

March 27, 2018

The Honorable John Hoeven  
Chairman  
Agriculture, Rural Development, Food and  
Drug Administration, and Related Agencies  
Subcommittee  
Senate Appropriations Committee  
U.S. Senate  
Washington, DC 20510

The Honorable Jeff Merkley  
Ranking Member  
Agriculture, Rural Development, Food and  
Drug Administration, and Related Agencies  
Subcommittee  
Senate Appropriations Committee  
U.S. Senate  
Washington, DC 20510

Dear Chairman Hoeven and Ranking Member Merkley:

On behalf of Opportunity Finance Network (OFN), I encourage you to preserve and expand funding for the United States Department of Agriculture's (USDA) Rural Development Programs as you draft the fiscal year (FY) 2019 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations bill.

OFN is a community development financial institution (CDFI) membership organization of more than 230 CDFIs. Through FY 2016, OFN Members have provided \$54 billion in cumulative financing. This financing has helped to create or maintain more than 1.2 million jobs, start or expand more than 256,000 businesses and microenterprises, and support the development or rehabilitation of more than 1.9 million housing units and over 10,400 community facility projects.

OFN opposes the consolidation of certain USDA Rural Development grant programs into the Rural Infrastructure Grant Account. Rural communities face unique challenges such as access to affordable housing, financing for local businesses, access to broadband services, and job retention/growth. Consolidating these grant programs, which serve distinct needs in rural areas, would disproportionately harm persistently poor rural communities.

Many of our members utilize programs within USDA's Rural Business-Cooperatives Service and Rural Housing Service. As you begin your work crafting the FY 2019 Agriculture Appropriations bill, we urge the Subcommittee to consider the following recommendations:

**Rural Business-Cooperatives Service Programs**

 ***Rural Business Program Account***

We encourage the Subcommittee to fund this account at \$64.3 million. The Rural Business Program Account provides capital to support business development, training, and retention.

 ***Intermediary Relending Program (IRP)***

We encourage the Subcommittee to fund the IRP Account at \$18.9 million. IRP provides local intermediaries, such as CDFIs, access to low-cost, long-term flexible capital up to 30 years to address challenges in rural communities. CDFIs then relend this money to businesses and economic development projects which create jobs in rural communities.

**Rural Housing Service**

 ***Section 502 Direct Loan Program***

We encourage the Subcommittee to fund Section 502 Direct Loans at \$1.2 billion and \$24 billion for Section 502 Guaranteed Loans. Section 502 Direct and Guaranteed Loans provide



mortgages for low-income homebuyers in rural areas.

■ **Section 504 VLI Repair Loan and Grant Program**

We encourage the Subcommittee to fund Section 504 housing repair loans at \$26.3 million and Section 504 Grants at \$28.7 million. Section 504 Loan and Grant Programs provide very low-income elderly individuals with grants and loans to repair their homes.

■ **Section 515 Rental Housing Direct Loans**

We encourage the Subcommittee to fund Section 515 Rental Housing Direct Loans at \$50 million. These direct loans are made to developers to finance affordable rental housing for low-income families, elderly people, and individuals with disabilities.

■ **Section 521 Rental Assistance Program**

We encourage the Subcommittee to fund the Section 521 Rental Assistance Program at \$1.3 billion. Under Section 521, tenants of housing financed under Section 514 or 515 may receive rental assistance if they pay 30 percent or more of their income on housing costs.

■ **Section 523 Self-Help Technical Assistance (TA)**

We encourage the Subcommittee to fund Section 523 Self-Help TA at \$38 million. Section 523 loans are used for housing constructed by the self-help method, where families work nights and weekends to provide 65% of the labor on their own homes and earn "sweat equity".

■ **Community Facilities (CF) Program Account**

We encourage the Subcommittee to provide \$48.6 million in funding for the following grant programs: Communities Facilities grants, Rural Community Development Initiative (RCDI), Economic Initiative grants, and Tribal college grants.

During FY 2016, USDA piloted the Community Facilities Relending Program where USDA made direct loans to community relenders, such as CDFIs, serving low-wealth rural communities. Organizations borrowing from the program relend to eligible borrowers to build or renovate community facilities. OFN strongly supports the Department making funds available for the Community Facilities Relending Program in FY 2019.

CDFIs have a proven track record of financing businesses, housing and community facilities in rural areas across the United States. The USDA's Rural Development programs offer valuable assistance to CDFIs working to address the persistent poverty and economic challenges facing too many rural communities. Thank you for your consideration of these recommendations.

Sincerely,

Jennifer A. Vasiloff  
Chief External Affairs Officer  
Opportunity Finance Network

CC: Members of the Agriculture Appropriations Subcommittee