



STATEMENT OF
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BEFORE THE COMMITTEE ON FINANCIAL SERVICES
SUBCOMMITTEE ON HOUSING AND COMMUNITY OPPORTUNITY
U.S. HOUSE OF REPRESENTATIVES
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Thank you Chairwoman Waters and Members of the Committee for your invitation to submit testimony on a number of rural housing issues that affect our nation's low income rural residents.

I am Gideon Anders, Executive Director of the National Housing Law Project (NHLP), a 39-year old nonprofit corporation that seeks to advance housing justice for low income persons by, among other things, preserving and increasing the supply of decent affordable housing throughout the United States. NHLP is a strong supporter of and advocate for the RHS housing programs because they have effectively served rural communities and low-income households for more than 58 years. NHLP has focused on the RHS programs generally for more than 36 years and we have worked on preservation of the RHS rural rental housing stock for more than 29 years.

We testified before this Committee last year on HR 5039, which proposed to lift the ELIHPA prepayment restrictions, sought to protect residents from displacement through the creation of a new voucher program and provide RHS with authority to extend incentives to Section 515 owners that would enable the owners to revitalize their developments and maintain them as affordable housing for an additional 20 years. We appreciate the opportunity to again testify on those issues as well as on the RHS Budget, and the Housing Assistance Council and Rural Housing and Economic Development Program authorization bills.

The primary principle that guides NHLP's preservation work is the need to protect federally assisted residents against displacement from their homes. The statutory requirement that obligates owners of Section 515 housing to maintain their developments as affordable housing for 20 years was enacted in 1979 at NHLP's suggestion when we discovered that the program imposed no use restrictions on owners and that some were converting their developments to other uses by displacing elderly and other households at will. Our staff also assisted in drafting the rural provisions of the Emergency Low Income Housing Preservation Act of 1987 (ELIHPA), which was enacted after an increasing number of owners of developments financed before 1979 were prepaying their loans and displacing elderly and other households from homes they had expected to occupy for the rest of their lives.

NHLP has also been directly or indirectly involved in practically every major Rural Housing Preservation case that has been brought since 1991. We assisted Mid-Minnesota Legal Services

in litigating *Lifgrin v. Yeutter*, the first post-ELIHPA prepayment case that challenged an owner's failure to maintain affordable rents after prepaying a Section 515 loan. The residents prevailed in that case and the development was returned to the Section 515 program. NHLP has participated and assisted other legal services programs litigate cases that successfully challenged illegal prepayments of Section 515 loans. We currently represent several Missouri residents in *Charleston Housing Authority v. U.S.D.A.*, in which the United States Court of Appeals for the Eighth Circuit upheld the district court decision that the ELIHPA prepayment restrictions preclude the housing authority from prepaying its Section 515 loan. The Court also upheld the district court's decision that the housing authority's decision to prepay its loan and to demolish the 50 unit development that served predominantly African-American households violated the Fair Housing Act. We are also pleased to have assisted the plaintiffs' attorneys in *Goldammer v. Veneman*, a case decided late last year by the United States Court of Appeals for the Ninth Circuit, which held that residents of Section 515 developments can challenge RHS' acceptance of the prepayment of Section 515 loans. That case has effectively foreclosed Section 515 owners' efforts to circumvent the ELIHPA prepayment restrictions by bringing quiet title actions when the agency fails to accept their prepayment offers.

Our testimony today focuses primarily on the preservation of the RHS rural rental housing stock and the protection of the residents of that housing. Our views and comments are shaped by the fact that the Section 515 housing stock serves the neediest rural households. According to figures released by RHS, nearly 945 of the 460,000 families currently residing in Section 515 housing are very low-income households. The average household income in all Section 515 developments is slightly more than \$10,000, while the average household income of those receiving Rental Assistance (61% of the households) is just under \$8,000. Households headed by females represent nearly three quarters of all households residing in Section 515 housing and households headed by elderly persons represent nearly one-half. Persons with a disability are the head of an additional 10% percent of the Section 515 households. Minority households comprise 29% of the households occupying Section 515 housing. Approximately 16% of all Section 515 households are rent overburdened, which means that they pay more than 30% of their income for rent.

We firmly believe that there is an absolute and continuing need for decent, safe, and affordable rental housing in rural areas throughout the United States and that the existing Section 515 housing stock is a major and critical element in meeting that need. Rural communities continue to have a greater need for affordable, decent, safe, and sanitary housing than their urban counterparts because housing conditions in rural areas have historically been, and continue to be, worse than in urban areas. The approximately 500,000 units of Section 515 housing that have been constructed in rural areas continue to serve a critical need in those communities. Frequently, those developments are the only available affordable rental housing that is decent, safe, and sanitary.

Let me begin by urging the Committee to draft and consider a new bill that addresses the preservation and revitalization needs of the Section 515 housing stock. We suggest that you undertake that task afresh without revisiting HR 5039, which this Committee passed last year. H.R. 5039 was ill conceived because it would have lifted the ELIHPA prepayment restrictions and allowed for the immediate conversion of at least 45,000 units of Section 515 housing that

serve markets in the greatest need of affordable housing. HR 5039 did not protect residents of Section 515 housing against displacement, imposed minimum rents on the poorest residents of that housing, granted owners lucrative and unnecessary incentives and returns, and imposed unnecessary costs and expenses on RHS. As we set out below, we believe that the Section 515 housing stock can and should be revitalized and preserved in a manner that does not harm residents or rural communities and provides reasonable financing and incentives to owners that want to revitalize and preserve existing developments.

Let me also urge the Committee to draft and enact explicit and detailed legislation that does not leave this Administration with discretion on how to implement Congress' will and intention. This Committee was responsible for drafting and enacting legislation that created the HUD mark-to-market program and the HUD Enhanced Voucher Program. We see no reason why RHS legislation that deals with comparable issues and programs should be any less explicit than the previously enacted HUD legislation.

The ELIHPA Prepayment Restrictions are Effective and Should Remain in Place

As we testified last year, NHLP strenuously opposes any efforts to lift the ELIHPA prepayment restrictions as part of a restructuring and preservation bill. Lifting the restrictions would allow for the conversion of Section 515 housing units in communities that have the greatest need for such housing and will cause the displacement of at least 73,000 persons residing in that housing. Rural communities, where real estate prices and rents have increased and where very low- and extremely low-income households cannot afford to live without the federal assistance that is provided by the Section 515 program, simply cannot lose this critical mass of affordable housing. We also oppose the lifting of the ELIHPA prepayment restrictions because it will have a severe impact on minority housing opportunities.

Development in high cost areas and those that serve minority households must be preserved.

The removal of the prepayment restrictions will decimate the affordable rental housing stock in communities that have the greatest need for affordable housing. Rural communities in which real estate prices and rents have escalated simply do not have other decent, safe and affordable housing. The construction of federally assisted housing that serves low and very low-income households was effectively stopped in the 1980's. The removal of the RHS housing stock, which will occur if prepayment restrictions are lifted, will remove a critical supply of affordable housing from the most needy communities and will deprive low- and very low-income persons of their capacity to continue to live in those communities. California, my and your home state, Congresswoman Waters, is a good example. We and other housing advocates expect that practically the entire 18,000 unit Section 515 housing stock in the state will be prepaid if the ELIHPA prepayment restrictions are lifted. This is because developments that currently charge \$300 or \$400 a month in rent will be able to charge \$1500 or \$1800 in rent after the prepayment restrictions are lifted. While the impact of lifting the prepayment restrictions may be greatest in California, we believe that other states, such as North Carolina, Florida and Georgia, to name a few, will also be adversely impacted.

The Administration advances the proposition that through prepayments we abandon low-income households' capacity to live in localities in which real estate prices have increased so that we can preserve and revitalize housing in communities where property values have not increased and where the demand for affordable housing is not as great. Such a policy is a political and financial decision that simply does not make sense. It pits high cost states and communities against low cost states and communities and abandons a substantial federal investment in housing that can be saved at half the cost of developing new units—something which this Administration is also proposing to abandon.

We are also concerned that the repeal of the RHS prepayment restrictions will eliminate a major civil rights provision that seeks to preserve affordable housing that serves minority households by requiring that before a prepayment is authorized the housing be offered for sale to nonprofit or public entities that would retain the affordable nature of the housing. As nearly 30 percent of the households occupying Section 515 housing are people of color, we are concerned that the lifting of the prepayment restrictions will not only remove low-income households from high priced communities but will also deprive persons of color from living in these communities.

We, therefore, ask that the Committee abandon the legislative proposal that was adopted last year that would have lifted the prepayment restrictions on the RHS stock. At the very least, we request that the Committee retain the current ELIHPA restrictions and require owners of projects that serve people of color to offer to sell those developments to nonprofit or public entities at their fair market value before they are allowed to prepay their loans.

Indeed, we ask that the Committee to go further and consider two amendments to the current ELIHPA requirement. First, we suggest that the ELIHPA restrictions be expanded to require owners to offer all developments for sale whenever there is a continuing need for the housing in the community. Second, in the alternative, we urge that nonprofit and public agencies be given a right to purchase, at fair market value, any development whose loan is about to be prepaid. The passage of these amendments will ensure that every unit of Section 515 housing that meets a current housing need will be preserved instead of being converted to other uses.

A Permanent and Effective RHS Voucher Program Must be Enacted

So long as RHS is authorized to accept any Section 515 prepayments and as long as RHS is not required to preserve troubled properties, RHS must have a permanent and effective voucher program that adequately protects residents in prepaying and troubled projects. Such a program should be modeled after the HUD Enhanced Voucher program and should protect residents and rural communities in the following manner:

Residents of prepaid project must have a clear right to remain in their homes. Owners of prepaid Section 515 projects must be required to allow residents of the development as of the date of prepayment to remain in their homes for as long as they want to remain. The only basis upon which residents of the housing should be evicted is “good cause.” Given that 60 percent of the program’s participants are elderly or persons with a disability—for whom the process of

relocating is a severe hardship—this is a requirement that must be guaranteed to residents of Section 515 developments whose owners prepay their loans for whatever reason.

The right to receive a voucher must be absolute and not subject to the eligibility criteria of a local housing authority or any other entity. Under the RHS demonstration voucher program, Section 515 residents can only qualify for vouchers if they meet the administering housing authority's voucher eligibility criteria. We see no reason for this requirement and believe that it should be eliminated. The purpose of the voucher is to protect Section 515 residents against displacement. Housing authorities and other entities that may administer the RHS voucher program are simply administrative intermediaries that should not be allowed to impose their own eligibility criteria to determine if a resident is eligible for assistance, particularly when the resident remains in the same unit and the landlord has previously approved the resident's eligibility to reside in that unit.

Residents should become eligible for vouchers no later than the date that their landlord refuses incentives to remain in the program and at least 90 days before the scheduled prepayment date. Under the RHS demonstration voucher program, residents do not become eligible for a voucher until the date that the landlord prepays the RHS loan. This is too restrictive and burdensome on residents who want to or are required to move from a development. It disqualifies residents from receiving a voucher if they move from the development after receiving a notice of the owner's intent to prepay but before the owner actually prepays. There is no reason why residents who choose to move from a development should be required to stay in their units until the actual prepayment date to qualify for a voucher. Such a requirement hampers residents' capacity to move to other decent, safe, and sanitary housing that may become available in the community prior to the prepayment date. It also unnecessarily increases competition for vacant apartments in the community since all residents of a prepaid development may have to move at the same time. It is particularly restrictive if the owner of the prepaid development decides not to continue to rent the units to the Section 515 residents, forcing them to move in a very short time frame.

For troubled project, the date of voucher eligibility should be no less than 90 days before RHS plans to foreclose on its loan.

RHS vouchers should be fully portable. Like HUD Enhanced Vouchers, residents receiving RHS vouchers should be allowed to move to any locality in the United States and the voucher subsidy level should be dictated by the local rent reasonableness standard, not the rent paid at the prepaying development or the rent reasonableness standard in that community. Again, we must recognize that most of the residents of RHS housing are elderly persons. Frequently, they live in communities where they have worked and resided but not necessarily where their families live today. Since the relocation from an RHS property may be the last time that they have an opportunity to move, they should have the option of moving to where their family or friends live. Their capacity to move should not be restricted by some artificial rent standard established for the RHS voucher program. Similarly, persons who are not elderly who live in RHS housing should be allowed to move to any community in order to reduce their commute, enhance work opportunities, or to join family or other relatives. Their capacity to move should also not be restricted.

Moreover, the RHS voucher should also not have a minimum rent standard that is based on the rent that the household paid in the Section 515 development. Residents receiving RHS vouchers should not be required to pay more than 30% of their income for shelter and their rent should be adjusted as their income increases or decreases like all other voucher holders. In short, the RHS voucher rent standards should be identical to the HUD Enhanced Voucher standards.

Lastly, any voucher legislation should make clear that RHS, like HUD, is obligated to adjust the voucher subsidy annually to accommodate rent and utility cost increases imposed by landlords and utility companies.

RHS Vouchers Should Remain in the Community After the Initial User has Stopped Using the Voucher. As we noted earlier, RHS Section 515 housing is frequently the only affordable housing in the rural community in which it is located. When the owner removes the development from the program through prepayment, the community loses a valuable and significant resource. It denies the community the opportunity to continue to house its low-income elderly or working households. Accordingly, the RHS voucher should be allowed to remain in the community after the initial user stops using the voucher. The HUD Enhanced Vouchers operate in this manner and there is no reason why the RHS vouchers should not operate in the same manner. Since RHS does not have the staff to administer the voucher after the initial user gives it up, the voucher should be turned over to the local housing authority or other agency administering the HUD voucher program in that community.

We also request that consideration be given to project-basing RHS vouchers in newly constructed or preserved developments after they are no longer used by the original voucher holder. By doing so, RHS will facilitate the construction of new housing in the community that suffered from a prepayment of Section 515 housing and allow the community to continue to house low and very low income households.

New Prepayment Legislation Should Create a Workable and Effective Right to Purchase that will Preserve the Housing.

Nonprofits, resident organizations, and public agencies should be given the right to purchase any Section 515 development that an owner seeks to prepay and convert to other uses whenever there is a continuing need for affordable housing in the community in which the development is located. The right must be absolute and must allow the nonprofit or public entity to purchase the development at Fair Market Value. Section 515 funding must be made available for such purchases and Rental Assistance or other subsidies must be attached to ensure that the development continues to serve low income households.

RHS Predevelopment Grants Should be Made Available to All Nonprofit or Public Agencies Considering the Purchase of a Section 515 Development.

All nonprofit and public agencies that are negotiating for the transfer of a Section 515 development should be eligible for RHS predevelopment grants. Currently, these grants are only available to nonprofit and public agencies that offer to purchase a development when the owner offers to sell the development under the RHS prepayment process. Since many owners are negotiating for the direct sale of Section 515 developments to nonprofit and public agencies without formally going through the RHS prepayment process, the authority to make predevelopment grants must be expanded to cover all transfers.

RHS Must Adopt a Policy that Preserves Troubled Projects and Protects Residents of Such Projects Regardless of Whether they are Preserved.

RHS has no process currently in place to deal with troubled projects. If RHS is unable to secure an owner's cooperation in bringing a troubled development up to standards, it will foreclose on the development and, if necessary, reduce its foreclosure sale bid to ensure that the property is sold to a third party and not brought into the RHS inventory. When the foreclosure is complete, the RHS' subsidy is terminated and residents are either displaced by increased rents, by the new owners revitalization plans, or forced to remain in the troubled and often substandard development. This is an unacceptable process that harms residents and deprives communities of sorely needed affordable housing. Consequently, RHS should be required to adopt a troubled project policy that preserves the housing whenever there is a continued need for affordable housing in the community and protects residents whenever the housing is no longer needed.

A troubled project policy should require RHS to evaluate whether the troubled property is needed in the community and to take control of the project whenever the owner is unable or unwilling to bring the property up to standard. It should require RHS to identify nonprofit or public agencies that are willing to purchase the development and to restore the development to RHS' quality standards. RHS should then either work with the current owner to transfer the development to the identified purchaser or foreclose on the loan and then transfer it to the nonprofit or public entity. The transfer price should be based on the value of the property and the cost of bringing it back up to decent, safe, and sanitary standards.

RHS should not be allowed to reduce its bid at a foreclosure sale of any property that is needed as affordable housing in the community. In addition, when RHS forecloses on a troubled property and allows it to be sold to the highest bidder, it should be required to place habitability and use restrictions on the properties that ensure that the new owners do not rent the development without first bringing it up to decent, safe and sanitary standards.

Residents of troubled projects should also be eligible for vouchers. Any preservation bill must also protect residents in troubled projects in the same manner that residents of prepaid project are protected. Accordingly, we urge that the Committee authorize RHS to issue vouchers to residents of developments that are being foreclosed upon, thus giving them the opportunity to move to other decent housing in the community.

Revitalization and Restructuring

NHLP supports a strong and effective revitalization program and believe that it is critical to ensuring that Section 515 stock will continue to serve the needs of low-income households and communities. We also understand that restructuring of the existing loans may be a viable and necessary means to accomplish that goal. However, we are concerned about the short and long term costs to the government of such programs, particularly when they offer owners unnecessary and costly financial incentives to participate in a revitalization program. Moreover, we are cautious and concerned about RHS' capacity to restructure and revitalize a housing stock, which consists of approximately 17,000 developments, in a cost effective and efficient manner. Significantly, we believe that resident of Section 515 developments should be both involved and protected in any restructuring program that is undertaken by RHS.

Residents Must be Protected in the Revitalization and Restructuring Program. When Section 515 developments undergo revitalization, the residents of the development must, whenever possible, be protected against displacement from their homes. If they are displaced, they must be provided financial and other assistance to move into other units in the development or into other affordable housing in the community. Moreover, if the residents are relocated into other housing, they must be guaranteed a right to return to their home, or, at least, their development, when the revitalization is complete. Provisions protecting residents' right to relocation assistance and the right to return to their housing must be included in any legislation authorizing a restructuring and revitalization program.

Residents must be involved in the Revitalization and Restructuring Process. Section 515 developments are the homes for hundreds of thousands of rural residents. Many have lived in these developments for many years and have the best knowledge about their condition and management. Any efforts to restructure and revitalize a development must be shared with the residents and their opinions must be sought out whenever the revitalization or restructuring will affect their lives and homes. Just like the HUD Mark-to-Market program, legislation authorizing the revitalization of the Section 515 housing stock must include provisions that provide residents notice of the owners intent to revitalize and restructure the development. It must also make sure that revitalization plans are made available to the residents for review and comment and affirmative steps are taken to discuss the plans with residents and to solicit their input and comments before the plan is finalized.

Indeed, ask the Committee to include provisions in the legislation that authorize RHS to make grants to nonprofit agencies that will provide technical and other assistance to residents throughout the revitalization process. HUD has such a program and there is no reason why residents of RHS Section 515 housing should not secure the same form of assistance.

RHS should operate a restructuring and revitalization program that is cost effective and does not unnecessarily reward owners who participate in the program. While we support a restructuring and revitalization program, we believe that the program should be carefully structured to ensure that RHS operates an efficient and cost effective program. For example, we believe that the use restrictions placed on any newly restructured loan should be for the full remaining useful life of the development, not just 20-years as proposed in HR 5039. Developers

who participate in the Low Income Housing Tax Credit program routinely restrict the use of their developments for periods substantially in excess of 20 years, there is no reason that RHS should not be required to do the same.

Similarly, we do not see any reason why owners who revitalize developments under the Low Income Housing Tax Credit program should be allowed to calculate their return based on the investment made by the limited partners in the development. The limited partners' receive their returns through the tax credit program. The developer should not be allowed to secure additional profit based on an investment made by the limited partners. Its an excess and unnecessary profit center that is not allowed in other programs.

We also do not understand why future rent increases in restructured developments should be based on local market conditions and not be budget based. All restructured developments will continue to be financed with Section 515 loans that are effectively financed at a 1% interest rate. Most of them will also have rental assistance subsidies. There is no reason why owners or developers should be allowed to increase rents based on the cost of operating other developments in the area that are financed with market rate loans. Allowing rent increases based on rent increases at other developments in the area will substantially and unnecessarily increase RHS' rental assistance payments. If rent increases are to be made without a careful review of the budget, they should only be calculated on the operating costs of the project, not on the mortgage based portion of the budget, which is a fixed cost.

Undoubtedly there are other mechanisms by which the cost of restructuring and operations can be limited. We urge the Committee to look at these issues carefully and not to defer or delegate these decisions to the agency.

RHS should be required to centralize the restructuring and revitalization process and be authorized to hire additional staff, or to contract with outside contractors, to undertake the restructuring program. We are concerned that RHS does not have the staff capacity to undertake the restructuring of as many as 17,000 development in any reasonable period of time. We are also concerned that the expertise to restructure developments does not exist but in a handful of Rural Development state offices. Accordingly, we suggest that any proposed restructuring legislation require that all restructuring decisions be made by the RHS National Office of Rural Housing Preservation and that that office be authorized to hire additional staff or outside consultants, such as the HUD PAEs, to undertake the restructuring process.

Minimum and Maximum Rents

We urge that the Committee retain the provision included in HR 5039 that limits the rent of residents in revitalized projects to 30% of household income. This will facilitate the revitalization of existing project and protect residents from displacement. We see this as a very critical element in the restructuring and revitalization process that will protect very low income residents from displacement in communities with extremely low incomes.

We are, however, strenuously opposed to the imposition of a minimum rent requirement in the legislation. RHS has justified the need for a minimum rent requirement because it does not believe that households can live without some income and that residents who report no income are cheating the system. Nothing could be further from reality. Many elderly households have no effective income because they have substantial medical bills that reduce their actual adjusted income to zero or below. Families that depend on a single wage earner also have periods in which the household does not have any effective income because the wage earner has lost employment, became ill, disabled, or has died. Frequently, these households do not have another wage earner that can begin to work immediately. They also encounter difficulties in qualifying for disability income or other forms of assistance. These households can have extended periods of hardship without any effective income. There is simply no reason to punish these households by requiring them to pay a minimum rent.

We do not believe that these households are cheating on their income reporting. All the studies and reports about income and rent determination that we have seen suggest that both favorable and adverse mistakes are made in the income and rent determination process and that such mistakes are distributed to households of all incomes. Accordingly, we ask that extremely low income households, which are the only household subject to minimum rents, not be penalized by their imposition. RHS and landlords have ample tools to verify resident income and rent determinations should continue to be based strictly on that verification process.

RHS Budget

NHLP is frankly appalled by the Administration's proposed budget for Fiscal Year 2008. Its yet another bold example of the Administration's continued efforts to terminate all forms of assistance to low and very low income households and expanding assistance to moderate and above moderate income households. We suggest that this Committee and Congress to reject the Administration's RHS budget proposal and urge that all the rural housing programs be refunded, at the very least, at their current funding levels adjusted upwards for inflation.

Section 502 Direct Homeownership Loans. The most disconcerting element of the budget is the proposed termination of the Section 502 direct loan program. That proposal is in direct conflict with the Administration's six year effort to promote homeownership. It's a slap in the face of low income households who have benefitted from the program's extraordinarily successful 58-year history. To suggest that the direct loan program's goals can be achieved by expanding the guaranteed loan program and attaching a subsidy mechanism to that program is to ignore history and reality. In effect, the Administration is seeking to recreate the HUD Section 235 program which had a terrible history mired in fraud and mismanagement. We do not believe that RHS has the capacity to manage and operate the program any more effectively than HUD did and the promise to create such a program is an invitation to disaster.

More significantly, we do not understand how a subsidized guaranteed loan program will be anything but more expensive than the existing direct loan program. Market rate interest rates charged by private lenders are higher than the RHS interest rates, thus the cost of subsidizing the loans based on these higher interest rates will cost the government millions of additional dollars

annually. The government will also have to pay for the cost of administering the subsidies and the costs of losses incurred as a result of loans made to ineligible households.

We are particularly concerned by the fact that the Administration has first proposed to eliminate the direct loan program and has only promised to propose a substitute program sometime in the future. It has not suggested any alternatives and has not asked for any budget authority to operate a new program. We frankly do not believe that the Administration has any intention to propose or fund a new subsidized guaranteed loan program. Accordingly, we urge that the Administration's proposal be rejected and that the direct Section 502 loan program be continued.

As an aside, we believe that the guaranteed loan program is not being managed in the manner that Congress intended it to operate and, therefore, suggest that this Committee hold oversight hearings to evaluate the program's management and operation.

Section 515 Rural Rental Housing. We are also stunned by the Administration's effort to once again terminate the Section 515 program. The Section 515 program has been extremely effective in providing decent safe and affordable housing in rural communities throughout the United States. As we noted earlier, in many communities, Section 515 housing is the only decent and affordable housing that is available to low income households. It provides affordable housing to seniors who have worked in the communities in which the housing is located and provides economic support to communities with low-wage industries.

Frankly, we do not see how the Administration expects to accomplish any of its restructuring and revitalization proposals without continued Section 515 funding. Accordingly, we call on you to once again reject the Administration's proposal to terminate the program.

Other Rural Housing Programs. We also do not support any of the other cuts proposed in the budget to the Self Help housing program, the farm labor housing program or the Section 504 loan and grant programs. All of these programs have a highly successful history of assisting low and very low income households and there simply is no justification for cutting these programs at this time.

Rural Housing and Economic Development Program

NHLP endorses the continuation of the HUD Rural Housing and Economic Development Program. We believe that it effectively fulfills a need not met by other programs and that it is a valuable program. We endorse the testimony of the Housing Assistance Council in support of the program, its continued authorization, and funding.

Housing Assistance Council Authorization

Lastly, I want to endorse and support the passage of HR 1980, which will authorize continued federal funding for the Housing Assistance Council (HAC). In the interest of full disclosure, I serve on the HAC board of directors and have been the chair of that board for the past one and a

half years. My knowledge and association with HAC covers the entire 35 years of its existence, having served on its staff in the 1970's.

In our view, HAC is one of a very few organizations that has effectively and consistently followed and accomplished its mission of assisting rural residents and communities in expanding and improving the housing conditions of low and moderate income residents. Through its revolving loan fund, HAC has assisted in the production of tens of thousands of single and multi-family housing units. Through its technical assistance, it has assisted thousands of non-profit and public agencies in planning and developing housing in rural areas throughout the 50 states. HAC's research and policy advocacy has highlighted the need for affordable rural housing and has focused on the needs of people and communities that have historically been underserved. HAC has consistently and vigorously promoted and addressed the housing needs of the Colonias, Indian Reservations, and farmworkers. Its accomplishments and achievements are unprecedented and unmatched.

I cannot think of an organization that has accomplished its goals in a more efficient manner and without constantly lauding and publicizing its achievements.

While HAC has suffered by the loss of HUD funding in the Fiscal Year 2007 budget, it has maintained and continued its services by devoting its own meager resources to continue to provide assistance to nonprofits and other agencies serving rural areas. It cannot continue to do so in Fiscal Year 2008 without renewed HUD assistance. We therefore ask that you enact HR 1980 that would authorize funding for the organization in the next fiscal year. We also ask that you ask your colleagues on the Appropriations Committee to actually commit funding for HAC in the upcoming fiscal year.

Again, thank you Congresswoman Waters and Committee Members for the opportunity to present our views on these rural housing issues. The National Housing Law Project is prepared to assist you and your staff in addressing the various issues that we have discussed in today's testimony.