NAR Issue Summaries

Housing â€“ Rural Single-Family Housing Programs

NAR Committee:

Federal Financing and Housing Policy Committee

What is the fundamental issue?

Rural families face unique challenges in accessing safe, affordable housing and financing. Rural incomes are generally lower than urban areas, while construction costs are higher due to smaller scale development and limited access to credit, which reduces private investment. Affordable housing supply consistently falls short of demand across rural America.

USDA Rural Housing Service (RHS) programs provide essential financing tools to address these market gaps, offering direct loans, loan guarantees, repair assistance, and rental housing support to help rural families access decent, affordable housing. The Section 502 guaranteed loan program is a key resource offering 100% financing for low- and moderate-income rural homebuyers to build, repair, renovate, relocate, or purchase homes, including site preparation and utilities. These loans are made by private lenders but backed by USDA guarantees. USDA also offers 502 direct loans, funded by the federal government, that serve very low-income families who cannot obtain conventional financing for similar activities. Section 504 programs help families maintain safe housing through loans and grants for necessary home repairs. Additionally, USDA supports rural rental housing through development loans and rental assistance programs that help families afford decent housing when homeownership is not feasible.

I am a real estate professional. What does this mean for my business?

USDA rural housing programs expand homeownership opportunities for your clients and can be vital tools for serving rural markets. These programs make homeownership accessible to buyers who might not otherwise qualify for conventional financing, helping you serve clients who face financing challenges in rural areas. Understanding these programs allows real estate professionals to better assist a broader range of clients and can open up additional business opportunities in underserved communities.

NAR Policy:

NAR supports USDA's housing programs that help rural families buy homes and access affordable rental housing. Rural communities struggle with limited financing options and a severe shortage of affordable housing. These federal programs are essential for the millions of Americans living in small towns and rural areas across the country. Fully funding RHS programs is critical to ensuring these communities have the resources they need to thrive.

Opposition Arguments:

Critics believe that the private market is the best provider of mortgage finance and rental housing.

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Legislative/Regulatory Status/Outlook

There is bipartisan agreement among lawmakers that rural communities need increased housing supply and improved access to affordable financing. This consensus has led to legislative efforts addressing rural housing challenges, including the ROAD to Housing Act of 2025, which NAR has endorsed. The legislation unanimously passed the Senate Banking Committee and includes provisions to expand rural home repair grants and financing, modernize USDA technology and staffing to speed up applications, and streamline rural housing development through joint HUD-USDA environmental reviews and other coordination improvements.

Current Legislation/Regulation (bill number or regulation)

The ROAD to Housing Act (S.2651) : Comprehensive housing legislation that includes expanded rural home repair grants, USDA technology modernization, and streamlined rural housing development processes.

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