



Council for Affordable and Rural Housing

Serving the Affordable Housing Needs of Rural America

Infrastructure and Rural Housing

Affordable rural housing is essential to any infrastructure proposal or discussion. Current Trump Administration infrastructure proposals do not include housing, rental, or any other kind of building development. Yet this is exactly the infrastructure needed to house people who are the end users of all infrastructure. At the same time, federal programs for housing have been cut back and we have lost tens of thousands of units of affordable rental housing throughout rural America.

If you build roads, factories, and community facilities they are all there solely to support the rural residents who travel, work, and live in rural communities. Housing rural residents in decent housing must be the goal and the destination. While we hear more about homeownership, which is important, rural rental housing provides an oversized impact in per unit construction jobs, allows residents mobility to move as needed for work and family, and creates ongoing operating and maintenance jobs.

In multifamily rental housing, the one-year impacts for building 100 apartment units is the creation of 161 local jobs, while \$11.7 million in local income and \$2.2 million in local taxes and government revenue are created over that one year. In addition, there are 44 local recurring jobs with \$2.6 million and \$503,000 in estimated local taxes and government revenue, generating more than \$3.3 million in federal, state, and local revenue. *The Economic Impact of Home Building in a Typical Local Area, Income, Jobs and Taxes Generated*, National Association of Home Builders (NAHB) (April 2015). Substantial rehabilitation provides analogous impacts to new construction. According to an earlier NAHB study, **100 apartment units of typical low income housing tax credit construction generates 116 jobs (about half are in construction sector), \$8.7 million in income locally and \$3.3 million in local, state and federal taxes.**

Creating more infrastructure jobs in rural rental housing requires increased access to credit, consistent revenues, and job supporting tax code. Rural areas, however, have a built in credit barrier since rural areas are always small market areas for local business providing mortgage loans locally.

There are three basic ways to build more rural rental housing infrastructure:

- **Increase access to loans, credit enhancements:** expand and modernize the Section 538 Guaranteed Rural Rental Housing loan program, which has been successful and is ready for growth; expand existing federal mortgage insurance risk-sharing programs with local governments and approved lenders; in the Section 515 rural rental housing program, allow flexibility so owners can use existing cash resources to obtain small loans for small improvements; implement Section 515(t), which authorizes USDA to guarantee equity loans to provide a fair return; use the Section 515/514 direct loan programs where only ultra-low cost can provide housing; and the existing Multifamily Preservation and Revitalization program for existing Section 515 rural rental housing should be reviewed and modernized to work better with other financing resources.

- Sustain rent subsidy programs for working poor and elderly households: Section 8 programs and Section 521 Rental Assistance provides revenue supplement needed for below-market tenants to afford market-rate housing, lifting them out of poverty but also supporting repayment of loans made to create and preserve the housing.
- Incentivize investment through the tax code: enact a preservation tax incentive such as one that was introduced in the 111th Congress, [H.R. 2887](#), which would have allowed investors to avoid phantom income tax if they preserved existing affordable housing; and extend Low Income Housing Tax Credits so “S” corporations, limited liability companies, and closely-held “C” Corporations could invest as easily as large public corporations.

There is a basic need for preservation financing of existing federally restricted housing stock, nearly all of which were built decades ago with artificially low rents. As a result there is approximately \$5 billion in deferred maintenance and rehabilitation need throughout the Section 514/515 portfolios as documented in the [Council for Affordable and Rural Housing \(CARH\) 2009 Aging Portfolio Paper](#) and by USDA in its [2016 USDA Rural Development Multi-Family Housing Comprehensive Property Assessment](#).