

Preserving Housing With USDA Section 515

The preservation of rural, affordable homes presents unique challenges to owners and providers nationwide. With an increasing number of projects reaching the end of their restrictive use covenants and key rental assistance as 515 loans expire, owners of existing 515 housing stock often need support navigating options for the long-term preservation and recapitalization of existing properties.

515 Transfer Technical Assistance and Consulting Services

Our Rural Communities team provides services to affordable housing developers and owners interested in taking ownership and preserving rural multifamily properties with Section 515 USDA loans. Enterprise works with existing and/or proposed owners to acquire, apply for, and obtain USDA's approval to transfer the property. The transfer process includes the assumption of the Section 515 loan, request for Rental Assistance, and the incorporation of other sources for rehabilitation, if applicable. This technical assistance can now be utilized by for-profit groups as well in their path to preserve USDA housing stock.

A sample plan for 515 transfer technical assistance provided by Enterprise could include:

- Developing strategies on how to best approach transaction(s)
- Supporting the preparation of application materials and templates for the transfer application
- Assessing rents as compared to conventional rents for comparable units (CRCU) and developing operational budgets, which can result in a plan for sustainable occupancy and a long-term management strategy
- Preparing the preliminary assessment tool for Rural Development's underwriting purposes based off developer pro forma and assumptions
- Supporting developers as they work through regulatory or procedural issues that arise during the transfer process

"The Rural Housing Service currently has approximately 400,000 units within its portfolio and in the absence of robust funding for Multi-Family Preservation and Revitalization, we will lose 333,780 units by 2050."

- Statement by Xochitl Torres Small
Under Secretary for USDA Rural Development



Building Capacity and Providing Technical Assistance

Enterprise has a long history of providing technical assistance (TA) to nonprofit organizations, public housing authorities, and tribal nonprofits in rural communities. Since 2017, we have provided focused TA on the transfer in ownership of USDA 515 properties to preserve the long-term affordability of the property.

Enterprise has also developed the *Rural Rental Housing Preservation Academy*, a series of trainings and conversations that provide an overview of the pending preservation risks facing rural communities and reviews of the Section 515 transfer and preservation process, providing specific guidance for the identification of 515 properties and the Section 515 transfer process.

Our Technical Assistance Team

Robin Wolff, Director of Rural Housing at Enterprise, has provided hundreds of hours of individualized technical assistance to nonprofits and public housing authorities to assist them in their preservation transfers. Types of TA provided included identification of properties at risk in a specific geography, review of capital needs assessment and operating budgets, rent rate analysis, and coaching on the transfer process and changes. Prior to joining Enterprise, Robin worked with a nonprofit, rural housing developer and worked on the oversight of multiple HUD 202/811 properties, the development of two 514/516 properties, and the transfer of one 515 property. She knows first-hand the challenges nonprofits face as they approach the transfer process and work to develop and preserve affordable housing in rural communities.

Janel Salinas, Senior Program Director, facilitates the technical assistance grant for USDA 515 transfer applications. Janel works closely with nonprofits and housing authorities in all facets of development. These critical tasks include evaluating audit actuals to prepare post construction budgets, analyzing third party reports such as capital needs assessment, 504 plans and appraisal to assist in determining project scope of work, replacement reserves, and available debt per USDA requirements, and utilizing all possible data to prepare the USDA preliminary assessment tool and pro forma for lenders and investors. Janel has over 15 years of successful underwriting and closings of affordable housing developments in both acquisition/rehab and new constructions projects incorporating various types financing structures of hard/soft debt, federal/state tax credits, and bond portfolios.



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