



**PRESS RELEASE**

**TINA SMITH**

U.S. SENATOR *for* MINNESOTA

## **U.S. Senators Tina Smith, Mike Rounds Reintroduce Bipartisan Rural Housing Legislation**

*The Rural Housing Service Reform Act would improve federal rural housing programs, cut red tape, and strengthen the supply of affordable housing in small towns and rural communities*

April 3, 2025

WASHINGTON – Today, U.S. Senators Tina Smith (D-MN) and Mike Rounds (R-SD) reintroduced their bipartisan legislation to improve federal rural housing programs and strengthen the supply of affordable housing in rural America. The legislation would represent the most significant Rural Housing Service reforms in decades. The Rural Housing Service expands housing opportunities by offering loans, grants, and rental assistance to rural communities across the country. Rural parts of the country saw only a 1.7% increase in the number of housing units between 2010 and 2020, with almost half of states seeing a decrease in the number of rural units. [According](#) to the Minnesota Housing Partnership, every county in Minnesota has a shortage of affordable and available rental homes for extremely low-income households. 79% of counties have a shortage that exceeds 100 homes, and 31% have a shortage exceeding 500 homes. Additionally, many properties financed by the Rural Housing Service decades ago - which often can be the only affordable housing option for people living in rural communities - are now at risk of being permanently lost.

**“Without a safe, affordable place to live, nothing else in your life works. Not your job, not your education, not your health,”** said Senator Smith. **“We know that the housing crisis is hurting communities across the country, and the problem is particularly acute in rural places. This legislation is the direct result of bipartisan hearings and conversations with stakeholders who helped identify ways we can make federal rural housing programs work better for people struggling to find a safe, affordable place to live.”**

**“Improving homeownership opportunities, particularly in rural areas, is critical for the wellbeing of South Dakota families,”** said Senator Rounds. **“The Rural Housing Service**

**Reform Act would streamline federal programs and remove barriers to homeownership, making this dream a reality for more South Dakotans. It would also preserve existing affordable housing and rental assistance in rural areas. I am pleased to be reintroducing this legislation with Senator Smith and I look forward to working together with my colleagues on addressing affordable housing challenges.”**

**“Rural communities face unique housing challenges, and too often, they’re left out of national conversations. We’re grateful to Senator Smith for championing the RHS Reform Act — a critical step toward preserving homes, strengthening USDA’s capacity, and ensuring rural families have access to stable housing. At MHP, we know that when rural communities have the tools they need, they thrive — and this legislation helps make that possible,”** said Anne Mavity, Executive Director of the Minnesota Housing Partnership.

**"The demand for rural housing in South Dakota remains high. In order to keep the costs of building single family homes affordable, we need this legislation,"** said Lakota Vogel, executive director of Four Bands Community Fund in Eagle Butte, SD and board member of the South Dakota Native Homeownership Coalition. **"It cuts through the red tape and encourages public private partnerships to increase investment in our state's/nations’ rural housing supply. Hats off to Senator Rounds for getting it right again."**

Lack of affordable housing remains an impediment for many rural towns and communities as they struggle to attract new businesses, residents and talent. As Chair and Ranking Member of the Senate Subcommittee on Housing, Transportation, and Community Development, Senators Smith and Rounds held [several hearings](#) looking at ways to improve federal rural housing programs. The hearings helped shape the *Rural Housing Service Reform Act*, which was first introduced in 2023 and garnered support from a bipartisan group of Senators.

The legislation would improve and build upon a number of U.S. Department of Agriculture (USDA) rural housing programs. Specifically, the bill would:

1. Fix a longstanding problem for properties, known as Sec. 515 properties, that were financed by the USDA decades ago and now have maturing mortgages, by making it easier for non-profits to acquire those properties and by decoupling rental assistance so that assistance doesn’t disappear when those mortgages mature. This is especially important in Minnesota and other parts of the Midwest, where properties will exit the program earlier than the rest of the country.
2. Make permanent a USDA pilot program to make mortgage loans available in Native communities by partnering with local CDFIs.
3. Bring the USDA’s outdated way of measuring incomes in line with the U.S. Department of Housing and Urban Development’s practices.

4. Modernize the USDA's foreclosure process to cut red tape, better protect homeowners, and ensure USDA-owned properties stay affordable.
5. Update the rules for a home repair loan program to make it less burdensome to get smaller loans.
6. Allow Sec. 502 guarantees for loans that include accessory dwellings and in-home daycares.
7. Require USDA to speed up their loan approval process.
8. And make much-needed investments in IT so that USDA can process loans more quickly and with less staff time wasted on paperwork or manual data entry.

The legislation is cosponsored by Senators John Fetterman (D-PA), Mike Crapo (R-ID), Steve Daines (R-MT), Mark Warner (D-VA), Kevin Cramer (R-ND), Raphael Warnock (D-GA), Jerry Moran (R-KS) and Jeanne Shaheen (D-NH).

It has been endorsed by national organizations including the National Rural Housing Coalition, Local Initiatives Support Corporation, Housing Assistance Council, Enterprise Community Partners, Mortgage Bankers Association, Council of State Community Development Agencies, Habitat for Humanity International, National Housing Law Project, AARP, Council for Affordable and Rural Housing, Bipartisan Policy Center Action and the National Association of Counties.

Supportive statements from endorsing organizations can be found [here](#). The full text of the bill can be accessed [here](#).

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