

House Passes Ag Appropriations

On July 12 the House passed HR 4766, the Agriculture, Rural Development and Related Appropriations Bill for Fiscal Year 2005. The bill contains spending for federal rural housing and community development programs and, by and large, follows the FY 05 budget request.

In past years, low interest rates have let the Administration shaved budget authority yet hold or even increase program levels. For example, USDA heralded the increase in Section 502 direct loans in FY 04 as part of their minority homeownership initiative. The increase from FY 03 to FY 04 was \$250 million in program authority, accomplished with a \$40 million less in budget authority. The FY 05 budget is back down to the FY 03 level. As interest rates begin to rise, the cost of the Section 502 loans goes up. The budget authority request for FY 05 is essentially the same as FY 04, but the program level is \$250 million less.

The Administration budget continued a downward trend in spending in the Rural Housing Insurance Fund and Rural Community Advancement Program (RCAP). Including the FY 05 proposal, the trend line for Bush Administration budgets is decidedly downward. RHIF and RCAP spending is down, each by at least 30%.

That said, the House left out some of the worst elements of the budget: cuts in Section 515 and water-sewer grants. The Agriculture Subcommittee reported out a bill that included a \$55 million reduction in Section 515 to \$60 million.

Working with NRHC, New York Rural Housing Advocates and New York Rural Housing Coalition, Rep. James Walsh and Subcommittee Chairman Henry Bonilla restored Section 515 to \$116 million, slightly above the current rate. The Walsh initiative added \$26 million in budget authority to the Section 515 account, the largest added in the mark-up.

The Committee also added extra money to the water sewer grant account; bringing the total to \$457 million, down about \$100 million for the current rate but about \$110 million above the request.

<i>Federal Rural Housing and Community Development Appropriations FY 04 final, FY05 Budget and House Approved</i>					
RHS Programs	FY 04# Final	FY 05 Proposed	House 05	Senate 05	FY 05 Conference Report
Section 502 direct	\$1366	\$1110	\$1,110		
Section 502 guaranteed	2725	2500	3309##		
Section 504 Loans	35	35	35		
Sections 504 Grants	32	31	31		
Section 515	116.5	60	116.063		
Section 514	43	42	42		
Section 516	18.7	17	17		
Section 523	34	34	34		
Section 538	100	100	100		
Rural Rental Assistance	584	592	592 *		
Housing Preservation Grants	10	10	10		
Supervisory TA Grants	2	1	1		
Community Facility Loans	250	300	300		
Community Facility Grants	17	17	17		
Community Facility Guarantee	210	210	210		
Water-Waste Loans	1055	1000	1000		
Water-Waste Grants	566	351	457.2		
Solid Waste	3.5	4	3.5		
Rural Business Grants	48	40	40		
Intermediary Re-lending	40	34	34		
RCDI	8	0	6.2**		
High energy cost grants	28		0		
Economic Impact Grants	22	0	0		
Ag. Process Worker Assisted Housing	5	0	0		

(\$ in millions)

#.059% across the board cut applies to all accounts.

=increased financed by .25% increase in fee

*includes \$5.9 million for debt forgiveness

** includes \$200,000 for coop program