



USDA 515 Preservation

Stand-Alone Rental Assistance

Center on Rural Housing
Preservation

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HACs 515 Preservation Pipeline

Status	Number of Properties	Rental Homes	Homes with Rental Assistance
Applications Submitted	20	675	512
Applications in Packaging	9	207	141
Applications Pending in Pipeline	45	1211	970
Total	74	2093	1623

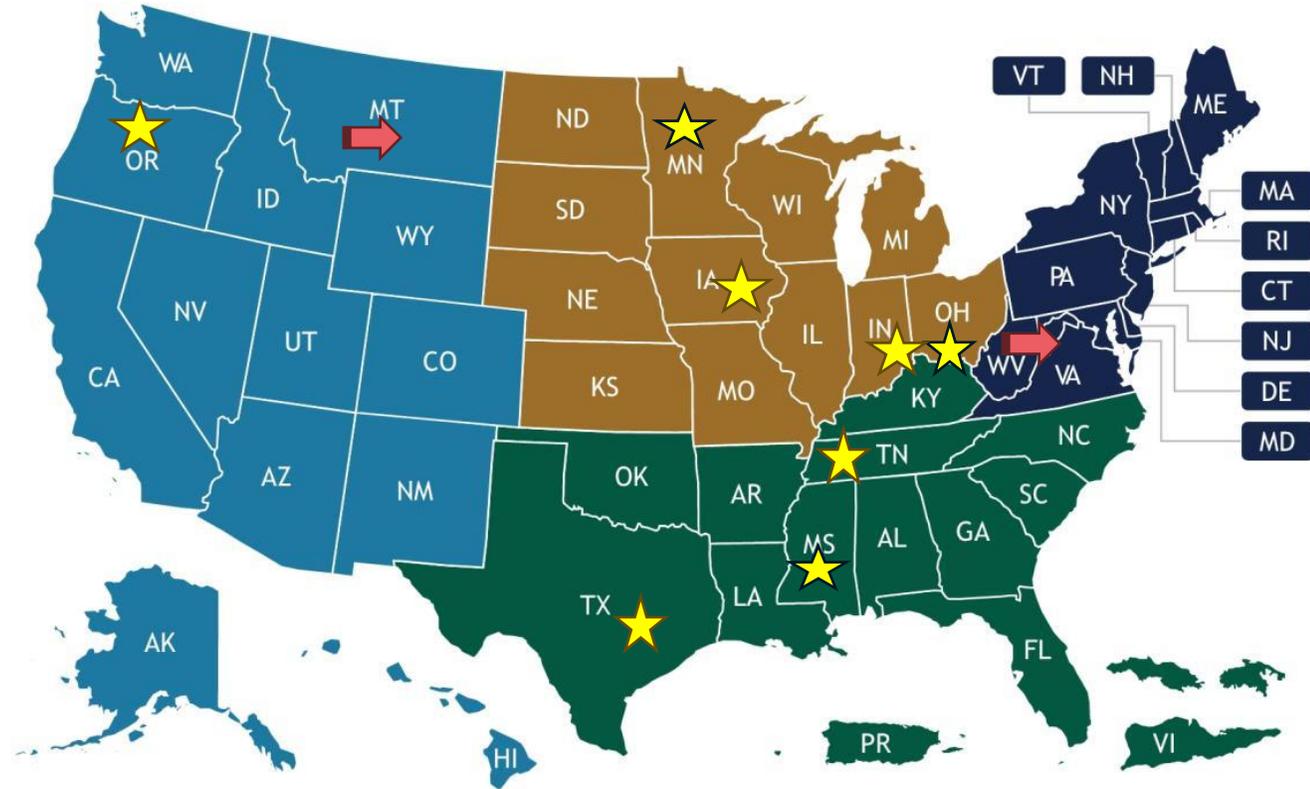
Average
Tenant
Income
\$17,566



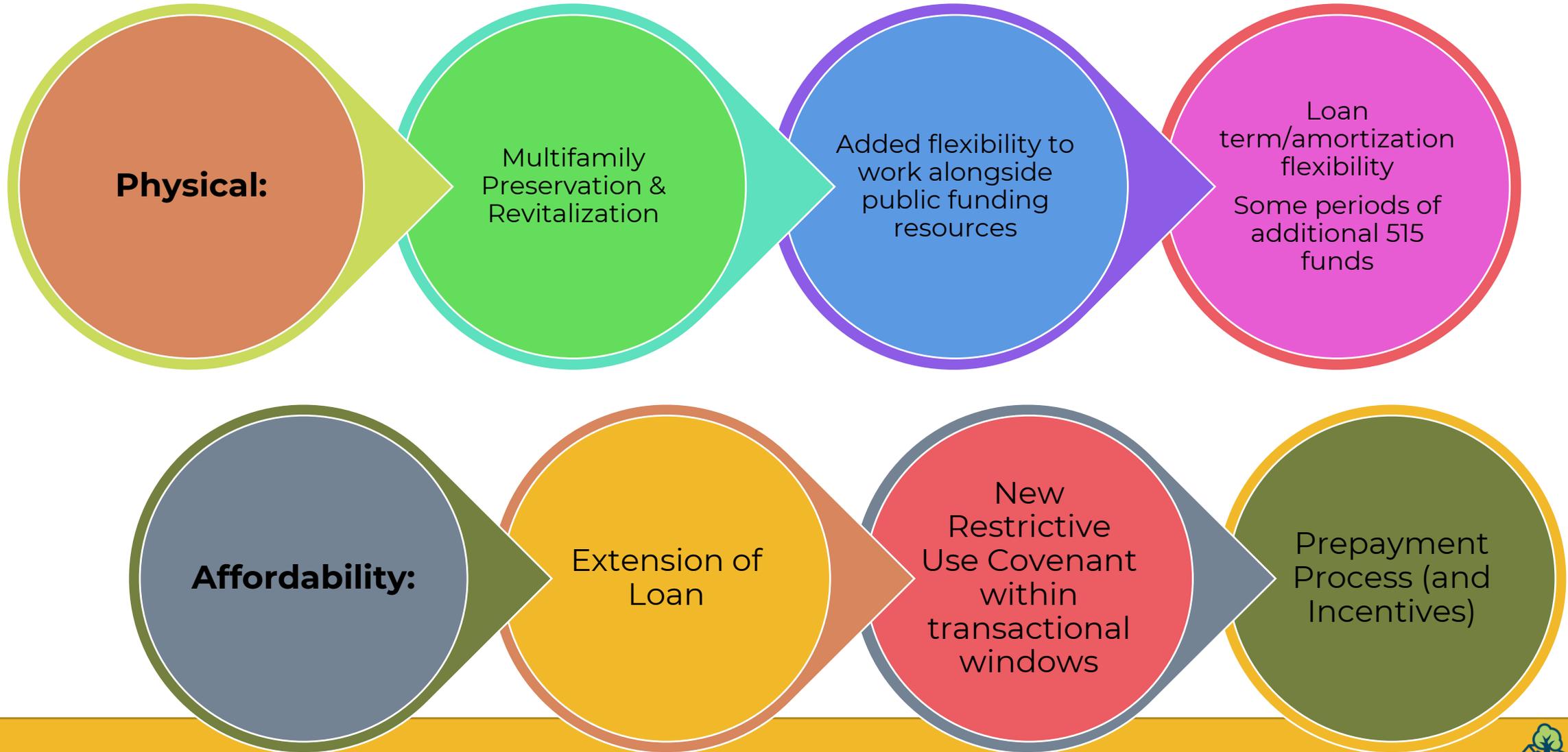
Serve Entire
U.S.
Footprint

Stand Alone Rental Technical Assistance

- Seven Stand-Alone Rental Assistance Project Applications in Q2 2025, Eight total for 2025
- 268 total units, ranging from 14-60 rental homes per project
- HAC is coordinating Capital Needs Assessments for each project
- Produced financial modeling, packaged application materials
- Actively identifying transfer applicants/prospects that appear to have pending SARA eligibility



Traditional Preservation Tools



What is Stand Alone Rental Assistance?



An alternative preservation tool that increases flexibility & long-term project viability



USDA allows for natural maturity of 515 Loan on a Property



Rental Assistance Contract is offered for term of 10-20 years



Additional Rental Assistance units may be requested



Future Rental Assistance payments are adjusted by Operating Cost Factor Adjustment (OCAF)



New SARA contract resets terms of relationship with USDA

Stand Alone Rental Assistance

The benefits of SARA include the following:

- Properties are able to request full Rental Assistance
- Rents may set at Fair Market Rents
- Rents are increased by HUD's Operating Cost Adjustor Factor's (OCAF) annually, without an extensive budget review process
- Owners are able to have greater discretion over their budgets, including how you make future decisions around debt service, use of cashflow, and general operating costs
- The compliance relationship between owner and USDA with SARA project are less intensive

Considerations to weigh:

- Properties lose access to USDA Rural Development portfolio preservation tools – including the MPR program
- If a project operating budget required rents higher than FMRs, there is no mechanism for USDA to approve above-FMR rents
- Mitigation of Tenant Impact: If 30% of a tenant's income allows them to pay FMR rents, they may experience a rent increase
- Nature of a pilot – longer-term policies/procedures are still evolving

Examples of how SARA impacted properties



Average Increase in Revenue: \$98,000 per project, representing a 36% increase



Reserve/Capital Budget: \$32,673 average increase



Staffing Capacity: \$15,385 average increase



Other impacted areas: resident services, paying off balloon debt, new debt service for repairs, taxes/insurance, general operating needs that were inadequately funded

Steps to Assess Effectiveness of SARA: Property Level

1. Compare current rents to Fair Market Rents
2. Review historic OCAF adjustments – make a 10-year proforma
3. Complete a Capital Needs Assessment (not because one is required, but because it is the right thing to do)
4. Review tenant income, rents, and impact of FMRs on existing tenants
 - Having 100% Rental Assistance does not solve all complications
 - “Rent Smoothing” is possible
5. Compare options for rehabilitation/accessibility of resources without the MPR program
 - Increase in revenue changes the reserve/capital budget dynamic

What comes next?

- USDA team has worked hard to make the pilot possible, with positive indications the program will continue
- Owners/Prospective Transferees can look ahead by identifying maturity dates of properties
 - Weigh impact of SARA as a preservation strategy for your portfolio or regional at-risk 515 properties
 - Do you have sole-purpose non-profit owners in your region?
- Post-SARA policy and procedure focus:
 - Reset mechanisms if OCAF and market rents deviate
 - How SARA contract interacts with recapitalizations
 - Front-Footed: identifying eligible projects in advance, consider during transfer process