



Bipartisan Policy Center Action

## Rural Housing Service Reform Act

S. 1260, H.R. 4957

# A Bipartisan Bill to Modernize Rural Housing Programs and Meet America's Evolving Needs

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### What does the bill do?

The Rural Housing Service Reform Act would modernize Department of Agriculture (USDA) rural housing programs, preserve existing affordable housing in rural communities, and expand rental assistance for units financed with USDA loans.

### Why is the bill needed?

Rural communities face a growing housing crisis. Rural housing stock grew less than 2% from 2010 to 2020. Over 13,000 USDA-financed properties will reach loan maturity by 2050, at which point rental assistance will no longer be available at those properties. As a result, rural America is losing affordable housing faster than it can build replacements.

### What are the bill's key provisions?

#### 1) Streamlines and modernizes USDA's Rural Housing Service program administration

- Allows restructuring of Section 515 loans and corrects longstanding challenges by decoupling Section 521 rental assistance from maturing mortgages.
- Strengthens agency capacity through IT modernization and increased staff funding.
- Updates USDA's income calculation to align with HUD standards.
- Improves transparency through notice and annual reporting requirements.

#### 2) Preserves and revitalizes aging affordable units

- Permanently establishes the Housing Preservation and Revitalization program for multifamily rental housing.
- Streamlines nonprofit acquisition of Section 515 multifamily properties to preserve affordable units.

#### 3) Expands pathways to homeownership and repairs

- Updates eligibility for home repair assistance loans and makes it easier for families to receive small-dollar loans.
- Allows Section 502 loan guarantees for accessory dwelling units.
- Requires USDA to process loan applications more quickly.

