

Self Help Housing

A group of business professionals in an office setting. A woman in a grey blazer is holding a tablet and pointing at the screen. A man in a dark suit and striped tie is also looking at the tablet. Another person's hand is visible, pointing at the tablet. There are white coffee cups on the table. The background is a bright office with large windows.

March 11, 2025

Appropriations

Current Status:

- On March 8, House leadership released a new Continuing Resolution (CR) for FY 2025
- The Current CR expires on March 14
- Key Provisions: most programs continued at the FY 24 Rate
- The bill authorizes USDA transfer Rural Development Budget Authority (BA) and grants between accounts “to allow for the program levels to be equal to, to the maximum extent practicable, the levels enacted for Fiscal Year 2024”.
- The bill also authorizes a \$34 million transfer from rural housing programs to Rural Rental Assistance, increasing the total to \$1.642 billion.
- Votes this week



An aerial photograph of a rural landscape. A wide, winding river flows through the center of the image. The surrounding land is divided into numerous green agricultural fields of various shapes and sizes. A road runs diagonally from the top left towards the center, with several small buildings and structures along its path. The overall scene is lush and green, with a mix of natural and cultivated land.

Rural Development Budget Authority and Grants

FY 24 Total: \$3. 46 billion

Rural Housing Loan Budget Authority (BA)

BA <i>\$ in millions</i>	FY 24 enacted	FY25 House	FY 25 Senate
502	\$86.6	\$112	\$118
Relending	5	5	7.5
504	2.28	2.49	5.3
515	20.98	19	25.73
514	5.22	4.84	5.84
MPR	34	28	36

Agriculture Appropriations -- Selected Program: FY 24 Final; FY 25 Budget, -- \$ in millions

Programs	FY24 Final	FY 25 Budget
502 Single Family Direct	\$1,100	\$1,250
Relending demonstration	5	7.5
502 Single Family Guaranteed	25,000	30,000
504 Loans	25	28
RHAG 504 grants/533	35/10	46/16
514 Farm Labor Housing Loans	15	25
516 Farm Labor Housing Grants	7.5	12
515 Rural Rental Housing	60	70
521 Rural Rental Assistance	1608	1690
523 Self-Help TA	25	32
538 Rental Guaranteed	400	400
Vouchers	48	\$39
Multi-Family Restructuring (BA)	34	90
Water-Wastewater Loans	860	1350
Water-Wastewater Grants	595	674
Water-Wastewater Guarantee	50	50

Sections 502 /523 Info

Section 502 Direct Loans

The Section 502 Direct Loan Program is the only federal program targeting homeownership loan opportunities to low- and very-low-income rural households, defined as between 50 and 80 percent of area median income (AMI) for low and below 50 percent of AMI for very low-income. In FY 24, direct homeownership loans totaled \$1.1 million. This includes an appropriation of \$880 million and a USDA interchange transfer of \$230 million. Section 502 loans made in FY 24 totaled 4450, the lowest rate (4450) since the mid-1950s. The HR 9027, FY 25 House Agriculture Appropriations Bil, provided \$950 million; the Senate Bill S 4690, \$1 billion. Please support the Senate bill.

Section 523 Mutual Self-Help Housing

Self-Help Housing makes homes affordable by enabling very low and low-income rural Americans to build their homes. Future homeowners use “sweat equity” to reduce the cost of homeownership by up to 30 percent while learning construction skills. Qualified nonprofit and local government organizations may obtain Section 523 Self-Help Technical Assistance Grants to provide technical assistance to low-income families building homes in rural areas utilizing the Section 502 Direct Loan Program. The Section 523 grant funds are used to assist eligible families in applying for mortgage loans and other funds to write down construction costs, provide pre-purchase homebuyer education, and supervise the construction of the houses. Another aspect of the program allows for self-help rehab, with participants involved in the repair process. Currently, some 30,000 families are on waiting lists for Mutual Self-Help housing. Over the last two fiscal years, Section 523 grants have been reduced from \$32 million (FY 23) to \$245 million (FY 24). HR 9027 cut Section 523 grants to \$20 million. S. 4795 maintained a freeze at \$25 million.

Key Points

The Section 502 Direct Loan Program is the only federal program targeting homeownership loan opportunities to low- and very-low-income rural households, defined as between 50 and 80 percent of area median income (AMI) for low and below 50 percent of AMI for very low-income. The FY 24 rate was 4450—the lowest level of Section 502 lending since the mid-1950s. By law, 40 percent of the households receiving Section 502 Direct loans must be very low-income (incomes not exceeding the area median income).

- **FY 24: \$1.1 billion (including \$234 million from USDA Interchange)**
- **FY 25 House: \$950 million/BA: \$112 million**
- **FY 25 Senate: \$1000/BA:\$118 million**



Farm Labor Housing

- **Section 514 and 516 Farm Labor Housing Loan and Grant Program**

According to the Economic Research Service, housing conditions for migrant and seasonal farmworkers have long been substandard, and there has not been any improvement in recent years. Farmworkers are also among the poorest of rural people. Sixty-one percent of farmworkers earn incomes below the poverty line. This lack of funding for new on- and off-farm worker housing and increasing demand comes when the farm laborer population becomes more settled.

- **FY 24 Final 514 loans/516 Grants: \$15 million/ \$25 million**
- **FY 25 House: \$12.5 million/ \$0**
- **FY 25 Senate: \$25 million/ \$7.5 million**



Multi-Family Housing

- USDA must address significant problems in its rural rental housing portfolio. The first is the deteriorating conditions of its developments. A 2016 USDA report found that \$5.596 billion was needed to preserve USDA's rental housing stock (including farm labor, Multi-family Preservation, and guaranteed developments) over the next 20 years. Of that amount, \$4.7 billion relates to Section 515 developments.
- USDA has over 13,000 multi-family housing loans. Housing Assistance Council data indicates that the average number of loans maturing annually between 2023 and 2027 is approximately 100; the annual average increases to about 600 from 2028 to 2032 and increases substantially afterward. More than 9000 loans mature after 2032.
- The FY 24 Agriculture Appropriations Act authorized the use of rental assistance for the decoupling of up to 1000 Section 515 loans. In FY 24, USDA 35 borrowers (661 units) matured mortgages; 13 (236 units) exited the program. 10 (191 units) participated in decoupling; 12(234) used other preservation tools – transfer/ re-amortization. We understand that prepayment requests easily exceeded over 200 loans. To address the increase in prepayment requests and preserve existing rental housing, additional appropriation for Sections 515 and MPR are necessary



Contacting Congress

FY 2026 Programmatic and Language Appropriations Request

Department of Agriculture

Rural Housing Service

Agriculture Appropriations

Rural Development

Rural Housing Service

Program: Section 502 Direct Homeownership Loans

Request: \$1, 258,000

Bill Language: \$1,250,000,000 for direct loans authorized under section 502 of the Housing Act of 1949, of which \$8,000,000 shall be for a Single-Family Housing Relending demonstration program for Native American Tribes

Justification for Request: The Section 502 direct loan program administered by the Rural Housing Service of the U.S. Department of Agriculture (USDA) provides direct long-term subsidized loans, as low as one percent, to rural households with incomes not exceeding 80 percent of the median. Section 502 is the only federal program of its kind and the most deeply targeted homeownership mortgage product in America.

In many cases, Section 502 loans are made in conjunction with the Mutual Self Help Housing program, which works with families who build their homes, gaining “sweat equity” through their labor.

Over the last ten years, through annual appropriations, the annual program level for Section 502 loans has hovered around \$1 billion. Section 502 loans are made at a market interest rate and subsidized at a graduated interest, depending on family income. Borrowers may obtain 100% financing, and loans are generally for 33 years (with a 38-year option for those below 60% of the area median household income), ensuring sustainable home ownership. Minority households make up 40 percent of Section 502 borrowers.

In FY 24, USDA made 4450 Section 502 loans totaling \$1.25 billion. The Fiscal Year 2024 Consolidated Appropriations Act, HR 4366, reduced Section 502 loans to \$880 million. Under the interchange authorized under the Consolidated Farm and Rural Development Act, USDA transfers \$23 million in BA from expiring disaster assistance appropriations, which increases the total available to \$1.25 billion. Even with the transfer, the 4450 loans made were the lowest by USDA since the mid-1950s. Section 502(d) of the Housing Act of 1949 sets aside 40 percent of Section 502 loans for very low-income borrowers. At the FY 24 rate, only about one thousand loans will be set aside for very low-income households.

Appropriations Status

- **FY 24: \$1.1 billion**
- **FY 26 Request: \$1.25 billion**

NRHC Board Meeting

April 1, 2025

Time: 9 am to 2pm

Location: Unidos, US, 1126 16th Street NW,
Washington DC

- Legislative Report
- USDA Panel (to be invited)
 - Board Member questions for USDA
- Financial Report
- Other Business

