



Opportunities for Preserving Rental Housing in Rural Communities

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**Center for Rural Multifamily
Housing Preservation**

About HAC

- National Nonprofit
- Rural housing and community development
- Persistent poverty areas and populations



Photo: Jennifer Emmerling / *There is More Work to be Done*

HAC is the only national nonprofit and CDFI solely dedicated to helping local rural organizations build and preserve affordable homes.



Research & Information

Leading resource on rural housing data and issues



Policy and Advocacy

Informing sound strategies and policies that help improve housing and communities across rural America



Training & Technical Assistance

Developing the capacity of local nonprofit organizations to help their own communities



HAC Loan Fund

Providing capital in the hardest to serve places



HAC's Center for Rural Multifamily Housing Preservation

- Preserve Rural Rental Housing –Section 515 properties.
- Provide Technical Assistance.
- Promote what works.
- Create solutions where needed.
- Advance the role of nonprofits and housing authorities in rural communities.
- Connect projects to financing resources



Why is this important?

In many rural communities USDA Section 515 properties are among the best and only source of affordable rental housing

Photo: Jennifer Emerling
<https://www.thereismoreworktobedone.com/>

Why Preservation of Existing Affordable Housing?

- Keeps housing affordable for low-income households and vulnerable populations
 - Average Income at Section 515 properties range: \$4,575 - \$35,201
 - Elderly/disabled
- Retains subsidy investments locally
- Lower cost than new construction
- Reduces displacement
- Many properties in areas where no new rental housing is being developed or with high affordable housing needs

Florida Section 515 Portfolio

USDA Section 515

- Rural rental housing production program initiated in 1963.
- USDA RD provided subsidized debt (effective rates of 1%) for development of new MF housing in rural communities.
- Many units were also provided project-based Section 521 Rental Assistance (residents pay 30% of adjusted income for rent).
- Nationally over 530,000 apartment homes were developed in rural communities across the country.
- No new properties in over a decade.



Section 515 Properties in Florida

- 362 USDA Section 515 properties, 14,131 units
- 81% of units with USDA rental assistance; another 12% are covered by HUD Section 8 contracts
- Average property size – 32 units (range in size from 7 to 117 units)
- 45% 1 BR
- 50% 2 BR
- 5% 3 BR

USDA Section 514/516 Farm Labor Housing

- Restricted to farm workers or agricultural processing workers, or retirees.
- Similar to Section 515
- USDA still funds new construction farm workers

Section 514/516 Properties in Florida

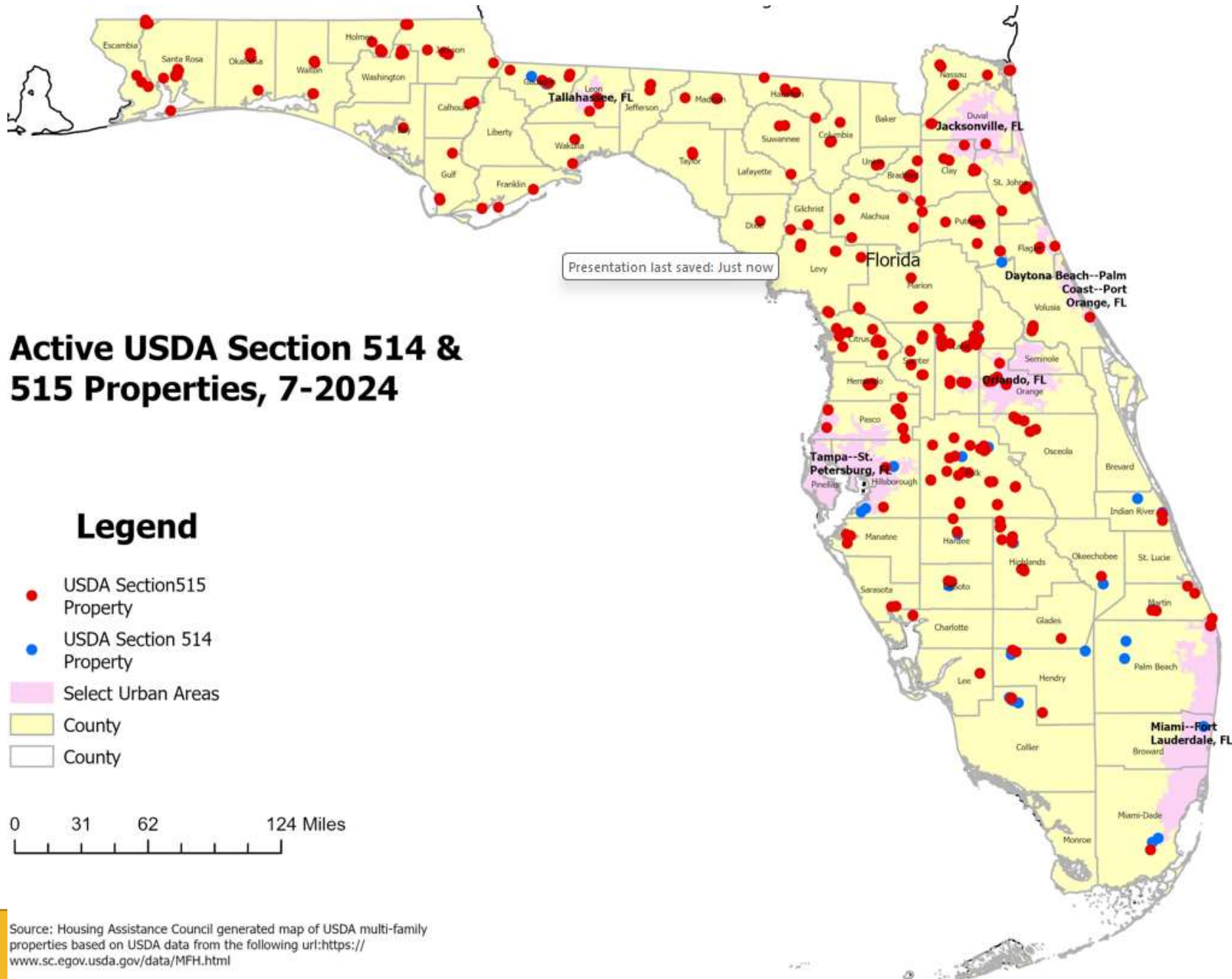
- 38 USDA FLH properties, 3,963 units
- 72% of units with USDA rental assistance
- Average property size – 104 units; (range in size from 24 to 712 units)
- 5% 1 BR
- 32% 2 BR
- 47% 3 BR
- 14% 4 BR

88%

**of all Florida counties have at least one USDA
Multifamily Property**

54%

**of Florida Counties have 5 or more USDA
Multifamily Properties**



\$20,267

**average annual income of USDA Section 515
households in Florida**

**Two-thirds of Section 515 households are
Elderly or Disabled**

Source: USDA 2023 Multifamily Housing Annual Occupancy Report



\$32,655

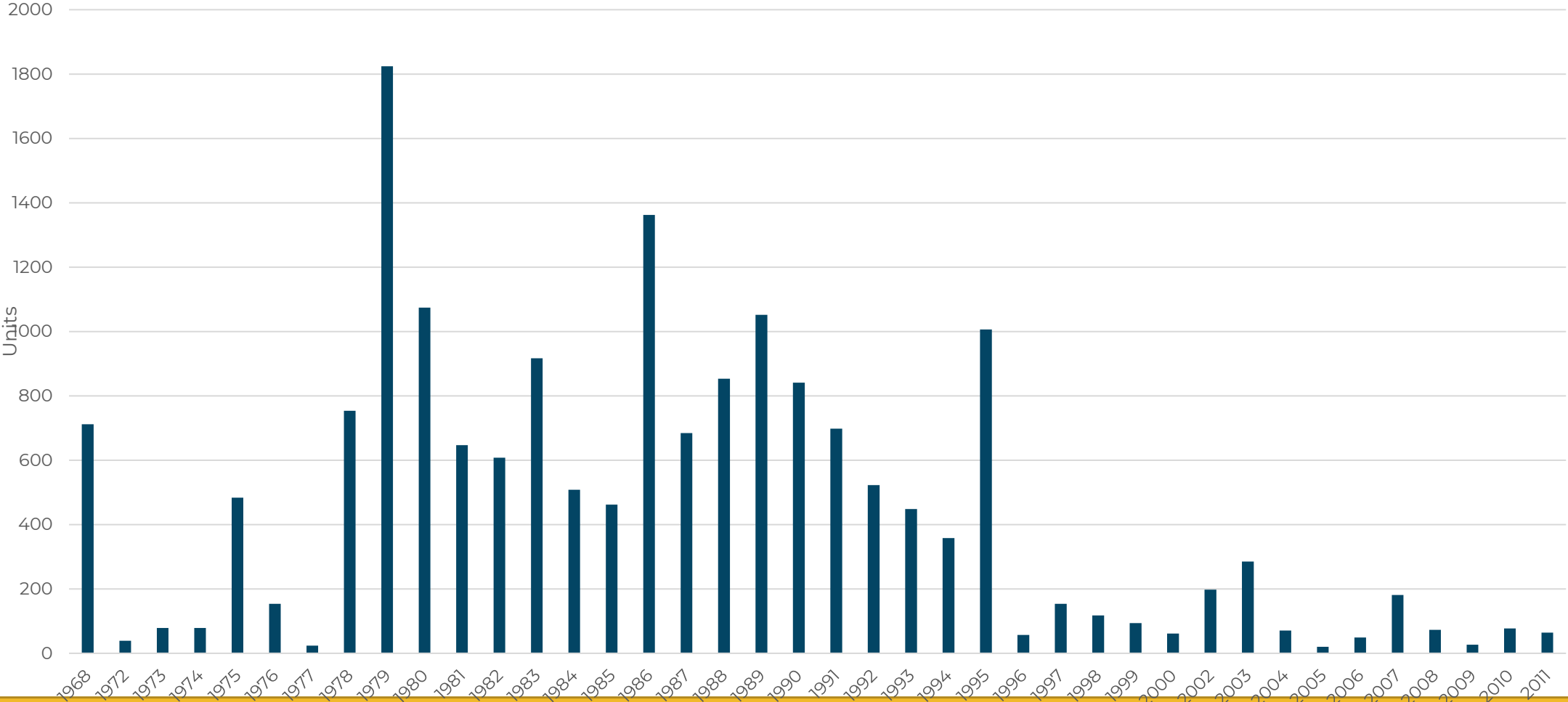
**average annual income of USDA Section
514/516 farm worker households with rental
assistance in Florida**

Source: USDA 2023 Multifamily Housing Annual Occupancy Report

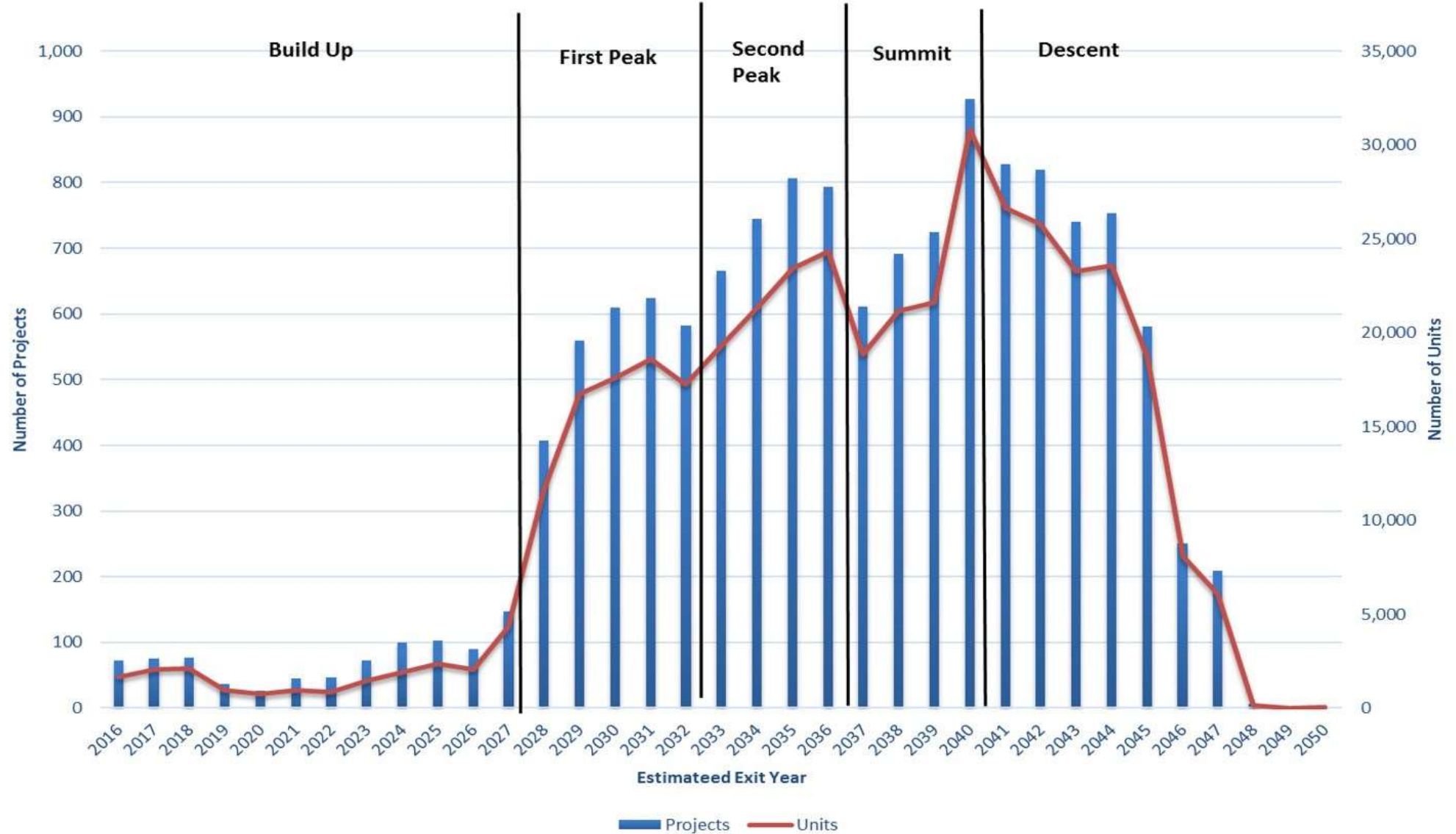


FL Portfolio of USDA 515 Housing is Aging

USDA Multifamily Units- By Year Placed in Service



Maturing USDA Section 515 Rural Multifamily Loans Estimated Loss of Properties and Units to Loan Maturity, 2016 - 2050



54%

Of Florida USDA Properties are Prepayment-Eligible, meaning they can apply to prepay USDA and leave the program



18

**USDA Section 515 Properties (810 units) in
Florida left the Section 515 portfolio between
2016 - 2022**



Other Rural Multifamily Properties at Risk

LIHTC properties reaching the end of their use restrictions

- Aging HUD-subsidized properties
- State-subsidized properties

Opportunities and Risks in the Rural Housing Portfolio

- Owners are seeking to retire
- Prepayments of Section 515 loans is increasing
- As a result, more properties are coming on the market or seeking new owners
- At least 38 properties with over 1,300 units have been on the market, in prepayment or in transfer discussions over the past two years.

Rural MF Preservation - Unique Challenges

- Small projects – average size of 39 units (smallest is 7 units)
- Properties can be remote
- Lower values, lower rents
- Lack of local/city subsidy funds for rehab; can be hard to compete for LIHTC
- Lack of CRA motivated lenders/investors
- Limited nonprofit developer capacity



Resources and Support

HAC Section 515 Nonprofit Transfer Technical Assistance

- One on one technical assistance
- Based on needs of the TA recipient
- Can start pre-site control
- Property due diligence (financial analysis, assistance engaging third party reports, feasibility assessment)
- Assistance with USDA discussions and process
- Help with development of a plan and timeline
- Identification of potential funding sources
- Assembling transfer applications
- Assistance with navigating transfer approvals to transfer closing

HAC News and Information



Questions?



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