

# RD515 Transfers

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# Areas of Focus



## Community Development

Capacity building  
for communities,  
with communities

## Research

Original data that drives  
housing solutions

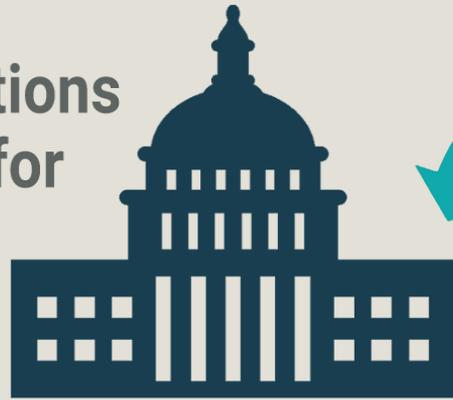
## Public Policy

Bold advocacy for  
lasting change

# MHP



Advancing  
**POLICY** solutions  
and funding for  
affordable  
housing to  
strengthen  
communities



Producing  
original  
**RESEARCH**  
that makes  
the case for  
housing  
investment



**WORKING DIRECTLY WITH COMMUNITIES** to achieve  
local housing and community development goals



# OUR MISSION STATEMENT



MHP expands housing and community development opportunity for those most impacted by economic and racial disparities by leading collaborative work to promote system change and grow equitable development capacity.



# MHP Community Development



Partnering with communities to build thriving, resilient places to live

Nationally recognized for our expertise, MHP has supported 160+ communities in 20 states since 2012 — providing resources to strengthen rural areas and Native Nations.



**We turn housing goals into action!**



# Our services help communities to:



- ✓ Achieve housing & community development solutions
  - Housing Development & Preservation Projects
  - Housing Programs/Services
  - More...tailored to local needs
- ✓ Financial Packaging / Secure funding
  - LIHTC, deferred loans (i.e. FHLB), other loan products & gap financing =  
*Deal structuring*
- ✓ Equip your team with tools & strategies for long-term success





# Community Development Partnerships 2019-2023



# How MHP assists with RD515 Preservation

*Eligible entities (Midwest): Nonprofits, Public Entities (HRAs, Native Nations)*

## MHP can provide Technical Assistance to:

- **Respond to a “Prepay” notification from a current owner (more on this process in a bit)**
  - Properties eligible for prepay are on the RD Exit List & limited time or property can go ‘market rate’
- **Acquire a property before the RD515 mortgage expires**
  - Explore inventory of RD properties in your service area – List links next slide!
  - Assume the existing RD Mortgage – Acquisition = Transfer
- **Retain/restructure an RD515 property that is in trouble/at risk**
  - Example: Nonprofit owns the property outright and wants to transfer the property to a single purpose entity like an LLC = Transfer: Debt restructuring & 3rd party financing



# RECENT 515 Transfers



- Partner: Central Minnesota Housing Partnership (CMHP)
- Experienced Non-Profit with dozens of RA units, established in 1983
- 1994 received CHDO designation
- Owns/Manages 100's of total units



# PRE-PAY Purchase

- Seller goes into pre-pay and has a purchase price with the RD approved appraisal
- CMHP Put first of 7 PA's on the table August, 2024
- 180 days passed and now RD has sent a release letter to the seller
- 181<sup>st</sup> day seller calls CMHP and says they are released from the program and are no longer required to sell to a NP.
- CMHP sent an alert to the loan processor on file
- July 2025 a 2-year purchase agreement was signed with CMHP
- Affordability for all 19 units secured



# Next Steps

- **Option 1 Transfer** with a mission driven lender will acquire the property before the 2-year PA is up
- Option 1 is the most streamlined transfer process. It is available in circumstances where the Agency determines that an expedited ownership change is in the best interest of the Government, property, and tenants.
- Once Freeport gets the rehab dollars in place through Mn Housing, FHLB, county, etc. CMHP will initiate a standard or if still available Simple Transfer Option 3 relieving the pressure of the PA 2-year time limit.



# Tower Not so Clean Cut



## Developer

- An all volunteer CHDO/Owner
- 4 units uninhabitable
- A 3-year financial vacancy of nearly 30%
- In Troubled Asset division
- Represents 54 of the 66 rental units in the 2- township area.

## Solutions

- Bringing in local management agent
- Applying for Tax Credits and other sources
- Looking for guarantor
- Get these units habitable
- Reconfiguring unit mixes and sizing-all the vacancies occur in the 1-br units.
- Adding family units and amenities



# Deterioration of Units



# Vacancy



1. Looking at vacancy we noticed that 1-bedrooms are the least desirable
2. Increased unit rooms to 2, 3 and 4 bedroom units
3. Added playground, covered parking, community room with computer and internet access
4. All units are income restricted for the next 50 years



# Thank you!

# Questions?

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