

US Department of Agriculture (USDA) Explained

The Basics

The USDA is a cabinet-level agency responsible for developing and executing laws and programs in “food, agriculture, natural resources, rural development, nutrition, and related issues.”¹ The department reports directly to the President, with their Secretary of Agriculture nominated by the President and confirmed by the Senate.

Title V of the Housing Act of 1949 (titled “Farm Housing”) gives the USDA jurisdiction to enact a variety of rural and farmworker rental and ownership housing programs.² These programs are administered under USDA’s Rural Development mission area and its child agency, the Rural Housing Service.

The USDA’s Mission

(See footnotes for section of the Housing Act that either *authorizes* or *requires* a program)

Homeownership Programs

- Single Family Housing Direct Loan Program³
Provides payment assistance to low- and very low-income households to obtain housing in rural areas.
- Single Family Housing Guaranteed Loan Program⁴
Helps low- and moderate-income households finance a home in rural areas by guaranteeing mortgage loans made by commercial lenders.
- Single Family Housing Repair Loans & Grants⁵
Provides loans to very low-income homeowners to repair or modernize rural homes and grants for very low-income, elderly, rural homeowners to remove safety hazards.
- Rural Housing Site Loans⁶
Makes acquisition and land development loans for low- and moderate-income households to build and sell homes.
- Housing Preservation Grants⁷
Makes grants to “eligible grantees” (such as private nonprofit organizations, Indian tribes,

¹ <https://www.usda.gov/our-agency/about-usda>

² Housing Act of 1949, Sec. 501 et seq. (42 U.S. Code [§ 1471](#) et seq.).

³ **Authorized**, Section 502

⁴ **Required**, Section 502

⁵ **Authorized**, Section 504

⁶ **Authorized**, Section 524

⁷ **Authorized**, Section 533

local government, counties, and states) to rehabilitate or replace single family owned by low- and very low-income persons and families.

Rental Housing Programs

- [Farm Labor Housing Direct Loans & Grants](#)⁸
Provides loans and grants for farmworker housing and insures loans to affordable developers.
- [Multi-Family Housing Direct Loans](#)⁹
Makes loans to rural developers who build rental or cooperative housing for elderly persons, people with disabilities and very low- to moderate-income households. Although these loans have typically financed development, they have mostly been used for preservation since 2011.
- [Multi-Family Housing Rental Assistance](#)¹⁰
Provides rental assistance to tenants in USDA-financed low-income households. The USDA is required to make this available to tenants living in units with expiring affordability contracts. This assistance ends when the property's mortgage is paid off, however, and advocates are exploring ways to protect tenants in this situation.
- [Housing Preservation Grants](#)¹¹
Makes grants to "rehabilitate or replace rental properties or cooperative housing which has a membership resale structure that enables the cooperative to maintain affordability for persons of low income in rural areas serving low- and very low-income occupants." The same section of the Housing Act *authorizes* USDA to minimize displacement by providing tenant-based assistance to very low-income renters living in these rehabilitated or replaced units.
- [Guaranteed Rural Rental Housing Program](#)¹²
Guarantees loans by banks to develop multi-family rental housing for tenants in rural areas with incomes up to 115% AMI. Almost all these developments also use LIHTC financing.
- [Rural Housing Voucher Program](#)¹³
Subject to appropriation acts, this program provides vouchers to very low-income tenants if their rents increase when their building's mortgage is prepaid but not yet matured.

⁸ **Authorized**, Section 514, 516

⁹ **Authorized**, Section 515

¹⁰ **Authorized**, Section 521

¹¹ **Authorized**, Section 533

¹² **Authorized**, Section 538

¹³ **Required**, Section 514, 516

THE USDA’s Jurisdiction on Housing

Under the Act, the USDA is **required** to take some actions while simply **authorized** to act on others:

Required	Authorized
Provide loans to lower income households to help finance homes in rural areas	Provide financial assistance
Provide rural housing vouchers to certain very low-income tenants	Help lower income households buy and repair homes in rural areas
	Produce and preserve affordable rental and cooperative housing
	Provide rental assistance to farmworkers, elderly persons, moderate to lower income households and people with disabilities in rural areas

The Housing Act allows the USDA to adjust or modify its terms of assistance or financing “as circumstances may require.”

Examples:

USDA has taken many of the aforementioned adjustment actions during the COVID-19 pandemic (See USDA’s [COVID-19 Federal Rural Resource Guide](#)), and courts have issued opinions accepting them.^{14, 15}

¹⁴ *United States v. Gallagher, United States v. Lanier, United States v. Hamilton*

¹⁵ In a different type of case, the Supreme Court of Pennsylvania issued an opinion requiring landlords bringing evictions between 3/27/20 to 8/24/20 to comply with federal moratoriums by declaring their tenants are not getting federal assistance, including from the *USDA Sections 515, 514/516, 533, 538* and Rural Housing Voucher programs. The Court also held the same for landlords who have federally backed multifamily mortgages (including those guaranteed by USDA). In *re Filing an Affidavit of Compliance with the Fed. CARES Act in Landlord-Tenant Cases, 2020 Pa. LEXIS 3725 (July 16, 2020)*.