

**RURAL HOUSING SERVICE**  
**Statement of Richard A. Davis, Acting Administrator**  
**Before the Senate Committee on Agriculture,**  
**Nutrition and Forestry**  
**September 28, 2017**

Chairman Roberts, Ranking Member Stabenow and Members of the Committee, thank you for the opportunity to share with you how the Rural Housing Service (RHS) expands economic opportunity in Rural America through improving the quality of life for rural residents every day.

USDA's Rural Housing Service provides critical support to rural America by investing in rural residents and the communities in which they live through its housing and community facilities programs. RHS is a proud and effective steward of these programs. With employees in field offices in nearly every rural region, RHS takes in requests from hundreds of communities and thousands of people every year seeking help for buying homes and building hospitals, daycare centers, schools, libraries, fire halls and more. With Congress' support, RHS is there to assist these communities with a combination of loans, guarantees and grants that are a hand up, not a hand out, for rural Americans.

In fiscal year (FY) 2017, RHS will help hundreds of communities build or buy essential community facilities; and over 150,000 families with modest incomes purchase, refinance or repair their homes including serving low and very-low income borrowers. In addition to providing homeownership opportunities, RHS will continue to help more than 651,870 low and very-low income households live in safe and affordable USDA-financed multifamily housing through RHS' Rural Rental Housing and Farm labor Housing Programs. In addition, RHS anticipates providing 45,700 very-low, low and moderate income families with safe and affordable multifamily housing through nearly 906 in rental housing loan guarantees. RHS will also build or revitalize over 9,000 units of multifamily housing and continue to assist 270,000 rural families with limited means pay rent. RHS's Farm Labor

Housing Program will help develop critically needed new housing for over 680 farm worker families in addition to serving 14,000 families through existing housing, who, despite being essential to the agriculture industry, have historically struggled with severe poverty and extremely substandard housing conditions.

The Community Facilities programs, a key part of the RHS portfolio, are authorized by the Consolidated Farm and Rural Development Act of 1972. The Community Facilities programs invest in community infrastructure to make rural communities attractive to families, small business owners, and employees by supporting healthcare, education and public safety projects.

The total portfolio of Community Facilities investments is approximately \$8.8 billion. In terms of our portfolio, approximately 46 percent is invested in rural health care infrastructure; 23 percent in educational facilities; 15 percent in public building and improvements; 11 percent in public safety, and 5 percent in other investments. The financial health of the Community Facilities portfolio remains strong as a result of strengthening oversight and underwriting standards, and implementing a credit risk management plan. For FY 2018, the program is expected to have a negative credit subsidy rate of -8.1 percent.

The Community Facilities Direct Loan program was appropriated an authorized loan level of \$2.6 billion in FY 2017, almost a 9 fold increase in funding since FY 2011. Community Facilities expects to utilize 100 percent of its appropriated funds, and continues to maintain a strong pipeline of community infrastructure projects for FY 2018.

In FY 2017 to date, RHS has obligated over \$1 billion in Community facilities direct and guaranteed loan and grant funds to strengthen investment in rural healthcare infrastructure serving 3.6 million rural residents. For example, direct loan funds in the amount of \$1.7 million were used to completely renovate and expand Ionia County Community Mental Health Authority's Autism Center in Belding, Michigan. The project consisted of the construction of six new treatment rooms, safe areas, an expanded play space and new administrative offices. Perhaps the strongest evidence of the acute need for this upgrade is the fact that it is already operating at capacity. The Autism Center in Belding is an excellent example of how Rural Development's Community Facilities programs are making needed

and timely improvements in the quality of life for rural residents.

The unique flexibility of Community Facilities lends itself well to addressing current issues and challenges facing Rural America. Rural towns and communities have been especially hit hard by the opioid crisis. While only 14 percent of Americans live in nonmetro counties, a disproportionate number of rural communities are struggling with prescription opioids and heroin abuse. Community Facilities' investments play an important role in addressing substance use disorders and the opioid crisis in rural America by strengthening investment in healthcare infrastructure and essential community facilities that provide treatment, prevention, and recovery support for rural residents impacted by the opioid crisis. In FY 2017, Community Facilities has already invested over \$229 million in 19 rural mental and behavioral healthcare and substance use disorder treatment facilities. For example, the Community Health Center of Southeast Kansas, in Ashland, KS has received \$2.8 million in CF Direct loan funds for a health care clinic to include behavioral health treatment.

In addition, the Community Facilities programs have already helped more than 3.2 million rural Americans access fire rescue and other critical public safety programs and more than 3.6 million rural residents were able to access education and cultural infrastructure including schools, libraries, and child care centers.

This year, Community Facilities also implemented the Technical Assistance and Training Grant program authorized by the 2014 Farm Bill to help strengthen the capacity of rural communities to identify and plan for community facility needs that exist in their area. This year 5 percent of the Community Facilities' appropriated funds, or \$1.5 million, was made available for grants to public bodies, private nonprofit corporations, and Indian tribes to provide Technical Assistance and/or training with respect to essential community facilities programs. Applications totaling over \$11 million in requested funds were received and the Agency was able to fund 13 projects. This capacity building support will enable rural communities to better access Community Facilities investments and prepare for a stronger future.

Community Facilities investments improve rural communities' education, healthcare and public safety infrastructure and serve as a catalyst for growth. They not only provide critical access to life-saving

medical care for rural residents, but also help create a hub around which a community can create jobs, attract homeowners, and build an economic future.

In FY 2018 and beyond, RHS remains committed to the future of rural communities. Through mortgage guarantees, as well as rental subsidies, we will continue to make housing and community economic development opportunities available and affordable to rural Americans as they continue to work to ensure the security and prosperity of our Nation.

Our programs have grown significantly in recent years and that expansion has helped satisfy homeownership and community development aspirations across rural America, while providing affordable rental options for those most in need. As we continue to serve the needs of rural communities, ensuring coordination and synergy with other Rural Development programs to promote rural prosperity is among our topmost priorities. We are grateful to Congress for the shared commitment to our mission.

## **Conclusion**

As we consider the best way to position limited resources to serve the complex needs of rural towns and communities, we are confident that RHS will successfully implement the programs needed for a thriving rural America. RHS will continue to honor its commitment to rural America by balancing the needs of the poorest residents of rural America, evident in the renewal of rental assistance subsidies, while still responding to the need for wealth creation in rural America, through the enormous growth and investments provided by the Community Facilities programs that support long-term job creation and renewed economic expansion.

I appreciate the opportunity to testify before Members of the Committee and with my distinguished colleagues from RUS and RBS. We work well together, collectively serving constituents, to further support American competitiveness and economic growth. Our ongoing collaboration helps us fulfill the promise of rural communities. Thank you for your support of RHS programs.