

National Latino Summit on 'Guestworker' Legislation

A CALL FOR NATIONAL ACTION FOR FARMWORKERS

The Senate's bracero proposal is now scheduled to go to conference (where compromises are sought between the House and Senate) and it could be acted upon this week—September 14.

HERE'S HOW YOU CAN HELP:

1. FAX THE FOLLOWING MESSAGE (OR SOMETHING LIKE IT) IMMEDIATELY TO YOUR CONGRESSIONAL DELEGATION—SENATORS AND REPRESENTATIVES—AND ASK YOUR COLLEAGUES/ CONSTITUENTS TO DO THE SAME:

DEAR SENATOR (OR REPRESENTATIVE): REMOVE THE "GUESTWORKER" AMENDMENT IN COMMERCE, JUSTICE, STATE (CJS) APPROPRIATIONS BILL (S.2260). IT IS UNWARRANTED, UNFAIR AND DISCRIMINATORY. WE ABHOR AND STRONGLY OPPOSE THE RE-INSTITUTION OF SLAVERY IN AMERICA.

2. ASK YOUR DELEGATION TO SHARE YOUR CORRESPONDENCE WITH THE HOUSE AND SENATE CONFEREES. ASK YOUR DELEGATION TO WRITE TO THE CONFEREES STATING THAT THEY THEMSELVES OPPOSE THE SENATE AMENDMENT, OR ANY EFFORT TO ESTABLISH A BRACERO PROGRAM. ASK FOR A COPY OF THEIR CORRESPONDENCE.

3. LET US KNOW WHAT YOU HEAR OR RECEIVE. SEE CONTACTS BELOW.

ONLY SOME OF THE REASONS WHY BRACERO PROGRAMS AREN'T NEEDED

This past week, we held a National Latino Summit on "Guestworker" Legislation. With less than 30 days notice, almost 100 persons representing 15 different states participated in the summit in Washington, D.C. The summit was necessary because the United States Senate, on July 23, 1998, approved an amendment to a spending bill that would allow certain industries, predominantly agriculture, to import an unlimited number of "guestworkers" (braceros) into the United States. The Senate allowed no public debate in approving the amendment. They did, however, listen to agricultural growers who convinced some members of Congress that there is a labor shortage. JUST AS LIKELY, the growers' campaign contributions influenced some members, including Sen. Ron Wyden (D-Oregon), who gave the Republicans the "bipartisan" momentum to push this bill which many believed was dead.

As Cindy Hahamovitch, associate professor of history at the College of William and Mary, states in an op-ed published in *The Washington Post* (September 9, 1998), "If there were truly a labor shortage today, farm wages would be rising." The reverse is true. Congress' own studies show that farm-worker wages have been falling for 20 years. A recent GAO report (December 1997) concluded also that there is no labor shortage in the United States in agriculture, and there is not likely to be one in the near future.

History shows that the last bracero program, instituted in the 1940s, worked against American workers by keeping wages low and bypassing them in favor of easily exploitable Mexican workers who were little more than indentured servants. They would risk deportation if they were to try to change employers, no matter how ruthless, or if they asked for better wages, improved working conditions, decent living quarters, or protection from pesticides.

The Senate's new bracero proposal, in many ways, is worse than the previous program. Slave-like conditions would continue to exist with growers controlling the lives of workers under threat of deportation. Further, the 1940s' bracero program required growers to provide housing while the 1998 bracero proposal does not. It also sets up the Department of Labor as the growers' private recruitment and job placement service, at great cost to taxpayers—a form of socialism for agriculture.

For these reasons and many, many others, we emerged from the summit more resolute than ever that we must do all we can to STOP THE SENATE'S BRACERO PROPOSAL OR OTHERS BEING CONSIDERED BY CONGRESS.

FOR MORE INFORMATION: Seattle: 206-390-7778/rsanchez@seanet.com; San Francisco: 415-397-5715/mschacht@nrcov.com; Washington, D.C.: 202-628-4074/mjdemeo@aol.com; 202-776-1758/bgoldstein@nclr.org

National Latino Summit on 'Guestworker' Legislation

A CALL FOR NATIONAL ACTION

September 14, 1998

TO: State and national Latino organizations

PAGES

FROM: *National Latino Summit Steering Committee*: Chair, Mario Obledo, President, NCHO (National Coalition of Hispanic Organizations); Antonia Hernandez, President, MALDEF (Mexican American Legal Defense and Educational Fund); Arturo Rodriguez, President, UFW (United Farm Workers of America, AFL-CIO); Baldemar Velasquez, President, FLOC (Farm Labor Organizing Committee, AFL-CIO); Raúl Yzaguirre, President, NCLR (National Council of La Raza).

At the National Latino Summit on Guestworker Legislation, held September 10-11 in Washington, D.C., summit chair Mario Obledo introduced Victor Lopez, Mayor of Orange Cove, Calif., saying "he has done more for housing farmworker families than any person in America."

Lopez twice gave impassioned pleas (at the summit and at a news conference) for America to come together on behalf of farmworkers in the United States. Excerpts follow:

"My name is Victor Lopez. I am the son of migrant farmworkers. I am proud of them and I am proud of who I am.

"Orange Cove is located in Fresno County, the food basket of the world. Here, we have five of the poorest cities in the state. Yet we are now providing housing for farm workers that is equal to that of those in America with stable incomes—middle class families. There are fences, play areas, and even swimming pools where they live.

"I am proud of the housing we provide for farmworkers, the most beautiful people on the face of the earth! Yet while this nation and people from across the world enjoy the fruits of the labor of hundreds of thousands of hard working families each year, we have failed them...

"We have failed the most basic test of humanity!—to provide those who feed us with safe and decent places to raise their children!

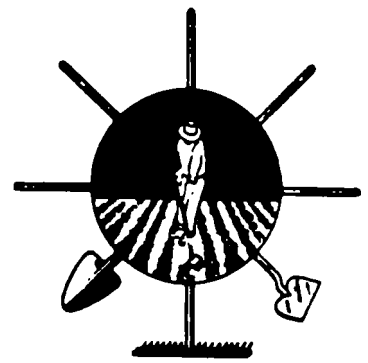
"If we are human beings; if we love each other, then we must do something about this national disgrace! I tell you, we should be ashamed of ourselves for allowing these conditions to exist—thousands of human beings living in fields like animals, along rivers—using cardboard, sometimes nothing—to protect themselves from the cold or heat. We must do something to change this—all of us—as compassionate people!

"Stand up! Stand up if you love yourself; if you are a Christian or believer in God! Stand up so our children can be free. Join with us. Do something to stop bracero laws from further exploiting and subjugating our people!"

PLEASE SEE THE FOLLOWING TO SEE
HOW YOU CAN HELP.

FARMWORKER JUSTICE FUND, INC.

1111 19th Street, N.W., Suite 1000
Washington, D.C. 20036
Phone (202) 776-1757



CURRENT GUESTWORKER PROPOSAL PROVIDES FEWER WORKER PROTECTIONS THAN BRACERO PROGRAM

Opponents of the new guestworker program approved as a rider to the Senate appropriations bill for Commerce, State and Justice have argued that it would be less protective of farmworkers than the old Bracero Program which ended in scandal in 1964. Some supporters of the Senate-passed amendment contend otherwise and charge that the Bracero Program was a "wide-open" unregulated operation. In fact, the Bracero Program did provide greater protection for farmworkers than would the new program. Of course, rights granted on paper rarely are enforced under guestworker programs. And hopefully, America will not be content to return to the inadequate standards of the Bracero Program.

Issue: What were an employer's obligations to Mexican workers under the Bracero Program?

Answer: Under the Bracero Program, prospective agricultural employers had to abide by standard work contracts which were governed by the Migrant Labor Agreement of 1951. These contracts, negotiated between the governments of Mexico and the United States, provided substantial protections for Mexican agricultural laborers or "braceros."¹

Protections afforded Mexican Workers under the Bracero Program.

- **Housing** - Under Article 1 of the Standard Work Contract, employers had to provide hygienic lodgings adequate to the climatic conditions of the area of employment. Lodging came at no cost to the worker. Also, blankets, beds or cots, and mattresses had to be provided when necessary. Lodging had to comply with housing standards as prescribed jointly by the U.S. and Mexico. Willful violation of lodging provisions could have resulted in termination of the work contract and compensation to the worker.

Senate Guestworker Bill: No housing required, only housing allowances.

- **Insurance** - Insurance coverage for occupational and non-occupational risks to Mexican workers had to be provided by employers under Article 3 of the Standard Work Contract. With regard to occupational risks, coverage was at no cost to the worker and had to include

¹ Information Concerning Entry of Mexican Agricultural Workers Into The United States, United States Department of Labor, Bureau of Employment Security, Farm Labor Service, Published February 1962.

expenses for medical care as well as compensation for personal injury and disease. Non-occupational accident and health insurance was to be provided at expense to the worker.

Senate Guestworker Bill: Employers must provide workers compensation insurance for occupational injuries but not non-occupational health insurance.

- **Payment of Wages** - Under Article 4 of the Standard Work Contract, braceros had to be paid the prevailing wage paid to domestic workers for similar work at the same time the work was performed and in the same manner paid. In order to contract braceros, employers had to pay the adverse effect wage rate (AEWR) as determined by the Labor Secretary. AEWRs were to be paid to braceros to prevent adverse effect on wages of similarly employed U.S. workers. AEWRs were determined by using the 1950 Census of Agriculture average hourly wage rate for each state adjusted by the 1950-1963 trend in manufacturing wages.² AEWRs were first issued to the 24 states using braceros in 1962. Prior to 1962, employers only had to pay the wage prevailing in the market.³ This methodology generally raised AEWRs for each state 10-20% above the average agricultural wage. Massive introduction of braceros resulted in depressed farm labor wages. California's Bracero experience was typical. In 1948, when the number of braceros were still comparatively small, U.S. farm wages stood at 55 percent of national manufacturing wages, and California farm wages were somewhat higher at 64.7 percent. At the Bracero Program's peak in 1959, farm wages nationally had dropped to 42 percent of manufacturing wages. In California the drop was even worse, declining 18.1 percentage points to 46.6 percent. Once the bracero program ended in 1964, farm wages slowly ascended, reaching 46 percent of manufacturing wages nationally and 49.8 percent in California by 1967.⁴

Senate Guestworker Bill: Federal and state minimum wage laws are superseded. Concept of "adverse effect wage rate" is changed to arbitrary formula (at most, the prevailing wage rate plus 5%), rather than a methodology to compensate for the depression in local prevailing wage rates caused by presence of foreign workers. Employers need not guarantee individual workers any minimum hourly rate. To the extent any hourly rate might apply, individual workers could be paid on an "incentive rate" and their earnings per hour could fall below the hourly minimum rate, as long as the employees "as a group" on average earned the minimum. Employers could do their own prevailing wage survey.

- **Transportation** - Under Article 7 of the Standard Work Contract, transportation from the border reception centers to and from the jobs was arranged for and paid by employers. Transportation vehicles had to meet certain standards: (1) adequate fixed seats for passengers; (2) adequate protection against inclement weather; (3) meet similar safety requirements applicable to common carriers and (4) adequate accident insurance for injuries

² See *AFL-CIO v. Dole*, 668 F.Supp. 31, 34 (Dist. Ct. D.C. 1987).

³ *The Bracero Program: Interest Groups and Foreign Policy*, Richard Craig, University of Texas Press, Austin & London, p. 178.

⁴ Majka & Majka, p. 141.

to workers. Following their return to reception centers, the cost of repatriation and return to the interior of Mexico was the responsibility of the U.S. Government, which was reimbursed from a revolving fund -- supported by participating employers who paid contracting fees of up to \$15 per worker.⁵

Senate Guestworker Bill: No provision for employer payment of worker transportation costs, advances or reimbursement. Worker may request reimbursement from employer, but there is no obligation on employer to pay. No government reimbursement.

- **Employment Guarantee** - Article 10 of the Standard Work Contract required employers to guarantee Mexican workers the opportunity for employment for at least three-fourths of the workdays of the total period during which the work contract and all extensions were in effect. If an employer provided less employment than required, a worker was paid the amount which he would have earned had he in fact worked for the guaranteed number of days. Whenever a worker was not afforded the opportunity to work 64 hours or more in each two-week period, employers were required to provide subsistence (i.e., three meals a day) to that worker at no cost.

Senate Guestworker Bill: No three-fourths minimum work guarantee or other minimum work guarantee.

- **Domestic Worker Preference** - Under Public Law 78, section 503, the Labor Secretary had to certify that: (1) there was a labor shortage requiring use of braceros; (2) employment of braceros would not adversely affect the wages and working conditions of domestic agricultural workers similarly employed; and (3) reasonable efforts were made by employers to attract domestic workers for employment offered to braceros. Whenever the Labor Secretary determined that domestic workers were available to fill jobs for which braceros were contracted, employers were subject to ineligibility proceedings. (Unlike current law, hiring preferences were not limited to the first half of the season.) Braceros affected by these proceedings were transferred to other authorized agricultural employers who lacked domestic farm labor. If transfer was not possible, employers had to pay the cost of returning the bracero to the reception center from which they came as well as the three-fourths guarantee and all other amounts due the worker under the contract.

Senate Guestworker Bill: No obligation on employer to show Labor Secretary that there is a labor shortage. No obligation on employer to hire U.S. workers who apply to the employer either directly or through a labor contractor or union hiring hall. The obligation to hire U.S. workers referred by "job registry" is limited.

For further information contact Bruce Goldstein, Farmworker Justice Fund, Inc. (202) 776-1757.

⁵ Temporary Worker Programs: Background and Issues, Congressional Research Service Report to the Senate Committee on the Judiciary, 96th Congress (2nd Session), February 1980, U.S.G.P.O. Stock No. 052-070-05222-8.

- (1) wrong vehicle
- (2) what subst.
is wrong or the
will

**FAX TRANSMITTAL
URGENT**

DATE: August 23, 1998

**National Latino Summit on
'Guest-Worker' (*Bracero*) Legislation**

Summit Steering Committee: Chair, Mario Obledo, President, NCHO (National Coalition of Hispanic Organizations); Antonia Hernandez, President, MALDEF (Mexican American Legal Defense and Educational Fund); Arturo Rodriguez, President, UFW (United Farm Workers of America, AFL-CIO); Baldemar Velasquez, President, FLOC (Farm Labor Organizing Committee, AFL-CIO); Raúl Yzaguirre, President, NCLR (National Council of La Raza).

TO: Maria Echaveste
Deputy Chief of Staff
The White House

PHONE: (202) 456-6594
FAX: (202) 456-2983

FROM: Ricardo Sanchez,
Summit Coordinator

PHONE: (206) 390-7778
FAX #: (206) 706-7773

PAGES 3 **NOT INCLUDING COVER**

Message

As you know, in July the Senate passed a "guest-worker" (*Bracero*) proposal which was included as an amendment to an appropriations bill (S. 2260).

To fight against such unwarranted, ill-conceived measures, the leaders of the above organizations have scheduled a National Latino Summit on "Guest Worker" (*Bracero*) Legislation for September 10-11 in Washington, D.C.* By bringing leaders of Latino organizations together from across the nation, we expect to implement a coordinated plan that will demonstrate to the Congress, the Clinton Administration, and the nation that the Latino community will not tolerate initiatives which will benefit agricultural growers tremendously, while harming U.S. workers and perpetuating the exploitation of immigrant workers..

This is to notify you of the summit, and to let you know that the steering committee will be refining the agenda for the all-day summit this Thursday morning. There is interest by the committee in having a representative of the Clinton Administration address the summit. Persons suggested range from the President, Alexis Herman, and Bill Richardson.

We would appreciate your help in securing a high-level representative from the Administration to speak to the attendees. We realize that notice of the summit, as well as this request, is very short. But time was not on our side when the Senate unexpectedly passed its *Bracero* proposal in July, and the Congress reconvenes in early September.

Please call me at (206) 390-7778 to let me know if you can assist us, or if there is someone else in the Administration who can. Given the time, we would appreciate a reply as soon as possible.

* Staff for the Congressional Hispanic Caucus are searching for meeting space on Capitol Hill. We should have a confirmed location early this week.

c: Julie Fernandez, Special Assistant to the President
for Domestic Policy
Mario Obledo, Chair
National Latino Summit

News Advisory

For Immediate Release
August 20, 1998

Contact: Ricardo Sanchez, (206) 390-7778
Marisa Demeo, (202) 628-4074

Announcing **A National Latino Summit in Washington, D.C.**

Latino organizations to unite against new Bracero proposals

Washington D.C.—Leaders of some of the most prominent Latino organizations in the nation will host a National Latino Summit on "Guest-Worker" (Bracero) Legislation in Washington, D.C. on September 10-11. Summit chair, Mario Obledo, president of the National Coalition of Hispanic Organizations, said the purpose of the summit is "to develop a coordinated plan to put an end to Congressional efforts to supply agribusiness with a cheap, easily exploitable workforce. All growers really need to do is to pay living wages and there would be no need to import foreign workers."

In July, the U.S. Senate approved a massive, open-ended "guest-worker" (Bracero) proposal which would allow agricultural growers to hire tens of thousands of foreign farm, food processing, and forestry workers, displacing resident U.S. workers and keeping wages depressed. The Bracero proposal, passed as an amendment to a Senate spending bill (S. 2260), was introduced by senators Ron Wyden (D) and Bob Smith (R) of Oregon.

Obledo said that presenters at the summit will include leaders from the above organizations, members of Congress, as well as other national and state leaders from across country.

"We expect that leaders of Latino organizations, church, labor, elected officials, and others will respond to our call for a summit on this crucial issue," said Obledo. "For too long, the working and living conditions of workers have been ignored, while the agricultural industry has profited immensely. We know, for example, that the value of fruit and vegetable production in the U.S. grew by 52% to more than \$15 billion between 1986 and 1995. During the same time, wages for workers have remained stagnant or have declined.

"Agribusiness' desire for low labor costs and a continuation of a decades-old system of feudalism are the main drivers behind this amendment," Obledo adds. "The proposed legislation would provide agricultural employers with a steady stream of vulnerable, temporary foreign workers without demonstrating that there is a labor shortage, and without offering wages and working conditions attractive to resident farm workers."

Raúl Yzaguirre (NCI.R) points out that a December 1997 report by the General Accounting Office (GAO) found that there is no labor shortage in agriculture, nor does it anticipate one in the near future. "Instead of relying on the market for recruiting workers like everyone else does, growers have depended on the federal government for assistance in securing its privilege to a government-sponsored, cheap labor force," Yzaguirre said.

Concludes Obledo, "We in the Latino community must provide leadership if we expect to change this system which is nothing less than socialism for agribusiness. There is no worker shortage and there is no justification for taxpayers to subsidize the exploitation of workers. For these reasons, and many others, we must unite now."

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National Latino Summit on 'Guest-Worker' (Bracero) Legislation

Tentative Agenda

September 10-11, 1998
Capitol Hill • Washington, D.C.

- 9:00 am Bienvenidos/Opening Remarks Mario Obledo, Summit Chair
- 9:15 am Status/analysis of "Guest Worker" legislation
Mark Schacht, CRLAF; Bruce Goldstein, Farm Worker Justice Fund
- 10:00 am Roundtable Panel: Where Congress stands on Braceros; what's needed to make Congress move away from Bracero proposals?
Invited: Honorable Xavier Becerra, Chair, Congressional Hispanic Caucus, and Members
- 11:00 am Why it's necessary to stop Bracero programs now and in the future; coordinating national efforts
Dolores Huerta, UFW; Baldemar Velasquez, FLOC (both confirmed)
- 12:00 pm Lunch—Guest Speaker ???
Video presentation and photo display: a graphic look at one state's living and working conditions for farm workers
- 1:00 pm Making the Bracero program the nation's top civil rights issue for Latino organizations
Antonia Hernandez, MALDEF; Raul Yzaguirre, NCLR (confirmed)
- 2:00 pm Develop action plan to stop Bracero legislation.
Mario Obledo, Facilitator
- 5:00 pm ADJOURN
- Friday, September 11
- 9:30 am Press Conference: Obledo, NCLR, MALDEF, UFW, FLOC... others
To announce recommendations, outcomes of summit; present recommendations to leadership of House and Senate.
- 10:30 am Visit all House and Senate conferees, influential leaders, and respective delegations from the states represented at the summit.

John F. will attend
won't talk about Admin. policy
but speak to details.

Call from NCLR
they are really encouraging
her to do it.
Gen Palast said:
ME should think about going.

URGENT
FAX

RUSH TO: Julie Fernandez, The White House—Domestic

FAX: 202 456-5581

FROM: Ricardo Sanchez

PAGES (INCLUDING THIS COVER): 4

PLEASE DELIVER TO JULIE FERNANDEZ AS SOON AS
POSSIBLE. THANK YOU.

Sunday, August 23, 1998

**UNITED STATES****DEPARTMENT OF LABOR****FACSIMILE TRANSMISSION****OFFICE OF CONGRESSIONAL AND INTERGOVERNMENTAL AFFAIRS**

200 Constitution Avenue,
N.W.
Room S-1325
Washington, DC 20210

Confirmation:
202/219-6141
September 3,
1998/1:05pm

TO: JULIE**DEPARTMENT/COMPANY:****FACSIMILE NUMBER:****FROM: EARL GOHL****NUMBER OF PAGES INCLUDING COVER:**

FACSIMILE REPLIES:	CONGRESSIONAL AFFAIRS	202/219-5120
	INTERGOVERNMENTAL AFFAIRS	202/219-5736
	IMMEDIATE OFFICE OF THE ASSISTANT SECRETARY	202/219-5288

MESSAGE: *does this answer your question*

Wage and Hour Staffing Trends

Investigators
Onboard

FY 1973	812
FY 1974	869
FY 1975	921
FY 1976	964
FY 1977	980
FY 1978	1232
FY 1979	1087
FY 1980	1059
FY 1981	953
FY 1982	914
FY 1983	928
FY 1984	916
FY 1985	950
FY 1986	908
FY 1987	951
FY 1988	952
FY 1989	970
FY 1990	938
FY 1991	865
FY 1992	835
FY 1993	804
FY 1994	800
FY 1995	809
FY 1996	781
FY 1997	942

John,

This was as far back as
I can go without doing
some very significant file
searching which may or
may not turn up any
additional data.

Bob D.

* Picketing Wyden's office in Oregon every Friday
Wyden is feeling the heat.

Wyden will get rid of meat packers & poultry to be left alone.
~~They~~ They said no deal.

Gallagher & Smith in (H)

letter by 82 H members
~~to B. Luyth~~ to B. Luyth
not to include bill
in conf. comm. report.

Supp Agric. W.
(SAWS)

Should Mania attend?
Sweetshops(?)

Berman talked to Gallagher

Another reason he is opposed to bill b/c doesn't
require housing.

National Review

article supports us

need a
Veto Threat

* Come down hard on
employers who hire
illegals + ~~that~~ violate
FLSA

Want Mania to show up @

Latino Summit - NLR/Unit Farm/Farm Labor FLAC/
MALDEF/Nat. Coalition of Hispanic Orgs.
[AFL] affiliate

Framework for H-2A Reform Discussions

August 31, 1998

Guiding Principles

The Administration's guiding principles for reform of the H-2A program are intended to assure that our policy achieves greater stability in the agricultural workforce in a way that agricultural producers and farm workers both benefit. Growers must have a more predictable and reliable legal labor supply, while adequate workplace protections are afforded domestic and foreign farm workers – who are among the poorest and most vulnerable in our society.

The Administration's guiding principles in reforming the H-2A program are designed to create a system:

1. Where the procedures for using the program are simple and the least burdensome for growers;
2. Which stabilizes the agricultural workforce so as to enable agricultural employers to recruit an adequate legal labor supply in a predictable and timely manner, and reduce competition with legal U.S. farm workers by illegal aliens;
3. That provides a clear and meaningful first preference for employment of U.S. farm workers, and a means for mitigating against the development of a structural dependency on foreign workers in a crop or area;
4. Which avoids the transfer of costs and risks from businesses to low-wage workers;
5. That encourages longer periods of employment – and, thus, higher annual earnings – for legal U.S. farm workers; and,
6. Which assures decent wages and working conditions for domestic and foreign farm workers, and that normal market forces work to improve wages, benefits and working conditions.

Reforms to the H-2A temporary nonimmigrant agricultural guest worker program must not:

- Increase illegal immigration to the United States;
- Reduce job opportunities for legal U.S. farm workers;
- Depress wages and work standards for American farm workers.

Framework for Reform Discussions

- ◆ Administrative Processes
- ◆ Worker Recruitment
- ◆ Wages and Costs
- ◆ Housing
- ◆ Enforcement
- ◆ Immigration Management/Repatriation

NATIONAL RURAL HOUSING FOUNDATION

601 Pennsylvania Avenue N.W., Suite 850, Washington, D.C. 20004 • (202) 393-5229 • fax (202) 393 -3034

TO: Julie Fernandes

FROM: Bob Rapoza

RE: additional information on rural housing

DATE: December 7, 1998

Thanks to you and your colleagues for taking the time to meet with me on rural housing issues. I have attached information on rural substandard housing rates and rent overburden rates. Also attached is additional information on farm labor housing, self help housing and capacity building.

I wanted to get you a few additional notes on rural housing:

1. The incidence of the substandard housing in rural areas is comparable to urban areas.

According to the 1990 Census more than one million units of substandard housing and eighteen million cost burden units are located in rural areas. The Census defines rural as up to 2500 population and the attached charts are based on that. The incidence of substandard housing is 4.6% for rural areas and is 5.51% for urban areas.

Please note that the service area for USDA programs is 10,000 population and, in some cases up, to 20,000 population. According to a recent study for FannieMae, for the USDA service area, the nationwide estimate of rural substandard housing substantially greater -- more than 1.4 million units.

2. Provision of rural housing pales by comparison to need and demand.

USDA unit production has fallen dramatically over the last five years. In the face of more than 1.4 million of occupied substandard units of housing in rural areas, USDA will finance only about 20,000 units.

Substantial demand for assistance is evident. For section 502 direct loans alone, on hand at the start of the fiscal year are some 30,000 applications for assistance. Other programs are equally over subscribed.

While the administration has done a good job in responding to the crisis of affordable housing in urban areas, the record is not as good for rural areas. Rural housing programs have been

dramatically reduced, lending levels are at the lowest rate in 25 years. While HUD appropriations have increased, this funding has only limited targeting to rural areas. In many cases HUD program requirements are inappropriate and unworkable in smaller, poorer communities.

Some 60% of rural substandard housing units are in communities with populations of 2500 or less. Communities with population of 2500 or less have the least capacity to address their problems. The poverty rate for rural areas is higher than the nation as a whole -- 12.96% vs. 12.76 % and virtually the same as urban areas which stand at 13.2%. As noted above substandard housing rates in rural communities are at least as great as inner cities. In addition, more than 80% of the communities violating federal drinking water standards and clean water standards are with populations small populations — 3,300 or less. These are the very communities that are the least likely to gain assist HUD programs or from other sources such as banks, foundations or tax subsidies.

In short, federal policy considerations often ignore or give short shrift to rural housing and community development problems. This is most evident in the formulation of federal appropriations and spending decisions.

3. Only limited data on farmworker housing need is available.

The last report on the need for farmworker housing was published in 1980. That report estimated the need for assistance about 800,000 units. Since that report was completed federal programs have rarely provided more than 1,000 units a year for farmworker housing.

Substantial evidence of the low economic status of the farmworkers indicates the need for greater housing assistance. For example, farmworker households are some of the poorest households in the nation. Some 52% of farmworker households incomes are below the poverty threshold. Four times the national household poverty rate and 75% of migrant farmworkers have incomes below the poverty line. More than 20% of farmworker households receive public assistance, most commonly food stamps.

4. The addition of 10,000 units to the USDA budget will improve the quality of housing in rural America and provide stimulus to local rural economies.

Our proposal for an additional \$100 million in budget authority will yield an estimated 10,000 units. In keeping with the President's emphasis on homeownership, we have focused on ways to expand opportunity to low income rural families by focusing on section 502 loans and self help housing and home repair.

All of the assistance provided will go to households with incomes below the federal poverty line and a substantial share of assistance will go to the poorest families in the country. It will provide a major increase in assistance and will help to reinvigorate flagging rural economies through the injection of additional funds for mortgage construction.

5. Rural Housing programs are among the most cost effective in the federal government.

As we discussed Friday, every \$1 in appropriations for rural low income homeownership yields \$12 in loans. The cost to government to provide home ownership, home repair or farm worker housing is very low. Where else in the federal government can spend \$75 million (\$40 million for section 502 direct loans, \$10 million for 504 home repair and \$15 million for farm labor housing and \$15 million for self help) finance 10,000 units to low and very low income families? At a cost of \$7500 per unit, rural housing programs represent a real value to the communities that receive assistance and to the federal government.

(I excluded capacity building from this calculation but it also an important, low cost way for Agriculture to improve housing quality in rural areas by helping communities take advantage of other existing resources.)

6. Self Help Housing Is An Important Strategy

The section 523 mutual and self-help housing program represents a more affordable form of leveraging, that of human capital. Under the self-help program, groups of families come together under the supervision of a local agency to provide labor on their own and each others' homes; the labor contribution lowers the purchase price of the home, which is financed with a section 502 housing loan, by 10-25 percent. The owners' sweat equity effectively is a deep subsidy that makes section 502 loans affordable to very low-income households: 53 percent of the 1,057 self-help section 502 loans in fiscal 1997 went to very low-income households, compared to 40 percent for the overall section 502 program.

The section 523 self-help housing technical assistance grant pays some of the costs that local self-help agencies incur in developing and helping self-help family groups. Section 523 also provides contracts to four nonprofit regional self-help technical assistance providers who train and assist the local providers.

Because it enhances affordability, self-help housing is particularly helpful in rural areas where household resources (and private developers) are fewer. As housing funds become less available, section 523 can play a stronger role in stretching subsidy dollars, provided that the technical assistance program itself receives adequate funding.

7. This is not a complete rural housing strategy.

Our proposal does not fully address the range of rural housing needs. There is more work to be done on revitalizing rental housing programs for rural areas and getting more rental assistance to people paying more than 30% of income for rent. Our proposal is the first step toward revitalizing important Agriculture Department programs that can help meet a variety of needs in rural America.

Thank you for your time and your attention to this matter.

Enclosures:

State by state substandard housing and rent overburden calculation

Additional information on farm worker housing

Information on self help housing

FY 99 legislative proposal on capacity building

House Report language on capacity building

Rural Housing Substandard and Rent Over Burden Units By State
(For Communities with populations of 2500 or less)

State	Rural Substandard	Total Rural Rent Over-Burden*
AL	35,373	64,060
AK	15,330	9,059
AZ	28,526	20,887
AR	25,034	51,626
CA	60,838	152,048
CO	8,129	36,910
CT	2,575	52,781
DE	2,430	8,122
FL	32,735	104,662
GA	45,257	114,316
HA	6,291	8,004
ID	8,185	15,440
IL	15,026	159,346
IN	19,340	62,096
IA	8,164	37,880
KS	8,184	28,784
KY	45,154	19,079
LA	34,075	65,444
ME	10,956	37,027
MD	10,037	47,798
MA	4,257	55,799
MI	26,920	124,435
MN	14,238	49,471
MS	40,878	68,764
MO	23,280	62,483

MT	6,149	15,115
NE	4,110	18,912
NV	3,084	7,674
NH	4,746	42,897
NJ	4,585	69,122
NM	22,310	16,882
NY	23,646	157,856
NC	58,899	157,571
ND	3,410	11,399
OH	30,371	112,235
OK	16,987	43,677
OR	15,532	39,593
PA	31,393	176,460
RI	836	11,597
SC	35,034	67,957
SD	6,051	13,762
TN	35,195	82,476
TX	93,316	147,173
UT	5,335	8,698
VT	4,102	23,478
VA	43,979	87,578
WA	20,893	52,925
WV	23,561	52,683
WI	16,772	68,796
WY	2,328	5,236
US Total	1,042,859	2,934,488
	(in units)	

*paying more than 30% of income for rent

Source: 1990 Census, Data by Housing Assistance Council

NATIONAL RURAL HOUSING COALITION

601 Pennsylvania Avenue, N.W., Suite 850, Washington, D.C. 20004 • (202) 393-5229 • telefax (202) 393-3034

Federal Farmworker Housing Programs

Migrant and seasonal farmworkers represent one of the nation's most poorly housed populations. Although they provide a significant share of the labor in many states' agricultural economies, migrant and seasonal farm laborers still face some of the worst housing conditions and highest housing barriers in their communities. This paper describes the uses of, and the need for, the federal programs which provide construction finance and operating support for farmworker housing development.

The Need for Farmworker Housing

Farmworker households are some of the poorest yet least assisted households in the nation. Fifty-two percent of farmworker households have incomes that are below the poverty threshold. While this represents a rate more than four times the national household poverty rate of 12 percent, only 21 percent of farmworker households receive any form of public assistance. Most often, the assistance comes in the form of food stamps; rarely do farmworkers obtain any type of public or subsidized housing.¹

Migrant farmworkers—those farm laborers who travel so far for work that they cannot return home on a daily basis—have even greater needs. Seventy-five percent of migrant farmworkers live in poverty and only 20 percent receive any form of public assistance. Since many migrants face linguistic and other cultural barriers, their ability to find decent housing on their own is limited.

There are no recent national statistics on the shortage of farmworker housing, but all available data supports the conclusion that such a shortage exists. The last national data collection, the National Farmworker Housing Study of 1980, estimated that there was a shortage of nearly 800,000 units of farm labor housing, and that the existing stock was generally overcrowded and ranged considerably

in terms of structural quality. More recent state and regional level studies continue to suggest that a significant share of the farmworker housing stock is overcrowded and unsanitary, particularly those units for migrant farmworkers. For example:

- A 1990 study conducted for the Oregon Housing Agency found that only 8 percent of the units in Oregon's employer-provided farm labor camps met the state's Occupational Safety and Health Division Code.²
- Housing conditions among Mixtec (Mexican Indian) farm workers in California included "crowded, dilapidated, dorm-style structures where it was not uncommon for a hundred men to share a few outhouses and showers, insufficient kitchen facilities, and generally unsanitary conditions"³.
- Eighteen percent of the farmworkers surveyed in New York and Pennsylvania were homeless.⁴

Given that the only national construction financing program for farmworker housing (the Rural Housing Service section 514 and 516 program, described below) produced a mere 617 units in fiscal 1995, it is clear that the improvement of housing conditions for agricultural workers will require a long-term commitment of resources.

Federal Assistance for Farmworker Housing Development

Two federal agencies provide assistance to developers of farmworker housing: the Rural Housing Service (RHS) of the U.S. Department of Agriculture (formerly the Farmers Home Administration), and the U.S. Department of Labor.

Rural Housing Service Section 514 and 516

Borrowers and grantees⁵ under the 514/516 program (sections 514 and 516 of the Housing Act of 1949) receive financing to develop housing for farmworkers. Section 514 authorizes RHS to make the loans with terms of up to 33 years and interest rates as low as 1 percent. Under section 516, RHS also can provide grant funding when the applicant will provide at least 10 percent of the total development cost from its own resources or through a 514 loan, and there is "reasonable doubt" that economical housing can be provided without the grant.

Funding: As shown in Figure 1, combined appropriations for section 514/516 loans and grants were \$27.3 million in each of FY 1991-1994 and \$26.815 million in Fiscal Year 1995. Congress has appropriated only \$25.0 million for these programs in FY 1996.

Awards and backlog: During FY 1995, RHS obligated \$15 million in loans and \$11 million in grants for 20 projects in 14 states. These projects provided 617 units for farmworkers and their families. Demand for these programs was so high, however, that RHS obligated all of its grant funds and all but \$117,000 of the loan funds within the first two months of the fiscal year.

As shown in Figure 2, the demand for this program has grown substantially in recent

years. In FY 1991, the combined obligations and backlog of approved applications and preapplications totalled \$51.2 million. By FY 1995, this figure had grown to nearly \$98 million, a figure comprised of \$26 million in obligations, \$56.6 million in authorized final applications plus more than \$15 million in pending section 514/516 preapplications.⁶

Homeless and Migrant Farmworker Assistance: Section 516(k) of the Housing Act, added in FY 1990, authorizes RHS to provide development and operating grants to housing developed for migrant farmworkers and homeless individual and their families. The intent of the program is

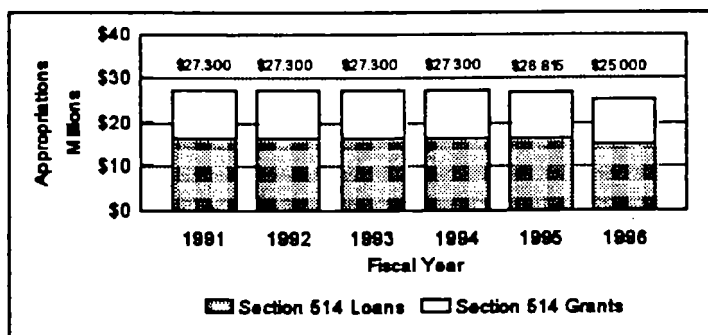


Figure 1: Section 514 and 516 appropriations, Fiscal Years 1991-1996.

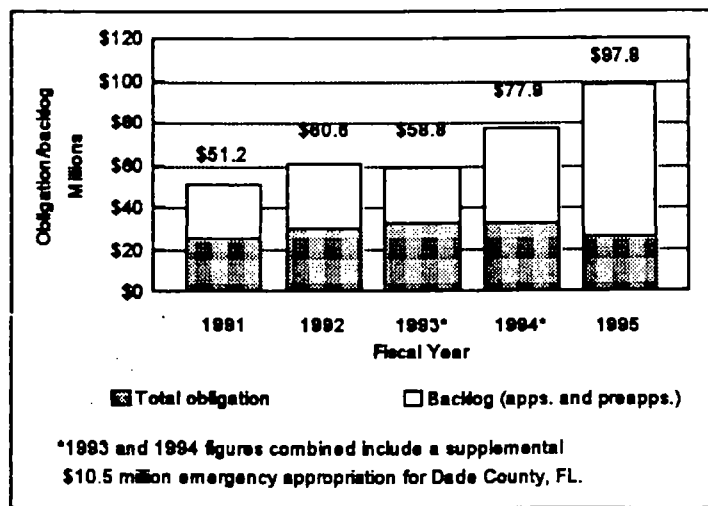


Figure 2: Obligations and remaining backlog, Fiscal Years 1991-1995.

to develop farm labor housing that can serve homeless individuals and families during the off-season.⁷

These grants can be valuable tools for making migrant farmworker housing feasible. In particular, the operating grant is necessary since the projects cannot rely solely on rental income from migrant workers during the growing season to meet year-round expenses of the units.

Although 516(k) was authorized in 1990, RHS has not yet issued a proposed rule for the program. RHS maintains a \$2 million reserve in the National Office each year which can be used in part for 516(k)-type projects.

Department of Labor Section 402

Section 402 of the Job Training Partnership Act, administered by the Department of Labor, offers administrative support for organizations that provide comprehensive services to migrant and seasonal farmworkers. The planning, development and management of housing for migrant and seasonal farmworkers is an eligible activity under this program. Overall funding for migrant and seasonal farmworker activities was \$79.9 million in FY 1995; specific funding for farmworker housing activities under section 402 was \$3 million. It is expected that Congress will reduce section 402 funding for FY 1996, and the housing program will be reduced proportionately.

Currently, some 30 housing organizations receive section 402 support for their farmworker housing programs. The application process is competitive. Since FY 1995, they have been organized into 6 regional consortia of agencies for application and reporting purposes.

Some consortia members use section 402 funds to pay for the costs of training and technical assistance to new and existing farmworker housing developers. Others, who develop the housing themselves, use it to pay for

administrative and soft costs of development (for example, site analyses, market studies, etc.). Since the majority (approximately 90 percent) of the planned units are developed with RHS funding, the RHS section 514/516 programs and the DOL section 402 program are closely linked.

Other farmworker housing activities that are supported through section 402 include:

- *Self-help housing.* Recipients of section 402 assistance have also accessed RHS financing to help farmworkers engage in self-help housing. Under this arrangement, farmworker families can qualify for RHS loans because the sweat equity they provide to the construction of their own homes reduces the units' purchase price.
- *Repair and weatherization.* Some section 402 recipients engage in home repair and weatherization programs for farmworker housing. Repair activities range from the renovation of abandoned labor camps to improvements to single-family housing for farmworker households. The construction funds for these programs come from a variety of federal, state and local sources.
- *Community development.* One obstacle to developing farmworker housing is the lack of infrastructure in farming communities. With section 402 support, farmworker housing organizations can work with local governments to obtain the financial and technical assistance to develop drinking water and wastewater systems.

The Future of Farm Labor Housing Finance

The experiences of farm labor housing providers show that the need for a national funding program is unquestionable. Developers in a number of states have found that state and local efforts may be unreliable. For example, whereas the State of Oregon has developed a number of financing programs for farmworker

housing development—including a targeted state income tax credit that induces local banks and other investors to finance such projects—Michigan's Consolidated Plan does not identify farm labor housing as an eligible use of state housing development authority funds, and the Ohio Department of Development has budgeted only \$250,000 in housing funds for farm labor housing, to be used as matching funds for grower's own housing investments.

At the local level, farm labor housing developers in community after community cite "Not-In-My-Back-Yard" sentiments as obstacles to be overcome in the development of decent housing for farmworkers. Growers themselves appear reluctant or unprepared to take up the challenge of providing decent housing for their employees. In short, communities and the nation as a whole benefit from the contributions of migrant and seasonal farmworkers, but only the Rural Housing Service provides a dependable source of finance for farmworker housing.

The high level of demand for RHS assistance has led some farm labor housing developers to leverage section 514/516 funds with other public and private sources of finance. In fact, RHS' FY 1996 funding allocation notice prioritizes applications for leveraged projects. While leveraging is a common strategy for most

affordable housing development, it has proved more difficult for this particular kind of housing. Leveraging requires time and technical capacity that many nonprofit housing developers lack. In addition, private lenders are reluctant to finance farmworker housing projects, since the cash flow associated with projects for migrant farmworkers can be seasonal and unstable. Moreover, funds from different sources may not be ready at the same time, and since the backlog for section 514/516 funding may exceed 4 years (and individual projects may require 2-3 years of preparation time), other project funds may not be available by the time the RHS funding is secured.⁸

With RHS' new emphasis on leveraging and nonprofits' own recognition of the need for new sources of funding, many farm labor housing developers are packaging deals that include CDBG, HOME and state funds as well as private dollars. Given that these other sources generally come with costs that exceed the 1 percent interest rate of the section 514 program, however, the leveraged funds burden the project with higher debt service costs. The RHS programs therefore must constitute the largest piece of the financing in order for the projects to be affordable to their farmworker tenants.

The RHS farm labor housing program thus represents the backbone of the nation's solution to providing safe and decent housing for its farmworkers. It serves as a dependable base for local efforts to develop farmworker housing. While leveraging may present new opportunities for greater state and local involvement in farmworker housing development, the section 514 and 516 programs are vital to ensuring an adequate response to what is a national housing crisis.

Endnotes:

1.Data based on the National Agricultural Workers Survey for fiscal 1993 and 1994, presented at the Rural Housing and Community Development Service meeting "Agricultural Workers: Information Gathering Meeting for Farm Labor Housing Issues," May 9, 1995.

2.Ken Pallack, *Oregon Farm Labor Housing Survey*, cited in Housing Assistance Council, *Fitting the Pieces Together: an Examination of the Data Sources Related to Farmworker Housing* (Washington, DC: Housing Assistance Council, draft November 1995), p. 24.

3.C. Zabin, M. Kearney, A. Garcia, D. Runsten, and C. Nagengast, *A New Cycle of Poverty: Mixtec Migrants in California Agriculture*, cited in Housing Assistance Council, p. 30.

4.Rural Opportunities, Inc., information provided in support of the 1996 New York State Consolidated Plan, and Kuhl, Ronald, "Pennsylvania's Outcasts: Migrant and Seasonal Farmworkers", 1990.

5.Eligible borrowers/grantees include farm owners, family farm partnerships and corporations, farmers' associations, nonprofit organizations, federally recognized Indian tribes, and agencies of political subdivision of state or local government.

6.These estimates are based on RHS data. The Housing Assistance Council, a national nonprofit technical assistance provider and financial intermediary for farmworker and other rural housing concerns, conducted a survey of section 514/516 preapplications for FY 1996 and found a total of \$205 million. RHS' own survey estimated a backlog of \$130.7 million, but RHS recognized that it had not received data from all of its field offices. Thus, HAC's estimate likely is more accurate.

7.RHS is considering legislation that would allow projects to use section 521 rental assistance funds to cover the cost of the operating grants rather than section 516 grant funds, so that RHS could preserve the grant monies for construction.

8.See "Leveraged Financing for RECD-funded Farm Labor Housing", prepared by Rural Opportunities, Inc., with the assistance of Colorado Rural Housing Development Corporation, Tierra Del Sol Housing Corporation, NCALL Research, Inc., CASA of Oregon and Telamon Corporation for Maureen Kennedy, Administrator, USDA Rural Housing and Community Development Service, October 31, 1995.

Nonprofit group helps buyers build homes and save on labor.

By MORRIS NEWMAN

PASO ROBLES, Calif.

Building a home is something personal to Jamie Ellison, a single mother of two who, with her father's help, is constructing a 1,252-square-foot house in this hilly central California agricultural city.

The slightly built, 33-year-old strawberry blonde has been working on her three-bedroom, two-bath house in this area of almond orchards and vineyards since January and hopes to finish it in late October.

"I'm getting tired of not having weekends with my kids," said Ms. Ellison, a customer-service representative for an aviation insurance brokerage here. Still, she added, "I would do this again."

Ms. Ellison is one of about 20 people building their homes in the Spring Meadows subdivision in this community midway between San Francisco and Los Angeles under the guidance of the People's Self-Help Housing Corporation of San Luis Obispo, Calif.

In the last three decades, the nonprofit organization has overseen the construction of nearly 1,000 owner-built houses in California. It also builds and operates apartment buildings for low-income tenants.

Owner-built housing keeps down costs because the eventual homeowners contribute their own labor. The "sweat equity" is worth about \$15,000 to \$30,000 for each house, said Jeanette Duncan, executive director of the Self-Help Housing Corporation.

What makes Spring Meadows and other recent owner-built housing projects sponsored by the San Luis Obispo group notable is that in most ways, the new neighborhood looks very much like the upscale housing developments that surround it in the south end of affluent Paso Robles.

Designed by Simon Puglisi Architects of Pismo Beach, Calif., the houses do not appear cramped and austere, but instead resemble conventional suburban tract homes. Four floor plans are offered, and there is a choice of trim, including Craftsman-style wood detailing.

The houses feature the most popular symbols of suburban single-family homes, such as raised ceilings at the entryway and two-car garages. Owners do their own landscaping and irrigation.

The look of owner-built housing has improved immensely since the Federal Government dropped its design guidelines a few years ago, said Ms. Duncan. She said the old guidelines "stigmatized" homeowners by



making their houses "very plain-Jane, with a single-car garage, and no raised ceilings — they were little tiny boxes."

The new designs help the owner-built housing integrate with the surrounding neighborhoods.

"This is a very arduous building process that families go through," Ms. Duncan said. "They are going to be investing a lot of time. They should be able to build a house that blends in with the adjoining neighborhoods and has a long-term value appreciation."

The median price of existing houses here and in surrounding communities is \$137,500, according to the Paso Robles Association of Realtors. The owner-built houses carry mortgages in the low \$100,000's.

Ms. Ellison, for example, will start paying a mortgage of about \$109,000, the combined cost of the land and materials. Since her house has an appraised value of \$129,000, her "sweat equity" will have lowered its cost by \$20,000.

Financing is provided by the Rural Development Program of the Federal Department of Agriculture, which offers subsidies for lower-income housing in rural communi-

ties.

Since 1971, the Federal agency has financed the construction of 27,623 owner-built single-family homes in 39 states, including 54 such homes in New York State built in the 70's and 200 homes in Connecticut in the 80's.

The Government provides 33-year fixed-rate mortgages at a current maximum interest rate of 7.25 percent. The actual rate, however, is based on income and it can go as low as 1 percent.

Ms. Ellison, for example, said she would start out paying 2 percent in interest. If her income increases, she would pay more, but the rate is capped at 7.25 percent.

In addition, Ms. Ellison received \$17,000 in additional equity in the form of a "silent second" mortgage from the state's Housing and Community Development Department. Such mortgages do not require repayment until the house is sold.

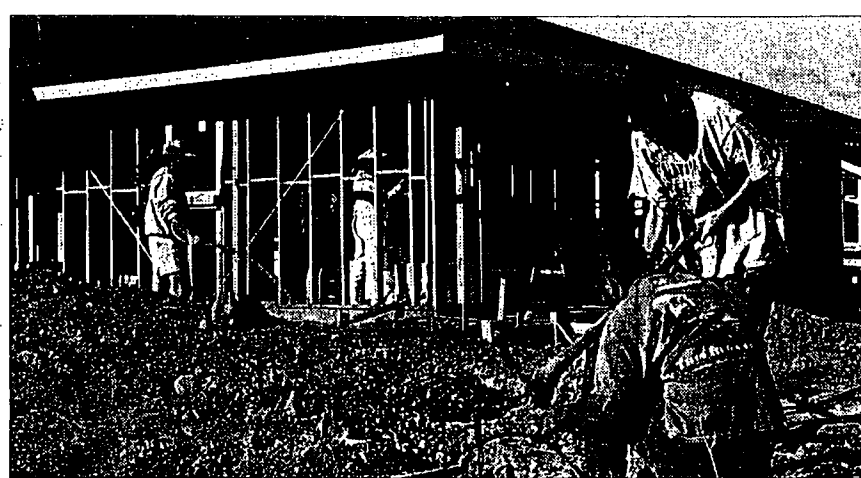
Payment on the first mortgage begins one month after a homeowner moves in, or in the 13th month after the start of construction, whichever comes first.

To qualify for the program, applicants must earn no more than 80 percent of the area's median income. (In Paso Robles, 80 percent of the median is \$35,050.) They also need a good credit rating and proof that they have been employed at least six months.

What is not required for eligibility in the program, however, is any prior experience in construction.

Each house requires the participation of two adults, who together must work 40 hours a week on the project.

The novices do most of the work, from framing the house, digging trenches for retaining walls, building forms for concrete



Photographs by Frederick R. Stocker for The New York Times

New York Times
Sunday, Sept.
23, 1997

Data Update



and hanging doors and windows.

Professional contractors do the electrical and plumbing work, shingle the roofs, pour concrete, nail up the dry wall and spray the stucco surface on the exterior.

"We are teaching them to build the house, piece by piece," said Keith Mills, a construction supervisor on the project who is employed by the self-help group. That instruction, he said, includes "how to use the tape measure, how to use the pencil correctly — you'd be surprised by how many things we have to teach them."

According to Mr. Mills, the most difficult skill for beginners is "setting the house on the lot," that is, determining the exact position of the house on the land.

"All of my women home builders can use a skill saw," said Mr. Miller, with a note of pride.

"They all get on the roof. When they started out they were scared of those things."

Terrance Grigsby, 32, who is building a house with his fiancée, Jeanetta Griffin, also 32, said the most exciting part of construction was framing.

After weeks of preparation "we wanted to see walls," he said. "We almost fell down with excitement when the electrical wall went up."

The worst part of construction for Mr. Grigsby, an inventory-control clerk, were the weekends he spent walking on pitched roofs. "We aren't used to walking that way," he recalled. "My feet were throbbing at night."

Ms. Griffin expressed regret that she "missed a lot of weddings and family reunions." But "once you sign the papers, you are obligated to finish" the work, she added.

"Home buyers may be a little grumpy, after putting in 40 hours or more per week," said Ms. Duncan. "It's like being pregnant."

Beyond the work site, the experience of building a home has been a confidence booster for many people, according to Ms.

NATIONAL HOUSING TRENDS

(Thousands of units, seasonally adjusted annual rates)

	July 97	July 96	Change
Starts	1,432	1,515	-5.4%
Completions	1,294	1,463	-11.6%
Sales	817	782	+4.5%

Source: Census Bureau, Department of Commerce

MORTGAGE INTEREST RATES (Averages)

Northeast	Wk. Ending Sept. 19	Previous Week	Year Ago
Conventional (30-yr)	7.44	7.62	8.26
Adjustable (1st yr)	5.53	5.62	5.86

Midwest	Wk. Ending Sept. 19	Previous Week	Year Ago
Conventional (30-yr)	7.55	7.76	8.43
Adjustable (1st yr)	5.89	5.99	6.46

South	Wk. Ending Sept. 19	Previous Week	Year Ago
Conventional (30-yr)	7.36	7.62	8.20
Adjustable (1st yr)	5.53	5.76	5.97

West	Wk. Ending Sept. 19	Previous Week	Year Ago
Conventional (30-yr)	7.39	7.61	8.22
Adjustable (1st yr)	5.74	5.88	6.13

Northeast: Conn., Maine, Mass., N.H., N.J., N.Y., Pa., R.I., Vt. **Midwest:** Ill., Ind., Iowa, Kan., Mich., Minn., Mo., Neb., N.D., Ohio, S.D., Wis. **South:** Ala., Ark., Del., D.C., Fla., Ga., Ky., La., Md., Miss., N.C., Okla., S.C., Tenn., Tex., Va., W. Va. **West:** Alaska, Ariz., Calif., Colo., Hawaii, Idaho, Mont., Nev., N.M., Ore., Utah, Wash., Wyo.

Indexes for Adjustable-Rate Mortgages, Ending Sept. 19 *

6-mo. Treasury bill	5.08	5.14	5.57
1-yr. Treas. security	5.48	5.59	5.82
3-yr. Treas. security	5.91	6.08	6.40
5-yr. Treas. security	6.04	6.23	6.59
National Mortgage Contract Rate	7.52	7.52	7.87

*Rates on most adjustable mortgages are set 1 to 3 percentage points above these indexes.

Source: HSH Associates

Duncan of the home-builder's group.

"We see a lot of home buyers go back to college and complete their education," she said, "and do things that they could not think they could do before." For several of the women home buyers, in particular, she added, "they are much more confident than before about their lives and about their skills."

A heightened sense of community is another unexpected benefit of the owner-built housing program, according to Debbie Sobczak, 45, who is building a house with her husband Brian, 35, and their two children.

She pointed out that neighbors not only built side by side, but often took turns working on each other's houses.

"When we move in, we will be a neighborhood," she said.

Ms. Ellison said that she planned to continue building, but at a smaller scale. When her house is complete, she and Mrs. Sobczak plan to build a pair of doll houses in Ms. Ellison's garage.

FY 99 Amendment - Capacity Building

FY 99 Rural Capacity Building Proposal

Sec _____ Rural Community Development Initiative.

"(a) In General.- The Secretary is authorized to make grants to qualified organizations to provide assistance to develop the capacity and ability of community development corporations, community housing development organizations, and other nonprofit organizations to undertake community development and affordable housing projects and programs in rural areas. "

"(b) Form of Assistance. - Assistance under this section may be used for:-

"(1) training, education, support and advice to enhance the technical and administrative capabilities of community development corporation, community housing development organizations, and nonprofit organizations in rural areas;

"(2) loans, grants, or pre-development assistance to community development corporations, community housing development organizations, and nonprofit organizations to carry out community development, economic development, and affordable housing activities that benefit low-income families in rural areas; and

"(3) such other activities for rural areas as may be determined by the Secretary.

"(c) Matching Requirement- Assistance provided under this section shall be matched from private sources in an amount equal to up to three times the amount made available under this section.

"(d) Implementation.- The Secretary shall by notice establish such requirements as may be necessary to carry out the provisions of this section. The notice shall take effect upon issuance."

"(e) Qualified Organizations -- for purposes of this section, a qualified organization shall be any national or regional private, nonprofit organization or local private nonprofit organization with experience in carrying out the activities authorized in this section."

Explanation:

The proposed amendment establishes the Rural Community Development initiative (RCDI). The purpose of RCDI is to expand and support the capacity of nonprofit, rural housing and community development organizations to improve housing, community facilities and economic opportunity in poor rural communities. RCDI would also work to attract private sector funding - from foundations, banks and corporations - to support rural community development activities. This will stretch federal resources. With the decline in resources available for rural development financing activities from the Agriculture Department, rural community development organizations must increasingly rely on other sources: HUD, state and local government, private financial institutions and philanthropic organizations and others to provide financing and community development projects.

The proposed amendment is patterned after the National Community Development Initiative administered by HUD. Under the amendment, USDA would be authorized to provide capacity building assistance through intermediaries to rural nonprofit organizations involved in housing and community development activities. Under the HUD program, \$30 million in federal funds has been matched by more than \$120 million has been raised from fifteen private foundations and companies for urban community development activities. In 1997, HUD was provided an additional \$45 million was provided for NCDI. For the first time, funds were allocated to rural areas.

the State of California Energy Commission, assistance to the Sacramento Valley Resource Conservation and Development District (California) to establish a nature tourism program; a participation loan program and labor market analysis for the Tehama (California) Local Development Corporation for small business development; designation of Tehama County (California) as a Champion Community; the Lake Marion (South Carolina) Regional Water Agency potable water program; continued support for the St. Johns-New Madrid (Missouri) Floodway Flood Control Project; construction of the Lincoln County (Georgia) Conference Center; the Paseo del Canon drainage canal, Taos, New Mexico redirection of storm waters; Rural Enterprises, Inc., Durant, OK., for rural economic development; The Enterprise Center, Bradford County (Pennsylvania) for rural economic and business development; the Lackawanna Junior College (Pennsylvania) job training program; the New River Valley Planning District (Virginia) Commission's Jacksonville Center small business incubator project; feasibility studies by Wytheville Community College, Southwest Virginia Community College and Mountain Empire Community College (Virginia) for small business incubators; revolving loan funds for the Fayette County Industrial Development Corporation, the City of Scottsburg and the City of Aurora (Indiana); the Central Valley (California) Assessment Project for current and long-term trends in agriculture; the Northeast Entrepreneur Fund expansion of financial and technical assistance to businesses in northeastern Minnesota; the Western Massachusetts Food Processing Center; the Western Massachusetts Industrial Development Equity Pool; the Self Help Credit Union Emerging Rural Enterprises Loan Fund in North Carolina; the Kentucky Highlands Investment Corporation venture capital fund expansion; the Mountain Association for Community Economic Development (Kentucky) Strategic Capital Fund; the Lee County (Kentucky) Vegetable Co-op facility expansion program; the Secondary Wood Industry Revolving Loan Fund in the Cumberland Valley (Kentucky) Development District; the Hermiston (Oregon) Development Corporation surface water feasibility study; the Northumberland County (Pennsylvania) Multi-Use Industrial Park; the Fulton County (Pennsylvania) Medical Center reconstruction project; County of Lamar (Alabama) engineering and design of drinking water project; improvements to the Battle Mountain (Nevada) wastewater treatment facility; the Pine River Irrigation District domestic water system in LaPlata County (Colorado); the Lonoke/White County (Arkansas) water supply project and the Arkansas State University value-added export center; acquisition of a new water tank and the replacement of old water lines by the Town of Trinity, Morgan County (Alabama); the Renewable Research Institute (multi-state) development and commercialization of value-added products; and the Connecticut Energy Cooperative.

The Committee expects the Department to consider only those applications judged meritorious when subjected to established review procedures.

The Committee encourages the Department to assist appropriate organizations in planning and establishing a national farmers' marketing cooperative.

The Committee is aware of critical water supply problems in the Municipality of Carolina, Puerto Rico and has provided bill language allowing the municipality to be eligible for assistance under the rural water and sewer programs.

The Committee also provides bill language making the city of Big Spring, Texas eligible for rural housing programs of the Rural Housing Service. An anomaly in the calculation of the city's population caused by the presence of several Federal facilities currently makes the city ineligible for rural housing assistance.

The Committee has been informed of unintentional effects of certain definitions regarding eligibility for rural development programs in the Federal Agriculture Improvement and Reform Act of 1996. USDA reports that some rural entities that would otherwise be eligible for loans and grants are now ineligible as a result of these definitions. USDA reports that the problem appears to be most acute in the northeast, but other states such as Missouri and Illinois have also reported problems. USDA also reports that in New Jersey, the number of eligible areas has been reduced by 55 percent. The Committee has provided bill language to suspend certain eligibility definitions for fiscal year 1999. The Committee directs USDA to work with the authorizing Committees to address this problem and develop appropriate solutions.

The Committee supports efforts to develop capacity and expects the Secretary to develop regulations to develop the capacity and ability of private, non-profit community-based housing and community development organizations, and rural communities to undertake projects to improve housing, community facilities, community and economic development projects in rural areas. The Committee expects this program to be available to qualified national and multi-state private, non-profit intermediary organizations that propose to carry out a program of technical assistance to eligible entities that includes loans, grants or pre-development assistance. The intermediary organizations would provide matching funds from other sources in an amount not less than Federal funds. The Committee expects the Department to publish the regulations in final form not later than September 30, 1999.

The Committee understands that the Rural Utility Service has approved a grant application and a loan application for the City of Gridley, California. Because the project will provide sewer benefits to the community as a whole, the Committee directs the Service to allow the debt service on the loan to be allocated to all users in the sewer service area through a Certificate of Participation.

RURAL COMMUNITY ADVANCEMENT PROGRAM

1998 Appropriations	\$652,197,000
1999 Budget estimate	715,172,000
Provided in the bill	745,172,000
Comparison:	
1998 appropriation	+92,975,000
1999 budget estimate	+30,000,000

The Rural Community Advancement Program [RCAP], authorized by the Federal Agriculture Improvement and Reform Act of 1996 (Public Law 104-127), consolidates funding for the following programs: direct and guaranteed water and waste disposal loans,

facsimile
TRANSMITTAL

to: Julie Fernandez
fax #: 456-5581
re: Farm Labor Housing
date: December 1, 1998
pages: 2, including this cover sheet.

I have attached our budget and number of units for the Farm Labor Housing Program. As I mentioned, a portion of our rental assistance (Section 521) also goes with this. We would be happy to meet with you to further discuss the issue.

*Sorry - ~~my~~ my staff had made an
error - Here is the
revised sheet.*

From the desk of...

Eileen Fitzgerald
Associate Administrator
Rural Housing Service

202-690-1533
Fax: 202-690-0500

USDA RURAL HOUSING SERVICE FARM LABOR HOUSING PROGRAM

			FY 2000 Department's Request	FY 2000 OMB Passback
dollars in thousands	FY 1998	FY 1999		
BUDGET	27,521	33,500	60,000	40,001
loans	15,001	20,000	35,000	25,001
grants	12,520	13,500	25,000	15,000
NUMBER OF UNITS	629	830	1,886	920
new construction	419	484	1,039	582
repair/rehab	210	346	847	339

NATIONAL RURAL HOUSING COALITION

601 Pennsylvania Avenue N.W., Suite 850, Washington, D.C. 20004 • (202)393-5229 • fax (202) 393-3034

November 19, 1998

John Podesta
Chief of Staff
The White House
First Floor, West Wing
Washington, DC 20500

Dear John:

Attached please find a proposal to increase appropriations for federal rural housing programs. Over the last five years rural housing funding has fallen off and you'd have to go back 25 years to find levels this low. These programs are very important, for many rural households. USDA assistance is the only option available to improve their housing conditions

USDA submitted a budget request to OMB which is similar to our proposal. I would appreciate the opportunity to talk with you on this and will call your office shortly to check your schedule.

Congratulations on your new position and thank you for your attention to this matter.

Sincerely,

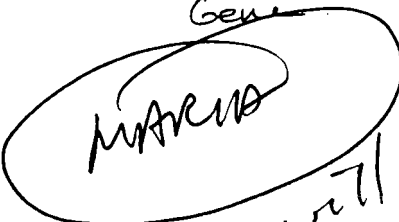

Robert A. Rapoza

Thurs. — no 12:30
no 10:30

cc: Lew/Matthews

Goody

Gene



will you call?

or
get
DRC
to

} John

Send to Fernandez
Julie
217 OEOD

NATIONAL RURAL HOUSING COALITION

601 Pennsylvania Avenue N.W., Suite 850, Washington, D.C. 20004 • (202)393-5229 • fax (202) 393-3034

Rural Housing FY 2000 Proposal

For many low income rural families the only opportunity they have to improve their housing conditions is through housing assistance offered by the Agriculture Department's rural housing programs. Current Federal rural housing direct lending for low income families has been reduced by over \$1.5 billion since 1995. As a result of these reductions, lending levels for direct rural housing loans are at the lowest rate in more than 25 years.

The backlog of demand for rural housing assistance is now more than 5 times the current rate appropriations. Of the various rural development functions, low income housing assistance has been the hardest hit. Over the last five fiscal years (94-99) appropriations (budget authority) for low income homeownership has fallen by 75% and appropriations for low income rental housing families and the elderly has fallen from \$550 million to \$114 million. Other small programs, assistance for home repair, loans and grants for farmworker housing, have also been reduced.

As a result of these reductions, there is virtually no low income housing production in rural areas. Section 502 direct loans serve families with average annual incomes of \$15,000. In FY 98 only about 18,000 units were financed nationwide. In FY 97, 44% of the loans under this program went to female-headed households and one-third went to minority households.

Under the self help housing program, incomes are about 10-20% lower and two-thirds of the families participating in self help housing are minorities and one third are female headed households.

The administration has centered its budget on single family housing guarantees which serves households with incomes averaging \$30,000. The program serving the poorest families — section 515 — has been all but eliminated. Past controversy on section 515 may make it impossible to restore funding.

These reductions are not solely the responsibility of the Congress. Since Fiscal Year 1995, the Administration has continually sought to reduce expenditures for rural housing programs. In the FY 99 budget, the administration sought budget authority reductions in sections 502 and 515 direct loans and in home repair funding. The appropriations for rural housing have generally reflect the administration budget proposals.

The administration budget on rural housing is particularly disappointing in light of the HUD request for FY 99. The HUD budget request, which was largely approved by Congress, provide for some \$3 billion in new spending and a number of new initiatives. While some of this money will eventually flow to non-metropolitan areas, little will get to the smaller, poorer, more isolated rural communities in which the poorest households reside.

To reverse this trend, the National Rural Housing Coalition is supporting an increase of \$100 million in budget authority for rural housing programs. This increase should be centered on low income homeownership and repair and should be provided in the following fashion:

**Increases Above FY 99 Rate In Budget Authority
(\$ in millions)**

4,000	section 502 direct	+\$40 million	Direct mortgage program for rural areas (80% median income) homes
4,000	section 504 loans	+\$10 million	home repair loans (plumbing, new roof, windows)
2,000	section 514/516(farm labor)	+\$25 million	
(700)	section 523 self help housing	+\$15 million	self-help
	section 525 (capacity)	+\$10 million	tech asst used to program provide asst to low-income

These increases will provide an additional ^{10,000}~~6,000~~ units of housing for low income rural households including: 1000 units of low income home ownership, 4000 units of home repair, 2000 units of farm labor housing and 700 units of self help housing.

not funded any more.

Indicators of need for rural housing assistance:

- ☐ The 1990 poverty rate for individuals living in nonmetro communities of 10,000 or fewer residents exceeded 16 percent. Average nonmetro job earnings are only 74 percent of metro earnings, and they fell by more than 7 percent between 1979 and 1990.
- ☐ In 1970, there were 467,000 more low-rent housing units in rural areas than there were low-income renter households. By 1987, there were 650,000 fewer low-rent units than low-income renter households.
- ☐ Community drinking water systems serving populations of 3,300 or less serve only 11 percent of the nation's population but they accounted for 84 percent of the Safe Drinking Water Act maximum contaminant level violations in 1993.

- ☐ Nationwide, fully one-fifth (20 percent) of the households living in communities with populations of 10,000 or less are not hooked up to public sewer systems. Nearly 10 percent of households in these communities are not hooked up to public or private water systems.
- ☐ The number of FDIC-insured commercial banks headquartered in rural areas has dropped by 30 percent since 1980, to fewer than 5,900 at the end of 1994. Those that are left are precluded by federal and state regulations from making loans to high-risk, start-up businesses or from providing direct equity investment in new enterprises.

Rural Housing Direct Lending* for Selected States, Fiscal Year 1994, 1998

State	FY 94	FY 98
Arkansas	\$44	\$23
California	137	74
Florida	76	43
Ohio	67	34
Michigan	69	34
Mississippi	55	24
Tennessee	58	20
Vermont	23	7
New York	50	27

(\$ in millions)

* sections 502 home ownership and section 515 rural rental

11/16/98

Eileen Fitzgerald (Rural Housing Service at USDA)

November 30, 1998

The greatest barrier to the creation of farmworker housing is **community opposition**. Communities get together and develop zoning packages that prevent the construction of farmworker housing. However, support from growers for the creation of more farmworker housing could make a difference.

Current Programs:

1. Farm Labor Housing Program (Sections 514 and 516)

Currently there is a **farm labor housing program** at USDA that provides loans and grants to CBOs and public entities to build farmworker housing (both year-round housing and migrant housing). The highest use is in California, Florida, and Texas. They are starting to see some in Oregon and Washington. They have started to prioritize projects in "upstream" states, such as Virginia.

By statute, you must be a citizen or a LPR to live in housing financed using one of these programs.

By statute, the ^{grant}money can only go to a CBO (non-profit) or a public entity (such as a PHA). Growers are not eligible to receive loans or grants to build farmworker housing under these programs.

Projects financed with the USDA loan and grant programs typically have a child care component. The Farm Labor Housing Program can be used to fund the construction of child care centers as part of the project. The CBO or public entity can then get operating subsidies through Head Start or other equivalent programs.

Funding history

Year	Loan Actual	Grant Actual
FY98	\$15 million	\$12.5 million
FY99	\$20 million	\$13.5 million
FY2000		
<i>request</i>	\$35 million	\$25 million
<i>passback</i>	\$25 million	\$15 million

According to the National Rural Housing Coalition, a combined increase of \$25 million in these two programs (approximately equal to the FY00 request) would provide 2000 more units of farm labor housing.

As noted, the Farm Labor Housing Program is only available to CBOs and public entities. The only option for growers is a small program that provides loans for “on-farm” single family homes. Growers are eligible to apply for the new multi-family housing loan program. However, there are no subsidies involved. However, **growers could donate land to CBOs or PHAs for use for farmworker housing built by these entities.**

2. Community Facilities Program

USDA also has a Community Facilities Program that provides loans for the building of any essential community facility (which can include child care centers; migrant health clinics, etc.). This program (FY99) has \$169 million in loans; \$6.5 million in grants.

3. Self-Help Housing Program

USDA also has a Self-Help housing program (Section 523). This program serves a lot of farmworkers. It allows groups of 6-10 families to get together (w/the assistance of a CBO grantee) and help build a home that one of the families will live in, thus providing sweat equity. The Section 502 program then allows the homeowner to get a mortgage for the rest of the cost of the home (a subsidized, direct loan).

Gen/Earl/John

Coverdell @ Kingston/Chambliss

Q. for them : sent original letter
our position is out there

Re: Coverdell:
answer him w/chronology?

What are principles

Measure what they are asking

Response: Where burden ends up if we go along w/their ideas

Coverdell will continue to have a hold on nominee

Talked to Tracey

isn't there something else we can give (?)

Political strategy (?)

Brainstorming: do we want

Bob Graham just called for a mtg. w/ the Secy.

to take some Dems. who are in

→ House won't act until something happens
in the Senate.

→ G. Smith ~~the~~ bill couldn't win in the Senate.

→ ~~XXXXXX~~ ^{Crap} bill (?) ~~the~~ pretty much the same.

[Kingston is shopping idea that growers should be able to use H2B program through appropriations.]

But these guys get overtime

Coverdell response (+) General response