



Housing Assistance Council

# WHAT ARE THE DATA TELLING US?

Trends in USDA's Section 515 Portfolio



# Why is this important?

In many rural communities USDA Section 515 properties are among the best and only source of affordable rental housing



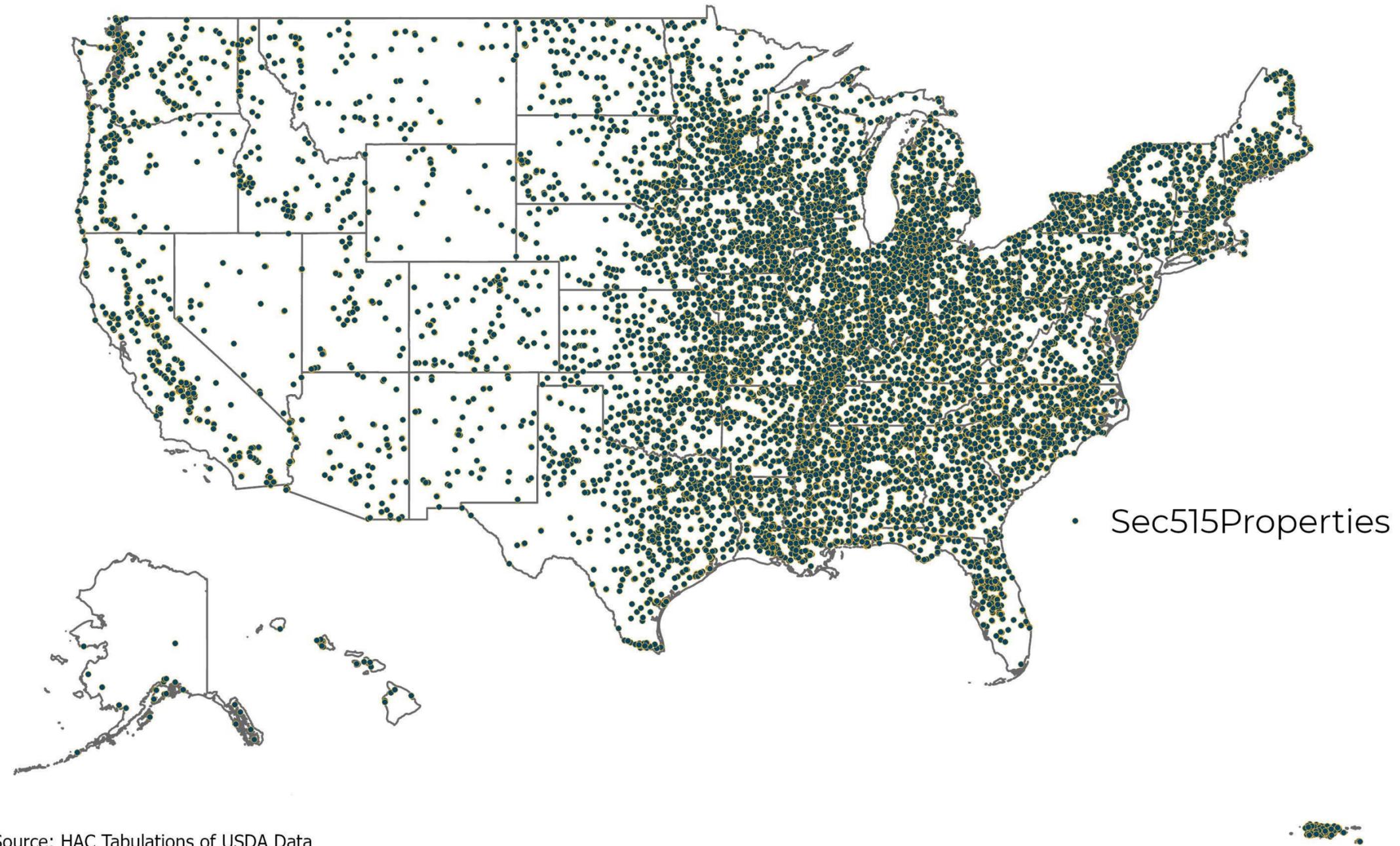
# 87%

**of all U.S. counties have at least one USDA  
Section 515 Multifamily Property**

*Source: Housing Assistance Council. A Platform for Preservation, 2017*



# USDA SECTION 515 MULTIFAMILY HOUSING PROPERTIES, June, 2021



Source: Housing Assistance Council Tabulations of USDA data. PRELIMINARY ANALYSIS

# \$13,640

**average annual income of USDA Section 515  
tenants**

*Source: USDA Multifamily Housing Occupancy Report, 2020*



# \$11,380

**average annual income of USDA Section 515  
tenants with rental assistance**

*Source: USDA Multifamily Housing Occupancy Report, 2020*



*Approximately*

**2/3**

**of USDA Section 515 tenants are elderly  
or disabled**

*Source: USDA Multifamily Housing Occupancy Report, 2020*



# 90%

**of persistent poverty counties have at least  
one USDA Section 515 Multifamily Property**

*Source: Housing Assistance Council. A Platform for Preservation, 2017*

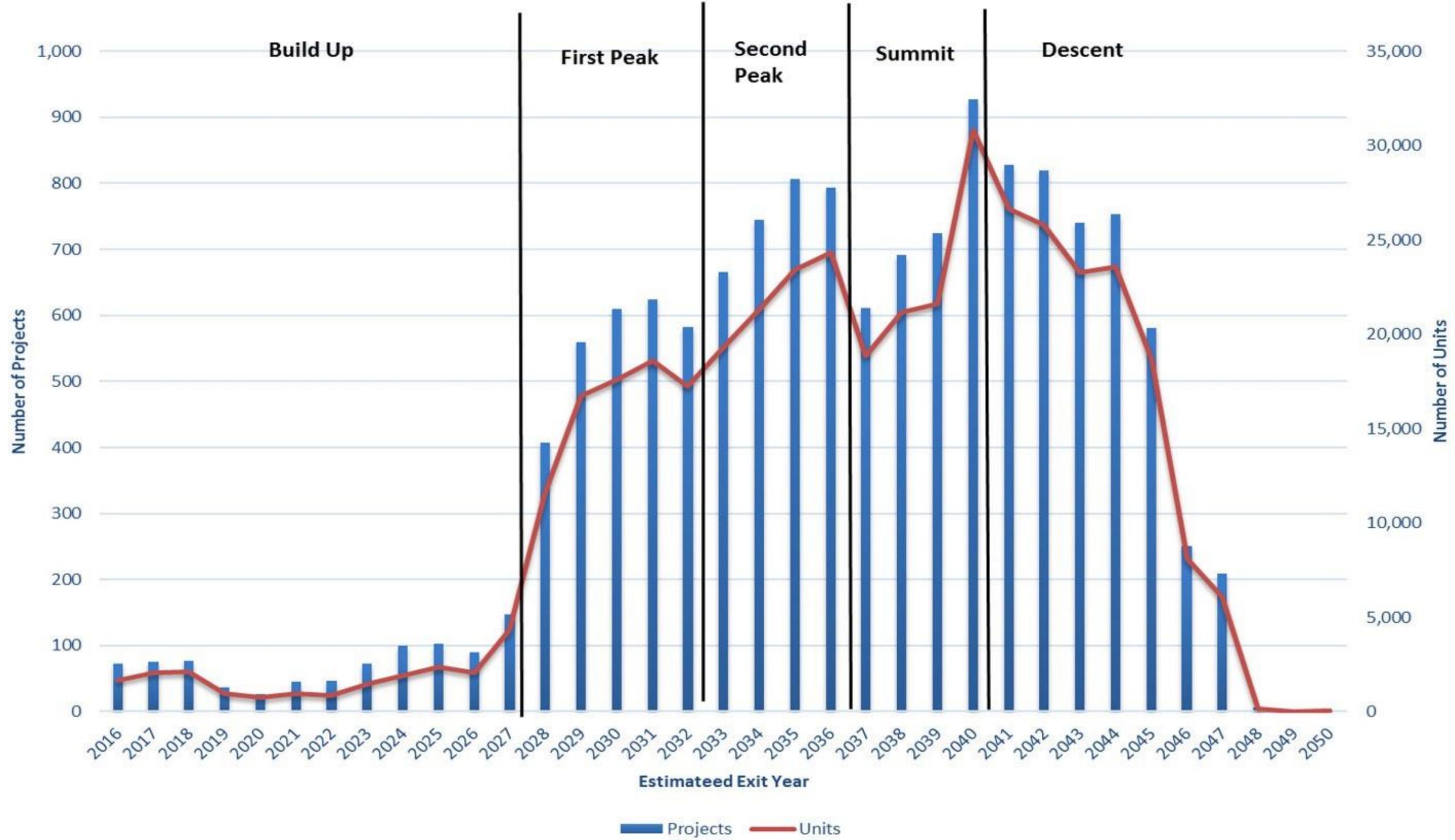




# What are the data telling us?

Preliminary (and murky ) trends 2016-2020

## Maturing USDA Section 515 Rural Multifamily Loans Estimated Loss of Properties and Units to Loan Maturity, 2016 - 2050



# 1,003

**USDA Section 515 Properties left the portfolio  
between 2016 - 2021**



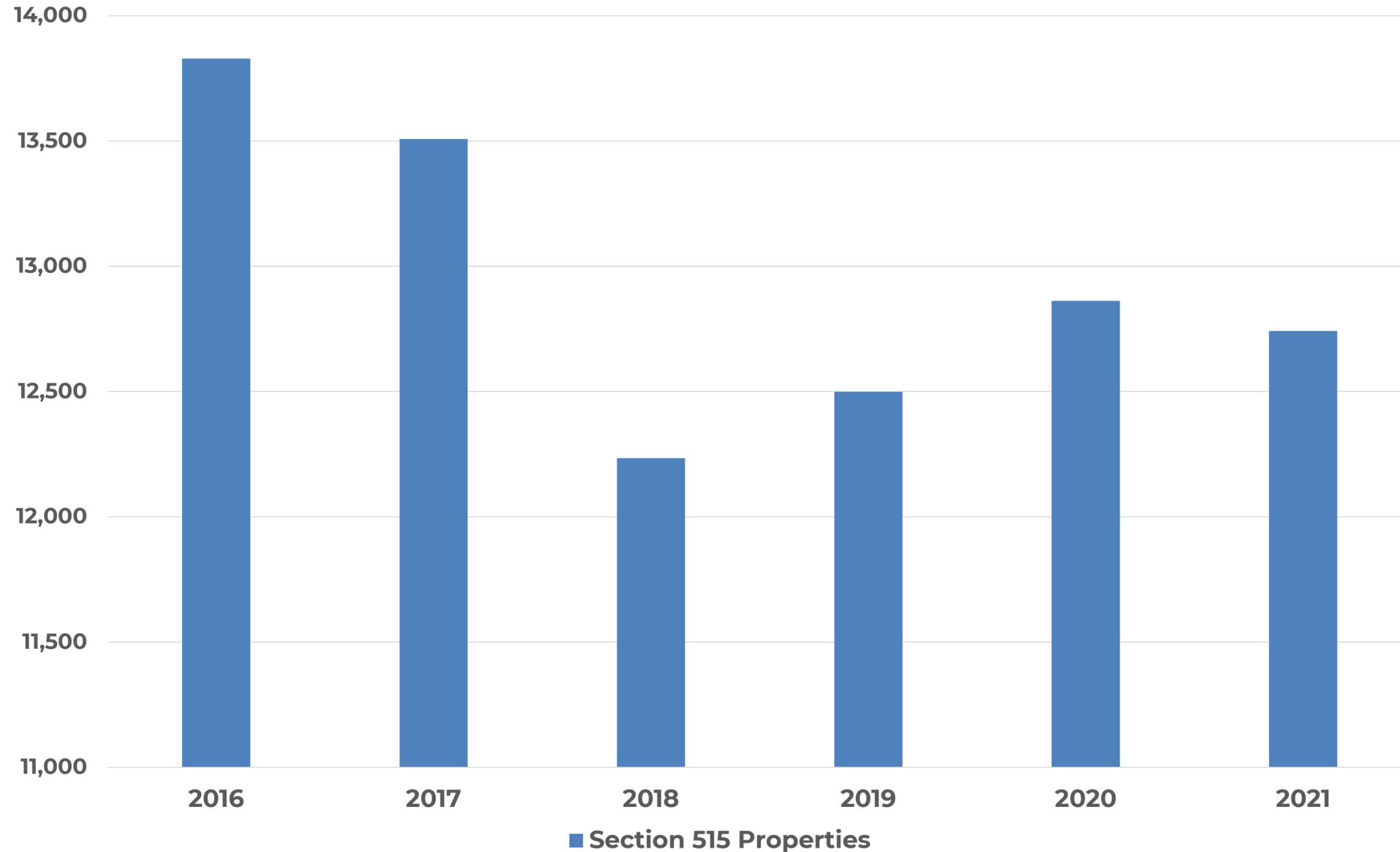
*Source: Housing Assistance Council Tabulations of USDA data. PRELIMINARY ANALYSIS*

# 24,128

**USDA Section 515 units left the portfolio  
between 2016 - 2021**

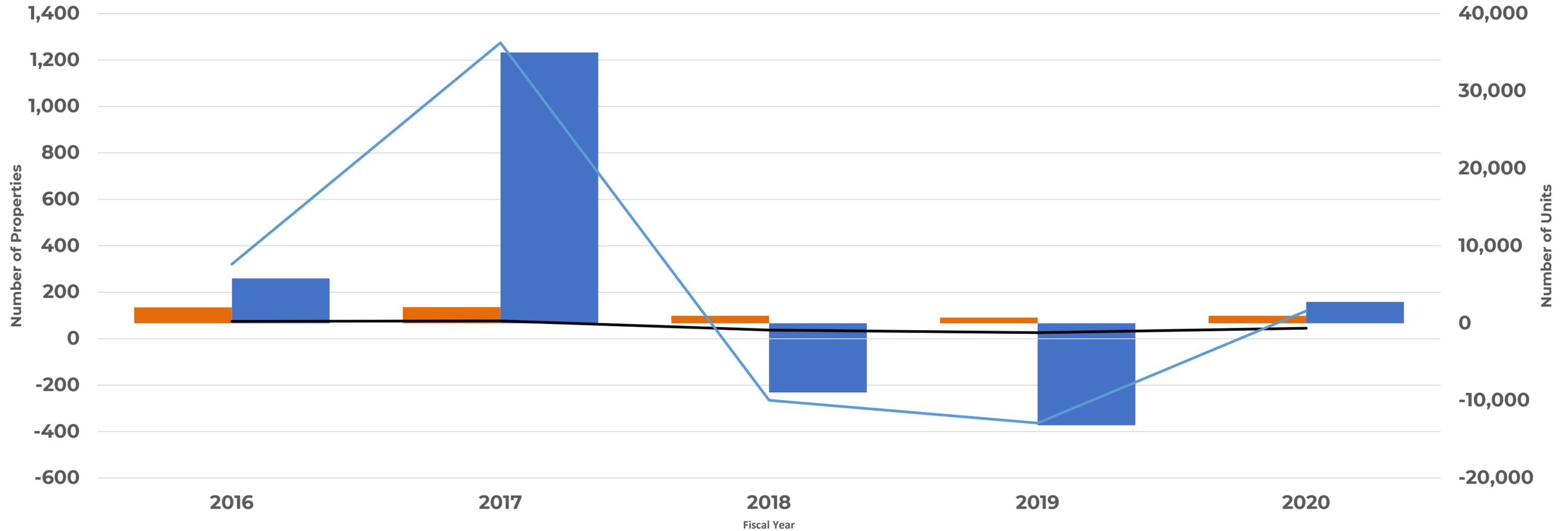


# USDA Section 515 Properties, 2016-2021



Source: Housing Assistance Council Tabulations of USDA data. PRELIMINARY ANALYSIS

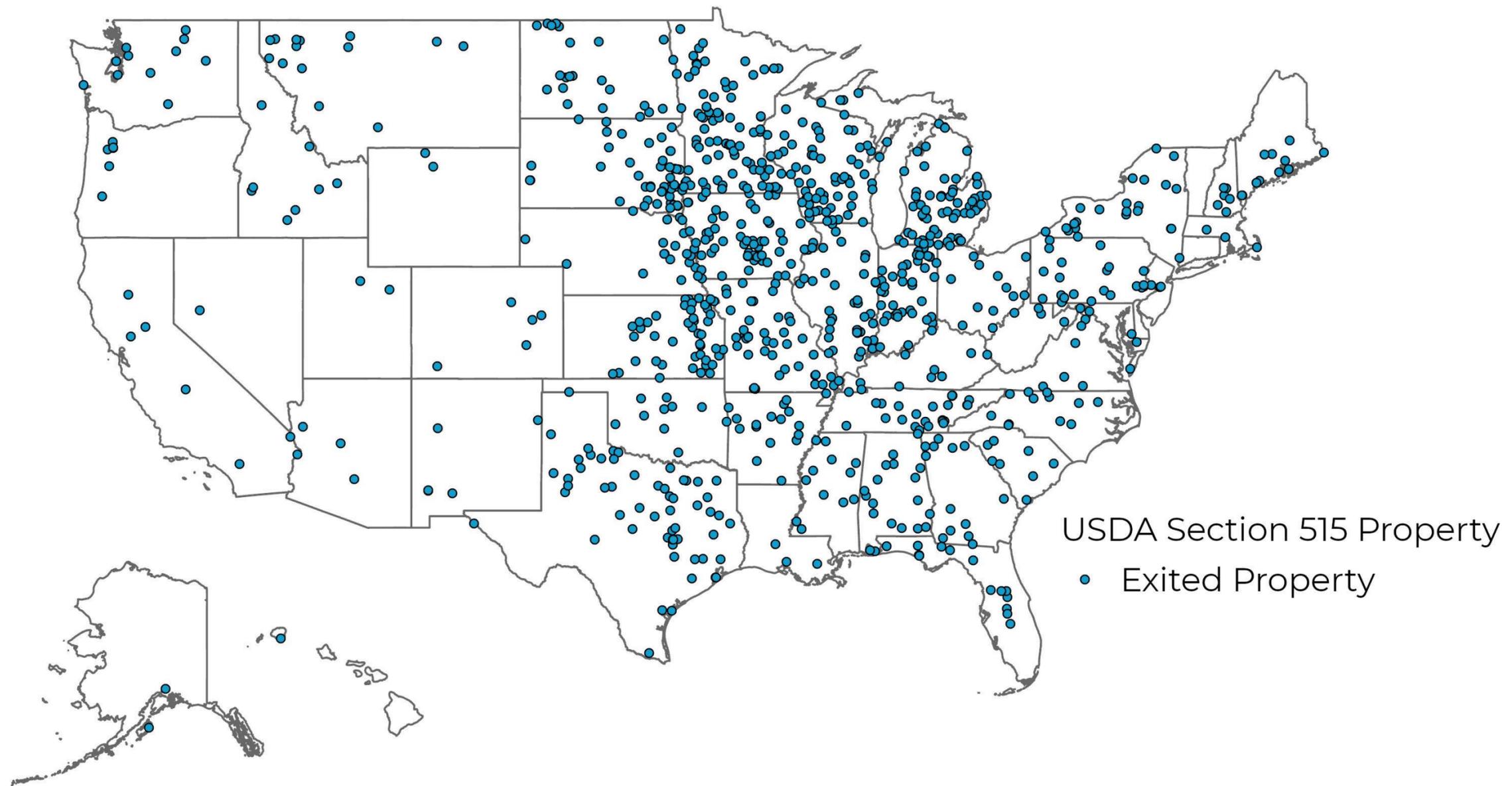
# USDA Section 515 Portfolio - Property Exits Net Change Projected vs Actual, 2016-2021



■ **Units (Est)**   
 ■ **Units (Actual)**   
 — **Properties (Est)**   
 — **Properties (Actual)**

Source: Housing Assistance Council Tabulations of USDA data. PRELIMINARY ANALYSIS

# USDA SECTION 515 MULTIFAMILY PROPERTY EXITS, 2016 - 2021

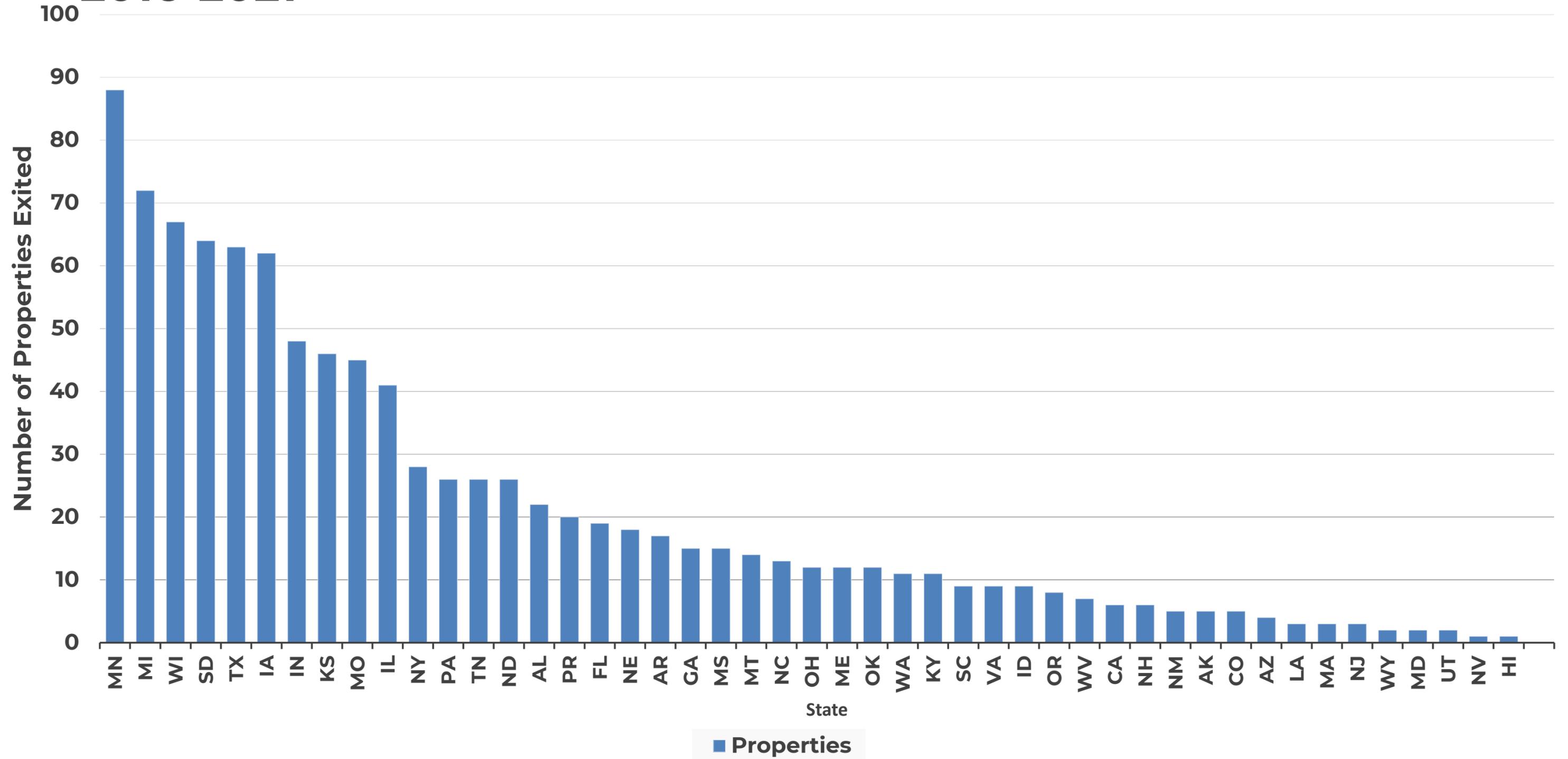


Source: HAC Tabulations of USDA Data



Source: Housing Assistance Council Tabulations of USDA data. PRELIMINARY ANALYSIS

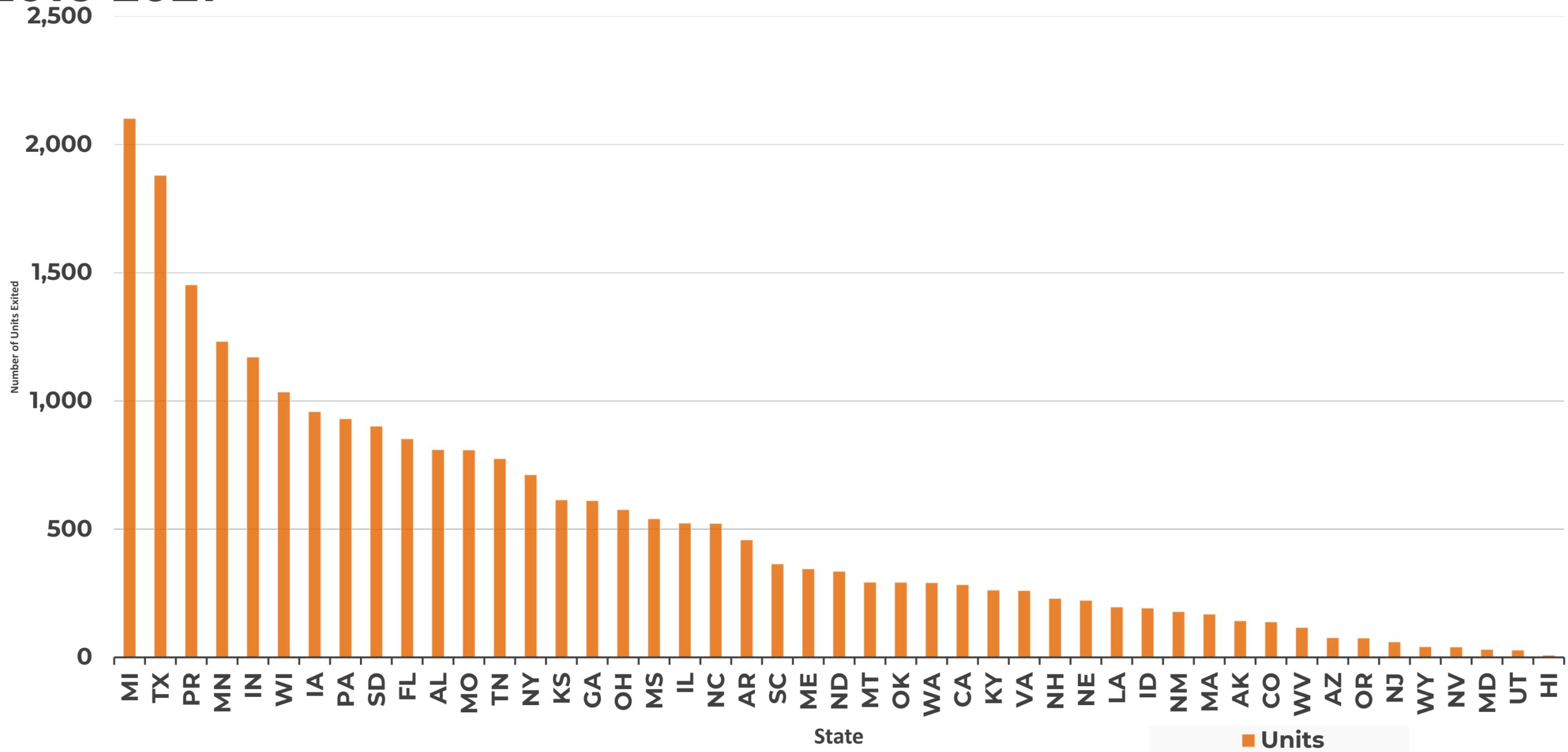
# USDA Section 515 Property Exits by State 2016-2021



Source: Housing Assistance Council Tabulations of USDA data. PRELIMINARY ANALYSIS

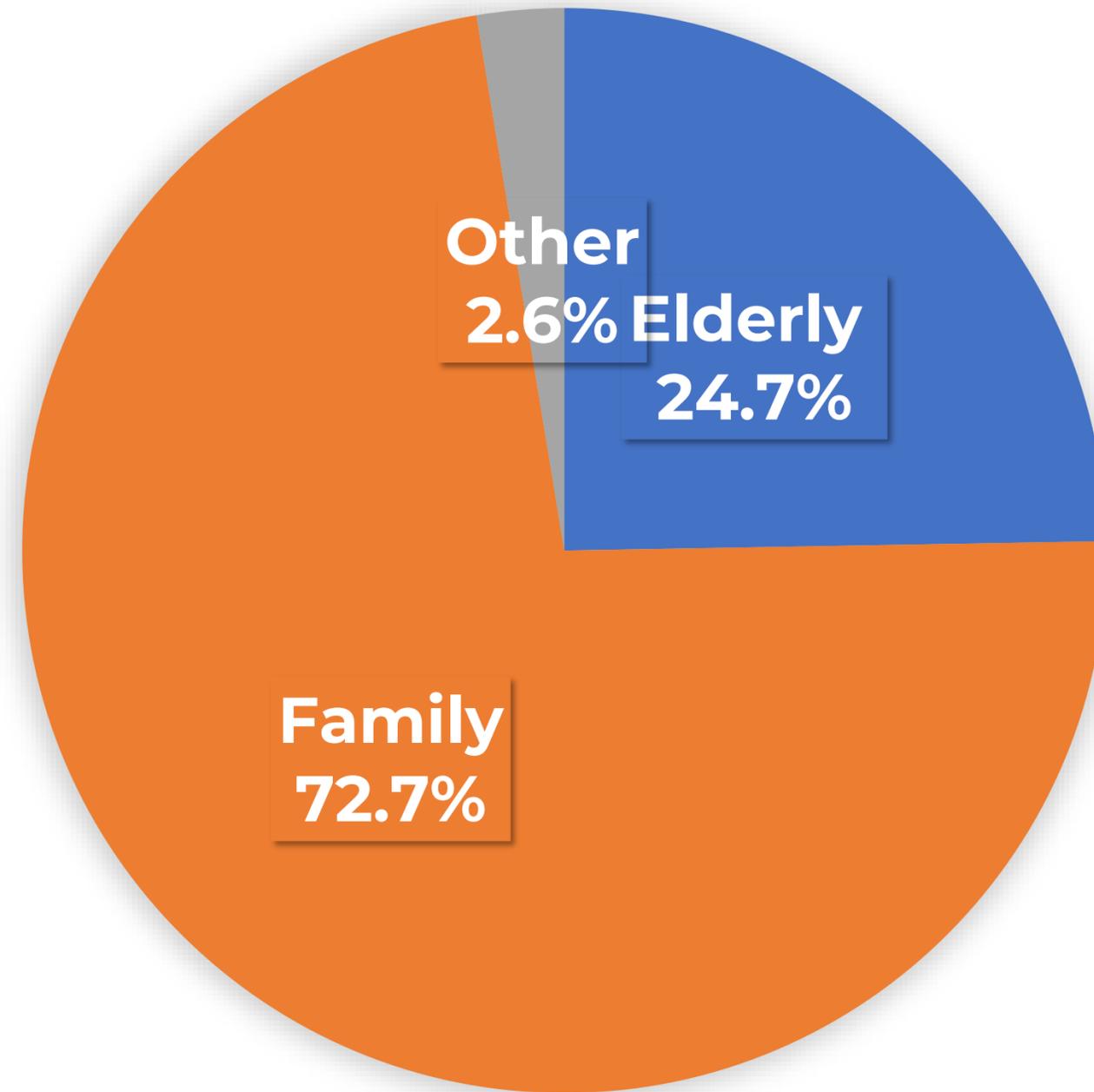
# USDA Section 515 Unit Loss by State

## 2016-2021



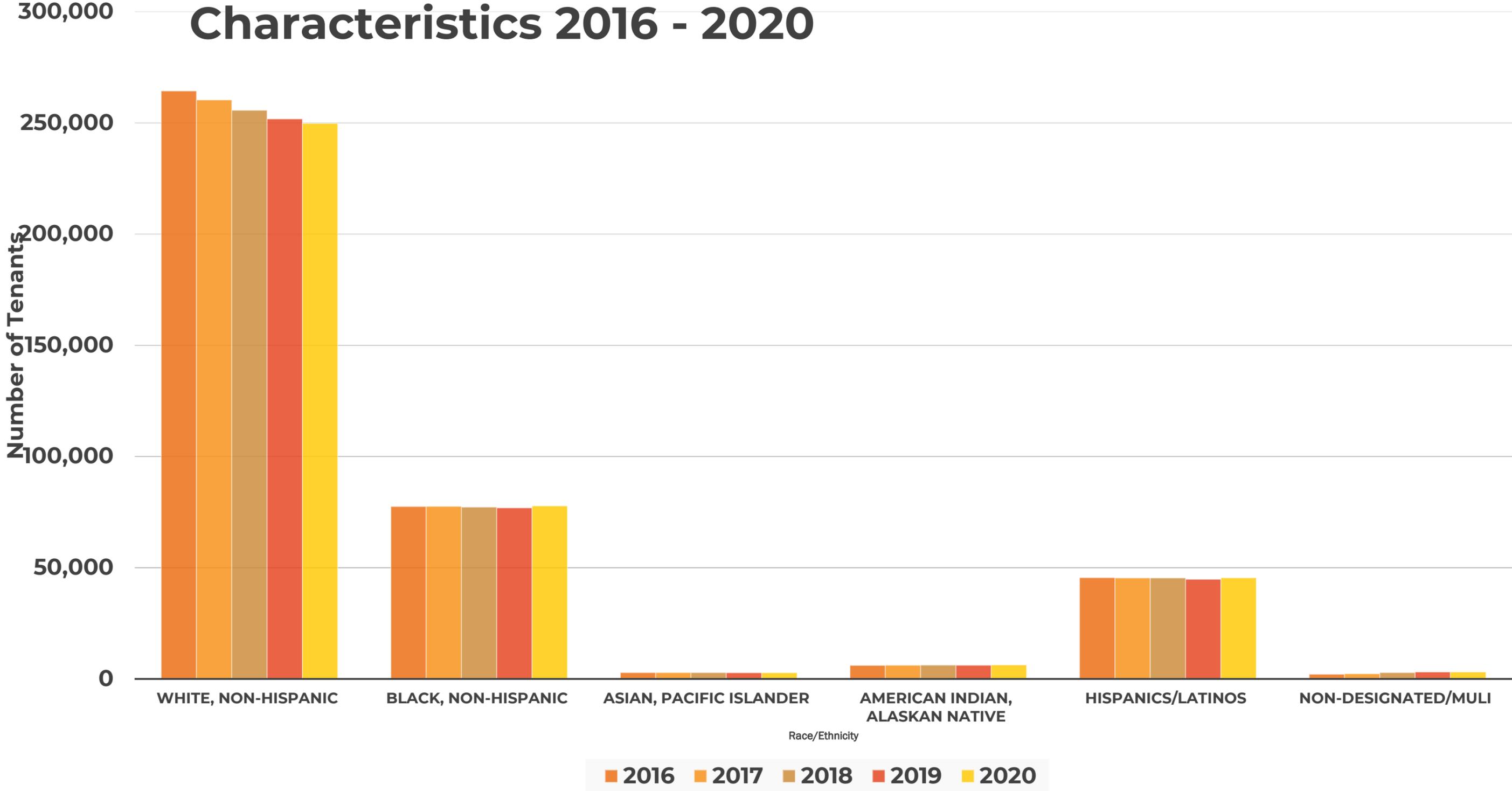
Source: Housing Assistance Council Tabulations of USDA data. PRELIMINARY ANALYSIS

# USDA Section 515 Properties Exiting Program - 2016 to 2021 by Property Type



Source: Housing Assistance Council Tabulations of USDA data. PRELIMINARY ANALYSIS

# USDA Section 515 Portfolio - Change in Tenant Characteristics 2016 - 2020



Source: Housing Assistance Council Tabulations of USDA data. PRELIMINARY ANALYSIS

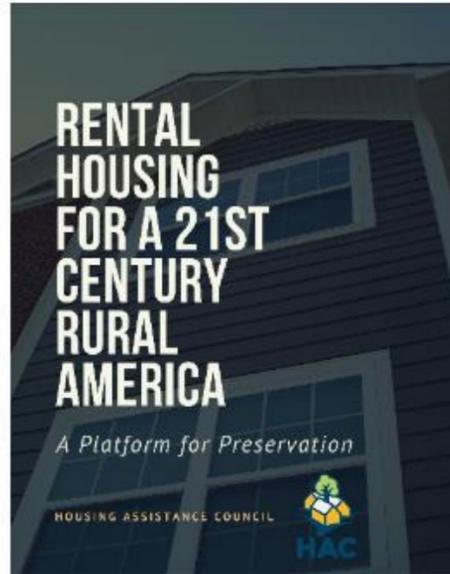


# Resources

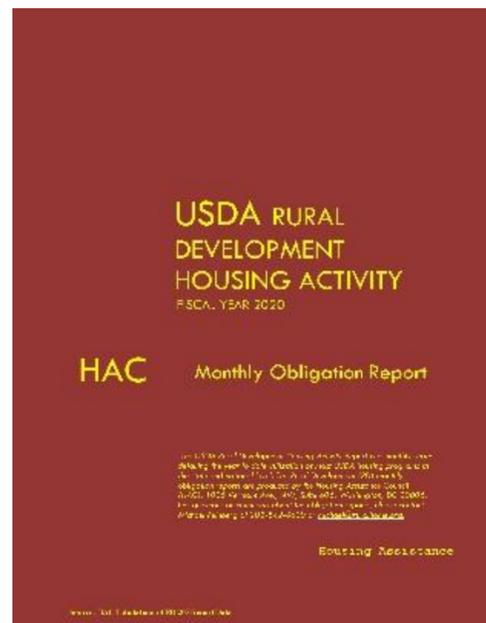


# For More Information

[www.ruralhome.org](http://www.ruralhome.org)



<https://ruralhome.org/reports/rural-america-is-losing-its-affordable-rental-housing/>



<https://ruralhome.org/information-center/usda-information-and-data/>



[www.ruralhome.org](http://www.ruralhome.org)



# Understanding Rural Preservation

Multifamily Housing

October 6, 2021

# USDA, Rural Development, Office of Multifamily Housing Presentation Summary

- Transition into the New Model
- Preservation Strategy for the 515 Portfolio
- MPR Pipeline
- Updated NOSA / NOFA Schedule
- Stakeholder Outreach, Input, Source Leveraging
  - QAP Preservation Priority Ranking
  - USDA Funding / QAP Compatibility
- Quick Hits
- Use FY22 Data to Create Baseline / Develop Execution Predictability



# Multifamily Housing



**Multifamily Housing Deputy Administrator's Office**  
*Nancie-Ann Bodell, Deputy Administrator*

**State Offices**  
Marketing & Outreach

**Field Operations Division**  
*Ernie Wetherbee, Director*

**Northeast Region**

Northeast Routine Servicing Teams 1-4

Northeast Troubled Asset Servicing Team

**South Region**

South Routine Servicing Teams 1-9

South Troubled Asset Servicing Team

**Midwest Region**

Midwest Routine Servicing Teams 1-8

Midwest Troubled Asset Servicing Team

**West Region**

West Routine Servicing Teams 1-4

West Troubled Asset Servicing Team

**Production & Preservation Division**  
*Dan Rogers, Director*

Processing & Report Review

Branch 1 (Northeast & Midwest)

Branch 2 (South & West)

Underwriting

Branch 1 (Northeast & Midwest)

Branch 2 (South & West)

Closing Branch

Program Support Branch

**Asset Management Division**  
*Jen Larson, Director*

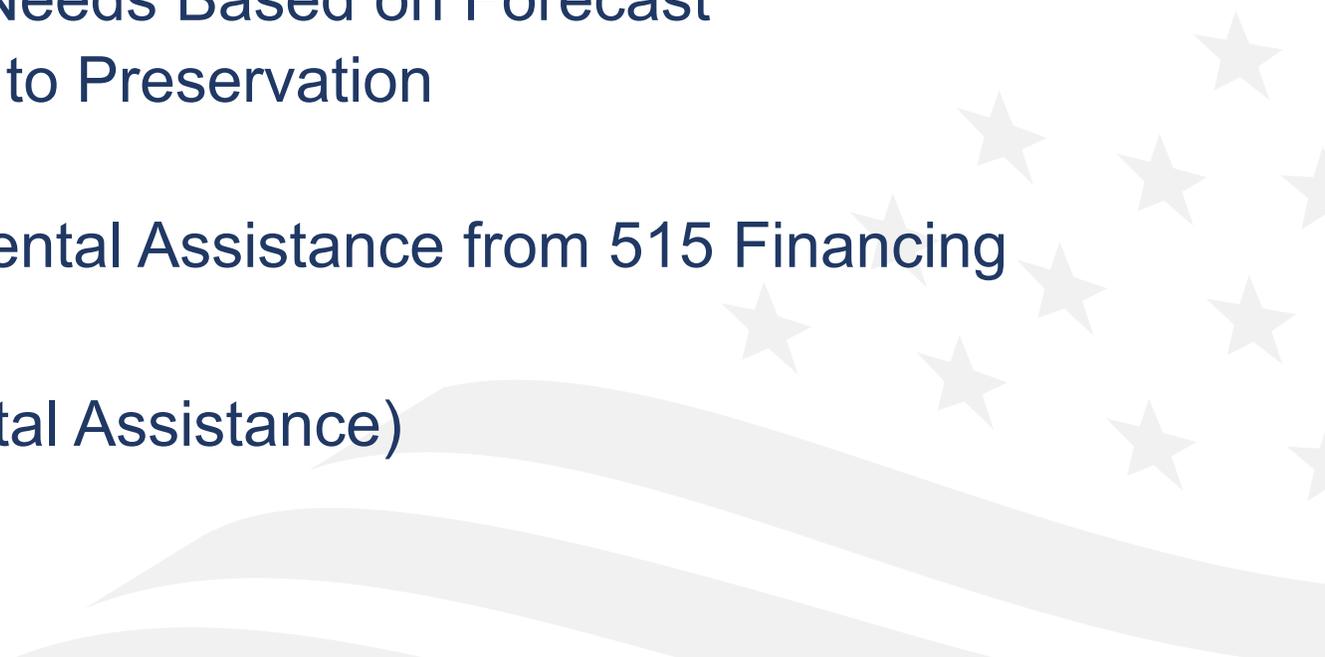
Servicing Support Branch 1  
(Northeast & Midwest)

Servicing Support Branch 2  
(South & West)

Risk & Counterparty Oversight  
Branch

Policy & Budget Branch

# Preservation Strategy for 515 Portfolio

- Enhanced Collaboration with Asset Management and Field Operations
    - Forecast Mortgage Maturity, Expiration of Affordability
    - Analysis of Other Preservation- and Recapitalization-driven Factors
    - Identify Anticipated Budgetary Needs Based on Forecast
    - Factor in a Risk-rank Approach to Preservation
  - Continue Advocacy to Decouple Rental Assistance from 515 Financing
  - Preservation Fund (Additional Rental Assistance)
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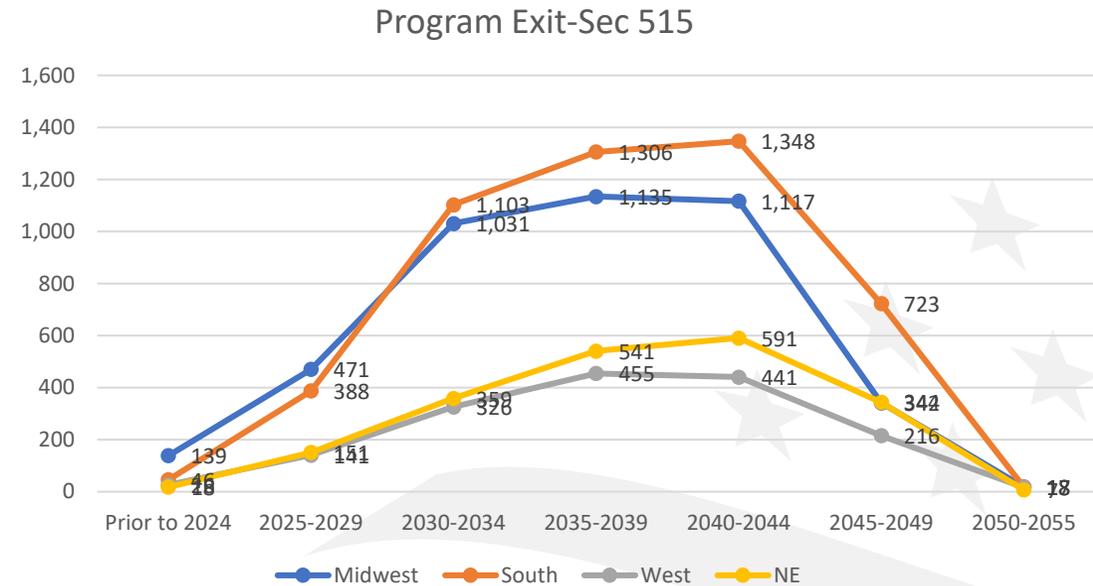
# Preservation Strategy for 515 Portfolio Mission Risk – Program Exit by Program and Region

Data as of December 31, 2020

## Section 515

Estimated Program Exit Year Range	Midwest	South	West	NE
Prior to 2024	139	46	26	18
2025-2029	471	388	141	151
2030-2034	1,031	1,103	326	359
2035-2039	1,135	1,306	455	541
2040-2044	1,117	1,348	441	591
2045-2049	342	723	216	344
2050-2055	18	18	17	7
<b>TOTAL</b>	<b>4,253</b>	<b>4,932</b>	<b>1,622</b>	<b>2,011</b>

Maturity of loans based on servicing regions and program



# MPR Transactions (2018 – present)

*Multifamily Housing Preservation and Revitalization Demonstration Program*

## Approved to Date (2018 – Present)

Transactions	Agency Debt Deferral	0% Loans	Grants	Soft Second Loans
218	\$120,345,988	\$25,824,144	\$657,110	\$89,794,514

## MPR Pipeline

Transactions	Anticipated Need
171	~\$300 million

## Next Steps:

- Address MPR Pipeline when funds are available
- MPR No-Cost Debt Deferral NOSA: Target Date of December 1, 2021
- Enhance MPR Delivery / AMD & FOD Coordination as part of Preservation Strategy

# Status of P2 NOSAs, NOFAs, & RFPs

NOSA / NOFA / RFP	Status
Off-Farm Labor Housing New Construction <b>Round 1</b>	Published 02/02/2021 <i>(Awards to be announced on 9/30)</i>
Housing Preservation Grant	Published 06/02/2021 <i>(Migration to SFH, 9/26)</i>
Off-Farm Labor Housing New Construction <b>Round 2</b>	Published 08/03/2021 <i>(Opened 9/1, closes 11/1)</i>
MFH NP Tech Assistance Grant	Target Publication Date 10/18/2021
MPR Demonstration / Debt Deferral	Target Publication Date 12/01/2021
Off-Farm Labor Housing Repair	Target Publication Date 12/01/2021
Farm Labor Housing Tech. Assistance Grant	Target Publication Date 12/31/2021
Off-Farm Labor Housing New Construction Round 3	Target Publication Q1 CY2022

# Production & Preservation (P2)

## Stakeholder Outreach / Source Leveraging

- Preservation Priorities in Qualified Allocation Plans
    - Outreach to HFAs / State Agencies Regarding Priority Preservation
    - Available Strategies
      - Input from USDA on Attributes of Priority Assets
      - Set-aside for RD-assisted Preservation
  - USDA Funding Round / QAP Compatibility
    - Synchronize NOFA / NOSA Cycles with Other Public Lending Cycles
    - Modifying NOFA / NOSA Language
    - Modifying USDA / RD Award Letters
  - Continued Stakeholder Outreach
- 

# Production & Preservation (P2)

## Preservation-related Quick Hits

*Develop Critical Infrastructure and Process Improvements*

- *538 Guaranteed Fee Reduction (Abby Boggs, Tammy Daniels)*
    - *Examining Across-the-Board Reduction in Fees*
    - *Deeper Reduction for Properties that Feature:*
      - *538 New Construction / Sub Rehab with Energy Efficiency / Green Components*
      - *Preservation of Existing 515, 514 / 516 Assets*
      - *Workforce Housing*
  - *CNA Term Modification (Martha Hanson, Carlton Jarratt)*
    - *15-Year Term vs. 20-Year Term*
    - *PAT Compatibility*
    - *Industry Feedback on Functionality*
    - *Further Develop Standards for CNAs, CNA Providers*
  - *Multifamily Housing Transfer Tool (Stephanie Vergin)*
    - *Development of Internal and External Resource Guide on Transfer Processing*
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# Production & Preservation (P2)

## Preservation-related Quick Hits

*Develop Critical Infrastructure and Process Improvements*

- Incorporating Administration's Priorities in NOFAs / NOSAs (*Abby Boggs, Jonathan Bell, Martha Hanson, Stephanie Vergin, Christa Lindsey, Carlton Jarratt, Fallan Faulkner*)
  - *Assisting Rural communities recover economically from the impacts of the COVID-19 pandemic, particularly disadvantaged communities;*
  - *Ensuring all rural residents have equitable access to RHS programs and benefits from RHS funded projects; and*
  - *Reducing climate pollution and increasing resilience to the impacts of climate change through economic support to rural communities.*
- Credit Report Fees (*Dean Greenwalt*)
  - Regulation and Handbook Changes
  - Transfers responsibility of Credit Report procurement from MFH during application process to applicant as part of required application documentation

# Production & Preservation (P2)

## Preservation-related Quick Hits

*Develop Critical Infrastructure and Process Improvements*

- Enhanced Internal Communication
  - Two-step Pass-off between Production & Preservation and Field Operations Division
    - Concept Meetings During Underwriting
    - Hand-off Meeting Post-Construction
  - Development of Standard Operating Procedure
    - Clearly Defines Roles
    - Data Entry Quality Control
    - Transfer of Documents
- Consolidated P2 Pipeline
- Prepayment Process Improvements
- Source Cost of 3<sup>rd</sup> Party Reports
- Standardized Closing Instructions



# FY22: The Year of Baseline Data

- Collect Baseline Data to Analyze and Forecast Predictability
- Incorporate FY22 Baseline Timeframes into Programmatic Processing Timeframes
- Establish Timeframes as Formal Goals for USDA P2
- Modify as Appropriate When Performance Indicates Timeframes Can Be Shortened
  - Goals:
    - Eliminate Lingering Non-responsiveness to Industry
    - Substantially Decrease Processing Timeframes



Questions?

Q & A

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