

RURAL HOUSING ADDRESS BY SENATOR
ROBERT MORGAN TO THE FOURTH ANNUAL
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Since the Great Depression some four decades ago, our Federal Government has become increasingly involved in meeting the shelter needs of the American people. It was the hardship and misery brought about by the Depression that mobilized public opinion to support New Deal programs and policies which were designed to restore health and vitality to our Nation's economic system.

All of you are somewhat familiar with various housing programs within the Federal Government. The housing programs of the Veterans Administration following World War II, which have reached tens of millions of veterans, providing opportunities for housing that might not have otherwise existed, are well known to all of you. And, many of you are acquainted with the housing programs and policies of the Department of Housing and Urban Development which have been directed at low and moderate income Americans. However, many of you may be less familiar with some of the earliest housing programs of the Federal Government, those programs targeted at rural Americans.

These programs are located with the Farmers Home Administration which was established in 1935 during

the depth of the Depression. In the 43 years that it has existed, Farmers Home has been developed into a significant force in the rural development policies of this Nation, a force that reaches well beyond assistance to the farmers and ranchers of the Nation. Indeed, Farmers Home has left its imprint on the lives and wellbeing of all Rural Americans.

In my comments today I will touch upon the history of the Farmers Home Administration, relating the programs of this important agency to America's rural development needs. In the final part of my brief remarks I will report to you on action taken recently in this area by my Rural Housing Subcommittee.

Let me begin by saying that there simply is not enough time here this evening to give full credit to this rich history. However, I would be remiss in my comments if I did not mention the contributions of Senator John Sparkman and the late Senator Hubert Humphrey. Senator Sparkman has done more to meet the housing needs of Rural Americans than anyone I know. When the distinguished senior Senator from Alabama retires at the end of this Session, the entire Congress will feel a deep loss.

Senator Humphrey's commitment to rural develop-

ment has been noted on many occasions. Hubert was the primary author and moving force behind the Rural Development Act of 1972 which greatly expanded the role of Farmers Home.

The history of the Farmers Home Administration is rich and varied. The lineage of Farmers Home can be traced back to the Resettlement Administration which was created by the Executive Order of President Roosevelt. The Resettlement Administration took over Depression-era programs that had been carried out in about 40 states by Rural Rehabilitation Corporations formed under the Emergency Relief Act of 1933. Rural rehabilitation loans were intended to help farm families stay on the farm and work their way off relief rolls.

During its brief life, the Resettlement Administration made hundreds of thousands of short-term loans, often supplemented by grants, to low-income families to help them become self-reliant and self-sufficient. Borrowers were also provided technical counseling on farm and financial management.

By 1937 there was a growing conviction in the Congress that supervised credit as pioneered by Resettlement could be the answer to a worsening national

problem of hardship and failure among tenant farmers. On July 22, 1937, the Bankhead-Jones Farm Tenant Act was enacted, creating a new program of supervised 40-year farm ownership loans to farmers who lacked other sources of credit for buying their own land and for farm and home improvements.

Also enacted in 1937 was the Water Facilities Act, also operated by Resettlement, to cope with drought and water shortages. This program was the forerunner of present day massive rural programs in water systems, waste disposal systems and other rural community facilities now administered by Farmers Home.

In 1938 the Resettlement Administration was renamed the Farm Security Administration which carried out supervised credit programs that enabled thousands of farmers to become farmowners. The success of a large percentage of these borrowers helped to strengthen family farm agriculture, and fortified the Nation's ability of meet its awesome food-producing challenges in World War II.

FSA also established new programs to establish new farms and communities, services in group medical care, agricultural cooperatives, migratory labor camps, and other social and economic programs.

Perhaps the important point to make concerning these Depression-era programs relates to the structure of American agriculture. Without these programs, the number of farmers would have surely been reduced with accompanying economic and social dislocation. North Carolina has the fifth largest number of farms in the Nation and maintaining the family farm, which is the most efficient economic unit in our agriculture, is important to the cultural fabric of the Nation.

By 1946, Congress had concluded that a restructuring of FSA was necessary. . . Some of the old Resettlement programs were no longer justified, other programs could be improved, and perhaps new programs would be needed in the postwar period.

In August of 1946, Congress passed the Farmers Home Administration Act. Combined in the new Farmers Home were some programs of FSA and the Emergency Crop and Feed Loan Program. The Farmers Home Administration Act also gave FmHA a new authority, to insure loans made by banks, other agencies and private individuals, as well as to make direct Government loans. The act brought an end to Rural Rehabilitation loans, of which three million had been made since 1935 by Resettlement and FSA for a total exceeding one billion dollars.

Farmers Home programs remained at relatively low levels through the late 1940s until early in the 1960s. In 1961, Congress passed the Consolidated Farmers Home Administration and Federal Housing Acts. The Consolidated Home Administration Act contained major provisions affecting limits on farmer loans as well as opening up the water system program to rural population, including incorporated twons of up to 2,500.

This 1961 Act raised limits on farmer loans -- to \$60,000 for farm ownership, replacing a formula whereby each county's limit had been the average value of its family farms, and from \$20,000 to \$35,000 for farm operating purposes.

The expansion of old programs and enactment of new ones during the first four years of the 1960s had raised the FmHA's total loan and grant volume from ^{the} \$300 million level of fiscal year 1960 to \$750 million in fiscal year 1965. But this was only the beginning of the upsurge in FmHA services brought on by the large scale rural housing and rural development programs enacted during the ensuing 10 years.

Rather than set up new agencies to administer new services, Congress decided in 1972 to utilize FmHA's

existing system of county offices, long experienced in serving rural communities, as the delivery vehicle for new and large rural programs mandated by the Rural Development Act of 1972. As a result, FmHA's annual volume of lending authority has expanded to where it will reach nine billion in fiscal year 1979.

The Rural Development Act of 1972 greatly expanded the role of Farmers Home, as I said earlier in my comments. This Act authorized the introduction of new programs in business industrial development and community facilities. More importantly, the Act gave USDA primary responsibility for Federal activities in support of rural development. It established an Assistant Secretary for Rural Development who is charged with overseeing the work of three USDA agencies -- FmHA, the Rural Electrification Administration and the Rural Development Service.

In 1977, Farmers Home entered into a new era of service to above-moderate income families. I pushed this addition to the Housing Act amendments of 1977, primarily because of my concern that a large segment of Rural America was being denied adequate housing. The Administration has yet to use this new authority although

I have been given assurances very recently that the Administration will begin to use this authority to the tune of \$900 million annually.

It is important to keep in mind that the ^{Home} Farmers/Administration was created to make up for shortfalls in local and private resources. Historically, the availability of credit through FmHA when none other was to be found has enabled hundreds of thousands of rural and small town families to win their foothold on the land, rather than abandon farming or small towns, adding to the huge farm-to-city migration of distressed people that aggravated decline in the countryside and turmoil in the cities during recent decades.

More than one million ill-housed rural families have moved into adequate homes thanks to Farmers Home. Some 11,000 rural localities and farmland sections have solved their water and sanitation problems through modernized central water and sewage systems, again thanks to FmHA.

Indeed, FmHA has proven to be a good investment. Loan losses written off during the 43 years of the agency amount to less than two percent of principal advanced.

Most recently, my Rural Housing Subcommittee has acted to improve FmHA still further. Soon, the Senate

will act on the Rural Housing Act of 1978 that contains several new provisions. These include:

- low-income home ownership subsidies;
- a moderate-income subsidy program;
- a requirement that Farmers Home Administration report on remedies for rural housing without sanitation within six months;
- a requirement that Farmers Home complete, within one-year, a study on migrant workers housing conditions and programs which can be established to cope with problems in this area; and
- a change in/^{the}"credit elsewhere" clause of existing Farmers Home migrant worker housing finance program, making it discretionary with the Secretary of Agriculture.

These changes will enhance the housing programs of Rural America. Migrant housing conditions are deplorable. Poor housing conditions contribute to discontent. I am not saying here that all migrant housing is bad; clearly much of it is good.

The sanitation of rural housing is of equal concern. ^{Findings} ~~study done~~ by my Subcommittee ~~has~~ indicated

^{many} that ~~800,000~~ homes in rural areas lack indoor plumbing. ~~close to ten percent~~
In fact, ~~one quarter~~ of these homes are in my home state

Many of these homes, I regret to say, are in my home state

We cannot afford to become complacent with our housing policies and programs. Shelter is one of the essentials of life. We must examine ways for the federal government to work more closely with the private sector to meet housing needs. Certainly, the monetary and fiscal policies of this Nation need to be coordinated in a manner that minimizes the costs that citizens pay for housing. I am pleased that the President has decided to confront the twin challenge of inflation and unemployment. I am equally pleased that the President has not given up on his commitment to balance the budget. Such goals are necessary to restore the full vitality of this Nation.

Thank you for this opportunity to discuss these issues with you. I will be happy to entertain a few questions.