USDA Rural Development Housing Programs

Wilma Marconnet
USDA Rural Development
Multi-Family Housing Programs Director

USDA Rural Development

- USDA RD Mission
  - Assist rural communities to create prosperity so they are self-sustaining, re-populating, and economically thriving
- Accomplish the mission by:
  - Providing support for essential public facilities and services such as: water and sewer systems, housing, health clinics, emergency service facilities, electric and telephone service and small business development

In 2014, USDA RD invested $291 million in rural Kansas

Single Family Housing Programs

- Direct Home Loans
- Home Repair Loans/Grants
- Guaranteed Home Loans

Single Family Housing

- Single Family Direct Loans
  - 100% financing
  - 33-year mortgage
  - Flexible qualifying standards
  - Not restricted to first time homebuyers
  - Have ample funding for very-low income individuals

Single Family Housing

- Home Repair Program
  - Low income individuals can receive low-interest loans to repair their homes
  - Funds can be used for making repairs, removing health and safety hazards, and installing essential features
Single Family Housing

- Guaranteed Rural Housing
  - No-down payment
  - Most affordable 30-year fixed rate mortgage
  - 100% financing
  - May finance closing cost or repairs up to appraised value
  - Not restricted to first-time home buyers

Megan Estrada was the first Dodge City resident to utilize USDA’s Guaranteed Rural Home Loan Program in June 2014.

Multi-Family Housing

- Direct Loan Program
- Multi-Family Housing Guaranteed Loans
- Housing Preservation Grants
- Farm Labor Housing

- Multi-Family Direct Loans (515 Program)
  - Assists qualified applicants that cannot obtain commercial credit on terms that will allow them to charge rents that are affordable to low-income tenants
  - Funds can be used for construction, improvement and purchase of multi-family rental housing for low-income families, the elderly and disabled
  - Direct, competitive loans
  - Up to 30 year payback period
  - Rural areas and towns with 20,000 population or less. Federally recognized tribal lands

- Multi-Family Direct Loans (515 Program)
  - Individuals, trusts, associations, partnerships, limited partnerships, nonprofit organizations, for profit corporations and consumer cooperatives. Most state and local government entities. Federal recognized Tribes.
  - Very Low to Moderate income: is below 50% of area median income. Low income: is 5%-80% of area median income. Moderate income: is capped at $5,500 above low-income limit.
  - Loans can be combined with housing tax credits and other affordable housing products to help offset development costs
Multi-Family Housing

- Multi-Family Housing Guarantee (538 Program)
  - Private lenders may apply for a loan guarantee on loans made to an eligible borrower who is unable to obtain commercial credit on reasonable terms without the guarantee.
  - Loans can be combined with housing tax credits and other affordable housing products to help offset development costs.
  - Rural areas and towns with 20,000 population or less. Federally recognized Tribal lands.

- Rents for individual units is capped at 30% of 115% of area median income.
- Average rent for an entire project (including tenant paid utilities) cannot exceed 30% of area medium income, adjusted for family size.
- Complexes must consist of at least five units.
- Complexes may contain units that are detached, semi-detached, row houses or multi-family structures.

- Housing Preservation Grant Program
  - The grants can provide qualified, public, non-profit organizations and public agencies funding to assist very-low and low-income homeowners to repair and rehabilitate their homes in rural areas.

- Farm Labor Housing (514/516 Program)
  - The program provides loans and grants to increase the number of housing units for domestic farm laborers.
  - Farm Labor Housing loans and grants are provided to buy, build, improve, or repair housing for farm laborers and can be made to farmers, association of farmers, family farm corporations, Indian tribes, nonprofit organizations, public agencies, and associations of farmworkers.
  - Housing may be constructed in urban or rural areas as long as there is a demonstrated need.
  - 1% fixed rate loans. Up to 33 year pay back period. Grants based on need and may not exceed 90% of project.
Multi-Family Housing

• Farm Labor Housing (514/516 Program)
  – A two-phase application process starts with a pre-application accepted on an annual basis through a Notice of Funds Availability (NOFA) in the Federal Register. Selected pre-applications are invited to submit final applications.
  – Loans can be combined with housing tax credits and other affordable housing products to help offset development costs

Domestic Farm Laborer: A person who receives a portion of his/her income from farm labor employment. This definition may include the immediate family members residing with such a person.

Very low income is below 50% of area median income; low-income is 50%-80% of area median income; moderate income is capped at $5,500 above the low-income limit

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USDA Rural Development
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(785) 271-2718
wilma.marconnet@ks.usda.gov