



United States Department of Agriculture

Office of the Secretary  
Washington, D.C. 20250

**AUG 20 2014**

The Honorable Mark L. Pryor  
Chairman  
Subcommittee on Agriculture, Rural Development,  
Food and Drug Administration, and Related Agencies  
United States Senate  
184 Dirksen Senate Office Building  
Washington, D.C. 20510

Dear Mr. Chairman:

Thank you for your letter of August 5, 2014, concerning “rural in character” designations and the impact these designations can have on communities’ eligibility for benefits under Department of Agriculture (USDA) Rural Housing Service (RHS) Section 502 Single Family Housing direct and guaranteed loan programs. In response to your concerns and others recently voiced, through September 30, 2015, I am suspending work on determinations and any designations that would make a place ineligible solely based on “rural in character” criteria.

As you noted, USDA’s rural housing programs provide many very low- and low-income rural Americans the opportunity to become successful homeowners. Therefore, “rural in character” designations have a direct impact on the lives of individuals, well-being of households, and housing options in communities across the country. I welcome this opportunity to review decision-making processes related to “rural in character” determinations.

Factors considered in making “rural in character” determinations typically include population, density, and other data, some of which is subjective, as well as feedback from the public and stakeholders. Final “rural in character” designations are made at the discretion of State Offices, which have ready access to local information and residents, as well as knowledge of community characteristics. To ensure the reasonableness of these designations, the RHS program handbook (HB-1-3550 Paragraph 5.3C) directs State Offices to notify the public of any designation changes proposed.

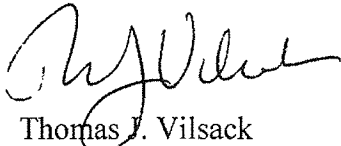
As stated above, through September 30, 2015, I am suspending work on determinations and any designations that would make a place ineligible solely based on “rural in character” criteria. During this suspension, RHS will review and modify its determination procedures. RHS will also evaluate and standardize its communications processes to ensure there is appropriate

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opportunity for public comment and consideration before final designations are issued. Absent further legislative changes, all other eligibility updates resulting from the newly enacted "rural area" definition in the 2014 Farm Bill will proceed for fiscal year 2015; on October 1, 2014, RHS will update the program area eligibility maps with only those changes unrelated to "rural in character" ineligibility determinations.

Thank you again for sharing your concerns on this matter and for helping to make USDA's housing programs a success. If you have further questions, please have a member of your staff contact Todd Batta, Assistant Secretary for Congressional Relations, at (202) 720-7095.

Sincerely,



Thomas J. Vilsack  
Secretary