



Rural Housing

March 2023

As the nation grapples with a shortage of affordable housing, that challenge can be uniquely felt in rural communities. Smaller populations and less easy access to personnel and materials can make private developers less willing to build in rural America, with similar difficulties maintaining existing homes and units. Having access to affordable housing allows Americans to settle and prosper in communities of their choosing, connecting them to social and economic opportunities and to desirable amenities such as schools, healthcare facilities, public libraries, and more. This resource sheet provides information on rural housing, including potential funding opportunities.

Federal Funding Sources

A number of USDA resources support rural residents in finding and maintaining affordable housing, the existence of which can be brought to the attention of potentially eligible persons. Certain programs – such as Housing Preservation Grants – (<https://www.rd.usda.gov/programs-services/single-family-housing-programs/housing-preservation-grants#overview>) offer funding to nonprofit, Tribal, or State and local government entities operating in eligible rural areas and recognized Tribal lands.

USDA's Single Family Housing Programs (<https://www.rd.usda.gov/programs-services/single-family-housing-programs>) offer loans, loan guarantees, and grants to support the purchase, construction, and upkeep of affordable homes in rural America. Please find more information on eligibility and application (<https://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>)

USDA's Multifamily Housing Programs (<https://www.rd.usda.gov/programs-services/all-programs/multi-family-housing-programs>) offer similar loans, loan guarantees, and grants targeting multifamily developments. Supported by these ten programs, USDA's rural rental portfolio (over 14,000 properties) supports low-income, elderly, and disabled individuals and families, as well as domestic farm laborers. USDA loan eligibility for listed ten MFH programs can be found at- (<https://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>)

USDA's Community Facilities Programs (<https://www.rd.usda.gov/programs-services/community-facilities>) and Program Support Services (<https://www.rd.usda.gov/programs-services/services/program-support-services>)

provides information on funding to support public services and facilities in rural communities and available appraisal and architectural services respectively.

HUD's Community Development Block Grant (CDBG) Program

(<https://www.hudexchange.info/programs/cdbg/cdbg-ta-products/#all-products>) offers funds supporting infrastructure and economic development – including housing rehabilitation and homeowner assistance – primarily targeted at low- and moderate-income persons. Outside of Hawaii, applicants in rural areas typically apply for funds with their State CDBG programs. Information on eligibility can be found at- (https://www.hud.gov/program_offices/comm_planning/cdbg/state). HUD also encourages contacting a local grantee (<https://www.hudexchange.info/grantees/#/byState>) for further information about participation, and bringing unanswered questions to the local HUD field office, please visit https://www.hud.gov/program_offices/field_policy_mgt/localoffices.

HUD's Continuum of Care (CoC) Program

(<https://www.hudexchange.info/programs/coc/>) offers funds to nonprofit, State, and local governments working to rehouse and support homeless individuals and families. From June-October 2022, a first-of-its-kind funding opportunity set funds aside specifically to address homelessness in rural communities. Information on this program as it took place can be found here, <https://www.hudexchange.info/programs/e-snaps/coc-supplemental-nofo-to-address-unsheltered-rural-homelessness/coc-program-special-nofo-digest-serving-people-experiencing-homelessness-in-rural-areas/>. A list of grantees for that specific funding can be found here, https://www.hud.gov/press/press_releases_media_advisories/HUD_No_23-02-02.

HUD maintains a list of registered CoCs

(<https://www.hud.gov/sites/dfiles/CPD/documents/CoC/FY-2023-CoC-Names-Numbers-Final.pdf>) which might prove useful in discovering one nearby, and a document defining the CoC registration process (<https://www.hud.gov/sites/dfiles/CPD/documents/CoC/FY2023-CoC-Program-Registration-and-CoC-Review-Instructions.pdf>)

HUD's HOME Investment Partnerships (HOME) Program

(<https://www.hudexchange.info/programs/home/>) offers funds via formula grants, supporting the construction, buying, and rehabilitation of affordable housing (including direct rental assistance to low-income people). Funds are distributed to participating jurisdictions (PJs), who are required to match a portion of allocated federal funds and direct them toward projects serving low- and very low-income individuals and families. Projects in rural areas typically receive funding via state PJs. More information on HOME and eligible activities can be found here (https://www.hud.gov/sites/documents/19565_HOME.PDF), and HUD encourages contacting the state government agency serving as HOME PJ.

HUD's Housing Trust Fund (HTF) (<https://www.hudexchange.info/programs/htf/>) offers annual grants to states and state-designated entities to produce and preserve affordable housing for extremely low- and very low-income households, 80% of which must be used for rental housing. Up to 10% each may be spent on homeownership and administrative costs. Interest or questions should be directed to the state agency in charge.

HUD's Neighborhood Stabilization Program (NSP)

(<https://www.hudexchange.info/programs/nsp/>) offers funding to stabilize communities experiencing high rates of home abandonment and foreclosure, helping households up to 120% of area median income (AMI). Eligible activities include financing redevelopment mechanisms, establishing land banks, and demolishing blighted structures. The above hyperlink includes a full guide on NSP eligibility, implementation, and closeout, as well as various training resources.

HUD's Recovery Housing Program (RHP) (<https://www.hudexchange.info/programs/rhp/>) offers grants to states to provide transitional housing to individuals recovering from substance use disorder – with eligible activities also including rehabilitation and relocation. States which submit RHP Action Plans and receive funding are then encouraged to engage state and local partners, with more information found at- <https://files.hudexchange.info/resources/documents/RHP-Cross-Sector-Partnership-Quick-Guide.pdf>. Those interested should contact the state agency in charge, finding where collaboration is possible.

The Low-Income Housing Tax Credit (LIHTC)

(<https://www.huduser.gov/portal/datasets/lihtc.html>) is an important mechanism to understand in supporting the construction of affordable housing, with Freddie Mac's analysis (https://mf.freddiemac.com/docs/lihtc_persistent_poverty_counties.pdf) suggesting it is key to meeting rental housing needs of rural Persistent Poverty Counties. The IRS grants credits to State Housing Finance Agencies, who competitively award them to developers to trade to large corporations for money. Given unique concerns and demands of rural communities, a number of reforms have been proposed (<https://www.novoco.com/notes-from-novogradac/nearly-73000-affordable-rental-homes-over-decade-could-be-financed-30-lihtc-rural-basis-boost>) to further incentivize the development of rural LIHTC properties.

Non-Federal Funding and Models

Neighborhood Real Estate Investment Trusts (REITs) are one model with potential to be recreated in rural regions. REITs own a portfolio of local property which generate value – such as rent-controlled apartment buildings. Community members can invest into REITs, with a low minimum initial investment to enable easy participation. Investors provide the capital needed to fund efficiency- and longevity-enhancing improvements, and in return receive dividends. For rural communities, this model has the potential to bring current and past residents together for the revitalization of a community. For additional information on the neighborhood REIT model, further readings can be found at- <https://www.huduser.gov/portal/pdredge/pdr-edge-featd-article-060721.html>, <https://kresge.org/news-views/neighborhood-investment-trusts-are-promising-wealth-building-models-for-residents-in-revitalizing-communities/>, <https://mynico.com/wp-content/uploads/2021/05/Nico-Echo-Park-2020-Neighborhood-Impact-Report.pdf> and https://www.urban.org/sites/default/files/publication/103341/new-models-for-community-shareholding_0.pdf

Shared Equity Homeownership Programs have a community land trust, nonprofit organization, or other entity acquire land and properties, placing them under a covenant limiting price appreciation and capital gains from resale beyond inflation – with the government possibly subsidizing purchase or offering other incentives to developers. This model is built around long-term affordability and the idea of a planned community, rather than the concept of housing as an investment, allowing it to potentially integrate into other neighborhood or local-based models such as the neighborhood REIT. More information on these programs can be found at <https://www.huduser.gov/portal/periodicals/em/fall12/highlight3.html>.

Land Banks (also called Reutilization Corporations) are another model some states have used to support housing options. While created by the government, these private nonprofits are not county agencies. By taking control of vacant or abandoned properties and repurposing them through demolition or rehabilitation, Land Banks return those lots to the tax roll, selling them to families, community groups, local businesses or organizations, or even REITs. This model requires the state to adopt enabling legislation, which might be modeled off another state which has done so. Additional reading on this model as it has been used in Ohio can be found at <https://communityprogress.org/blog/a-history-of-ohio-land-banking/>.

Tax Increment Financing is a model which may serve a local government eager to rehabilitate areas failing to attract needed capital for redevelopment. By establishing a TIF Zone, a local government can issue bonds to fund development, with property tax increases paying off the bond over a set period of time. While initially a primarily urban model, TIF has been used in rural communities – including for construction of housing where it otherwise might not occur (<https://www.habitat.org/costofhome/why-they-matter-tax-increment-financing-districts>).

DOL's YouthBuild Program (<https://www.dol.gov/agencies/eta/youth/youthbuild>) may also be of some interest, a community-based pre-apprenticeship program which operates 175 programs in more than 40 states. Teaching vocational skills to youth could support long-term workforce development and create opportunities which increase youth retention – including in construction and industries connected to the creation of more affordable housing. More information on 2021 grants awarded by YouthBuild can be found at <https://www.dol.gov/sites/dolgov/files/ETA/youth/pdfs/2021YBgrantsTBD.pdf>

[Examples and Success Stories](#)

The Four Bands Community Fund (<https://www.rd.usda.gov/newsroom/success-stories/homeownership-becomes-reality-through-four-bands-community-fund-rural-development>) takes a holistic approach in assisting prospective homeowners, coaching on budgeting, credit issues, locating contractors and utilities, and even selecting insurance. Working with USDA Rural Development's Native Relending program, Four Bands has offered this support in the Cheyenne River Sioux Reservation and the state of South Dakota. Recently, this work received a \$3 million loan, information can be found at, (<https://www.rd.usda.gov/newsroom/news-release/usda-partners-local-groups-increase->

homeownership-opportunities-native-americans-0). Their approach demonstrates that increasing the rate of homeownership often benefits from education and support as well as financial aid.

The Housing Assistance Council (<https://ruralhome.org/self-help-homeownership-what-it-means-to-families/>) has made strides in expanding rural affordable housing with a Self-Help Housing model – receiving HUD funds (<https://www.hudexchange.info/programs/shop/>) to purchase sites and develop or improve infrastructure that allows “sweat equity” in lieu of a down payment, as well as volunteer-based homeownership programs. One notable example of this model in action is the El Milagro subdivision (<https://ruralhome.org/revisiting-rural-subdivision-built-community/>) in Alamosa, Colorado. There, the HAC helped the Community Resources and Housing Development Corporation serve their community with their first ever subdivision. Even better, many of HAC's loans were up to 90% forgivable if production goals were met – which they were.

Macon Ridge Community Development Corporation (<https://www.hudexchange.info/programs/rural/case-studies/macon-ridge/>) conducted a project in Vidalia, Louisiana, with the goal of creating an internal revolving loan fund that could support contractors working simultaneously on multiple properties. This project requested grant money from HUD through the Rural Innovation Fund (RIF) Program, specifically supporting disadvantaged subcontractors, many of whom MR CDC had helped start their own businesses. The money was also used to build community partnerships, including with faith-based organizations. The project’s work demonstrates the impact of funding on smaller-scale, community-based work.

Community Development Financial Institutions (CDFIs) can support the construction of affordable housing through their lending in impoverished communities. Southern Bancorp Community Partners (<https://www.hudexchange.info/programs/rural/case-studies/southern-bancorp-community-partners/>) is one such CDFI, doing work in Helena-West Helena, Arkansas. The organization has supported economic development and housing for businesses and private entrepreneurs providing supportive services and incentives to homeowners – and further created new businesses and jobs and helped homeowners purchase or repair their homes. Through lending and training, CDFIs support communities in a broad and holistic manner.

More Informational Resources

USDA offers a number of useful resources on Rural Housing Assistance (<https://www.usda.gov/topics/rural/housing-assistance>), including a tool to assist in locating multi-family housing rentals or applying for a single family loan or grant.

Each state’s HOME Program contacts can be found online.

There are many policy and organizational approaches to housing as an issue. In examining cost as a product of limited supply, the obvious proposed solution is to build more – which often

runs into roadblocks such as high costs of development and limited resource availability. Communities looking for alternatives have at times looked to existing vacant housing, some of which might belong to someone now living out of state. A non-use fee is unlikely to increase availability, but might raise revenue to support other programs. Vacant housing might represent opportunity should a community or organization wish to acquire them for a trust, workforce housing, or any other model. In such work, searching for a local nonprofit with experience in creating and maintaining housing – one example being Chicanos Por La Causa – can strengthen a foundation, <https://cplc.org/>.

HUD's HUD USER (<https://www.huduser.gov/portal/home.html>) offers detailed information on a number of programs, as well as access to regular research, reports, and case studies, some perhaps of specific use to rural communities, (<https://www.huduser.gov/portal/whatsnew/whatsnew.html>).

The American Planning Association offers a Housing Policy Guide, which can be found at (<https://www.planning.org/publications/document/9178529/>).

The Center for Community Investment at the Lincoln Institute of Land Policy offers an online Housing Policy Action Guide, which can be found at <https://cci-housing-action-guide.org/>

Community development organizations, support organizations, and financial organizations possess their own resources, information, and connections which may be of use after locating those operating in your area. Large organizations such as Rural LISC, (<https://www.lisc.org/rural/>) the rural arm of Local Initiative Support Corporation, can offer training, assistance, information and financial support.

About this Resource Sheet

This resource does not provide an exhaustive list of potential sources. Any mention of a specific company, product, service, or website in this publication does not constitute or imply an endorsement by the research team.

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