



Advocates for  
Human Potential, Inc.

# *Going Home to the Range*



**2015 HCBS CONFERENCE**

# MFP RURAL HOUSING TOOLKIT

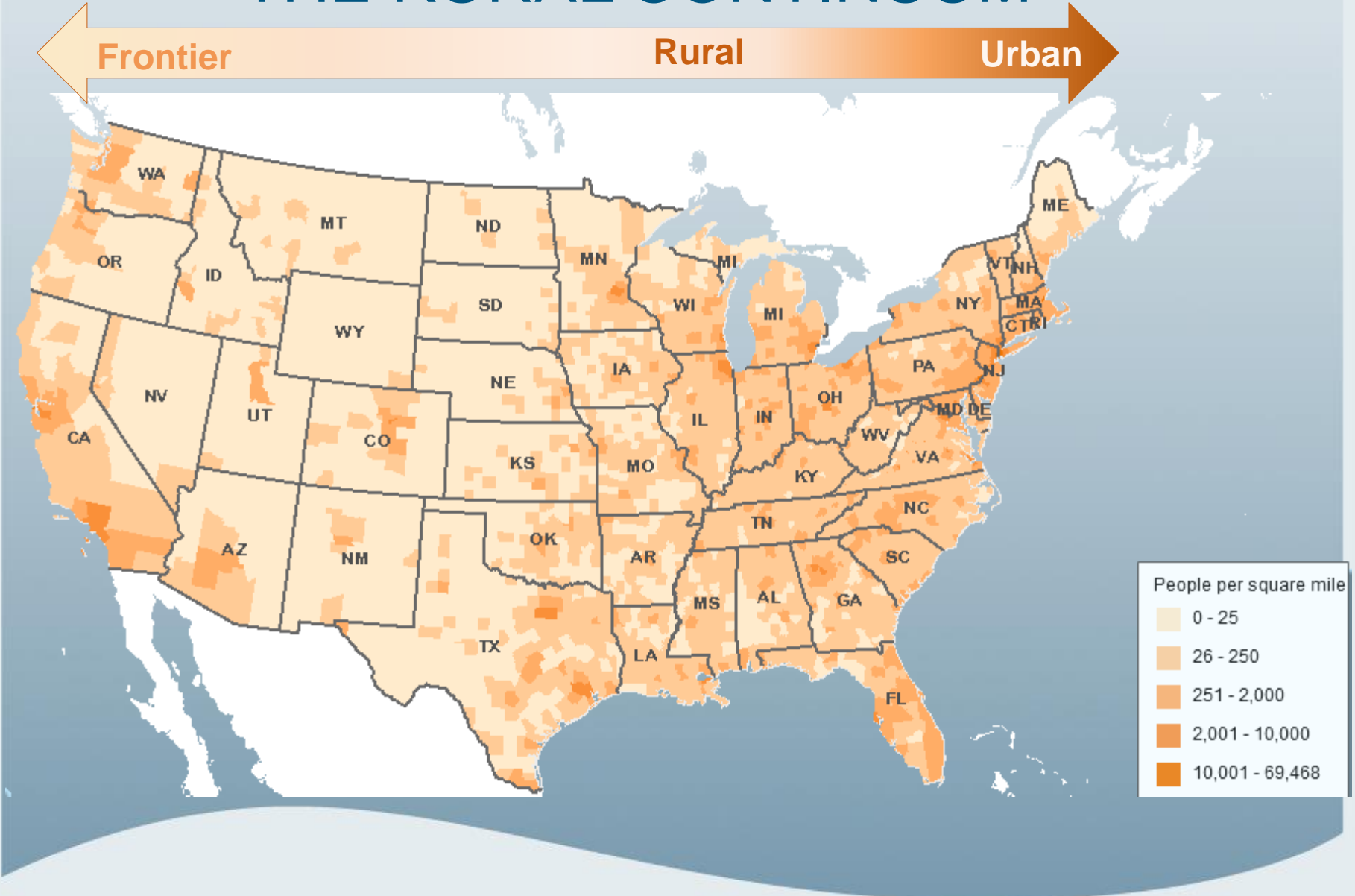


# RURAL REALITIES



- At least 80% of the U.S. is rural, but is home to only about 20% of Americans.
- The *frontier* is home to 4% of Americans, but covers 56% of our geography.
- Approximately 62 million live in rural and frontier areas.

# THE RURAL CONTINUUM





# Going Home to the Range...

- Lack of direct service providers
- Huge service areas
- Long distances between providers and clients
- Limited public transportation



# RURAL HOUSING TOOLKIT

- Introduction to information resources and tools for accessing and using data
- Pinpointing resources
- Tools for transitioning MFP participants to rural communities



# RURAL HOUSING SOLUTIONS





# FINDING HOUSING

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- Don't overlook community resources
  - Who can help?
    - Churches
    - Civic groups
    - Human Resource Development Councils or Community Action Agencies
    - United Way
    - State agencies
    - Housing Finance Agency



# INNOVATIONS

- AmeriCorps
  - Kentucky's Homes for All Corps (AmeriCorps)
- NeighborWorks
  - Rural Initiative
  - I'M HOME (Manufactured home program)
  - Mountain Springs Villa (Montana)
- Red Feather Development Group
- VA Mobile Vet Centers
  - Wyoming VA Mobile Telehealth Clinic



# USDA

- There are housing resources and technical support opportunities available specifically for rural areas.



- Known for farm services and food security (SNAP, WIC, child nutrition)
- The “Co-Op”

# USDA

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- USDA Rural Development (RD) is one of the best federal resources available for rural housing assistance.
- Readily accessible: local Rural Development Service Centers
- Loans and grants that can be applied to single family homes, housing rehab, low-income apartments, housing for special populations (e.g., elderly and/or disabled) and public facilities.
- Funding can be accessed by individuals, non-profits, municipalities, American Indian Tribes and others

# HPSAs, MUAs and MUPs

- Enhanced federal grant eligibility
- Enhanced Medicare payments or bonus payments
- Eligibility for National Health Service Corps ([nhsc.hrsa.gov](http://nhsc.hrsa.gov))





# ADVOCATES FOR HUMAN POTENTIAL

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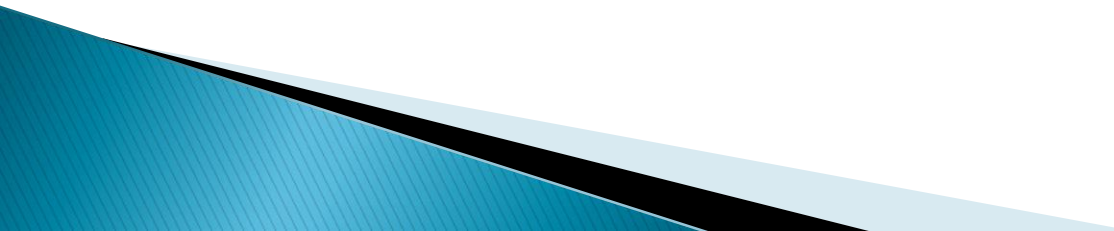
*[www.AHPNET.com](http://www.AHPNET.com)*

# Rural Housing Assistance and Community Programs

North Dakota Money Follows the Person Housing  
Initiative

Jake Reuter, ND MFP

# The ND MFP Housing Initiative

1. Tasked with finding affordable and accessible housing for persons working to transition out of institutions and back into the community
  2. Assist with housing search for individuals at risk of institutionalization
  3. Facilitate Collaboration:
    - ✓ State/Federal Housing Agencies
    - ✓ Housing Development Organizations
    - ✓ Advocacy Groups
    - ✓ Governments Entities
    - ✓ Community Representatives
- 

# The ND MFP Housing Initiative

- ▶ The MFP housing database is an online registry of existing affordable and/or accessible housing rental options throughout the state
- ▶ <http://www.ndcpd.org/mfp/index.html>



# Supportive Housing Collaborative

## Statewide Housing Representatives

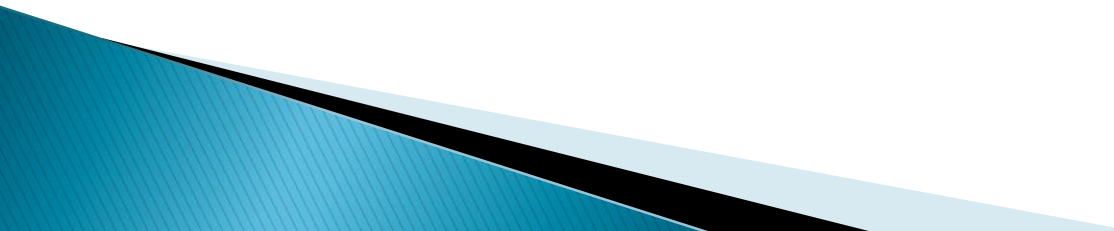
- ▶ USDA Rural Development
- ▶ ND Housing Finance Agency
- ▶ HUD
- ▶ Public Housing Authorities
- ▶ ND Department of Human Services/MFP
- ▶ Nonprofit Service Providers
- ▶ Homeless Coalition
- ▶ Housing Developers

**Created 8 Regional Supportive Housing Collaborative Groups**



# Supportive Housing Collaborative

## USDA–Rural Development

- ▶ Facilitated Relationship Building
  - ▶ Increased Awareness of Support Services
  - ▶ Provide information about USDA Housing Services to Wider Audience
  - ▶ Partnership for Training Property Owners
  - ▶ Opportunities to Jointly Fund Development
  - ▶ Discuss Changing Number of Properties
- 

# USDA Rural Development

## Participate in Statewide and Regional Collaborative Meetings

- ▶ Access to Housing Needs Assessments
- ▶ Landlord Compliance Training
- ▶ Properties added to Housing Database
- ▶ Participation in Regional Meetings
- ▶ Focus on Affordable Housing (30%)

## Program Discussion

Home Repair Loan and Grant

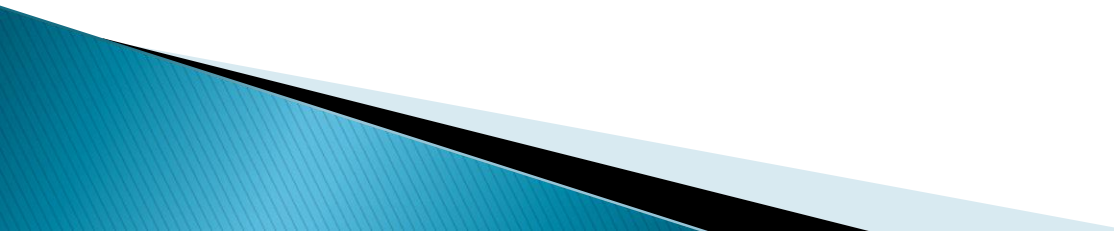
Direct Home Loan Program

Guaranteed Home Loan Program



# USDA Rural Development

## Accomplishments

- ▶ Development of Service Provider Listing for Property Managers/Landlords
  - ▶ Developed Housing 101 Document for Social Service Providers
  - ▶ Creation and Continuation of a State Tax Credit Program to Fund Housing Development
- 













# RURAL DEVOPMENT IN WESTERN ND

City	Project	Grant	Loan
Dickinson	Construction of 4 separate projects providing 270 rental units and 76 new townhomes		\$20,915,080
Mohall	Renovation of senior citizens home		\$337,940
Mohall	Renovation of elderly home complex		\$82,128
Williston	Construction and renovation of 44 affordable rental units		\$1,472,620
19 counties	Financed 817 single family homes	\$298,766	
Totals		\$298,766	\$139,409,231

# Beyond Housing

## USDA–Rural Development Programs Build Community

- ▶ HOUSING
- ▶ HEALTH & COMMUNITY SERVICES
- ▶ UTILITY INFRASTRUCTURE
- ▶ BUSINESS GROWTH

Action Steps:

Identify Local Representative

Create Opportunities for Collaboration

Key Player for Long Term Success in Rural America



# Contact Information

- ▶ Jake Reuter, Money Follows the Person Program Administrator Email:  
[jwreuter@nd.gov](mailto:jwreuter@nd.gov)

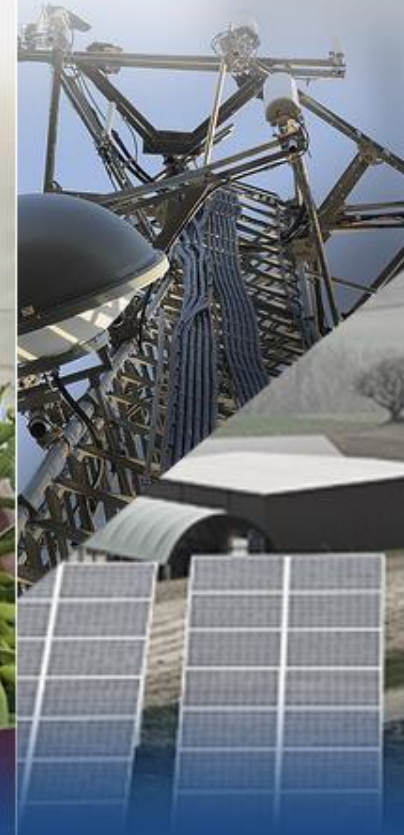
## ND MFP Housing Initiative:

Cheryl Merck, Housing Facilitator  
[cheryl.merck@minotstateu.edu](mailto:cheryl.merck@minotstateu.edu)

ND MFP Housing Initiative Website and Database: <http://www.ndcpd.org/mfp/>

# USDA Rural Development Rural Housing Service

**Housing Track  
HCBS Conference**  
September 1, 2015



United States Department of Agriculture  
Empowering the Future of Rural  
Communities <http://www.rd.usda.gov>

# ***Rural Development's Broad Base of Economic Development Programs***

**Rural Housing Service Programs  
Affordable Home Ownership, Rental  
and Community Facilities Assistance**

**Presented by:**

**Gina Silva, Multi-Family Housing**

**Donn Appleman, Single Family Housing**



**United States Department of Agriculture**

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<http://www.rd.usda.gov>





United States Department of Agriculture

# United States Department of Agriculture (USDA)

## Seven Mission Areas

Secretary Tom Vilsack

Farm & Foreign Agriculture Services



Food Safety



Natural Resources and Environment

Food, Nutrition and Consumer Services



Marketing & Regulatory Programs

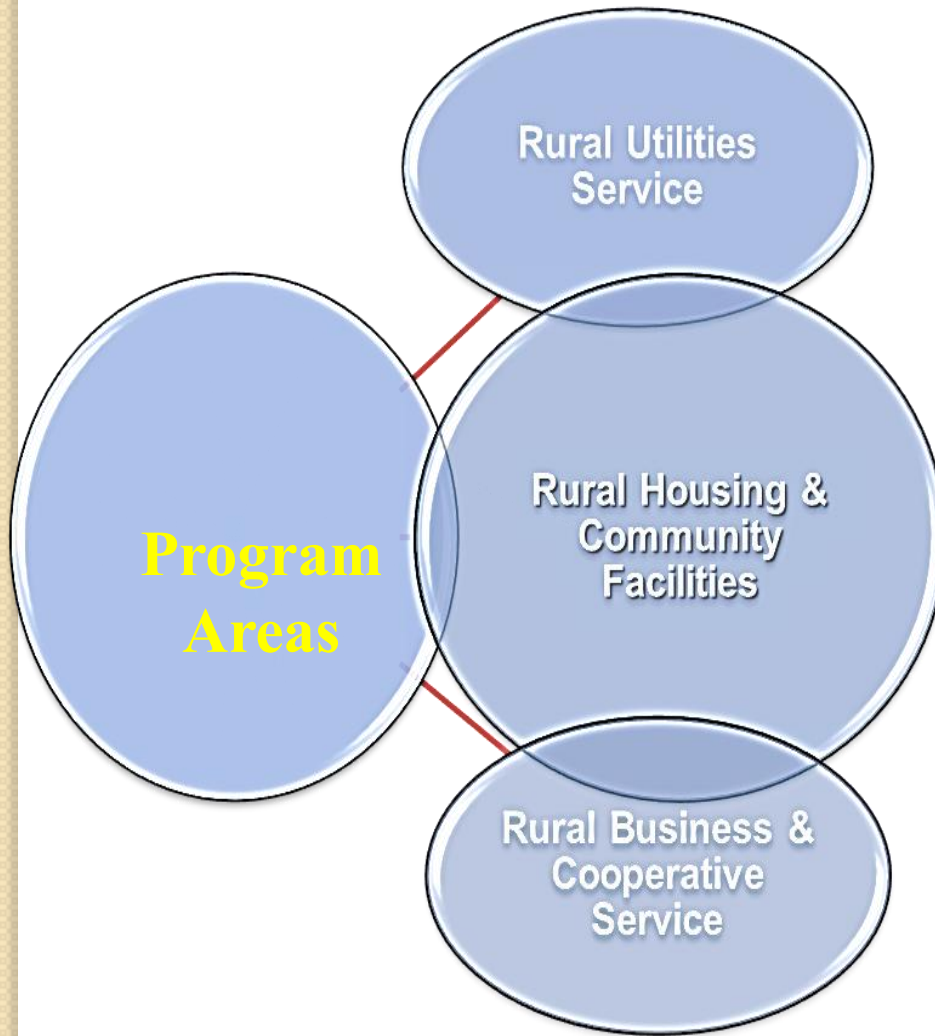


Research, Education and Economics

**Rural Development**

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# Rural Development Program Areas



- Electric Program
- Water & Environmental Programs
- Telecommunications and Broadband Programs
- Homeownership Loans
- Home Repair Loans & Grants
- Mutual Self-Help TA Grants
- Multi-Family Housing Loans
- Housing Preservation Grants
- Farm Labor Housing Loans & Grants
- Community Facilities Loans & Grants
- Business and Industry Guaranteed Loans
- Rural Community Development Grants
- Intermediary Relending Program
- Rural Energy for America Program
- Value Added Producer Grants
- Cooperative Development Assistance



# Housing Programs

- Improving Quality of Life
- Strengthening Communities
- Building Ownership & Opportunity



- Since 1949, USDA Rural Development's Housing Programs have extended the dream of homeownership to more than 3.8 million rural Americans. This includes 2.1 million Direct loans, 1.3 million guarantees of approved lender loans, and nearly 400,000 Very Low income home repair loans and grants.
- USDA's Housing programs help rural communities and individuals by funding low-interest single family home loans, apartments for low-income persons or the elderly, housing for farm laborers, and much more!
- USDA Rural Development's Community Programs assists rural communities in financing critical community facilities including schools, hospitals, day care centers, fire and police stations and much more!
- Through its Community Programs, the Department of Agriculture is striving to ensure that such facilities are readily available to all rural communities.



# Multi-Family Housing Programs



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# Multi-Family Housing's Mission

Provide adequate, affordable, decent, safe, and sanitary rental housing for very low-, low-, and moderate-income households in rural areas





# **The Multi-Family Housing Preservation and Revitalization Demonstration Loans and Grants Program (MPR)**

- This program restructures loans for existing Rural Rental Housing and Off Farm Labor Housing projects to help improve and preserve the availability of safe affordable rental housing for low income residents
- Applicant Eligibility:  
Current multi-family housing project owners with Rural Rental Housing and Off-Farm Labor Housing Loans



# How May the MPR Funds be Used?

- Preserve and improve existing Rural Rental Housing and Off-Farm Labor Housing projects in order to extend their affordable use without displacing tenants through increased rents.



# What Type of MPR Funding is Available?

- A variety of restructuring tools are available including:
  - Grants, limited to nonprofit applicants
  - Zero Interest Loans
  - Soft-Second Loans; and
  - Debt Deferral Loans
  - 515 Rehabilitation



# Guaranteed Rural Rental Housing Program

Overview of the Program

Benefits to the Lenders

Benefits to the Investors



# Guaranteed Rural Rental Housing Program

## Overview of the Program

Market Driven – Developer and lender determine affordable housing need.

Affordability Features – 25-year term with 40-year amortization

Secondary Market – Ginnie Mae guarantee on loans guaranteed by RD.

Compatible with other funding sources.





# Guaranteed Rural Rental Housing Program

Market Driven – Developer and lender determine affordable housing need

- Lender and Developer negotiate interest rate and terms. **Lender should discuss with RD State Office the deal specifics early in the process.**
- Local market determines the project amenities.



# Guaranteed Rural Rental Housing Program

## Affordability Features

- **Amortization scheduled repayment from 25 to 40 years**
- **Affordable construction loan guarantees**
- **No fees for the construction and permanent guarantees**



# Guaranteed Rural Rental Housing Program

Secondary Market – Ginnie Mae guarantee on loans guaranteed by RD

- Approx. \$500 million in closed §538 guarantees
- Approx. \$250 million guaranteed by Ginnie Mae
- Servicing can be held or assigned
- Investor appetite for loans guaranteed by RD



# **Guaranteed Rural Rental Housing Program**

## **Compatible with other Funding Sources**

- Family income can't exceed 115% of Area Median Income, well within tax credit requirements.**
- Other funding sources include 9% tax credits, 4% bond financing, HOME funds, and AHP funds.**
- Program allows funds to be used for land purchase and soft costs (developer's fees, bond fees, legal fees, etc.)**



# Guaranteed Rural Rental Housing Program

## Benefits to the Lenders

- **Guarantee of up to 90% of loan originated using lenders underwriting standards.**
- **Secondary Market activity in GRRHP loan guarantees.**
- **Community Reinvestment Act credit**
- **Guaranteed loan does not count against loan limit**
- **Fannie Mae, Ginnie Mae, HFAs and HUD multifamily lenders are eligible lenders**





# Guaranteed Rural Rental Housing Program

## Benefits to the Investors

- **CRA for purchase of loans guaranteed**
- **Ginnie Mae insured**
- **Government guarantee for up to 90% of loss**
- **Loan and guarantee freely transferable**



# **USDA's Rental Assistance (RA) Program**

RA is a rent subsidy program for the benefit of tenants in Rural Development-financed multifamily housing properties. RA pays the difference between the apartment rent and the tenant's contribution to rent.

When a developer applies for a Section 515 Rural Rental Housing Loan or a Farm Labor Housing loan, most times they will also request RA subsidy as well.

RA can only be used in conjunction with these two loan programs. Once the mortgage is paid off, the RA ends and tenants no longer receive the benefit of the rent subsidy.



# USDA's Rental Assistance (RA) Program

Approximately 286,000 tenants receive the benefit of RA. RA pays the difference between the basic rent and the tenant's contribution to rent, which is usually 30% of the tenant's income, adjusted for medical, child care, and elderly and handicapped deductions.

## Example:

Apartment rent:	\$600
Tenant's contribution:	<u>- \$200</u>
USDA pays to landlord:	\$400

USDA has an RA contract with the landlord to provide RA funding. RA is used at a different rate by each tenant each month as tenants move in and out of properties, have income changes, and as rents increase.

All these variables impact the rate at which RA is used for individual tenants. Consequently, some contracts last longer than others and some use money faster. This creates a very dynamic budgeting environment.



# Rental Assistance Budget

The RA budget consists of funds to replenish money for contracts expected to exhaust funds in the upcoming year. More contracts were due for renewal in FY14 than any prior year. Congress usually also includes funding for creation of new RA units through new construction funding and “prepayment incentives”.

## Renewals

Early-program budget requests (1978-1982) were for funding for 20 years plus inflation. These contracts were substantially overfunded and even now, some funds still remain on these contracts.

Later program budget requests (1983-2003) were generally for 5 years of funding plus inflation.

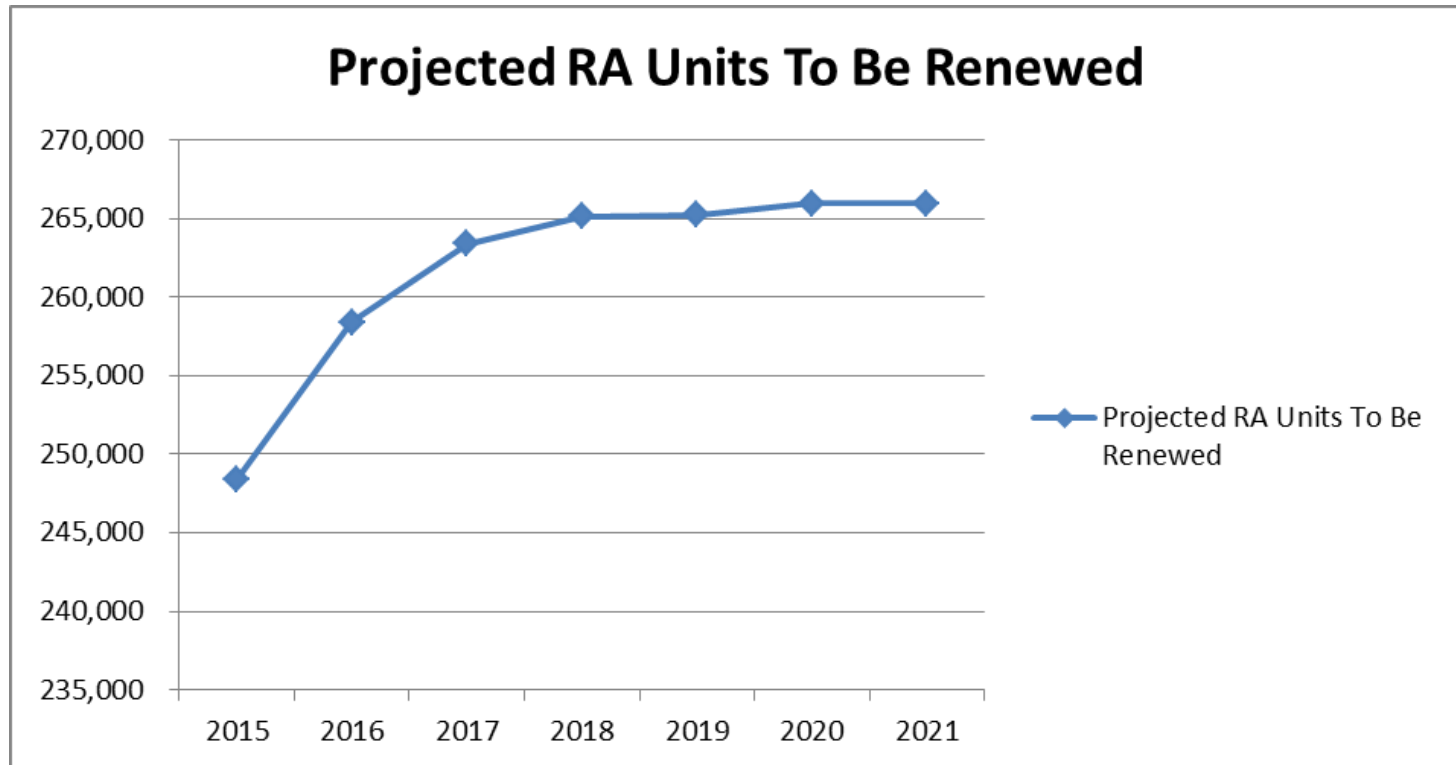
In most recent years, Congress decreased funding terms to one year terms to reduce the budget impact

<u>YEAR</u>	<u>Required Amount of Funding for a Contract</u>
2004	4 year term
2005	4 year term
2006	4 year term
2007	½ year with 1 year term; ½ year with 2 year term
2008 forward	1 year term



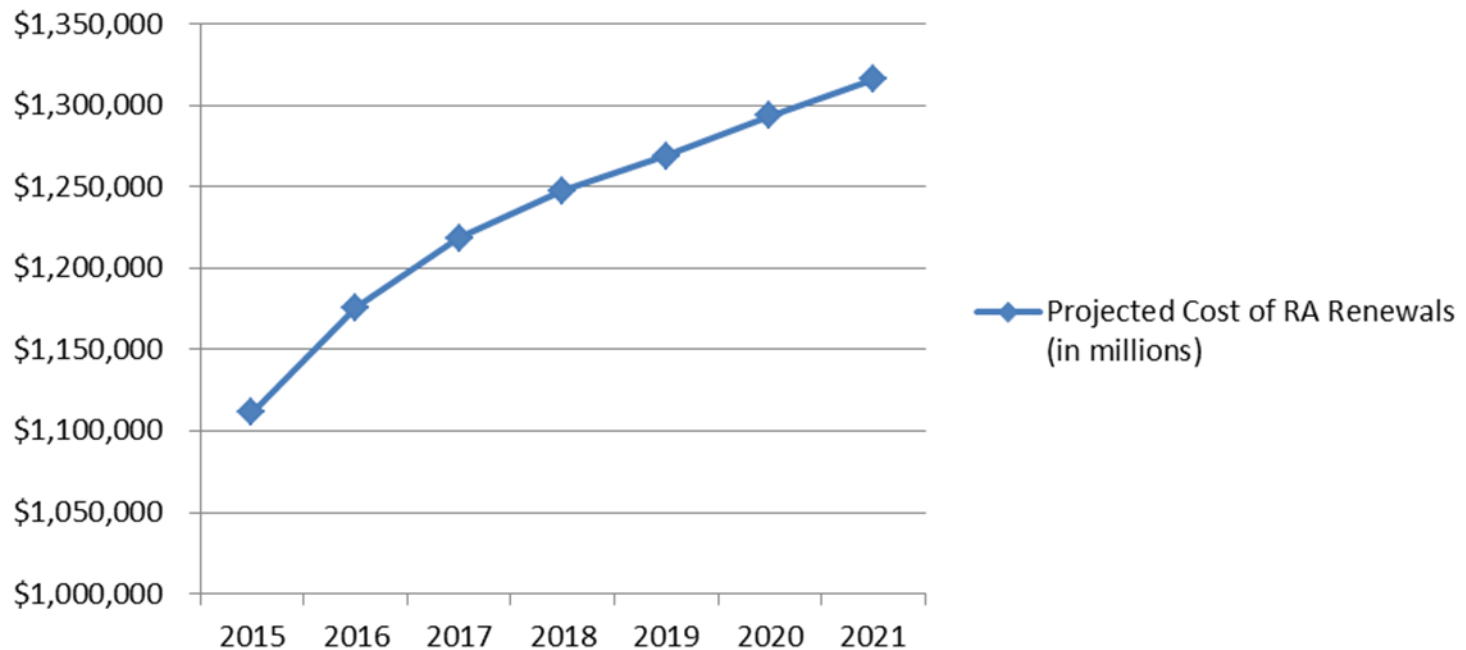
# USDA's Rental Assistance (RA) Program

The average cost of a one-year RA contract is approximately \$4,400. If all 286,000 one-year term RA contracts came due, the cost would be about \$1,258,400,000.



# USDA's Rental Assistance (RA) Program

**Projected Cost of RA Renewals (in millions)**







For more information, including locations and contact numbers for USDA Rural Development offices, regulations and Administrative Notices, visit our web site at:

<http://www.rd.usda.gov>



# Single Family Housing Programs – Section 504 Housing Repair Loans & Grants



# Section 504 Housing Repair Loans & Grants

## Program Objective

The Very Low-Income Housing Repair program provides loans and grants to very low-income (less than 50% of Area Median Income) homeowners to repair, improve, or modernize their dwellings or to remove health and safety hazards.



# Section 504 Housing Repair Loans

## Eligibility:

**To obtain a loan, homeowner-occupants must:**

- Be unable to obtain credit elsewhere
- Have very low income
- Need to make the dwelling more safe and sanitary
- Remove health and safety hazards



# Section 504 Repair Grants

## Eligibility:

To obtain a grant, homeowner-occupants must:

- Be 62 years old or older and cannot repay a Section 504 loan
- Need to remove health and safety hazards



# Section 504 Housing Repair Loans & Grants

## Terms:

- Loans of up to \$20,000 and grants of up to \$7,500 are available.
- Loans are for up to 20 years at 1 percent interest.
- A real estate mortgage and full title services are required for loans of \$7,500 or more.





# Section 504 Housing Repair Loans & Grants

## Terms:

- Grants may be recaptured if the property is sold in less than 3 years.
- A grant/loan combination is made if the applicant can repay part of the cost.
- Loans and grants can be combined for up to \$27,500 in assistance.



# Section 502 Direct Loan Program



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# Section 502 Direct Loan Program

## Program Objective

Direct Loans are available for Low- and Very Low-income households to obtain homeownership.

- Section 502 loans are primarily used to help low-income individuals or households purchase homes in rural areas.
- Funds can be used to build, repair, renovate or relocate a home, or to purchase and prepare sites, including providing water and sewage facilities.



# Section 502 Direct Loan Program

## Eligibility:

- Families must be without adequate housing, but be able to afford the mortgage payments, including taxes and insurance, which are typically 24 percent of an applicant's income.
- However, payment subsidy is available to applicants to enhance repayment ability. Applicants must be unable to obtain credit elsewhere, yet have reasonable credit histories.



# Section 502 Direct Loan Program

## Terms:

- Loans are for up to 33 years (38 for those with incomes below 60 percent of AMI and who cannot afford 33-year terms).
- The term is 30 years for manufactured homes.



# Section 502 Direct Loan Program

## Terms:

The promissory note interest rate is based on the Government's cost of money. However, that interest rate may be modified by Payment Assistance subsidy.





## Section 523 Self-Help Housing



## HOW IT WORKS

- Section 523 Technical Assistance grants go to non-profit and municipal organizations to provide necessary technical assistance to families in construction, budgeting, and homeownership basics
- Typically participating families finance their homes through a Section 502 direct loan

## Self-Help Housing



## **Self-Help Housing Program Objective:**

- Make home ownership affordable to rural families by allowing them to build their own homes and earn “sweat equity”
- Families participate in groups of 4 - 10 families and work on each others homes.
- A 65% labor contribution is required from the families.



# Section 502 Guaranteed Loan Program

## Program Objective

Section 502 loans are primarily used to help low- and moderate-income individuals or households purchase homes in rural areas.



# Section 502 Guaranteed Loan Program

## Applicant Eligibility:

- Applicants for loans may have an income of up to 115% of the median income for the area
- Families must be without adequate housing
- Be able to afford the mortgage payments, including taxes and insurance
- Applicants must have reasonable credit histories
- Loans are made by approved lenders and guaranteed by the federal government under the Single Family Housing Guaranteed Loan program



# Section 502 Guaranteed Home Loan Program

## Terms:

Loans are for 30 years. The promissory note interest rate is set by the lender. There is no required down payment. The lender must also determine repayment feasibility, using ratios of repayment (gross) income to PITI and to total family debt.





# [www.rd.usda.gov](http://www.rd.usda.gov)

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Rural Development

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***It takes a partnership of willing community leaders,  
residents, bankers, visionaries***

**AND**

***USDA Rural Development to revitalize  
our rural communities. The possibilities are  
endless.***



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