



United States
Department of
Agriculture

Rural Development



Affordable Housing **SCR 1 Committee**

January 23, 2018

Agenda Item VIII B-HOUSING
Meeting Date: 01-23-18

Rural Development Housing Programs

- 502–Direct SFH
- 502–Guaranteed SFH
- 504-Repair Loan and Grant
- Housing Preservation Grant
- 515 - Direct MFH
- 538 – Guaranteed MFH

Direct Rural Housing Loans Overview

- Loan is direct from Rural Development
- Interest rates are subsidized based on income with Payment Assistance
- Term is usually 33 years
- Payment Assistance is recaptured
- Can be made for 100% LTV

Guaranteed Rural Housing Loans Overview

Purpose of this program is to assist moderate income households in obtaining adequate but modest, decent, safe and sanitary homes.

- A mortgage broker or a bank is the Lender
- 100% Financing
- Interest Rate is negotiated with Lender

Section 504 Rural Housing Repair and Rehabilitation Loans and Grants

Purpose:

- The 504 Housing Repair program provides loans and grants to very low-income homeowners to repair, improve, or modernize their dwellings or to remove health and safety hazards.

504 Home Repair Assistance Loan and Grant Program

- Available to very low income, owner-occupied housing.
- Loan and grant funds can be used for general home repairs, remove health or safety hazards, or to remodel for accessibility.
- Maximum loan = \$20,000
- Loan term up to 20 years
- For example, a \$5,000 loan for 20 years = \$23 / month
- Grants are available to Senior homeowners who cannot afford a loan
- Lifetime maximum grant = \$7,500



This homeowner received assistance through the 504 program to purchase a new roof for his home.

Housing Preservation Grant Program

- Grants are made to cities, counties, tribes or non-profits
- Funds may be loaned or re-granted to recipients
- Serves low and very-low income
- Can be used on owned or rental housing

Direct Multi-Family Housing

- No Funding Available For New Projects
- RD has 62 projects with 1,955 units in rural Nevada
- 1678 Rental Assistance Units
- Serves 80% MHI and below
- Elderly or Family

Section 538 Guaranteed MFH

- Must work through an approved lender; RD guarantees the loan for a fee
- Terms from 25 to 40 years
- Serves up to 115% MHI
- RD has funded several rehab and new construction projects in rural Nevada



Section 538 Guaranteed Rural Rental Housing Program (GRRHP)

Loan Product

- Up to a 90% government guarantee

Eligible Purposes

- New construction and rehabilitation with or without acquisition. Rehabilitation must be at least \$6,500/unit
- Housing with 5 or more adequate dwellings

Eligible Uses

- All hard costs
- Soft costs - professional services, bond fees, developer's fees, land acquisition and development, financing costs

Eligible Borrowers

- Individuals, partnerships, non-profit or for-profit corporations
- State and local agencies, Trusts, Indian Tribes

Section 538 Guaranteed Rural Rental Housing Program (GRRHP)

Loan Features

Loan to Value (LTV)

- 90% or less of loans made to for-profit entities
- 97% or less of loans made to non-profit entities

Interest Rate

- Best negotiated rate between lender and borrower fixed over the loan term

Repayment Term

- 25 year minimum, 40 year maximum
- 25 year minimum for balloon with 40 year amortization

Minimum and Maximum Loan Amount

- No limit

Program Parameters

- Housing is available to families or persons whose income at initial occupancy does not exceed 115% of area median income. After initial occupancy, a tenant's income may exceed these limits.
- Rent (including tenant-paid utilities) for any unit at initial occupancy cannot exceed 30% of 115% of area median income, adjusted for family size
- Average rent (including tenant-paid utilities) for all units in a project cannot exceed 30% of 100% of area median income, adjusted for family size



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Questions?

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