### **Community Facilities Program**

In Fiscal Year (FY) 2007, the community facilities (CF) program undertook a major outreach and marketing effort in support of the guaranteed loan program. The elements and standards for all employees involved in the program at the state and area office levels were modified to specifically include marketing efforts to make each employee directly responsible for the success of the program. Training and marketing tools were developed and made available, and a series of regional training meetings held to prepare staff to meet these new responsibilities. The training sessions continue in FY 2008 and additional training through various media, such as webinars, will be offered as needed. Although this effort was underway for only a few months of the fiscal year, the full appropriation of guaranteed loan funds was utilized for the first time in program history.

For FY 2009, CF will continue its focus on health care and public safety as primary financing purposes. Critical access hospitals in rural areas are vitally important for rural America, and there is a significant need for financing of both major renovations and replacement hospitals. Addressing this need will continue to be a major focus. Likewise, the various types of public safety vehicles, equipment, and structures are increasingly important in the modern world. Rural communities must stand ready to assist not only their own residents, but may be called upon to support their more urban neighbors in time of disaster. Rural Development will continue to provide financial support in this area.

## 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	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Target	2009 Target
Performance Measure #1 Homeownership opportunities						
<b>Section 502 guaranteed loans</b>						
a. Units	31,751	34,251	31,131	32,481	36,363	42,362
b. Dollars (billions)	\$3.2	\$3.0	\$2.9	\$3.3	\$5.0	\$4.8
Performance Measure #1 Homeownership opportunities						
<b>Section 502 direct loans</b>						
a. Units	14,643	11,744	11,041	11,051	10,490	0
b. Dollars (billions)	\$1.3	\$1.1	\$1.1	\$1.1	\$1.1	\$0

Note: A significant number of Sec. 502 Guaranteed and Direct loans were made in FY 2006-07 with supplemental Hurricane funding. These are not included above.

<b>Performance Measure</b>	<b>2004 Actual</b>	<b>2005 Actual</b>	<b>2006 Actual</b>	<b>2007 Actual</b>	<b>2008 Target</b>	<b>2009 Target</b>
Performance Measure #1 Homeownership opportunities  <b>Section 523 mutual self- help grants</b>						
a. Units	1,525	1,746	1,474	1,277	1,250	0
b. Dollars (millions)	\$35.3	\$42.1	\$34.0	\$35.5	\$40.0	\$0
Performance Measure #2 Units selected for construction or rehabilitation  <b>Section 515 direct rental housing</b>						
a. Units	7,274	7,639	5,731	6,166	4,471	0
b. Dollars (thousands)	\$115,053	\$117,002	\$99,200	\$98,925	\$69,510	\$0
Performance Measure #2 Units selected for construction or rehabilitation  <b>Section 538 guaranteed rental housing loans</b>						
a. Units	2,581	2,611	2,354	4,102	5,742	0
b. Dollars (thousands)	\$99,350	\$99,410	\$97,200	\$90,356	\$129,978	\$300,000
Performance Measure #2 Contracts to be renewed  <b>Section 521 rental assistance</b>						
a. Units	48,056	44,193	42,800	89,387	153,000	230,000
b. Dollars (thousands)	\$580,561	\$587,264	\$638,651	\$615,770	\$478,715	\$997,000

Performance Measure	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Target	2009 Target
Performance Measure #2 Units selected for construction or rehabilitation						
<b>Section 514/516 direct farm labor housing loans &amp; grants</b>						
a. Units	2,642	2,040	1,980	1,285	2,390	0
b. Dollars (thousands)	\$60,244	\$53,714	\$51,977	\$50,122	\$54,032	\$0

### 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	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Target	2009 Target
<b>Community Facilities Program</b>						
Performance Measure #1						
Percentage of rural population with new or improved health care services	5.4%	3.5%	3.8%	7.2%	5.7%	6.0%
Performance Measure #2						
Percentage of rural population with new or improved public safety services	2.9%	4.1%	3.8%	6.16%	3.0%	1.5%
Program Dollars (in thousands)	\$441,000	\$757,000	\$665,000	\$600,843	\$538,925	\$512,430

Community Facilities Program dollars do not include "Hazardous Weather Warning (HWW) grants" or RCDI grants because Rural Utilities administers the HWW grants and RCDI grants are technical assistance grants for purposes other than health care or public safety.

<b>HOUSING AND COMMUNITY FACILITIES PROGRAMS</b>				
<b>Full Cost by Strategic Objective</b>				
<b>Strategic Objective 3.2: Improve the Quality of Life Through USDA Financing of Quality Housing, Modern Utilities, and Needed Community Facilities</b>				
<b>PROGRAM</b>	<b>PROGRAM ITEMS</b>	<b>2007 AMOUNT (\$000)</b>	<b>2008 AMOUNT (\$000)</b>	<b>2009 AMOUNT (\$000)</b>
<b>Direct Single Family Housing Loans (Section 502) 4/</b>				
	Program Level	\$1,129,385	\$1,121,486	\$0
	Budget Authority	113,277	105,083	0
	S&E	74,049	73,210	70,250
	Total Costs	187,326	178,293	70,250
	FTEs	697	686	612
	Performance measure:			
	homeownership opportunities			
	Target:	11,051	10,490	0
	Cost per Unit	16.95	17.00	0
<b>Guaranteed Single Family Housing Purchase and Refinance Loans (Section 502)</b>				
	Program Level	\$3,340,879	\$5,227,939	\$4,848,899
	Budget Authority	40,377	61,685	13,526
	S&E	77,375	76,499	73,405
	Total Costs	117,752	138,184	86,931
	FTEs	728	717	640
	Performance measure: new			
	homeownership opportunities			
	Target:	32,481	36,363	42,362
	Cost per Unit	3.63	3.80	2.05
<b>Direct Rural Rental Housing Loans (Section 515), Multi-Family Housing Revitalization Zero Percent Loans, Multi-Family Housing Revitalization Soft Second Loans, Multi-Family Housing Revitalization Grants (Section 515)</b>				
	Program Level	\$104,724	\$103,163	\$0
	Budget Authority	54,011	55,879	0
	S&E	93,596	92,535	88,795
	Total Costs	147,607	148,414	88,795
	FTEs	879	867	772
	Performance measure: units			
	selected for new const. or rehab.			
	Target:	5,079	5,932	0
	Cost per Unit	29.06	25.02	0
<b>Guaranteed Multi-Family Housing (Section 538)</b>				
	Program Level	\$90,356	\$129,978	\$300,000
	Budget Authority	6,994	12,218	1,710
	S&E	27,583	27,270	26,168
	Total Costs	34,577	39,488	27,878
	FTEs	260	256	228
	Performance measure: units			
	selected for new const. or rehab.			
	Target:	2,884	5,633	0
	Cost per Unit	11.99	7.01	0

PROGRAM	PROGRAM ITEMS	2007 AMOUNT (\$000)	2008 AMOUNT (\$000)	2009 AMOUNT (\$000)
<b>Housing Repair Loans (Section 504)</b>				
	Program Level	\$33,207	\$34,409	\$17,678
	Budget Authority	9,813	9,727	4,750
	S&E	10,081	9,967	9,564
	Total Costs	19,894	19,694	14,314
	FTEs	95	93	83
	Performance measure: # of families assisted			
	Target:	5,558	5,646	2,844
	Cost per Unit	3.58	3.49	5.03
<b>Housing Site Development Loans (Section 524)</b>				
	Program Level	\$2,451	\$5,045	\$5,045
	Budget Authority	0	0	0
	S&E	1,689	1,670	1,602
	Total Costs	1,689	1,670	1,602
	FTEs	16	16	14
	Performance measure: # of sites financed			
	Target:	4	4	4
	Cost per Unit	422.25	417.50	400.50
<b>Self-Help Land Development Housing Loans (Section 523)</b>				
	Program Level	\$570	\$4,965	\$4,303
	Budget Authority	14	141	71
	S&E	23,540	23,273	22,332
	Total Costs	23,554	23,414	22,403
	FTEs	222	218	195
	Performance measure: # of sites financed			
	Target:	0	0	0
	Cost per Unit	0	0	0
<b>Single and Multi-Family Housing Credit Sales (Non-Program)</b>				
	Program Level	\$1,638	\$11,476	\$11,447
	Budget Authority	674	548	523
	S&E	2,610	2,581	2,476
	Total Costs	3,284	3,129	2,999
	FTEs	25	25	22
	Performance measure: <u>1/</u>			
	Target:	0	0	0
	Cost per Unit	0	0	0
<b>Rental Assistance Program (Section 521/502)</b>				
	Program Level	\$616,020	\$478,716	\$997,000
	Budget Authority	616,020	478,716	997,000
	S&E	21,851	21,604	20,730
	Total Costs	637,871	500,320	1,017,730
	FTEs	206	202	181
	Performance measure: Families assisted with renewed Sec. 521 RA contracts			
	Target:	89,387	153,000	230,000
	Cost per Unit	7.14	3.27	4.42

PROGRAM	PROGRAM ITEMS	2007 AMOUNT (\$000)	2008 AMOUNT (\$000)	2009 AMOUNT (\$000)
<b>Farm Labor Housing Loans and Grants (Section 514/516) and Direct Farm Labor Housing - Natural Disaster.</b>				
	Program Level	\$50,122	\$55,271	\$0
	Budget Authority	32,699	36,705	0
	S&E	28,504	28,181	27,041
	Total Costs	61,203	64,886	27,041
	FTEs	268	264	236
	Performance measure: units selected for financing or new construction			
	Target:	3,731	796	0
	Cost per Unit	16.40	81.52	0
<b>Mutual Self-Help Grants (Section 523)</b>				
	Program Level	\$35,456	\$40,007	\$0
	Budget Authority	35,456	40,007	0
	S&E	1,689	1,670	1,602
	Total Costs	37,145	41,677	1,602
	FTEs	16	16	14
	Performance measure: # of families who build their own homes			
	Target:	1,277	1,300	0
	Cost per Unit	29.09	32.06	0
<b>Housing Assistance Grants</b>				
	Program Level	\$43,440	\$62,236	\$43,500
	Budget Authority	42,396	62,236	43,500
	S&E	34,594	34,202	32,819
	Total Costs	76,990	96,438	76,319
	FTEs	326	320	286
	Performance measure: <u>1/</u>			
	Target:	0	0	0
	Cost per Unit	0	0	0
<b>Rural Housing Voucher Program</b>				
	Program Level	\$3,624	\$29,866	(\$20,000)
	Budget Authority	3,624	29,866	(20,000)
	S&E	0	0	0
	Total Costs	3,624	29,866	(20,000)
	FTEs	0	0	0
	Performance measure:			
	Tenants Protected			
	Target:	1,100	3,000	0
	Cost per Unit	3,000	3,000	0
<b>Rural Community Programs - Direct Community Facilities Loans, Guaranteed Community Facility Loans, Community Facility Grants</b>				
	Program Level	\$609,103	\$561,296	\$512,430
	Budget Authority	77,397	78,111	23,767
	S&E	114,578	113,281	108,700
	Total Costs	169,630	136,697	136,697
	FTEs	1,079	1,062	947
	Performance measure: Percent of rural population with new or improved public safety services			
	Target:	6	2	2
	Cost per Unit	62,826	48,820	48,820

PROGRAM	PROGRAM ITEMS	2007 AMOUNT (\$000)	2008 AMOUNT (\$000)	2009 AMOUNT (\$000)
<b>Direct Community Facility - 2005 Hurricanes Emergency Supplemental, Direct Community Facility - May 6, 2007 Disaster Emergency Supplemental, Community Facility Grants - North Carolina Emergency Supplemental, Community Facility Grants - 2003/2004 Hurricanes Emergency Supplemental, Community Facility Grants - 2005 Hurricanes Emergency Supplemental</b>				
	Program Level	\$39,555	\$113,439	\$0
	Budget Authority	\$20,148	\$12,803	0
	S&E	0	0	0
	Total Costs	20,148	12,803	0
	FTEs	0	0	0
	Performance measure:			
	Target:	N/A	N/A	N/A
	Cost per Unit	N/A	N/A	N/A
<b>Direct Single Family Emergency Supplemental, Direct Single Family 2005 Hurricane Emergency Supplemental, Direct Single Family 2005 Hurricanes Emergency Supplemental (Section 502)</b>				
	Program Level	\$78,945	\$44,302	\$0
	Budget Authority	7,918	4,151	0
	S&E	0	0	0
	Total Costs	7,918	4,151	0
	FTEs	0	0	0
	Performance measure:			
	Target:	N/A	N/A	N/A
	Cost per Unit	N/A	N/A	N/A
<b>Guaranteed Multi-Family Housing Loans May 6, 2007 Disaster Emergency Supplemental (Section 538)</b>				
	Program Level	\$0	\$10,638	\$0
	Budget Authority	0	1,000	0
	S&E	0	0	0
	Total Costs	0	1,000	0
	FTEs	0	0	0
	Performance measure:			
	Target:	N/A	N/A	N/A
	Cost per Unit	N/A	N/A	N/A
<b>Guaranteed Single Family Housing Purchase 2005 Hurricanes Emergency Supplemental, Guaranteed Single Family Housing Purchas/Refinance Modifications 2005 Hurricanes Emergency Supplemental, Single Family Housing Purchas May 6, 2007 Disaster Emergency Supplemental (Section 502).</b>				
	Program Level	\$322,718	\$771,701	\$0
	Budget Authority	3,905	9,260	0
	S&E	0	0	0
	Total Costs	3,905	9,260	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	2007 AMOUNT (\$000)	2008 AMOUNT (\$000)	2009 AMOUNT (\$000)
<b>Housing Repair Loans Emergency Supplemental, Housing Repair Loans 2003/2004 Hurricanes Emergency Supplemental, Housing Repair Loans 2005 Hurricanes Emergency Supplemental, and Housing Repair Loans May 6, 2007 Disaster Emergency Supplemental (Section 504)</b>				
	Program Level	\$2,509	\$23,412	\$0
	Budget Authority	742	6,618	0
	S&E	0	0	0
	Total Costs	742	6,618	0
	FTEs	0	0	0
	Performance measure:			
	Target:	N/A	N/A	N/A
	Cost per Unit	N/A	N/A	N/A
<b>Dom. Farm Labor Housing Grants 2003/2004 Hurricanes Emergency Supplemental (Section 516)</b>				
	Program Level	\$0	\$976	\$0
	Budget Authority	0	976	0
	S&E	0	0	0
	Total Costs	0	976	0
	FTEs	0	0	0
	Performance measure:			
	Target:	N/A	N/A	N/A
	Cost per Unit	N/A	N/A	N/A
<b>Housing Repair Grants Emergency Supplemental, Housing Repair Grants 2003/2004 Hurricanes Emergency Supplemental, Housing Repair Grants 2005 Hurricanes Emergency Supplemental, Housing Repair Grants May 6, 2007 Disaster Emergency Supplemental (Section 504)</b>				
	Program Level	\$8,147	\$8,870	\$0
	Budget Authority	8,147	8,870	0
	S&E	0	0	0
	Total Costs	8,147	8,870	0
	FTEs	0	0	0
	Performance measure:			
	Target:	N/A	N/A	N/A
	Cost per Unit	N/A	N/A	N/A
<b>Total for Strategic Objective 3.2</b>				
	Program Level	\$6,512,849	\$8,839,191	\$6,720,302
	Budget Authority	1,073,612	1,014,600	1,064,847
	S&E	511,739	505,943	485,484
	Total Costs	1,585,351	1,520,543	1,550,331
	FTEs	4,817	4,742	4,230
	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.

\*\* FY 07 data based on Appropriation.