

Housing – USDA Rural Housing Service

For people with disabilities

Agency Involved: *US Department of Agriculture*

The United States Department of Agriculture (USDA) develops and implements US national policy on farming, agriculture, forestry and food. Part of its mission is to foster rural communities and end hunger in the United States and abroad.

The **Rural Housing Service** is the agency within USDA which promotes the availability and use of low-cost housing options in rural areas through loans, grants, and technical assistance. It is part of the USDA's Office of Rural Development.

In each state, a local USDA Service Center administers these programs. In Missouri, this state office is in Columbia, MO.

Summary

(The **Rural Housing Service** is also called the Housing and Community Facilities Programs (HCFP), the Housing and Community Facilities Service, and the Housing and Community Assistance Programs.)

The Rural Housing Service provides around 18 different grant and loan programs to help provide low cost housing for low income individuals in rural areas. The majority of these programs support community groups, businesses, developers, and organizations which help provide low income housing in rural areas. However, a few programs give direct aid to low income individuals for housing.

The primary benefit for low income individuals is an online listing of local low-cost housing rentals (with contact information) for every rural community in the country. There are also local USDA offices to help locate rental options.

There are a few RHS programs which provide grants and loans to low income individuals who own their own home or want to purchase a home. There is one program which provides direct funding to cover some rental expenses for "very low income" families in certain situations.

There are three eligibility factors involved with the RHS programs: calculated net income, credit history (which needs to be reasonable but not great), and "eligible properties" (usually homes, apartments, etc. which are registered/supported with other RHS programs). RHS provides online eligibility calculators to help people estimate where they stand on all three types of eligibility.

More details available at:

[RHS main website](#)

Specific Benefits

(RHS often labels its programs by both their program name and the numbered section of the Housing Act of 1949 which created them.)

Low-Cost Rental Housing

The majority of RHS support goes to creating and maintaining a network of low-cost housing options for people with low incomes. Individuals can locate these options through the online RHS rental property locator and by contacting their local USDA Service Office. These typically use yearly leases. In some instances, RHS will pay any eligible housing costs that are more than 30% of the individual or family's net income (see below). Specific availability, cost, and regulations differ for each facility.

Direct Aid Programs

Home Ownership Maintenance (for people who already own a home)

- **Very Low-Income Housing Repair Loans and Grants** (Section 504 program)
 - "Very low-income" (see eligibility section below) homeowners can get a grant up to \$7,500 (if over age 62) and loans up to \$20,000 to repair or improve/modernize homes, or remove health and safety hazards. Also available to improve disability access to houses.
- **Direct Housing Natural Disaster Loans and Grants** (Section 504 & 502 Disaster Loans Grants) (similar to above, but only relevant in federal disaster areas)

Basic Housing (mostly for people who want to buy a home)

- **Rural Housing Guaranteed Loan Program** (Section 502)
 - If an eligible low income individual is applying for a private, commercial loan to buy a house or other dwelling, under this program RHS guarantees that it will pay back up to 90% of the loan if the person defaults. This usually eliminates the need for a down-payment, but the person or family still has to cover monthly mortgage payments.
- **Single Family Housing Direct Loan Program** (Section 502)
 - RHS will directly loan money to low & very low income individuals/families so they can buy, build, repair,(renovate, or move a home to a new site). There is no down payment, but the individual or family still has to cover monthly mortgage payments.
- **Mutual Self-Help Housing Loan program** (Section 502)
 - The Mutual Self-Help Housing program is essentially a collaborative home-building model. A group of low-income individuals and families in a community, all of whom want to build homes for themselves, band together to help each other build the homes collaboratively. A local service organization organizes and monitors the program. The service organization is funded under Section 533 grants. The individuals are eligible for specialized Section 502 loans.

Rental Assistance

- **Rental Assistance Program** (Section 521)
 - This program is ONLY for rental properties which are part of other RHS funding programs – specifically Section 515 Rural Rental Housing Loans or Section 514/516 Farm Labor Housing.
 - If a person or family's rent is more than 30 percent of their adjusted income, this program will pay the rent, utilities, and other services above the 30 percent – IF PROGRAM FUNDS ARE AVAILABLE. The funding lasts for one year and is renewable if funds are available.
 - The funding for this program is limited and demand is high. RHS gives priority to applications from areas with highest need based on an RHS weighted formula.
 - The program enables low-income families or individuals to reside in RHS rural housing without paying more than 30 percent of their adjusted income for rent. RHS pays the owner the difference between the tenant's contribution and the monthly housing expense. Funding is for one year, with possible renewal.
 - The property owner (NOT the low income family or individual) applies for the funding. However, the family/individual can petition the owner to apply and can appeal if he or she does not.

More details available at:

[RHS Program Site](#)

[Rental Assistance Program Site](#)

Populations Served (eligibility)

Income eligibility

USDA divides eligible applicants into three areas of need based on income: Moderate, Low, and Very Low. Each is indexed to the local cost of living for the person's community, called the Area Median Income (AMI). Each is also based on a calculated net income, with various deductions and formulas. USDA provides online eligibility calculators to help people determine their eligibility.

- Very low income is below 50 percent of the area median income (AMI)
- low income is between 50 and 80 percent of AMI
- moderate income is 80 to 100 percent of AMI

Some programs are limited to very low income individuals; others are open to low and very low, and others to all three levels. Some rental facilities (apartments, duplexes, etc.) may give priority to applications from very low income individuals/families. Veterans also get some priority.

Technically, people older than 62 years and people with disabilities are automatically qualified for most RHS services, but specific income rules still apply when calculating actual benefits.

Credit eligibility

Individuals must have a "fair" credit history, showing reasonable ability and likelihood they will pay the proposed mortgage or rental payments. On the other hand, for grants, loans, or loan guarantees, the credit rating needs to be BAD enough to prevent reasonable loan rates from commercial vendors.

The proposed mortgage payment must not be more than 29% of the gross monthly income.

Property eligibility

Eligible property for direct loans, guarantees, and grants must be in rural areas or towns smaller than 20,000 people. Some programs require that property be part of other RHS funding programs. There is an online property eligibility service. Low cost housing options supported by RHS programs can be located on the USDA Rental Property Map online.

More details available at:

[USDA Income & Property Eligibility Site](#)

[USDA RHS Rental Property Locator Map](#)

Definition of Disability

In general, whether a person has a disability or not does not affect eligibility or benefit from RHS. It only impacts the net income calculations used to establish income status (very low, low, or moderate), when people with disabilities get an additional deduction. The online income eligibility calculators include this deduction.

RHS does require that applicants document their disability status, but does not have a formal process for evaluating disability claims. In practice, documentation of a disability is usually based on disability status with other agencies (like Social Security) or a physician's statement.

Criminal History

Low Income Housing Rental

RHS has no regulations denying low cost rentals to anyone with a criminal history. However, individual landlords under RHS programs are free to implement their own restrictions, so this may vary widely. Fortunately, because these restrictions (if any) will be organizational, individuals and service agencies can probably appeal to the owners for exceptions for specific individuals.

All rental programs will have an Application for Occupancy/Housing form which applicants must submit. If a facility has its own restriction on people with a criminal history, a question about it will probably be on this form. Individuals should be able to get a copy of this form in advance and can ask for clarification.

Debarment from USDA programs:

Certain criminal convictions could lead to a person being excluded from USDA programs. Mostly this applies to organizations and business people applying for housing development and infrastructure supports, not people applying for low cost rental housing. Note that a conviction does NOT make a person ineligible by itself - the USDA has to formally "debar" (block or exclude) the person based on the conviction.

More details available at:

[Debarment regulations for USDA Programs](#)

Substance Abuse

RHS rental properties must use a lease agreement modeled on a USDA template. This template requires that applicants agree not to possess, use, etc. any illegal drugs while living on the property. The landlord or rental company can evict anyone who violates this clause. There is no exclusion based on a history of illegal drug use or a drug-related conviction.

Individual landlords are free to implement their own additional policies about substance abuse. Because these policies will be organizational, individuals and service agencies can probably appeal to the owners for exceptions for specific individuals.

Substance abuse does not affect eligibility for RHS direct supports to low income individuals.

Application Process

Low-cost Rentals

Individuals apply for low-cost rental housing directly at the housing facility – apartment complex, landlord office, etc. Use the online rental property locator, or contact your local USDA Service Center to locate local options. Then contact those facilities to find out if there are any openings.

The application process is approximately the same as applying for any apartment, although there is an additional step of documenting low income status.

Direct Loans

Individuals should contact their local USDA Service Center to apply for direct loans under one of the home purchase, renovation, or maintenance programs (see above or online). They can either stop by and pick up an application packet or ask to have it mailed to them. Once they have filled the application packet out, they can schedule an appointment to drop it off or just mail it back.

Formally, RHS has 30 days to make an eligibility determination. People who are eligible will get a Certificate of Eligibility, which spells out how much loan money would be available to them. However, eligibility will also depend on fund availability, usually on a first come, first served basis. If funding is not available or is uncertain, RHS staff may tell the person they would normally be eligible based on income, but that RHS cannot issue a certificate of eligibility until funds are available.

If a person has applied for a home purchase loan, once they have a certificate of eligibility they can begin looking for a home to purchase. Once one is located, they work with RHS to complete the usual steps of home inspection, title review, etc., and the process proceeds like a typical loan.

Guaranteed Loans

RHS will only guarantee loans offered through certain commercial lenders. Individuals can ask their current bank if it is part of the program or can contact the local USDA Service Center to find local lenders. The individual would then apply through that lender. The lender will contact RHS as needed. This process is often faster than the direct loans through RHS.

More details available at:

[RHS Program Site](#)
[USDA Income & Property Eligibility Site](#)

Insider Tips/Comments

Individuals who want to apply for direct aid (grants, loans, loan guarantees) can use the online eligibility calculators to check their eligibility (income, credit, and property). This is not an official determination, but it will give a helpful sense of what information they will need for the actual application process.

They will definitely need two recent pay stubs to document income, as well as bank statements, among other things.

Applications for loan guarantees are faster than applications for direct loans or grants.

If planning to apply for direct loans or grants, individuals should ask the local USDA Service Center staff about the availability of funds.

Typical Timeline

- Rental Properties: If units are available, the application process is usually about the same as for any apartment. It can take between a few days and a week or two.
- Direct Loans: Eligibility determination is usually done within 30 days of application. If a home purchase is involved, the applicant begins looking for a property and things proceed on a typical home purchase timeline.
- Loan Guarantees: Usually takes about the same as for any commercial loan. It can take between one to three weeks.

Contact Information

Regional or National:

- [RHS Site \(USDA Housing & Community Assistance\)](#)
- [USDA Rural Development Services Office Locator](#)
- [USDA Rural Development Service Office Map](#)

State:

- [Missouri USDA Rural Development Office](#)

Web links for Independent research:

List links for further investigation

- [The Housing Assistance Council \(HAC\)](#) – Washington DC–based nonprofit addressing rural housing issues through local solutions, empowerment of the poor, reduced dependence, and self-help strategies.
 - [HAC's Rural Home information sheets on housing programs](#)
 - [HAC's listing of USDA programs and regulations](#)
- [USDA RD Program Publications List](#)
- [HUD.GOV's Rural Housing Resources Page](#)
- [Model Application for Occupancy/Housing form](#) (example of those required for rental applications)

Produced by the Disability Policy & Studies office, School of Health Professions, University of Missouri
Phone 573 882-3807 <http://dps.missouri.edu> robertsc@health.missouri.edu

This publication was funded by the Missouri Department of Mental Health, Division of Behavioral Health contract #AOC13380075. Accuracy of the information contained in the document is the sole responsibility of the authors.

This publication was produced under the auspices of the Region 7 TACE Center at the University of Missouri, which is funded by a grant from the Department of Education. The contents do not necessarily represent the policies of the Department of Education, and users should not assume endorsement of the contents by the Federal Government.