

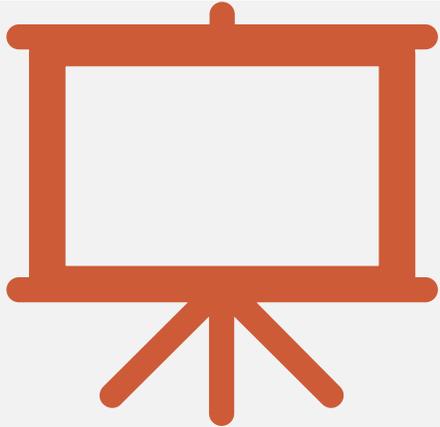


Rural Rental Housing Preservation Academy

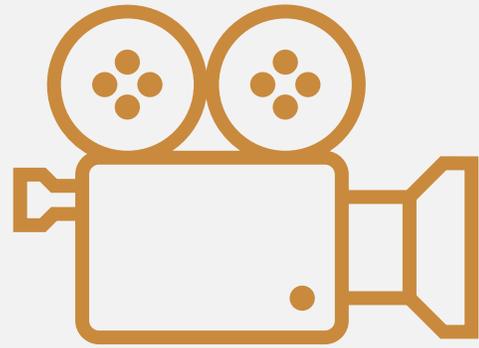
MARCH 25, 2026



Housekeeping



All registered attendees will receive the slides via email



This session is being recorded. You will also receive a copy and it will be posted on the Enterprise website



We will answer questions throughout the presentation. Please submit them using the Q&A, chat or raise hand function



The link to register for upcoming sessions will be shared at the end of the presentation, along with a survey

OUR APPROACH

Unmatched **breadth, scale and expertise** across the entire spectrum of affordable housing...



...creating a positive feedback loop that does it **all under one Enterprise roof.**

Meet our team

Robin Wolff

SENIOR DIRECTOR



Tiana Joyner

DIRECTOR



Tracy Dutson

ASSOCIATE DIRECTOR



Yolanda Jackson

PROGRAM MANAGER



**Adrienne
Norwood**

PROGRAM MANAGER



Emily Nosse-Leirer

RURAL AND TRIBAL POLICY
DIRECTOR



Why Focus on Rural Housing?

Poverty remains a challenge in many rural communities. 70 percent of the 473 "persistent poverty" counties in the United States are rural.²

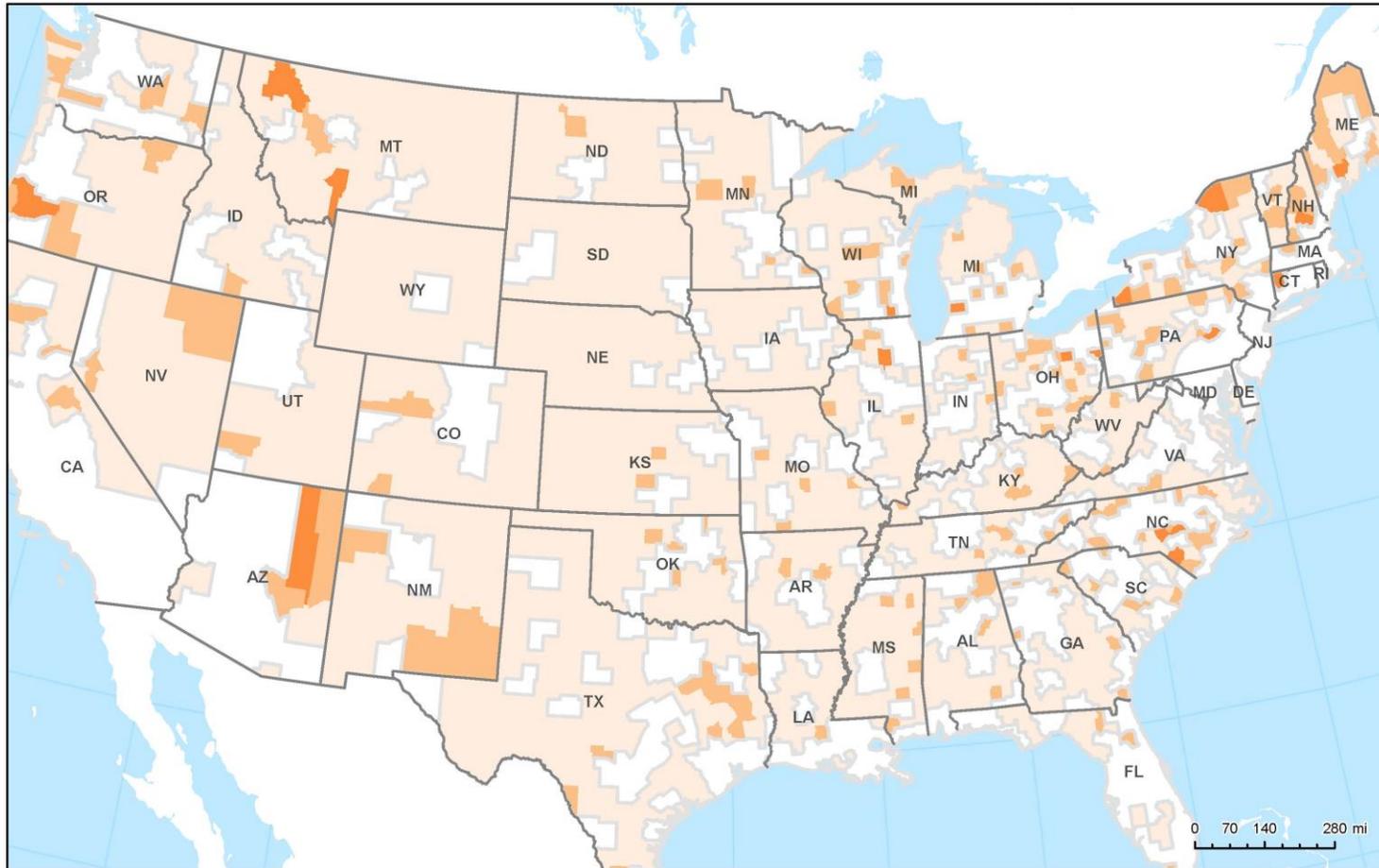
While rural communities are home to 20 percent of Americans, they have experienced significant underinvestment of both public and private capital.

LIHTC New Construction Not Reaching Many Rural Communities (size, scale, incentives)

- Incomes
- Cost of Construction
- Market

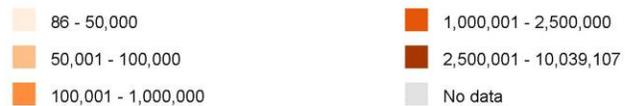


What/ Where is Rural?



Note: map shows nonmetro counties

Population size 7/1/2019



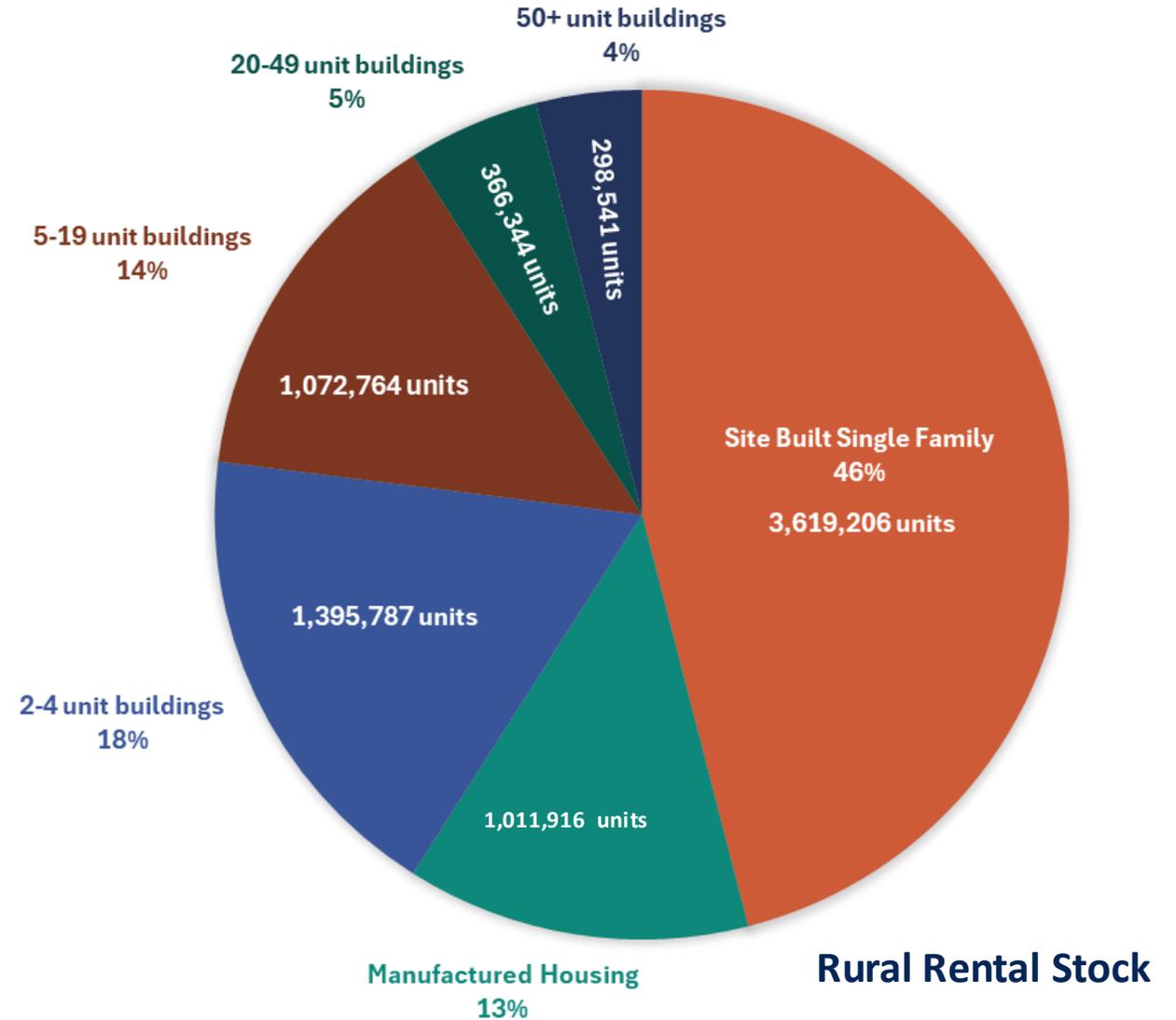
Units: Number Date: 10/21/2020

Source: USDA Economic Research Service, ESRI.
For more information:

<http://ers.usda.gov/data-products/atlas-of-rural-and-small-town-america.aspx>

Where Rural Renters Live

- 25% of rural households are renters
- Rural renters are much more likely to live in single-family homes than urban or suburban renters
- 65% of these single-family rental units are over 45 years old
- Rural multifamily buildings are small: 90% are less than 50 units
- One third of this multi-family rental stock (over 1.1 million units) is subsidized
- Those 1.1 million+ units make up 15% of all rural rental housing



Why Preservation?

- Costs less than new construction
- Prevents displacement
 - Keeps low -income individuals and vulnerable populations, such as Seniors & People With Disabilities Housed
- Keeps valuable subsidies in the community
- Avoids NIMBYism
 - Already developed, sited



Rural Rental Preservation Academy

WHAT IS IT?

- A series of no-cost training and peer learning sessions designed to help rural housing providers and nonprofits acquire and/or preserve affordable housing in rural communities
- Serves to raise awareness about the acute and urgent housing challenges facing rural communities
- Through focused training, we work to build the capacity of affordable developers to acquire, rehab and operate currently affordable properties at risk of being bought by predatory developers or private equity firms
- Supplemented by a Technical Assistance cohort, which provides peer learning/support networks for non-profit owner operators and public housing authorities

2026 Rural Rental Housing Preservation Academy

WHAT TO EXPECT

March 25 | Session 1: Introduction to the 515 Process and Application

This session will cover current housing stock across the country, and what it means to preserve the affordability of the housing stock at risk.

April 8 | Session 2: Strategies for Preservation

We will explore preservation through the lens of case studies throughout the region with rural developers who have facilitated the acquisition and rehabilitation of USDA 515 properties and utilized resources like Rental Assistance Demonstration (RAD) for rehab and redevelopment in rural communities.

April 22 | Session 3: Long Lead Items Capital Needs Assessment and Environmental Reports

During this session, we will discuss what a capital needs assessment (CNA) is with a guest speaker from an experienced CNA provider. We will also touch on Section 504 requirements and environmental reports.

May 6 | Session 4: Development and Operating Budgets

This session will cover the hard-cost items in the development budget and what construction-related items RD requires in a 515 transfer application.

May 20 | Session 5: Property Stewardship: Residents Services and Asset Management

Learn about robust resident engagement strategies and compliance requirements

June 9-10 | In Person Session in Boise, Idaho: Funding the work: LIHTC, Bonds and Third-Party Lenders National and Local Policy Conversation



What is Affordable Rural Housing?



- USDA Rural Housing Service (RHS)
- HUD
- LIHTC



- Naturally Occurring
- Single Family or Multifamily
- Combination of Programs and Funding Sources

USDA Rural Housing Service

Funding for Construction

Section 515 - Family and Elderly/Disabled Housing

Direct loans, terms of 30-50 years, income restrictions, 1% interest rate

Section 514/516 - Domestic Farm Labor Housing

Direct loans and grants, 33-year term, 1% interest rate, income restrictions, one household member must meet the Domestic Farm Labor definition

Section 538 – Guaranteed Loans

Loan guarantees for private-sector loans, income restrictions cannot exceed 115% of AMI



USDA Rural Housing Service

Funding for Rehabilitation

Section 515 Subsequent Loans

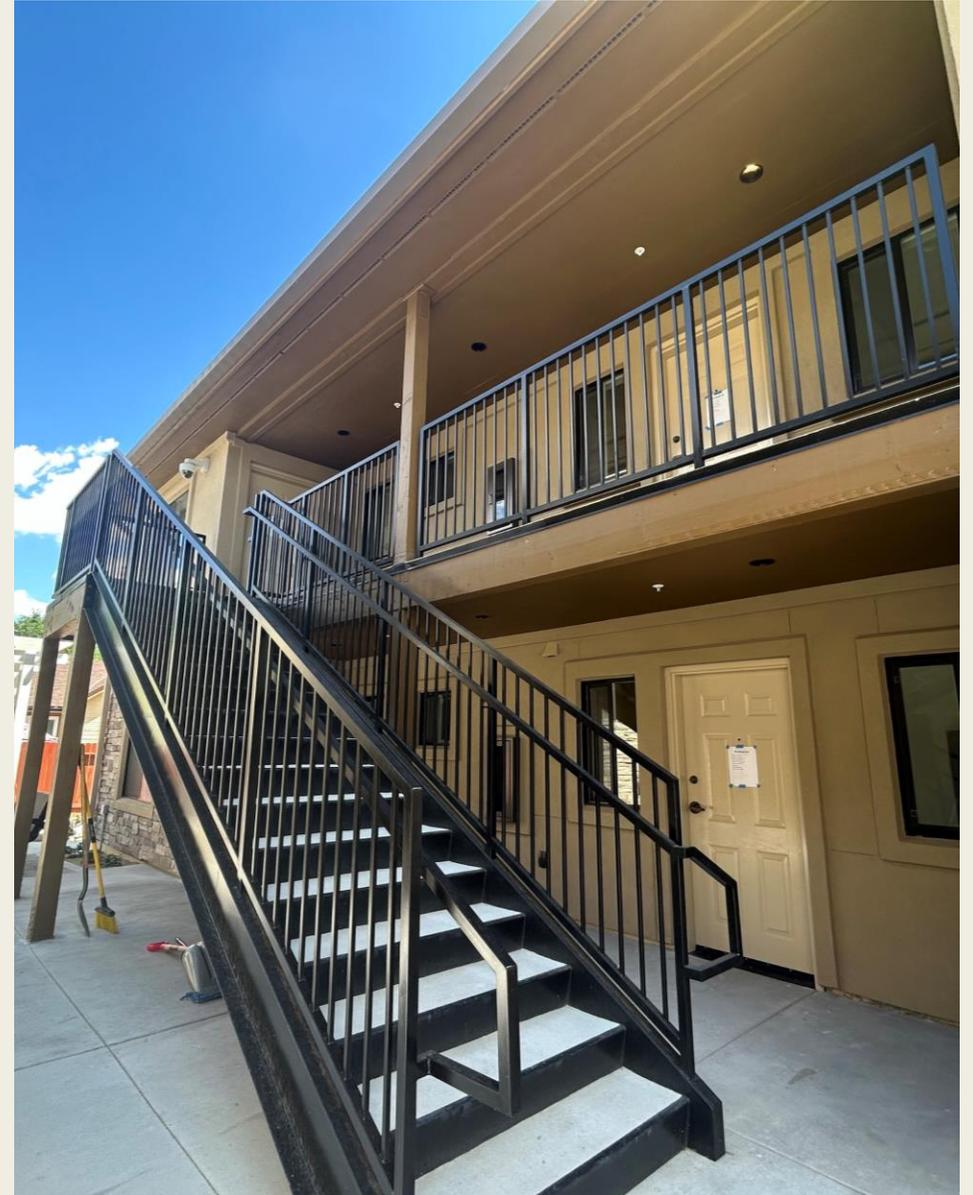
Direct loans, terms of 30-50 years, income restrictions, 1% interest rate

Section 538 – Guaranteed Loans

Loan guarantees for private-sector loans, resident incomes cannot exceed 115% of AMI

Multifamily Preservation and Revitalization (MPR program)

Grants, debt deferrals, zero- and low-interest loans for existing owners



USDA Rural Housing Service

Funding for Rental Assistance

Section 521 Rental Assistance

Project based, ensures the tenant pays only 30% of their adjusted income, only for properties that have an active Section 514 or 515 direct loan

Stand Alone Rental Assistance/“Decoupling”

Section 521 project based rental assistance, but after a direct loan has been paid off. Currently only available through a special pilot program to properties with loans maturing in FY26, but a letter outlining requirements for this year’s program has not been released yet.



What's the big deal about Section 515?

Why is it so important – and difficult – to preserve this housing?

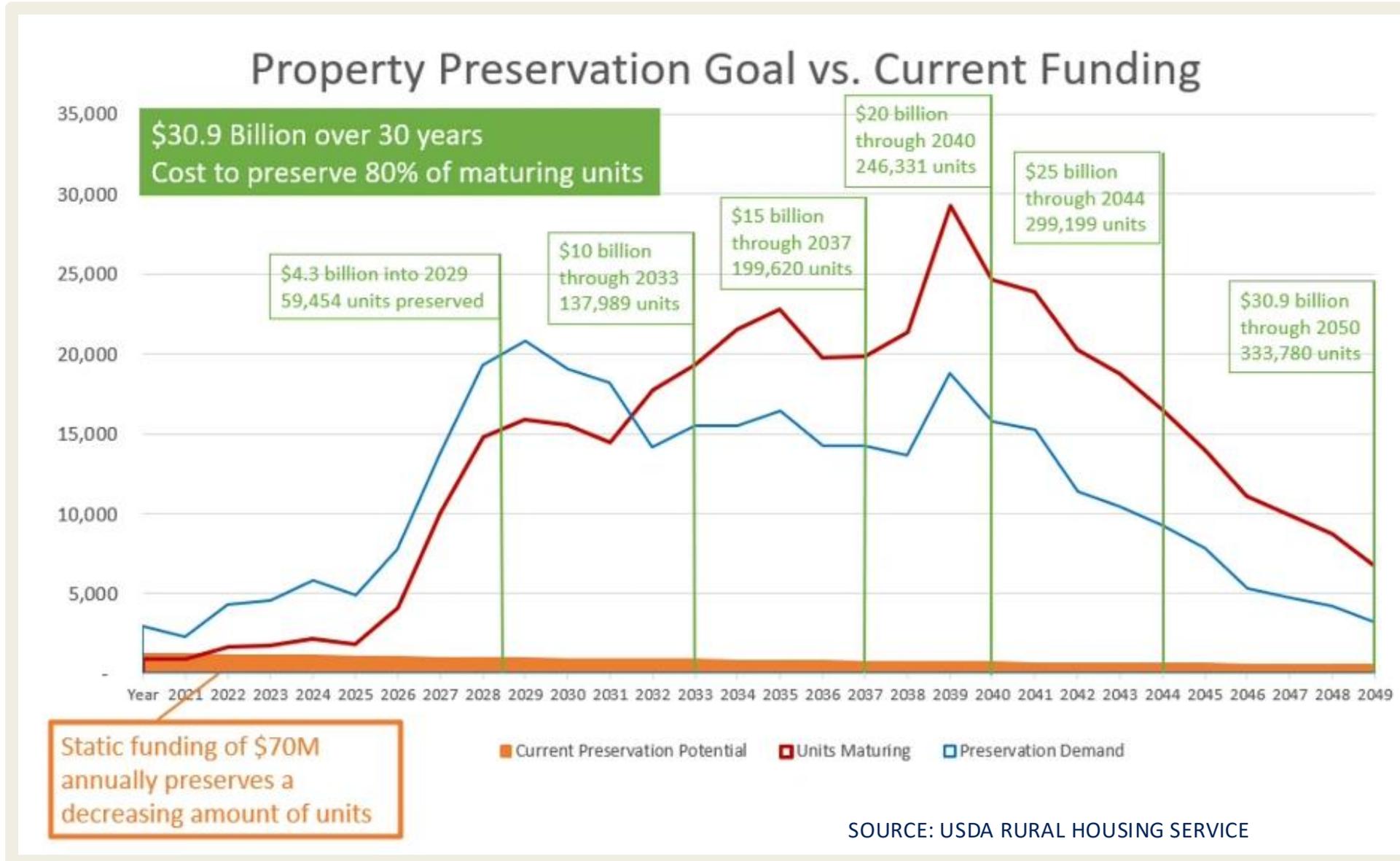


Lots of Homes
384,529 units in 87% of
counties

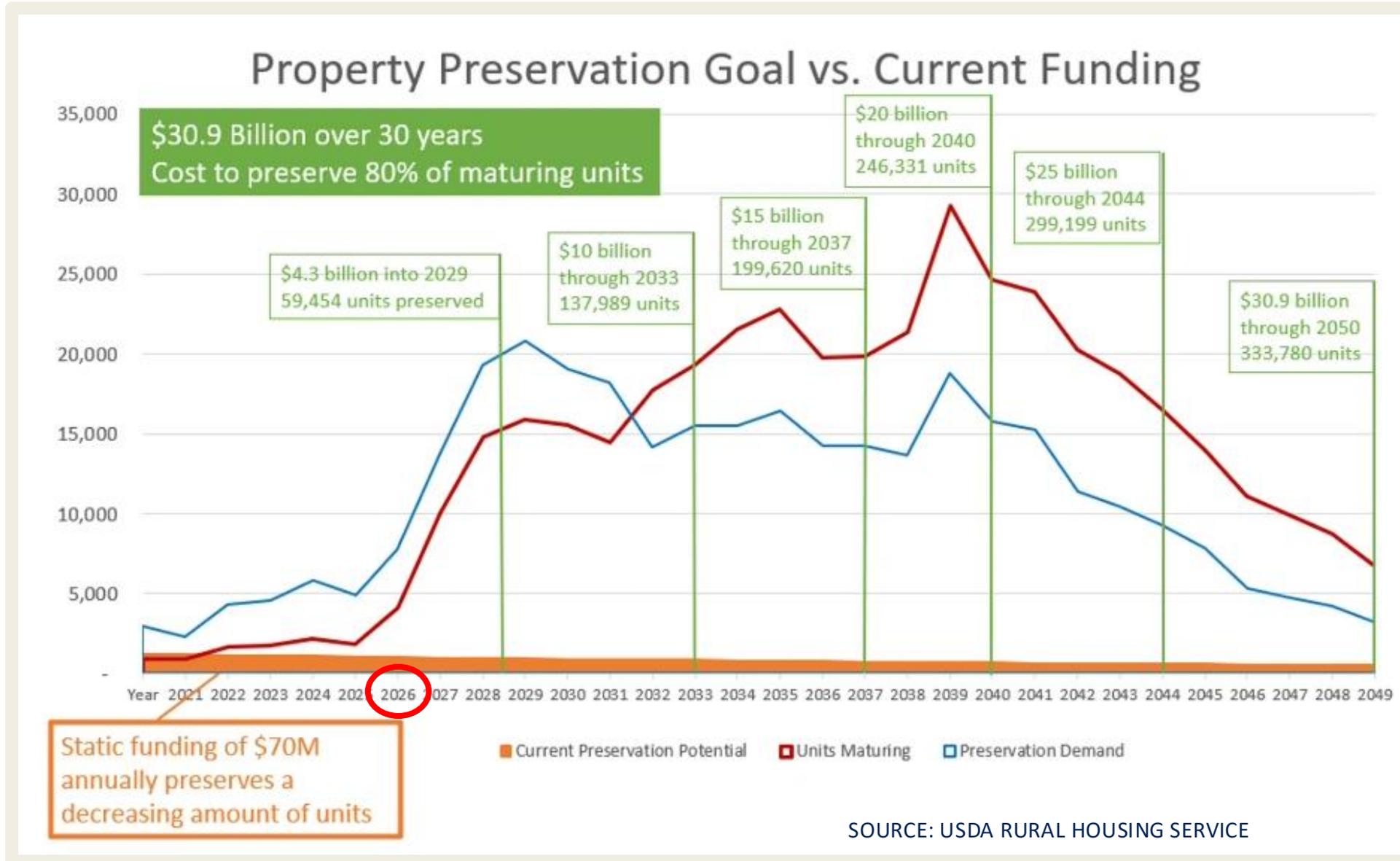
Maturing Quickly
Average age of 37 years

Vulnerable Residents
About 1/3 are seniors, about 1/5
are people with disabilities, and
the average household income is
\$14,000

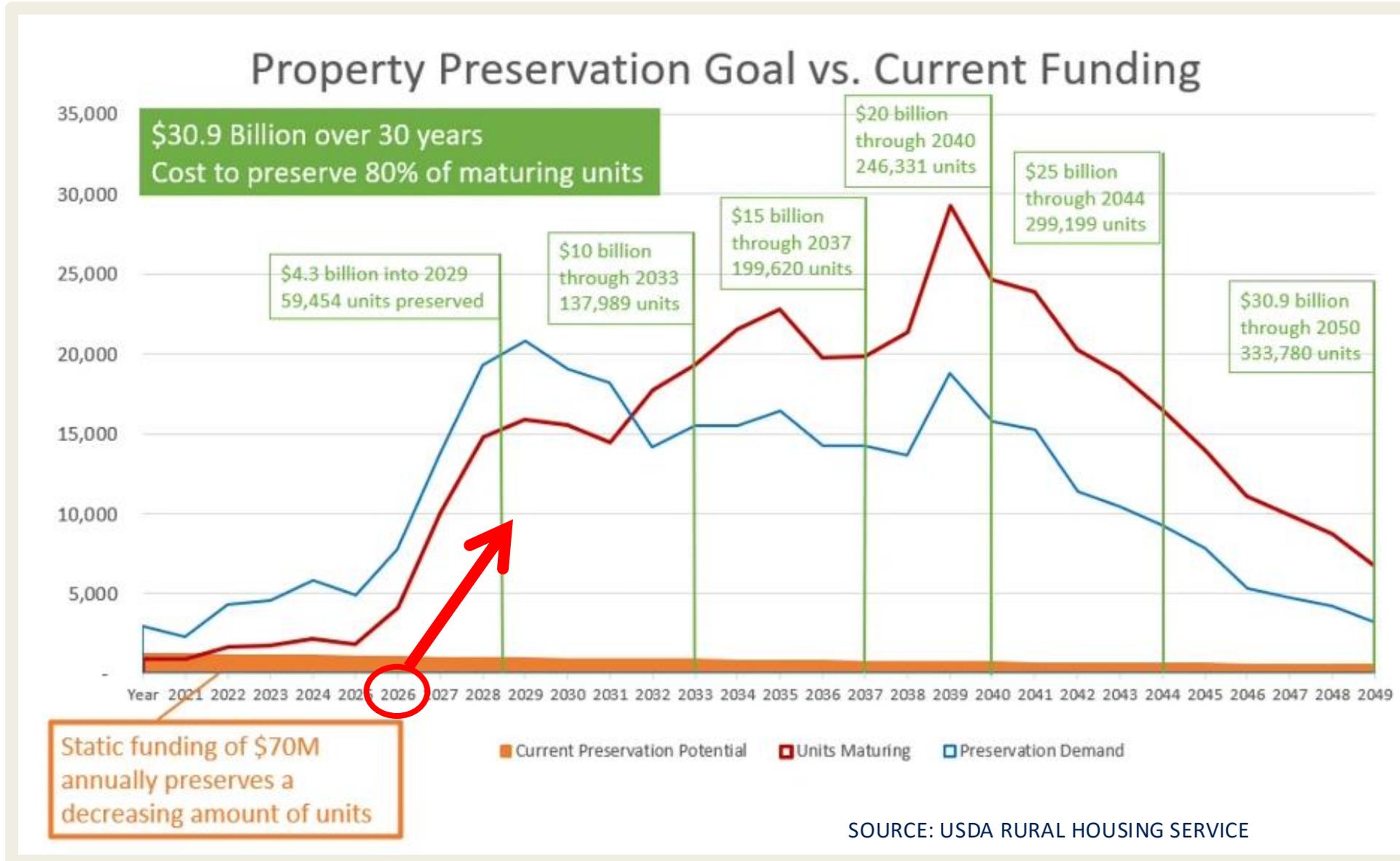
Mortgage Maturity is an Existential Risk



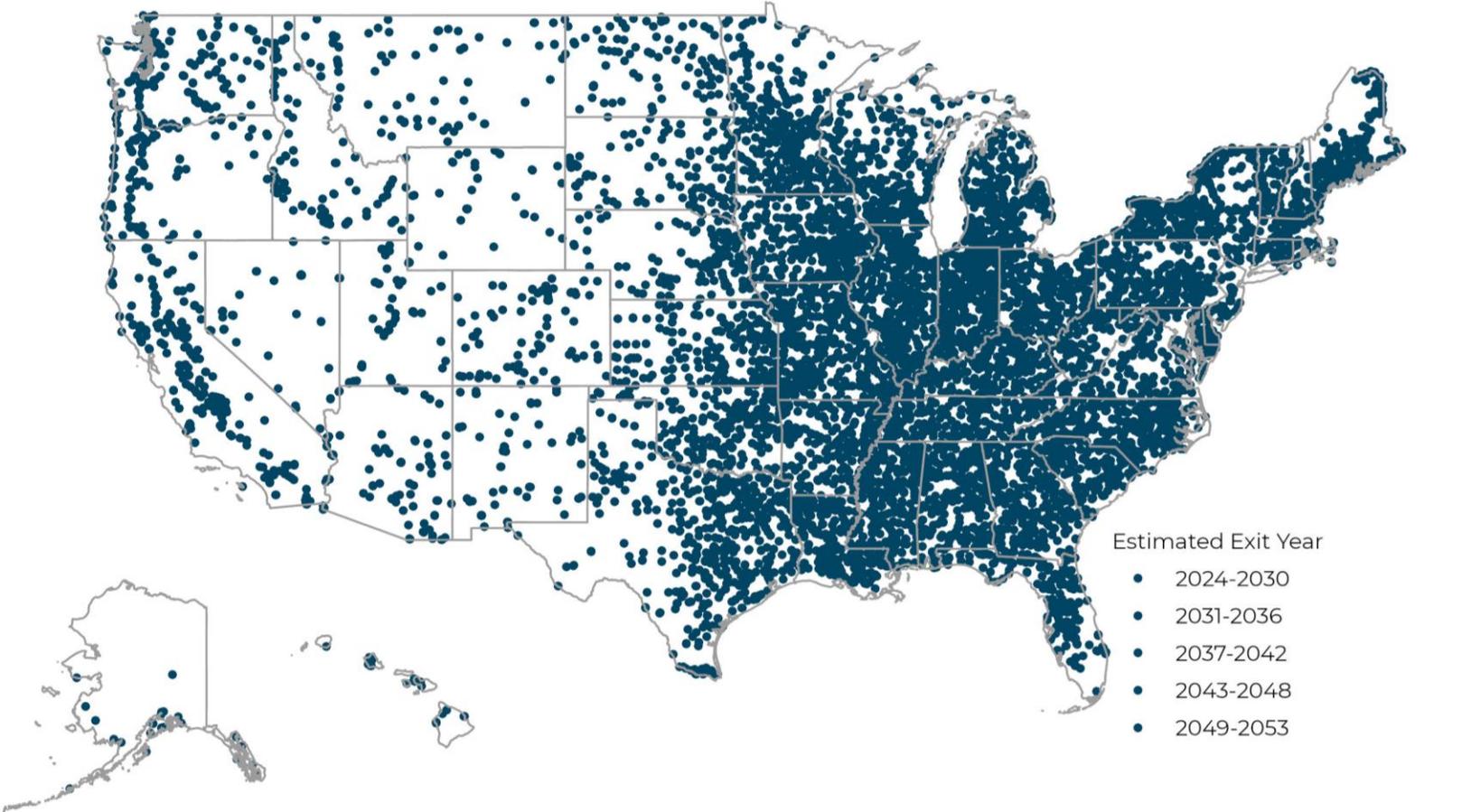
Mortgage Maturity is an Existential Risk



Mortgage Maturity is an Existential Risk



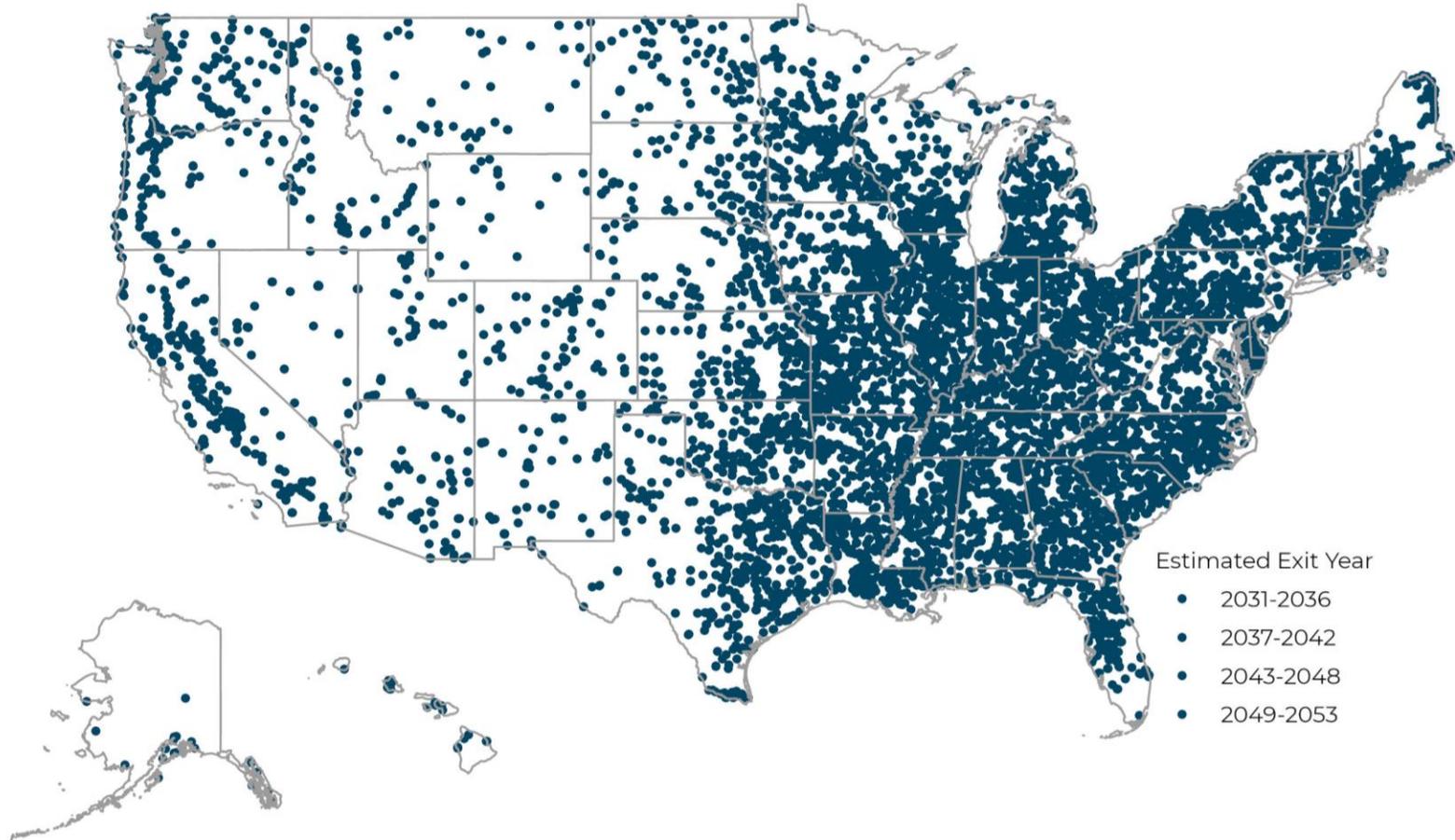
USDA Section 515 Rental Properties, 2024



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

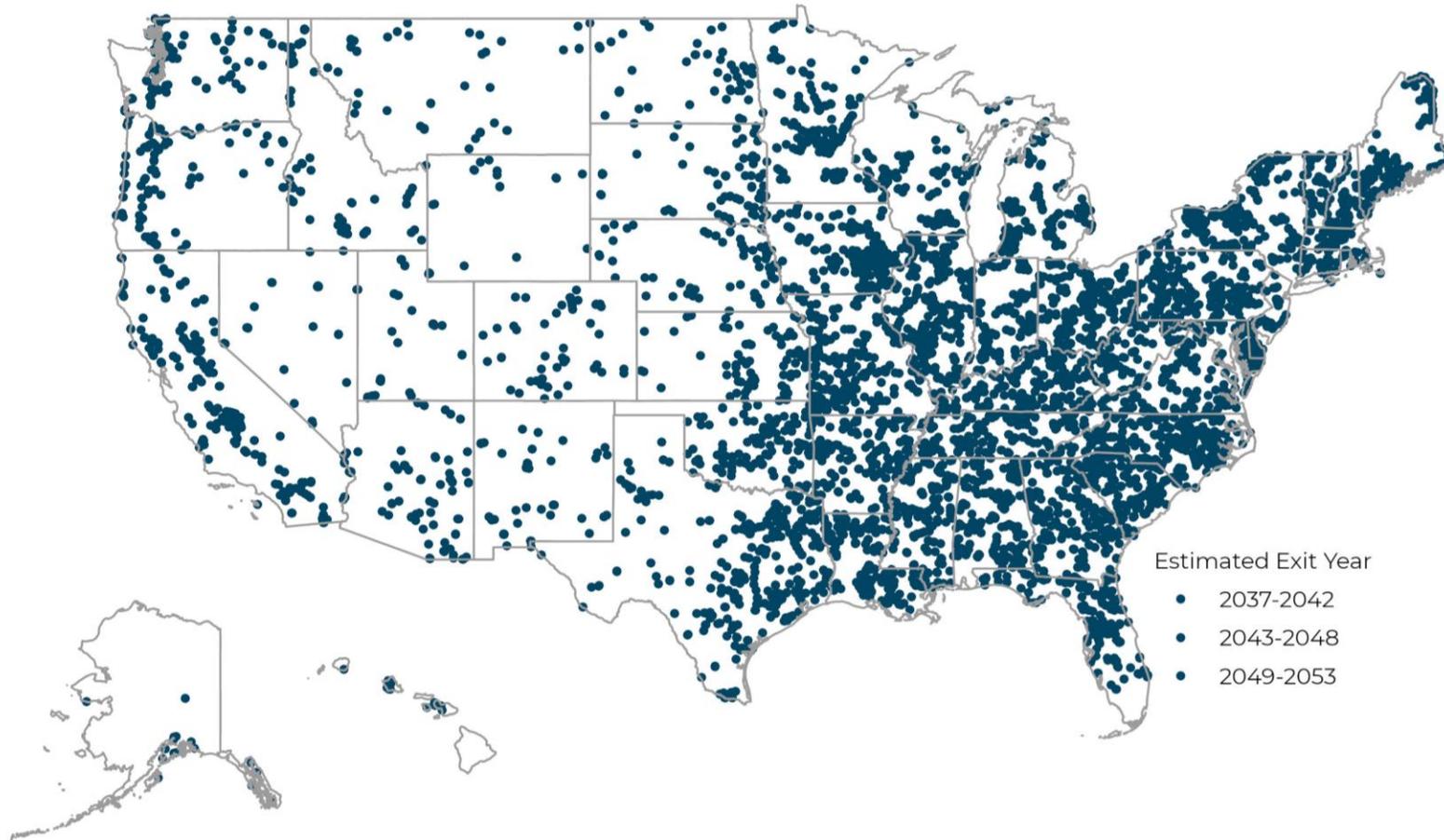


Estimated USDA Section 515 Rental Properties, 2030



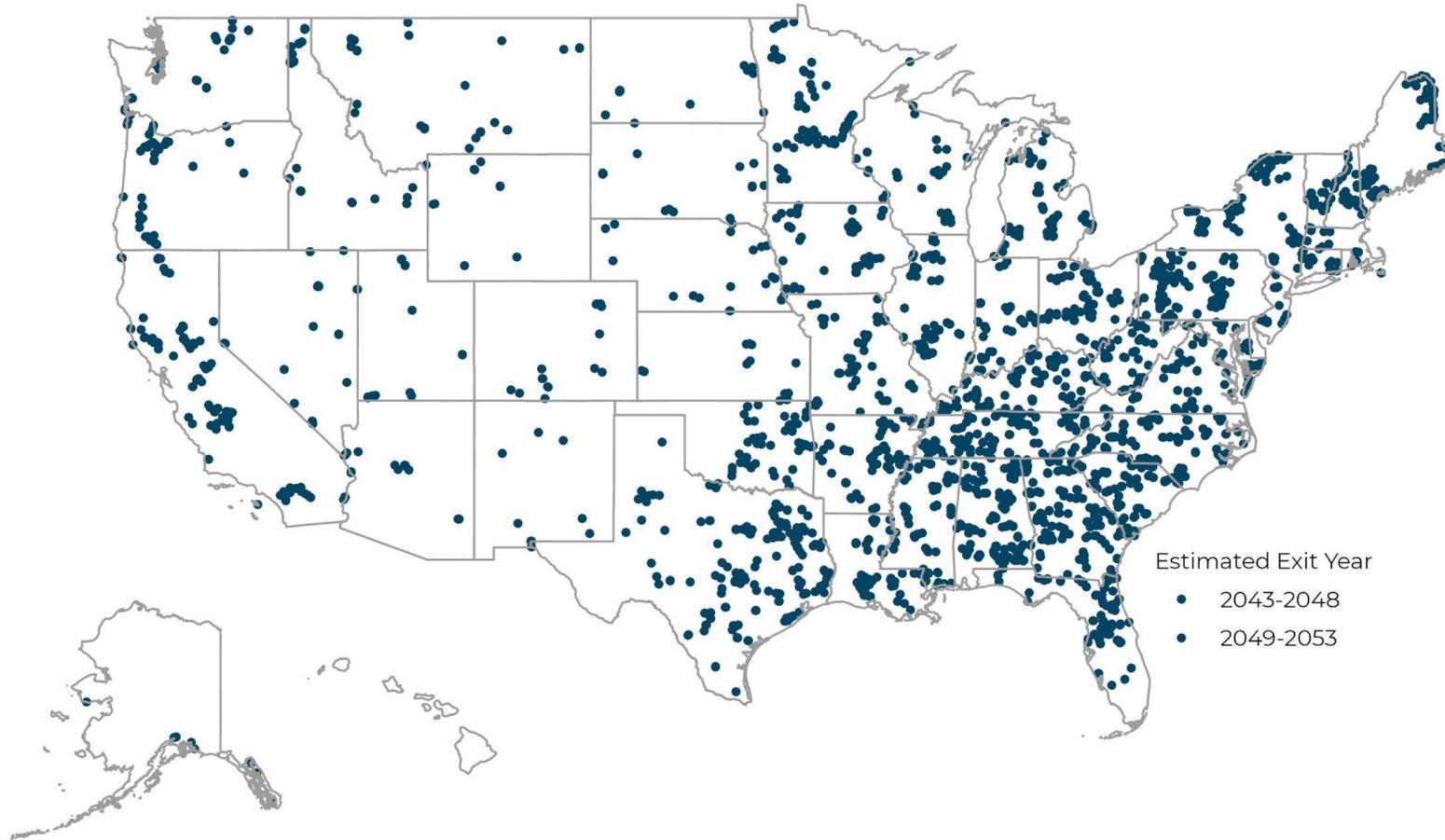
Maps and data courtesy of our partners at the Housing Assistance Council

Estimated USDA Section 515 Rental Properties, 2036



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

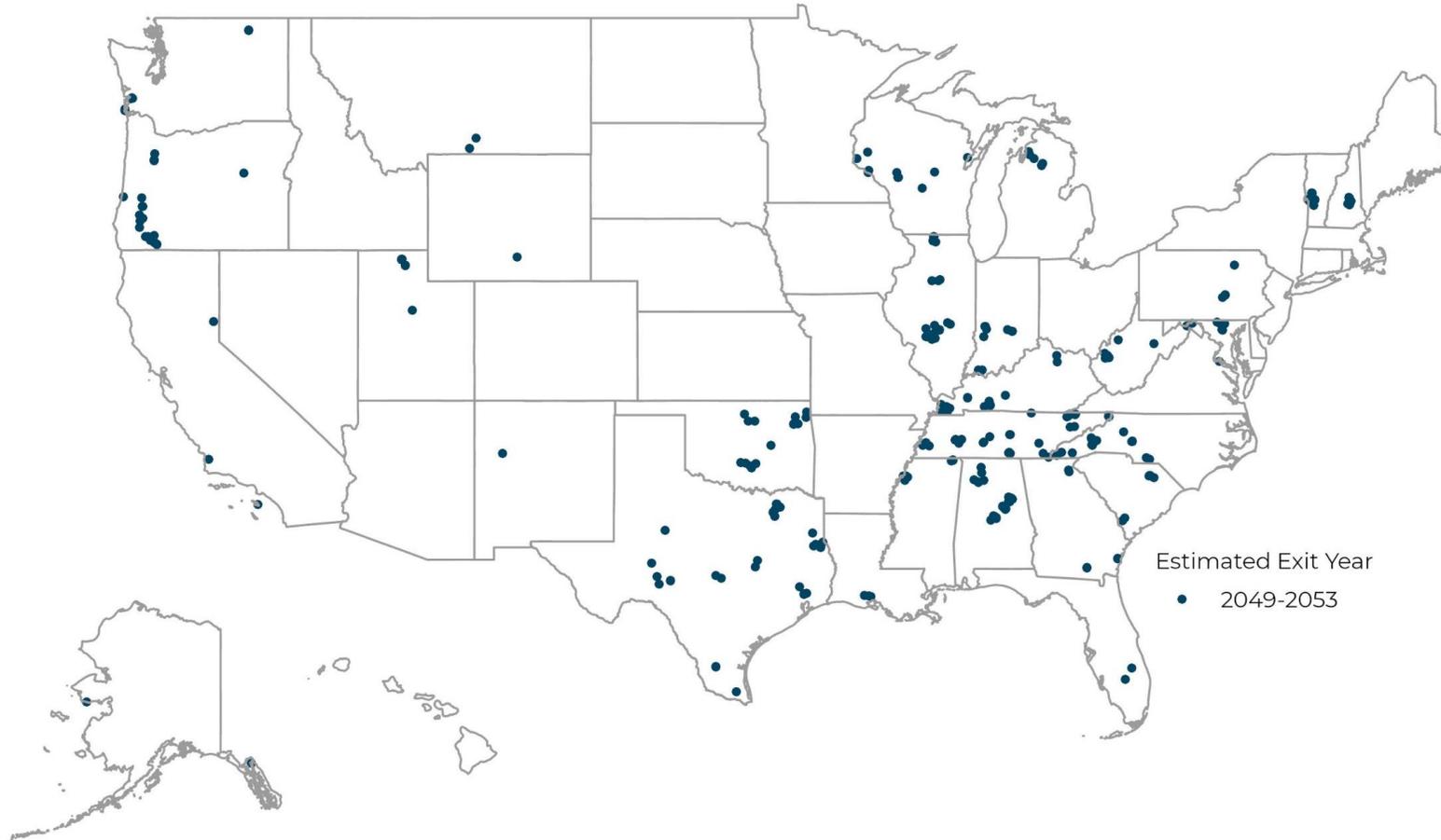
Estimated USDA Section 515 Rental Properties, 2042



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

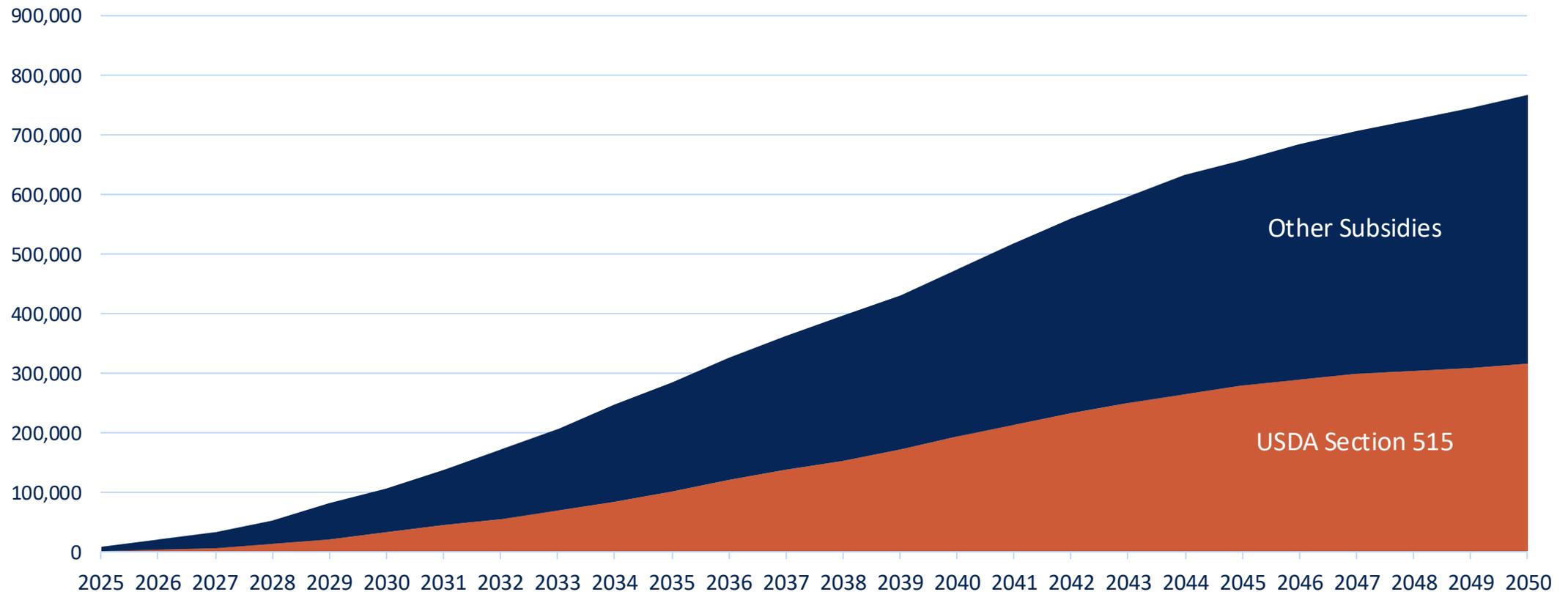
Estimated USDA Section 515 Rental Properties, 2054



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

Other Rural Subsidized Properties At Risk

- By 2050, 440,000 units funded through other programs (ex. LIHTC, HOME and state subsidy programs) will lose their affordability restrictions



Risk: Program Exit via Maturity

Risk: Mortgage Maturity	
Possible Interventions	Challenges
<ul style="list-style-type: none"> • Loan term extensions • Decoupling (pending Congressional and USDA action) 	<ul style="list-style-type: none"> • Owner lack of awareness • Desire to exit • Congressional action needed

PUBLIC LAW 118-42—MAR. 9, 2024

138 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 agreement 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

Risk: Financial Weakness

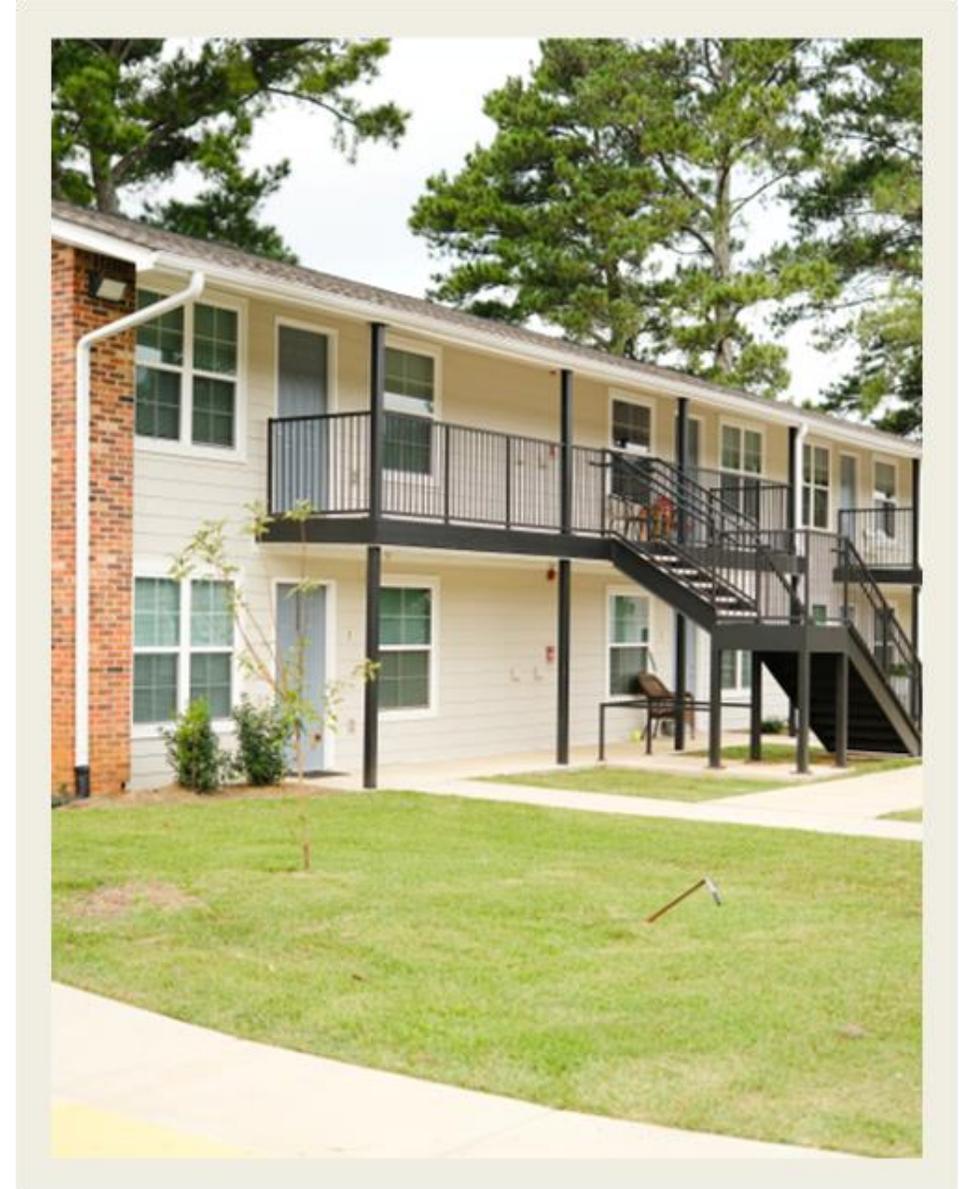
Risk: Financial Weakness

Possible Interventions

- Seeking additional or higher rental assistance

Challenges

- Broader market conditions



Legal Changes to Help Preservation

- *21st Century ROAD to Housing Act*
 - Includes most provisions of the *Rural Housing Service Reform Act*
 - Passed the Senate, next steps are not clear
- Tax laws: Establishing a rural and tribal LIHTC basis boost in future bills
- Agriculture-FDA Appropriations Bills
 - Decoupling pilot extended for FY26, and we continue to advocate for future years to extend the pilot and allow a longer eligible mortgage runway
 - Funding for USDA technical assistance, grant and loan programs
- Regulatory Changes
 - USDA Simple Transfer codified process
 - Releasing USDA SARA guidance for FY26
 - Further incentivizing rural LIHTC investments and purchases



TECHNICAL ASSISTANCE & THE TRANSFER PROCESS

Stages of USDA Transfer Application Process

There are four stages to the approval process to know

Stage 0 – Prepare

Unofficial, critical stage

- Concept call with USDA
- Request MFIS Reports
- Order appraisal for CRCU's, Post Rehab Value, LTC/LTV
- Order C.N.A.
- Order/create 504 Plan
- Plan Scope of Work
- Cost estimate; involve GC
- Start management docs
- Start construction/architect contracts

Stage 1 – Processing

Initial Application Submission

All items in 7-B-1 submitted via CloudVault simultaneously

Review will not begin until all items have been received

Submit Plans, Specs (Front End Manual), AIA Contracts (drafts), & management documents for review and concurrence

Consider construction path: Bid out, Owner/Builder or Waiver

Stage 2 - Underwriting

Underwriting review of Preliminary Assessment Tool (PAT)

Final review of the following:

- Operating expenses
- Rent levels
- Reserve requirements
- Tenant Protection Account
- Insurance
- Cost estimate
- Third party financing terms
- Third party loan documents
- Total Development Costs
- Narratives

Issues Letter of Conditions

Stage 3 – Closing/OGC

Closer will be assigned and work with OGC to close.

Closer will prepare closing package for OGC review.

OGC will review:

- Organizational documents
- Third party loan documents
- Intercreditor Agreements
- Subordination Agreements
- Attorney Opinions

Upon approval OGC will issue the Closing Instruction and provide Agency Loan documents to close.

Initial Application vs. Complete Application

The argument continues..... While you may read and reference the 7-B-1 in Chapter 7, please be advised that this does not constitute a “Complete Application”. Further guidance and materials are to be submitted as per Handbook 1924 - Construction Guide and Handbook 1970 – Environmental Guide.

Chapter 7 – 3560; 7-B-1 Initial Application

- ❖ Basic deal items listing 45 checklist items.
- ❖ All items must be in final form and executed.
- ❖ Electronic signatures are okay.
- ❖ Label each item according to the number referenced when submitting to CloudVault.
- ❖ Do not submit piecemeal. Instead submit all completed items at one time. Review does not begin until all items have been received.

Handbook 1924-A Construction Requirements

- ✓ Explains the various approaches to General Contractor and Borrower methods
- ✓ Requirements for GC Contracts
- ✓ Requirements for Architect Contracts
- ✓ Attachments to AIA Documents
- ✓ Development Standards
- ✓ Inspection Responsibilities
- ✓ Drawings, Specs, P&P Reqs., etc.

Handbook 1970 Environmental Requirements

- Outlines Environmental Policies
- NEPA – National Environmental Policy Act of 1969
- 1970-B NEPA Categorical Exclusions (CATEX)
- If no footprints are moved or added on an existing 515; a CATEX is not required. (Subject to Agency review)
- If 538 Loan is involved, a NEPA is required.

(Consider other reports needed by other funders at this time.)

THANK YOU!



REGISTER FOR OUR NEXT SESSION

