

TESTIMONY

Honorable Les AuCoin

Subcommittee on Agricultural Appropriations

Mr. Chairman, I appreciate the opportunity to appear here today, as I have in the past, to talk with you about a matter a great concern to all of us--the living conditions of rural Americans. I know, Mr. Chairman, that you share my commitment to improving these conditions. Those of us on the authorizing side of rural programs have always appreciated the support you have shown in the appropriations process.

This year the job of your committee will be doubly difficult --and doubly important. For both economic and political reasons, we must move toward stable spending and a reduced federal budget deficit. We face tough budget cutting decisions to accomplish that goal.

The Office of Management and Budget, for its part, has taken a shortsighted approach to trimming the budget. For 1980, OMB has made sweeping cuts in productive spending while leaving intact programs that contribute little or nothing of lasting value to the nation.

Housing programs are a case in point. Expenditures for these programs serve two purposes. First, they produce jobs in our construction and related industries. Second, they provide decent and safe housing to those who are least able to cope with rising housing costs -- low and moderate income citizens.

In the nation's rural areas, it is even more important to maintain the Farmers Home Administration housing programs at their current production levels. These programs contribute greatly to the vitality and stability of our rural areas. In the West, we are seeing a resurgence of growth in small communities. But that growth is frequently stymied by the lack of housing. The Farmers Home Administration programs ensure that credit is available in those growing rural communities---even when all other sources of financing have been exhausted.

Not only are these programs vital to the economic strength of rural areas, they are needed to eradicate the worst housing problems in the country. In rural areas, we are still playing a catch up game with assistance provided in large urban centers. By almost every measure, urban areas in this country receive a disproportionate share of the

federal government's housing assistance. Yet, rural America contains two thirds of the nation's substandard housing--even though it has only one third of its citizens. It is still a fact that more than two million families in rural areas live in substandard housing.

In the face of these statistics, we can ill afford to compromise our commitment to improving housing conditions in rural areas. That's why I urge the committee to restore the cuts made in the President's budget, thereby allowing programs to operate at their current levels.

Let me mention three programs which are of particular concern to me:

One of Farmers Home Administration's most important housing programs is the Farm Labor Housing Program. Farmworkers face unique housing problems. The nature of their work requires moving frequently from place to place. The irony is that this mobility prevents them from receiving housing assistance available to other low income families. Moreover, farmworker families suffer from the most deplorable housing conditions of any group in the country. I know how bad those conditions are from my own visits to migrant families in my district.

The Farm Labor Housing program has produced living units for both settled and migrant farmworkers. I am convinced that, in most cases, other Farmers Home Administration programs can provide for the needs of settled farmworkers. For that reason, I will be working this year on legislation to focus the Farm Labor Housing program on meeting the needs of migrant farmworkers.

During consideration of the 1978 housing legislation, Congressman Lundine and I were successful in our fight to include a new program in the general authority for the Section 502 program. This new program, the Homeowners Assistance Program, is designed to meet the unique needs of rural areas. It will provide homeownership for those families with incomes too low to repay loans made under the interest credit program. It will be targeted to those rural areas where subsidized rental housing is not available. And it contains a unique provision enabling Farmers Home Administration to recapture an amount up to the full subsidy if the home is sold at a profit.

Under the provisions of the legislation approved last year, initial expenditures for the program are limited to 440 million dollars, none of it in new budget authority.

During hearings and mark-up on the housing bill, the Housing subcommittee carefully considered the capacity of Farmers Home Administration to implement this new program. The committee, in the end, was satisfied that Farmers Home would be able to easily handle this new program. One reason is that the program does not increase the number of loans made under the 502 program. What it does do is provide an additional method of supplying decent and safe housing to rural families.

I am enthused about this new program because it will meet a specific and unique need for low income housing in rural areas. And it introduces a new concept into our federal home ownership programs--recapture of subsidy.

In closing, I would like to mention one final program of great importance to rural communities--the sewer and water loan and grant program. I don't need to tell you how critical this program is to small towns. We need it not only to address critical health problems in rural areas, but also to allow economic growth. And small towns are using the Farmers Home program as a primary vehicle for meeting the Safe Drinking Water Act requirements imposed on them by the federal government. These small communities cannot afford the massive expense of new water and sewer systems without federal help.

Mr Chairman, I want to express my appreciation to you for allowing me to appear before you today and to commend you again for your fine work on behalf of rural areas.