



# What's at Stake?

## The Importance of Preservation

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August 6, 2025



## Why Preservation?

- Costs less than new construction
- Can help avoid NIMBYism
  - **Already developed, sited**
- Prevents displacement
  - Keeps low-income individuals and vulnerable populations housed
- Keeps valuable subsidies in place



# Section 515 Housing

- 384,529 units in 87% of counties
- In Tennessee:
  - 310 properties
  - 11,192 units
  - 15,207 residents
- Frequently the only permanently affordable housing in town

<b>Section 515 Properties in the United States</b>			
	<b>Estimated Exit Year from 2023 to 2029</b>	<b>Estimated Exit Year from 2030 to 2039</b>	<b>Estimated Exit Year 2040 or later</b>
<b>Number of Properties</b>	1,209	5,940	5,373
<b>Number of Units</b>	33,485	175,938	181,809
<b>Number of Residents</b>	46,306	260,569	262,241
<b>Share Elderly</b>	32.5%	27.5%	31.3%
<b>Share Disabled</b>	22.7%	19.6%	21.6%
<b>Share Receiving RA</b>	86.3%	85.1%	88.9%

*Source: Congressional Research Service*

# Reasons to Preserve Section 515



## Vulnerable Residents

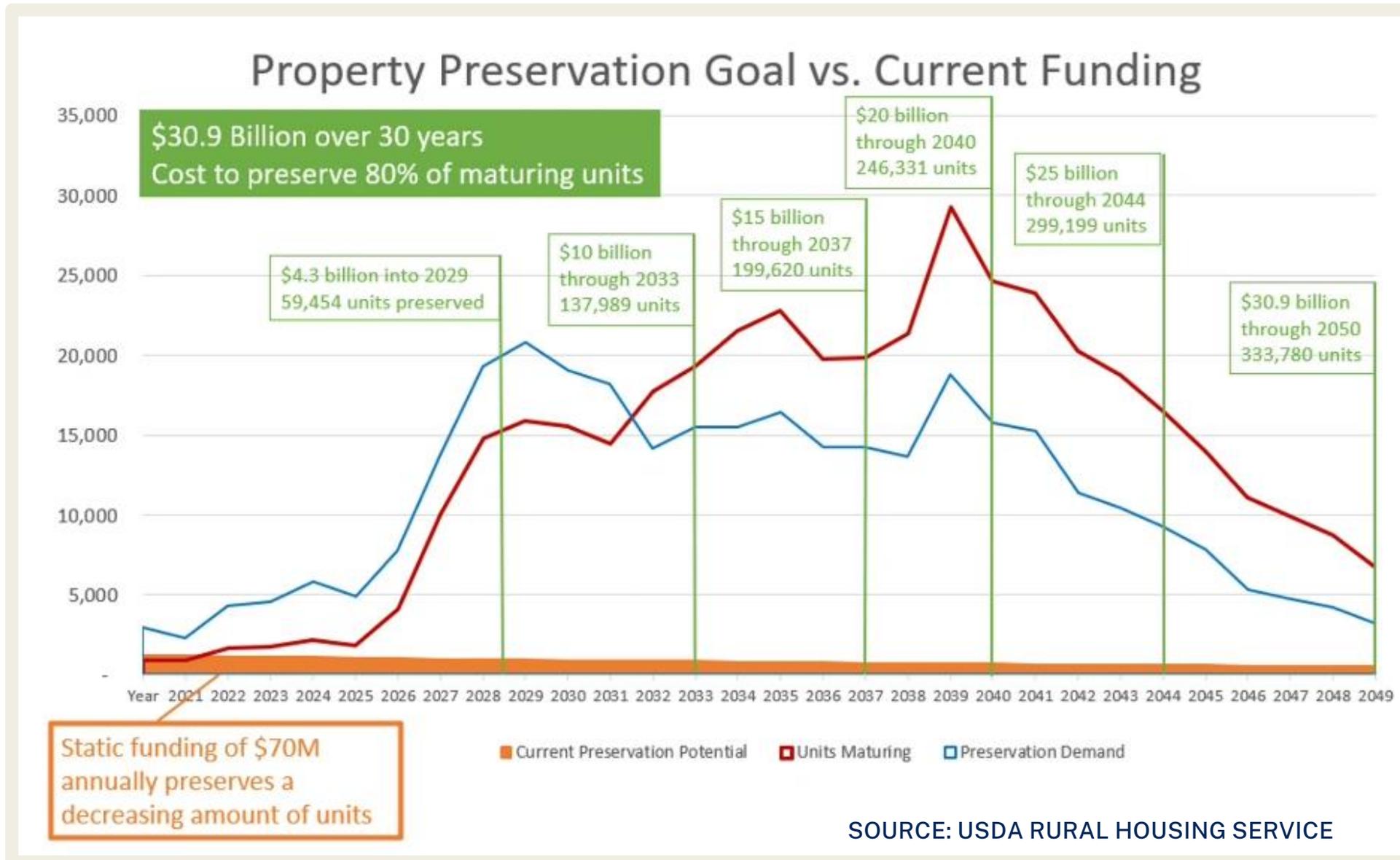
1/3 are seniors, 1/5 are people with disabilities, average household income is \$14,000



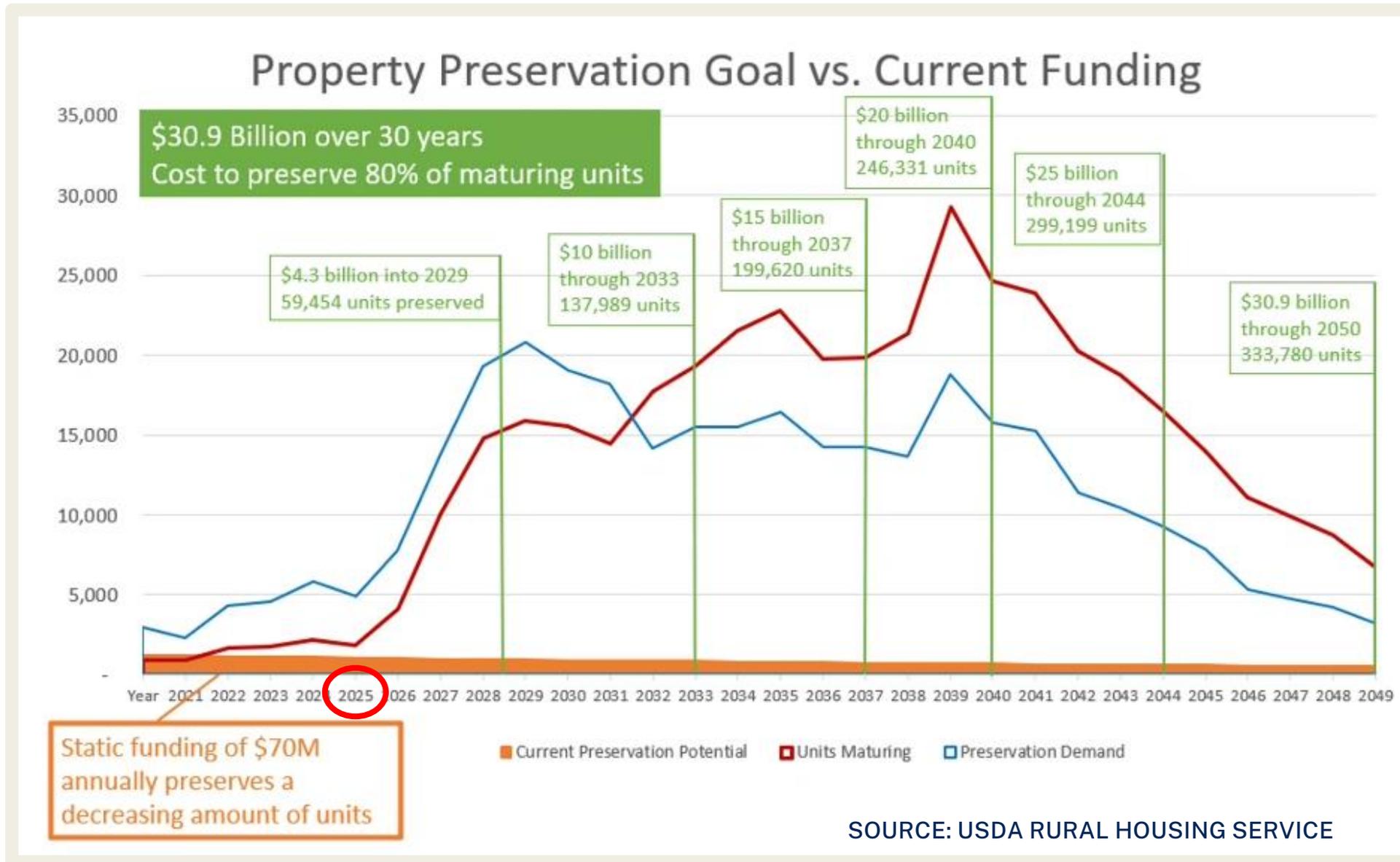
## Rental Assistance

Section 521 RA is available only to properties funded through Section 515

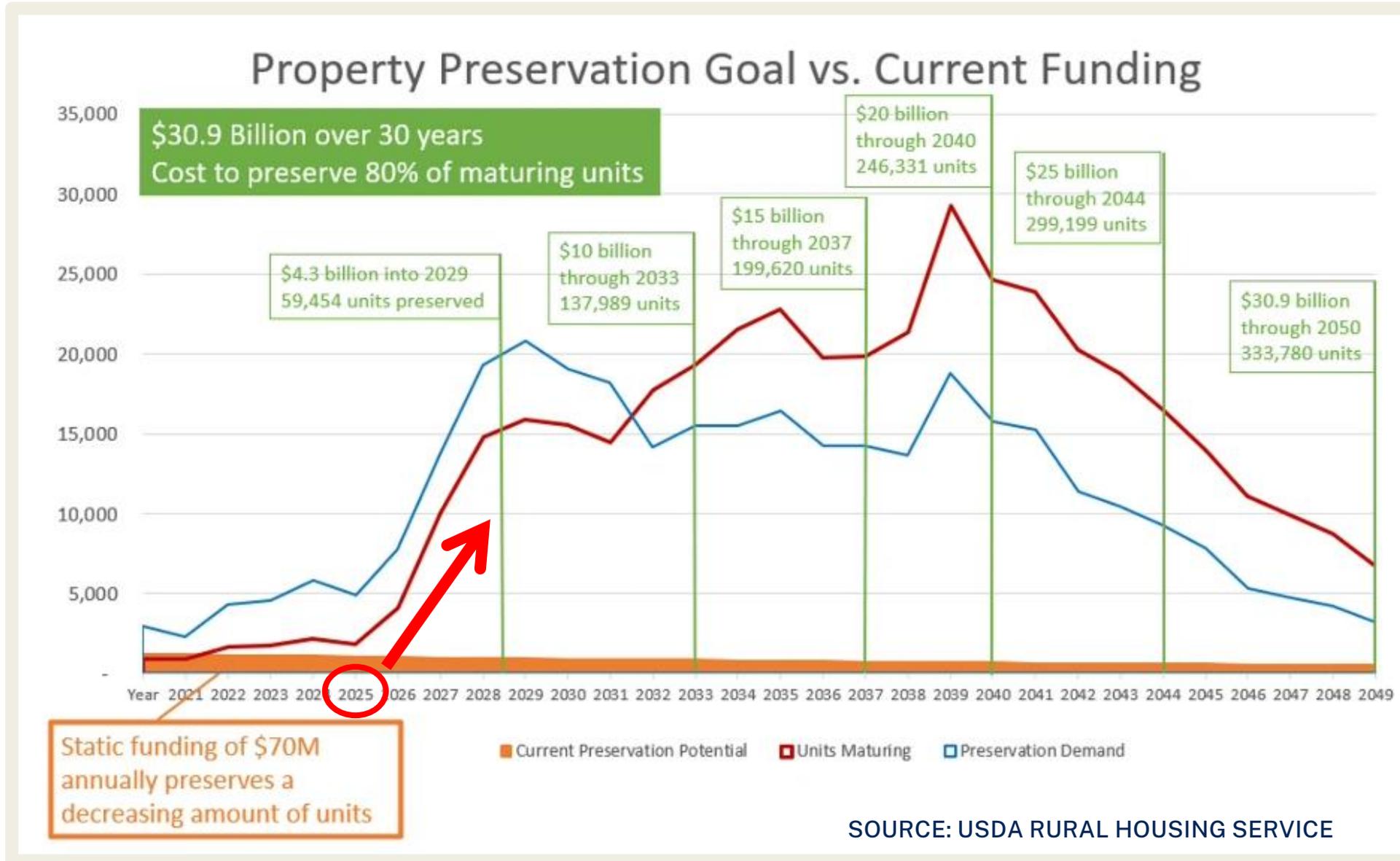
# Mortgage Maturity is an Existential Risk



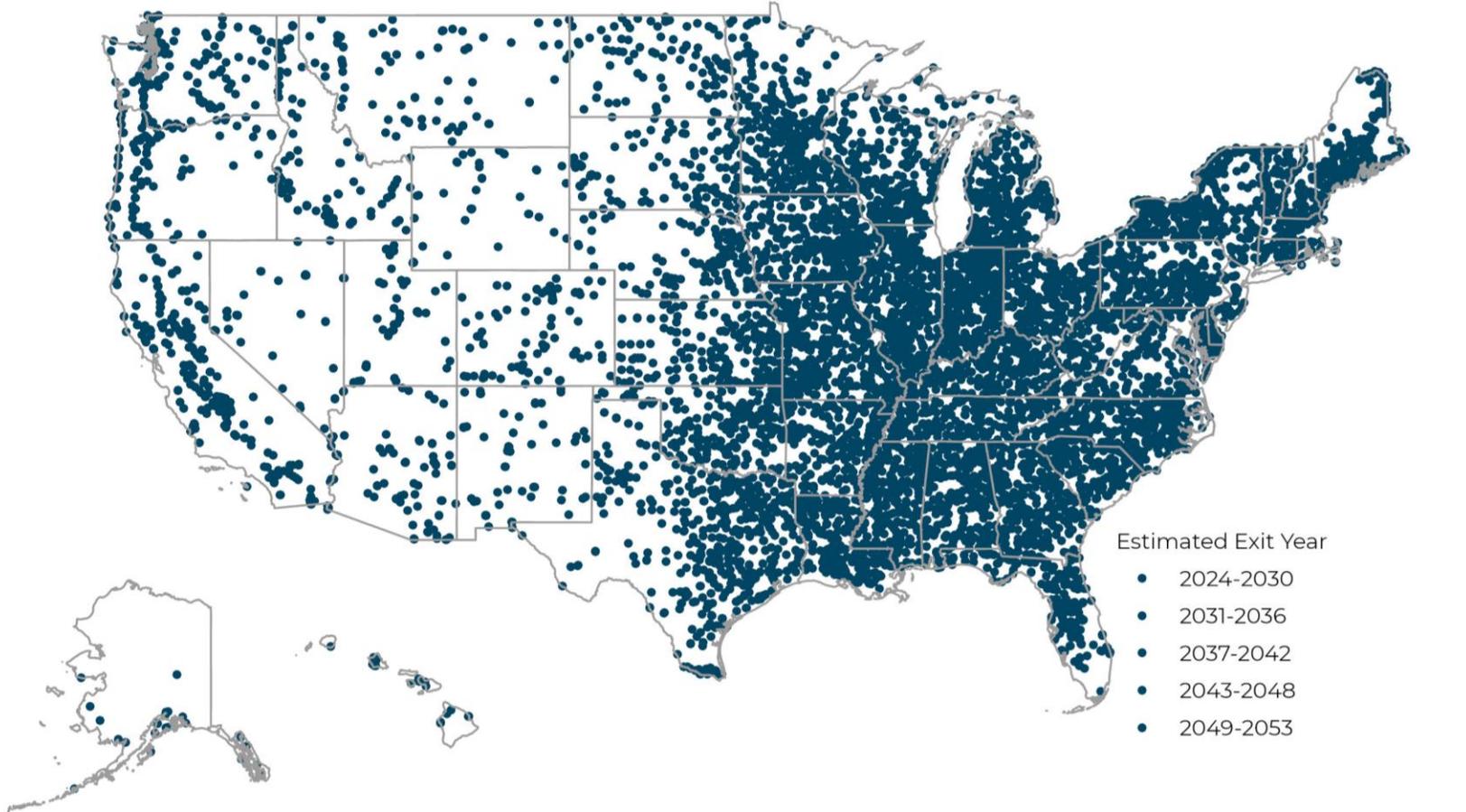
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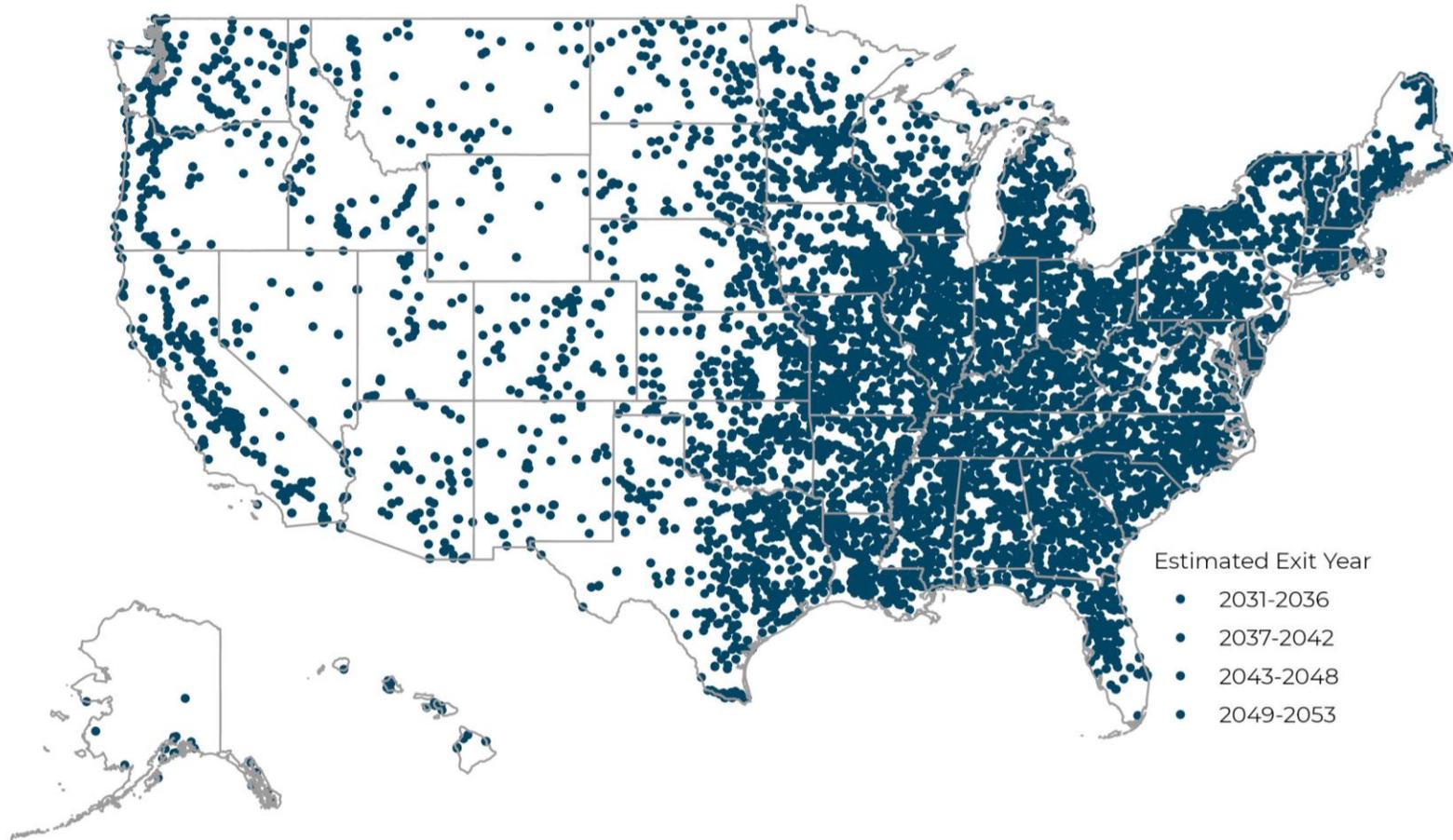
# USDA Section 515 Rental Properties, 2024



Maps and data courtesy of our partners at the Housing Assistance Council

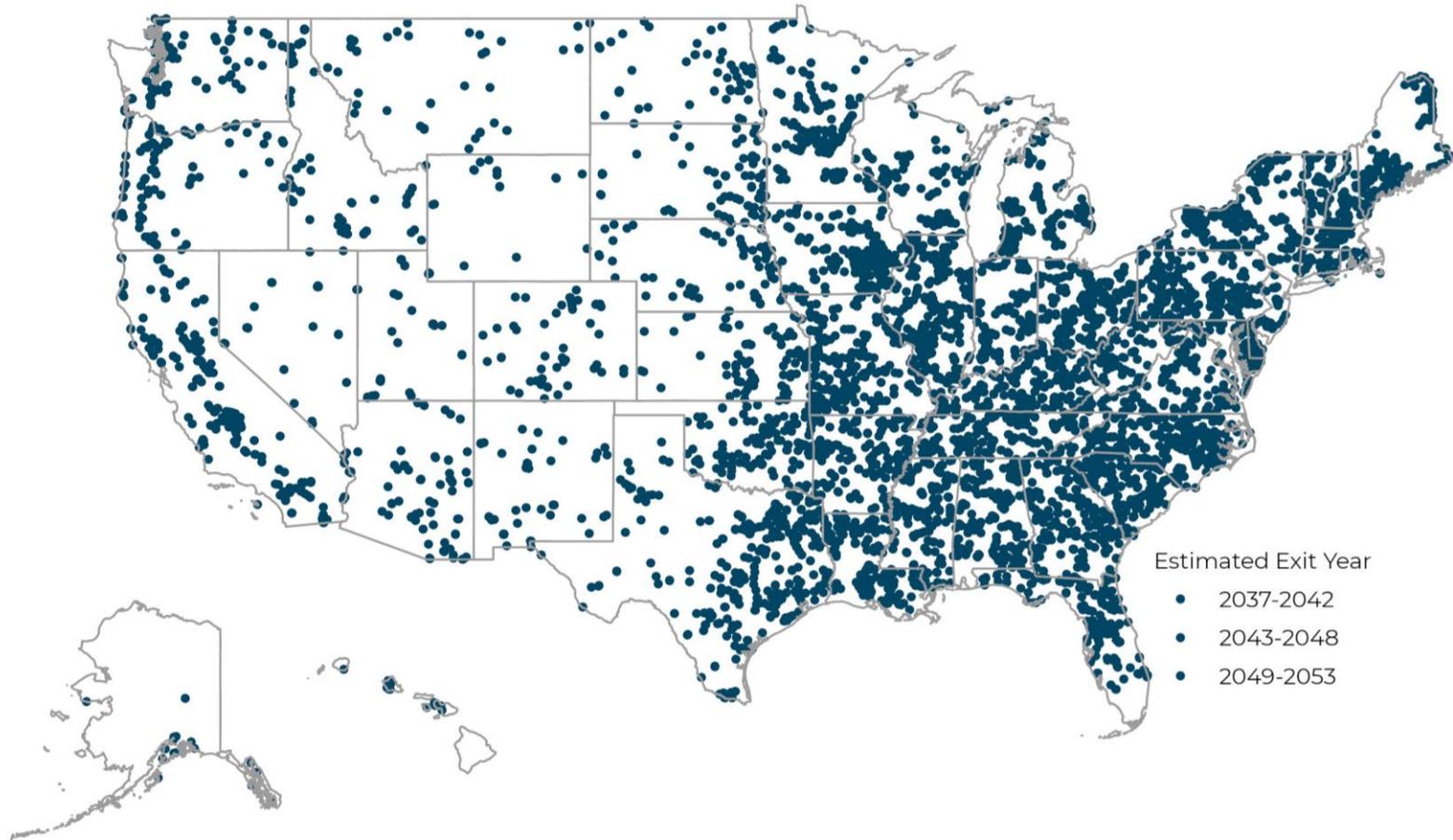


## Estimated USDA Section 515 Rental Properties, 2030



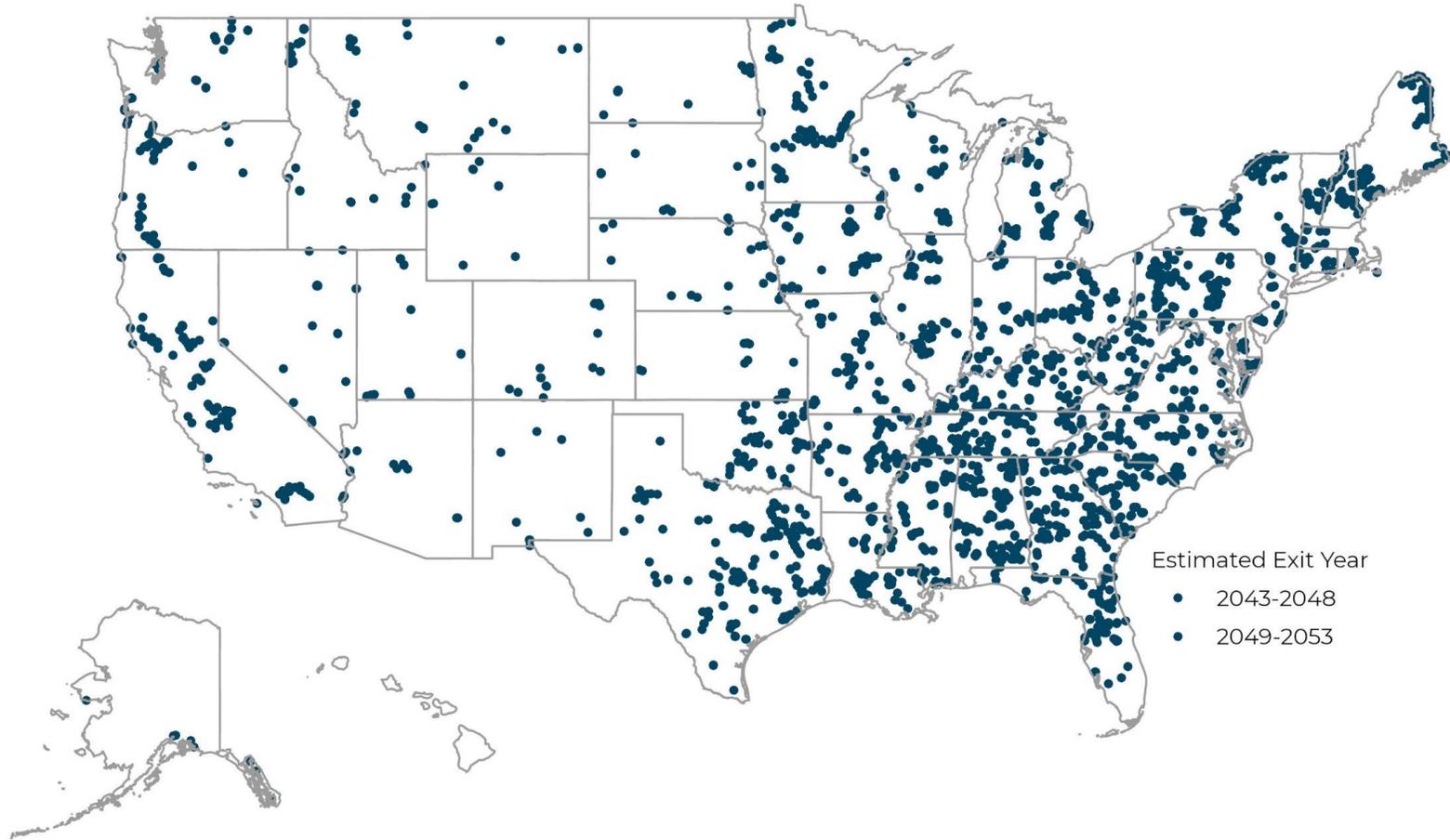
Maps and data courtesy of our partners at the Housing Assistance Council

## Estimated USDA Section 515 Rental Properties, 2036



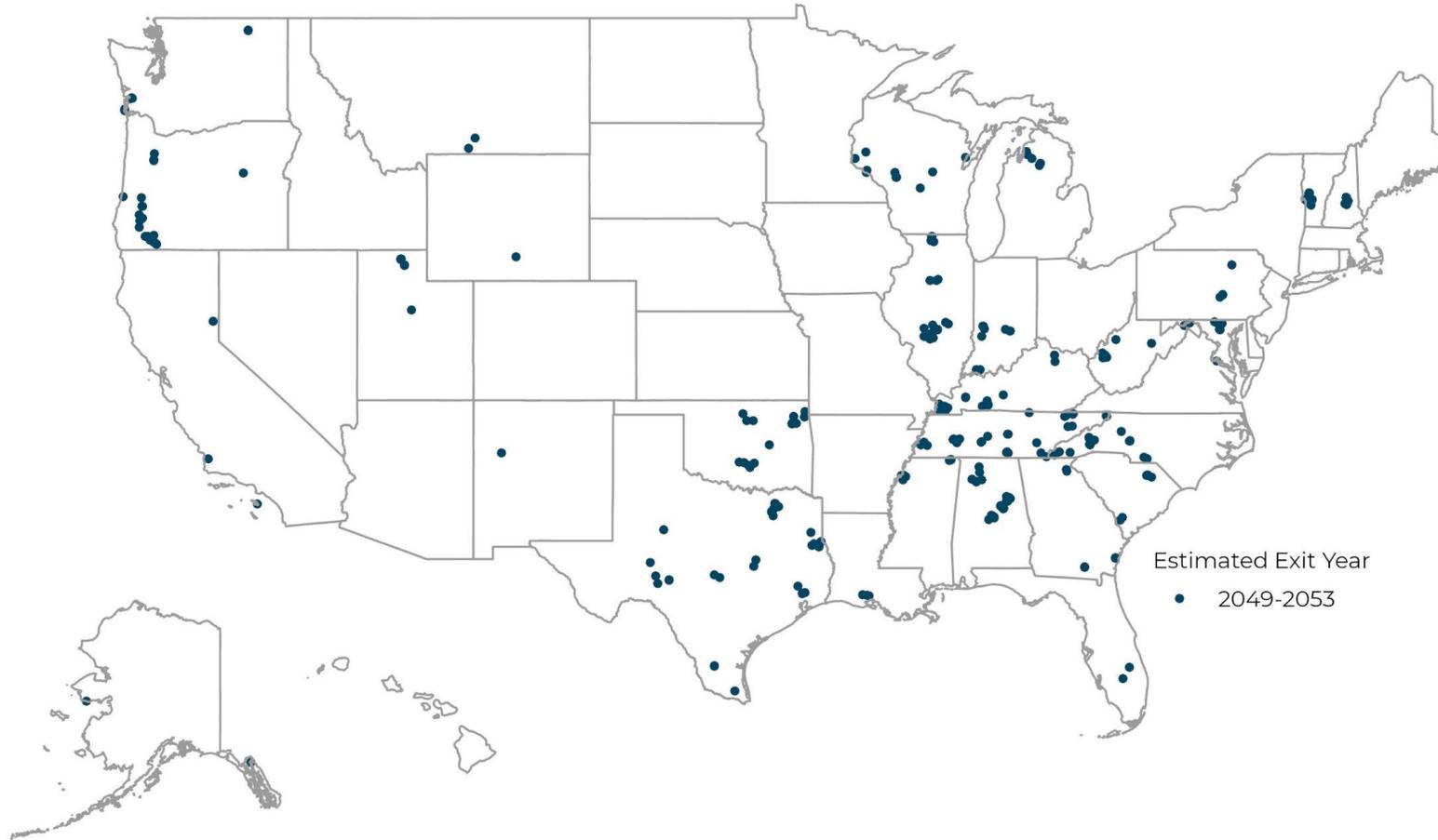
Maps and data courtesy of our partners at the Housing Assistance Council

## Estimated USDA Section 515 Rental Properties, 2042



Maps and data courtesy of our partners at the Housing Assistance Council

## Estimated USDA Section 515 Rental Properties, 2048



Maps and data courtesy of our partners at the Housing Assistance Council

## Estimated USDA Section 515 Rental Properties, 2054



Maps and data courtesy of our partners at the Housing Assistance Council

# Risk: Program Exit via Maturity

## Risk: Mortgage Maturity

### Possible Interventions

- Loan term extensions
- Decoupling

### Challenges

- Owner lack of awareness
- Desire to exit
- Congressional action needed

PUBLIC LAW 118-42—MAR. 9, 2024 136 STAT.

restrictive use agreement consistent with the terms of the restructuring.

In addition, for the cost of direct loans, grants, and contracts, as authorized by sections 514 and 516 of the Housing Act of 1949 (42 U.S.C. 1484, 1486), \$12,722,000, to remain available until expended, for direct farm labor housing loans and domestic farm labor housing grants and contracts.

In addition, for administrative expenses necessary to carry out the direct and guaranteed loan programs, \$412,254,000 shall be paid to the appropriation for “Rural Development, Salaries and Expenses”.

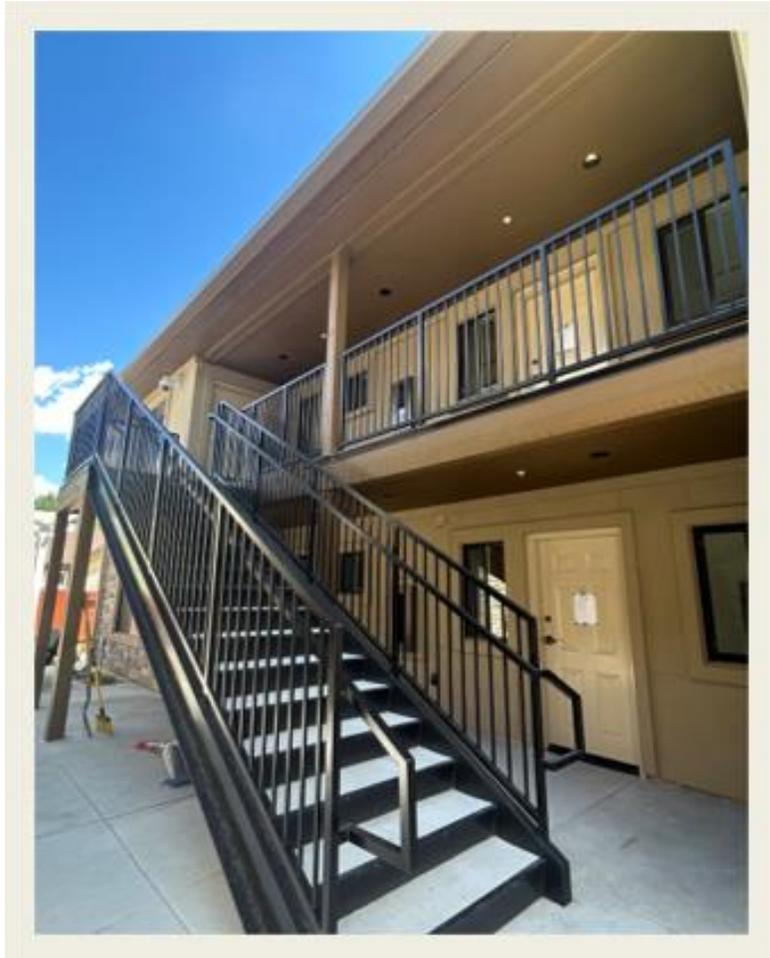
RENTAL ASSISTANCE PROGRAM

For rental assistance agreements entered into or renewed pursuant to the authority under section 521(a)(2) of the Housing Act of 1949 or agreements entered into in lieu of debt forgiveness or payments for eligible households as authorized by section 502(c)(5)(D) of the Housing Act of 1949, \$1,608,000,000, and in addition such sums as may be necessary, as authorized by section 521(c) of the Act, to liquidate debt incurred prior to fiscal year 1992 to carry out the rental assistance program under section 521(a)(2) of the Act: *Provided*, That amounts made available under this heading shall be available for renewal of rental assistance agreements for a maximum of 1,000 units where the Secretary determines that a maturing loan for a project cannot reasonably be restructured with another USDA loan or modification and the project was operating with rental assistance under section 521 of the Housing Act of 1949: *Provided further*, That the Secretary may enter into rental assistance contracts in maturing properties with existing rental assistance agreements notwithstanding any provision of section 521 of the Housing Act of 1949, for a term of at least 10 years but not more than 20 years: *Provided further*, That any amount to enter into a rental assistance contract

Determinations.  
Time periods.

Contracts.

# Risk: Program Exit via Prepayment



## Risk: Prepayment

### Possible Interventions

- Purchase during "sale to nonprofit" phase

### Challenges

- Poor advertising or awareness during "sale to nonprofit" phase
  - Lack of RD restrictions depending on property and location

# Risk: Poor Physical Condition

## Risk: Poor Physical Condition

### Possible Interventions

- Recapitalizing with third party funding or RD funding

### Challenges

- Functional obsolescence
- Continuing Congressional action needed



# Risk: Poor Ownership or Management Conditions



## Risk: Ownership or Management Issues

### Possible Interventions

- Buying as owner seeks an exit

### Challenges

- Proceed with caution

RURAL RENTAL PRESERVATION ACADEMY  
**Risk: Financial Weakness**

**Risk: Financial Weakness**

Possible Interventions

- Seeking additional or higher rental assistance

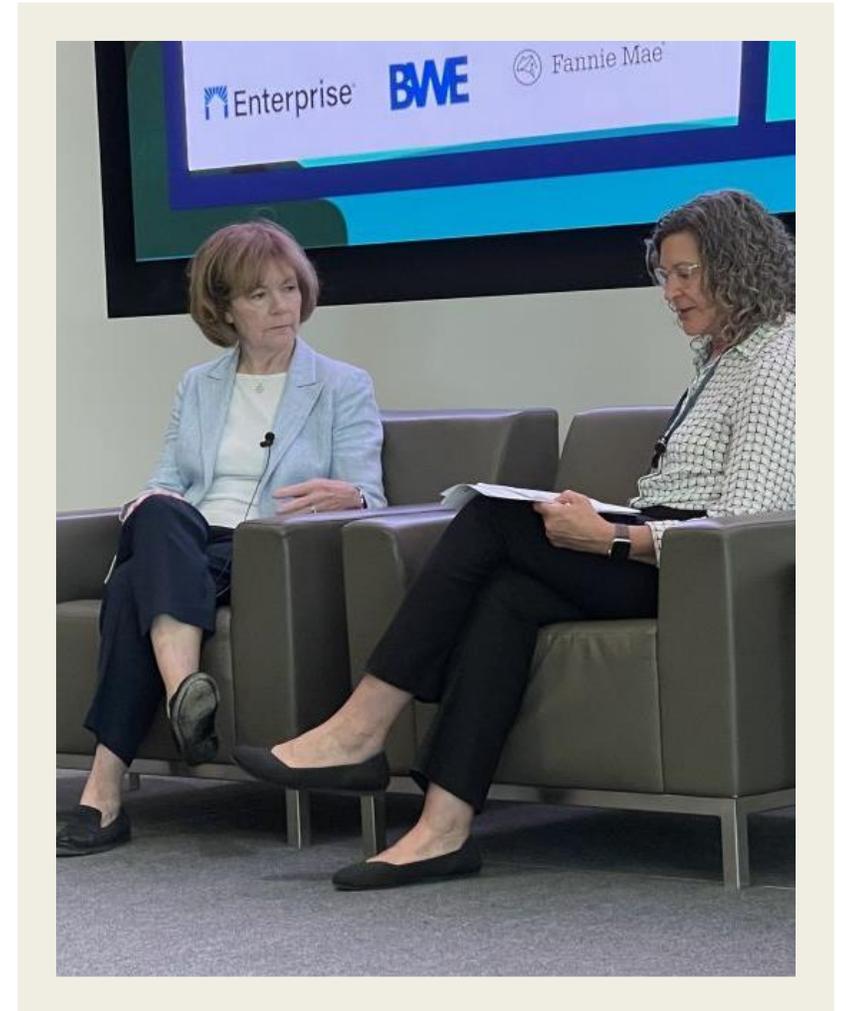
Challenges

- Broader market conditions



# Legal Changes to Help Preservation

- *Renewing Opportunity in the American Dream (ROAD) to Housing Act of 2025*
  - Includes most provisions of the *Rural Housing Service Reform Act*
  - Passed the Senate Banking, Housing and Urban Affairs Committee unanimously and has been filed as an amendment to this year's National Defense Authorization Act
- **Agriculture-FDA Appropriations Bills**
  - Decoupling pilot extended in the bill passed by the full Senate, as well as the version passed by the House Appropriations Committee



# Questions?

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