




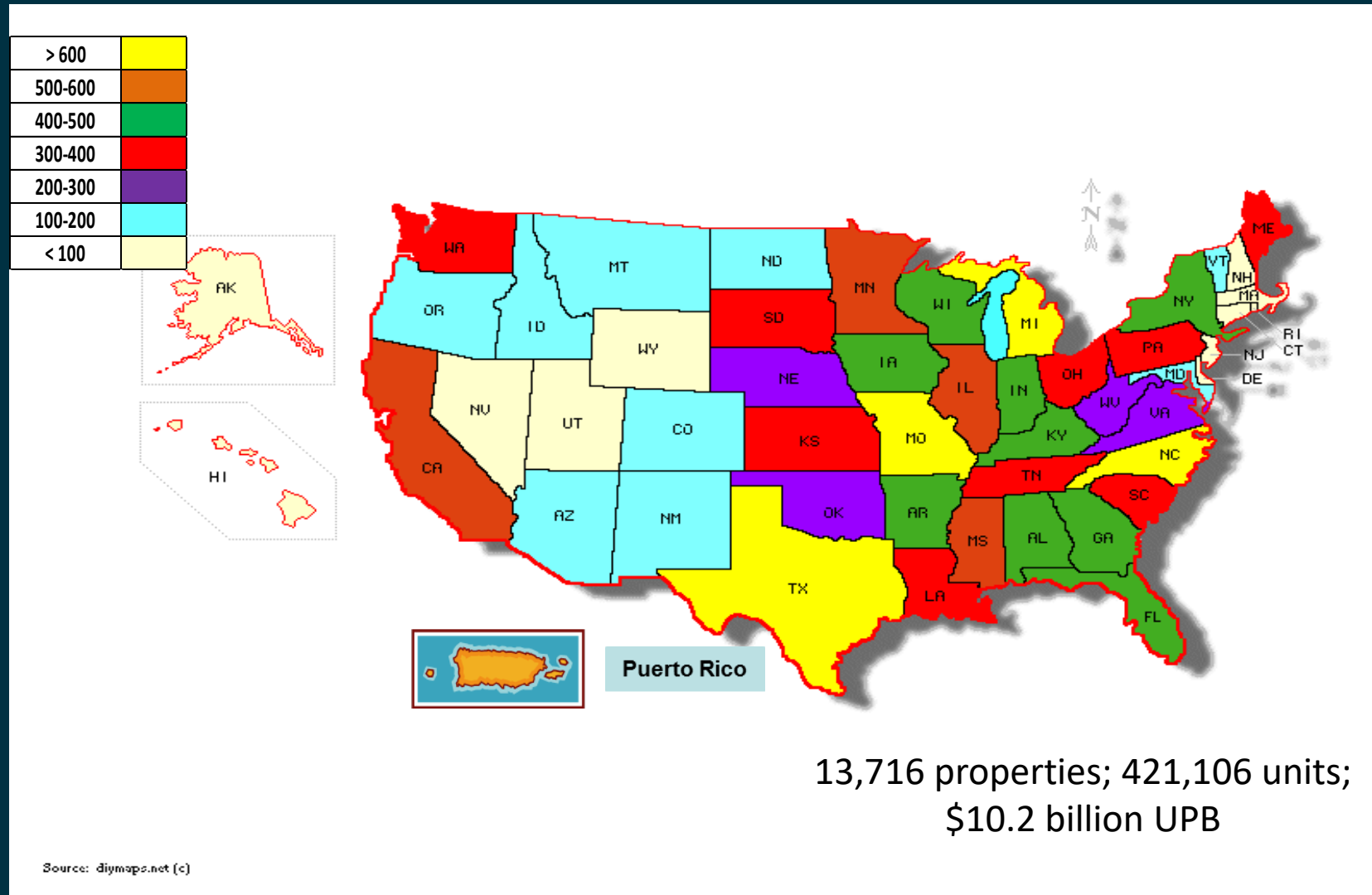
NCSHA October 2019

Financing Development in Rural and Native American Areas

Topics to Share Today

- Snapshot of Farm Labor Housing and Rural Rental Housing Portfolios
 - Multifamily Preservation and Revitalization Program (MPR)
 - Section 538 Program Activity
 - Funding Availability
 - Housing Preservation Grants
 - Farm Labor Housing Loans and Grants
 - Preservation Technical Assistance
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Section 515 Rural Rental Housing (RRH) and Section 514 Farm Labor Housing (FLH) Properties



Section 515 RRH and Section 514 FLH Properties, Units, Assistance and Performance

Multifamily Program	Properties	Rental Assistance Units	Total Units	Outstanding Balance	Delinquencies
514 Farm Labor Housing	531	11,793	16,992	\$360.5 Million	21 – 4.0%
515 Rural Housing	13,176	269,300	403,139	\$8.9 Billion	229 – 1.8%
Total	13,707	281,093	420,131	\$9.2 Billion	250 – 1.8%

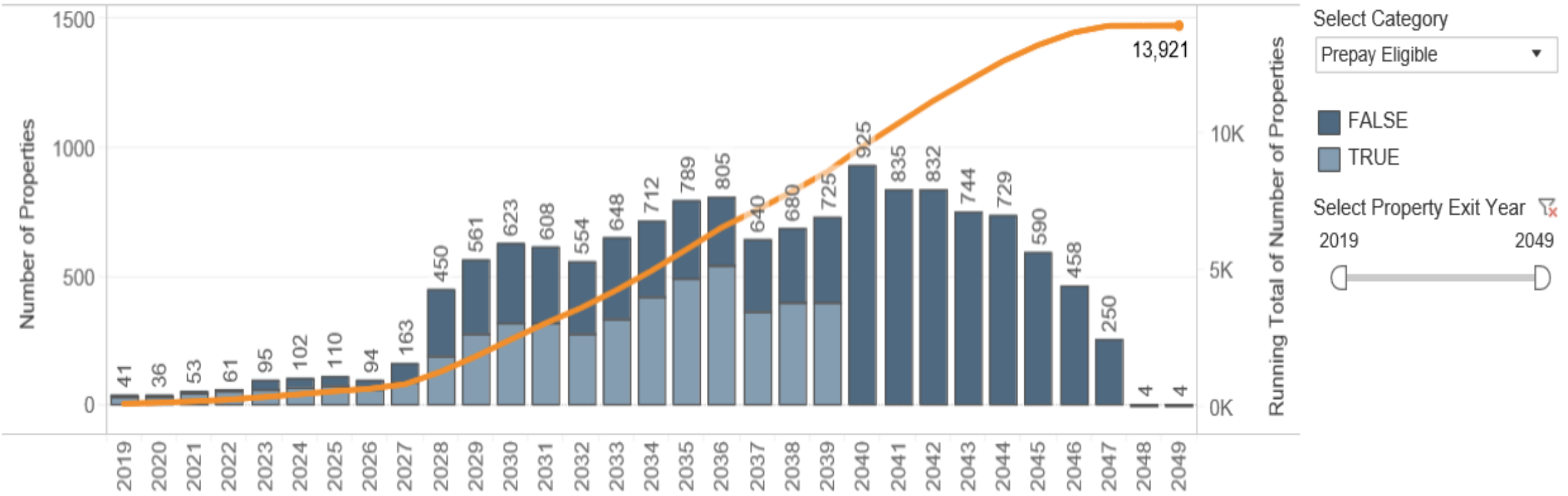
Tenant Characteristics

- Average Household Income
 - \$13,552 overall
 - \$10,911 for households receiving rental assistance
 - 92% are “Very Low” income (less than 30% Area Mean Income)
- 62% elderly households
- Average property size is 30 units

Preservation Tool

<https://www.rd.usda.gov/programs-services/multi-family-housing-direct-loans>

Property Exit Dates - *Click on bar chart to filter property details below*



Property Details - *Click on borrower name to filter loan details below*

Multi-Family Preservation & Revitalization Program (MPR):

- MPR program is available to existing 515 and 514/516 properties
- Funds can be used for rehabilitation
- No additional RA is available for this program, but rents are resized
- No tenants will be displaced from any proposed rent increase
- Selected properties execute a new Restrictive Use Provision
- Selected properties can receive 1 or more available MPR tools
- Transfers can allow a seller's equity payment and/or an increased Return to Owner

Multi-Family Preservation & Revitalization Program (MPR):

- Funding tools include:
 - Deferral of Existing Agency debt for up to 20 years
 - Terms & conditions listed in the MPR Debt Deferral Agreement
 - Balloon payment due at the end of deferral period
 - 0% Loan
 - 30 year term, 50 year amortization (33 years for FLH)
 - Requires monthly debt service
 - 1% Deferral
 - Deferred for the longest loan on the property, typically 30 years
 - 1% Interest
 - Grants
 - Available to Non-profit entities to cover Health & Safety items identified in CNA

MPR Program

- Used in the preservation of existing MFH Properties
- In FY 2019 – 216 properties preserved, assisting 7,686 households, 4,017 with RA
- Funding included:
 - \$ 44.7 million in MPR 0% and Soft second loan funds
 - \$ 38.3 million in Section 515 loan funds
 - \$ 77.5 million in Section 538 loan guarantees
 - \$ 10.6 million in 3rd party loan funds
 - \$ 7.6 million in Borrower contributions
 - \$ 84 million in LIHTC (9%, 4%, State, Historic)
 - \$ 62 million in Disaster Loans
- In FY 2018 – 133 properties preserved, assisting 4,861 households, 3,135 with RA
- Funding included:
 - \$ 49 million in MPR 0% and Soft second loan funds
 - \$ 24.5 million in Section 515 loan funds
 - \$ 76.8 million in Section 538 loan guarantees
 - \$ 10 million in 3rd party loan funds
 - \$ 7 million in Borrower contributions
 - \$ 127 million in LIHTC (9%, 4%, State, Historic)

Moving Forward RD - The Indiana Initiative

- Partnering with Indiana Housing & Community Development Authority (IHCDA)
 - 3 Developers selected to participate
 - Preserving approximately 38 properties in Indiana
 - Each developer eligible to receive a combined amount of:
 - Up to approximately 10% of the 2019 credit cap
 - \$1 million soft loan from local rural development trust fund
 - Up to \$25 million in multifamily bonds and
 - Approximately \$10 million in 4% credits
 - Applications are being put together
 - Anticipate receipt of complete applications by October 18, 2019 or no later than 3 months prior to the developers anticipated closing date.
 - Underwriting and Approval to be accomplished by December 31, 2019 or within 75 days of receipt of the developers complete application.

538 Program Overview



- USDA guarantees loans made by private, USDA approved lenders, in eligible rural areas (up to 90% of the loan is guaranteed)
- Types of Loan Guarantee Products – Option 1 = perm only; Option 2 = continuous guarantee
- Eligible rural areas - <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>
- No loan size restriction or cap; loan terms minimum 25 years, up to 40 year amortization
- Interest rate is negotiated between the lender and borrower
- Restrictive use required for the original term of the loan guarantee
- USDA's lien must be first position
- USDA Fees: initial guarantee fee = 1% of the guaranteed portion of the loan; 0.50% annual fee based on principal balance of loan
- Rent capped at 30% of 115% of AMI
- At initial occupancy, tenant income must not exceed 115% of AMI

Types of Loans Guaranteed

- 👉 New construction
- 👉 Acquisition with Rehabilitation
- 👉 Rehabilitation

Other MFH Programs:

- FY 2019 Section 514 Farm Labor Housing (FLH) NOSA
- FY 2019 Housing Preservation Grant (HPG) NOSA
- Non-Profit Technical Assistance



Asks for Audience

- 504 Compliance: spreading the word on new enforcement direction
- Rental Housing Working Group with HUD, IRS, HFA's: support our alignment efforts to leverage common resources and reduce duplication of effort
- Low Income Housing Tax Credits: support our efforts to make RRH a more attractive investment for these equity resources

