USDA Rural Development Multi-Family Housing
MN NAHRO Meeting
October 2022

USDA Rural Development
U.S. DEPARTMENT OF AGRICULTURE

MFH Leadership Introduction

Nancie-Ann Bodell
Deputy Administrator
Nancieann.Bodell@usda.gov

Karissa Stiers
Assistant Deputy Administrator
Karissa.Stiers@usda.gov

Jennifer Larson
Acting Field Operations
Division Director
Jennifer.Larson@usda.gov

Dan Rogers
Production & Preservation Division
Director
Daniel.Rogers2@usda.gov

Jennifer Larson
Asset Management Division
Director
Jennifer.Larson@usda.gov

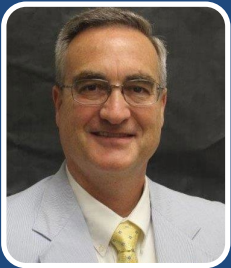# MFH Field Operations Division – Regional Directors

Laurie Warzinski

(Acting) Midwest Regional Director
Laurie.Warzinski@usda.gov

Laurie Warzinski

Northeast Regional Director
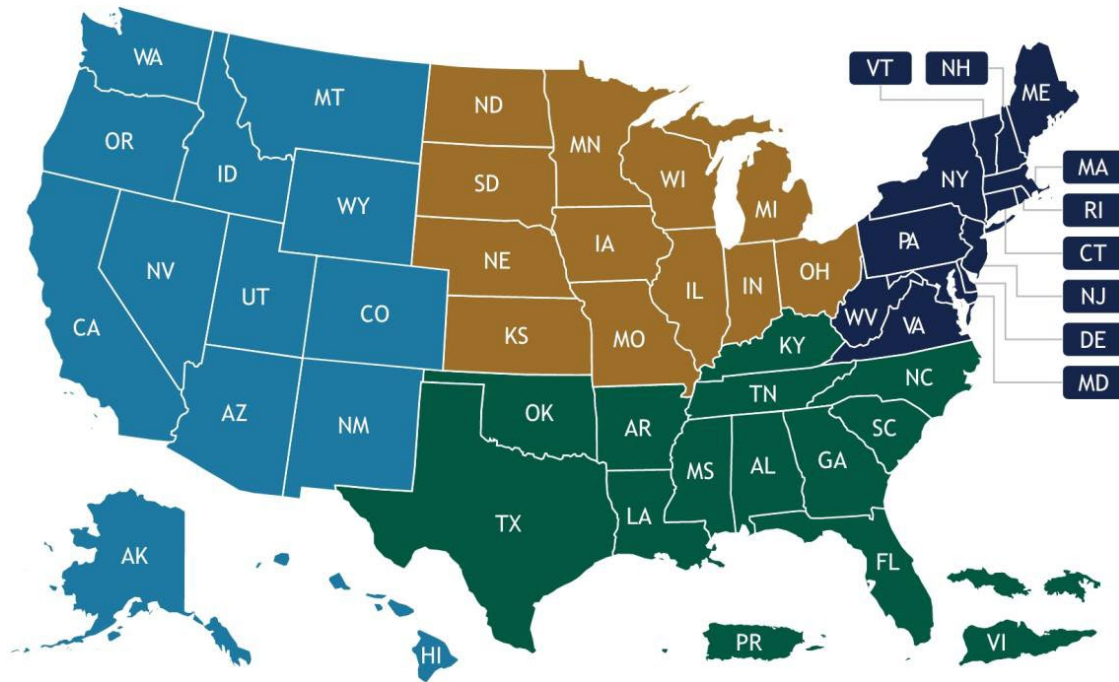Laurie.Warzinski@usda.gov

Byron Waters

Southern Regional Director
Byron.Waters@usda.gov

Becki Meyer

Western Regional Director
Becki.Meyer@usda.gov

MFH Field Operations Division – Regional Contacts

Our Field Operations Division maintains local relationships through regionally organized servicing teams and handles all day-to-day servicing of Multifamily housing properties to ensure that tenants have safe and affordable housing. The four regions and the contact information for each Regional Director follows:

Western Region
Becki Meyer, Regional Director
MFHFODWest@usda.gov
AK, AZ, CA, CO, HI, ID, MT, NM, NV, OR, UT, WA, WY

Midwest Region
Laurie Warzinski, Acting Regional Director
MFHFODMidwest@usda.gov
IA, IL, IN, KS, MI, MN, MO, ND, NE, OH, SD, WI

Southern Region
Byron Waters, Regional Director
MFHFODSouth@usda.gov
AL, AR, FL, GA, KY, LA, MS, NC, OK, PR, SC, TN, TX, VI

Northeast Region
Laurie Warzinski, Regional Director
MFHFODNortheast@usda.gov
CT, DE, MA, MD, ME, NH, NJ, NY, PA, RI, VA, VT, WV

MFH Contact Information

➢ Central Phone Number
- 800-292-8293

➢ MFH Website
- Direct Web Address: https://www.rd.usda.gov/multifamily
- MFH Organization Structure is located on the bottom of the site and is updated bi-weekly
- A sortable list of Servicing Specialists for specific properties is located on the site

MFH Field Operations Division – Functions

For assistance with the below tasks, contact the applicable Region or the applicable servicing specialist. A sortable list of Servicing Specialists for specific properties is located here: https://www.sc.egov.usda.gov/data/MFH.html

- 504 Transition Plans
- Affirmative Fair Housing Marketing Plan (AFHMP)
- Annual Reports, Audits and Borrower Certifications (RD Form 3560-7/9)
- Budgets (RD Form 3560-7)
- Compliance Reviews
- Estoppel Letters
- General Partner Substitutions
- Ineligible Tenant Waivers
- Insurance Policy Reviews and Claims
- Letter of Priority Entitlement (LOPE) English and Spanish
- Management Agreements, Certifications and Plans (RD Form 3560-13)
- MFH Voucher Inspections
- Natural Disasters – Displaced Tenants and Property Damage
- Physical Inspections/Tenant File Reviews

- Rental Assistance Obligations
- Reserve Request/Withdrawals (RD Form 3560-12)
- Servicing Actions and Agency Consent (RD Form 3560-1)
  - Approval for Green Elements, ie: solar, electric car chargers, etc.
  - Subordination, Partial Lien Releases, Easements or other title changes not associated with a transfer
  - Servicing Handbook Waivers
  - Servicing Substitutions
  - Work Out Plans/Deferrals/Occupancy Waivers
- Suitability Reviews
- Third Party Support Letters
- Third Party Leader Re-Amortization Reviews

Proposed Budget Training

➤ The Agency's mission is to support and maintain quality affordable housing for tenants across the portfolio. As you prepare upcoming **2023 annual proposed budgets,** we wish to partner with you to ensure your Rural Development properties have access to the resources needed to be physically and financially healthy.

➤ Multifamily Housing (MFH) staff have been provided training on proposed budget review and will consider the property's overall health and continued operating needs in a streamlined review process that will be more efficient for both stakeholders and staff.

➤ To support this streamlined review process, **a proposed budget training for stakeholders** was recorded and is provided on the **Multifamily Housing Programs site** under **MFH Stakeholder Tools & Training.** The training is similar to what was provided internally to MFH staff. It covers the Form RD 3560-7 Multifamily Housing Project Budget, line by line and provides insight to the Agency's review process.

FY 2023 Management Fee & Add-On Fee for Multiple Subsidies

➢ An **average** increase of $7 for the PUPM management fee
  - Range from $2 - $10 increase (most increases are in the $6-$8 range).
  - FY2023 - Based on State's percentage increase of the 80% median family income in non-metro areas.
  - Fee for MN increased from $63 to $70

➢ Add-on fee for multiple layers of subsidy
  - Regardless of the number of layered subsidies, the total add-on fee for this category is $5.
  - Examples:
    Property has Section 515/Section 8 HUD – management can claim a $5 add-on fee
    Property has Section 515/LIHTC/Section 8 HUD – management can claim a $5 add-on fee

FY 2023 – Remote Location Definition (Management Add-On Fee)

➢ Add-on Fee for Remote Location:
- Defined as properties located within the USDA Economic Research Service (ERS) Level 4 Frontier & Remote (FAR) Area codes
- https://www.ers.usda.gov/data-products/frontier-and-remote-area-codes/
- If the property does not suffer from difficulty retaining staff, obtaining services, or if management offices are located near the Level 4 FAR property, management should refrain from claiming this add-on fee.
- These states do not have areas that meet the Level 4 FAR definition: Connecticut, Delaware, Indiana, Massachusetts, New Jersey, Ohio, Puerto Rico, Rhode Island, South Carolina, and the Virgin Islands
- Properties in Alaska or Hawaii that are authorized to take the "off-road" management fee are not eligible to claim an additional add-on fee for remote location.
- If property is not located in a Level 4 FAR area, and management can justify a remote location add-on fee, they may request an exception.

Service Coordination (Service Coordinator)

For FY2023 Service coordination is a permitted budget expense for RD properties. Service coordinators assist residents in connecting with services available in their community, often helping them remain successfully housed, age in place and live independently.

If you're interested in adding a service coordinator at your property, the **American Association of Service Coordinators** has resources and information available.

➢ What Is Service Coordination:
- Assesses tenant needs
- Identifies and links tenants to appropriate services
- Assists with resourcing free tenant services or additional funding sources for these types of services
- Educates tenants on the availability of supportive services

➢ What Is Not Service Coordination:
- Assisting with other administrative duties of the management agent or housing operations
- An activities or recreation coordinator
- Directly providing the supportive service
- Providing tenant services or tenant amenities

Multifamily Physical Inspection Pilot Program (MPIPP)

➤ In the coming months, the contractor will conduct just over 1,000 physical inspections to assess whether the Agency's proposed protocol produces accurate, objective, and consistent results in federally assisted multifamily RD projects in rural areas.

➤ The proposed protocol is based on professionally trained inspectors conducting inspections using the Mortgage Banker's Association (MBA) Inspection form 3.0 (already in widespread use throughout the industry) and the associated rating system.

➤ The sample of projects to be inspected is weighted by the percentage in each region:
- South – 400 projects
- Midwest 300 projects
- Northeast 200 projects
- West 100 projects

Emergency Management Notifications

➢ Coordination with RD Emergency Management Office and FEMA
- RD provides 515 vacancy list to FEMA monthly
- Coordinates water and food needs on-site

➢ Letter of Priority Entitlement (LOPE)
- LOPE factsheets are available on the RD website in English and Spanish.

Emergency Management Notifications

➢ **Disaster Preparedness**
- Pre-Disaster
  - GovDelivery Notification when possible
    - Impact Area
    - RD Contact Links
    - Cell Phone Contact for Regional Directors
    - LOPE Information
  - Standard Operating Procedure
  - Training for staff
- Post-Disaster
  - Provide tenants with management emergency contact.
  - ★ **Gather tenant emergency contact and relocation information, if possible**.
  - Provide LOPE information.
  - Provide contact information for RD, FEMA, local emergency management services and emergency shelter information (if needed).
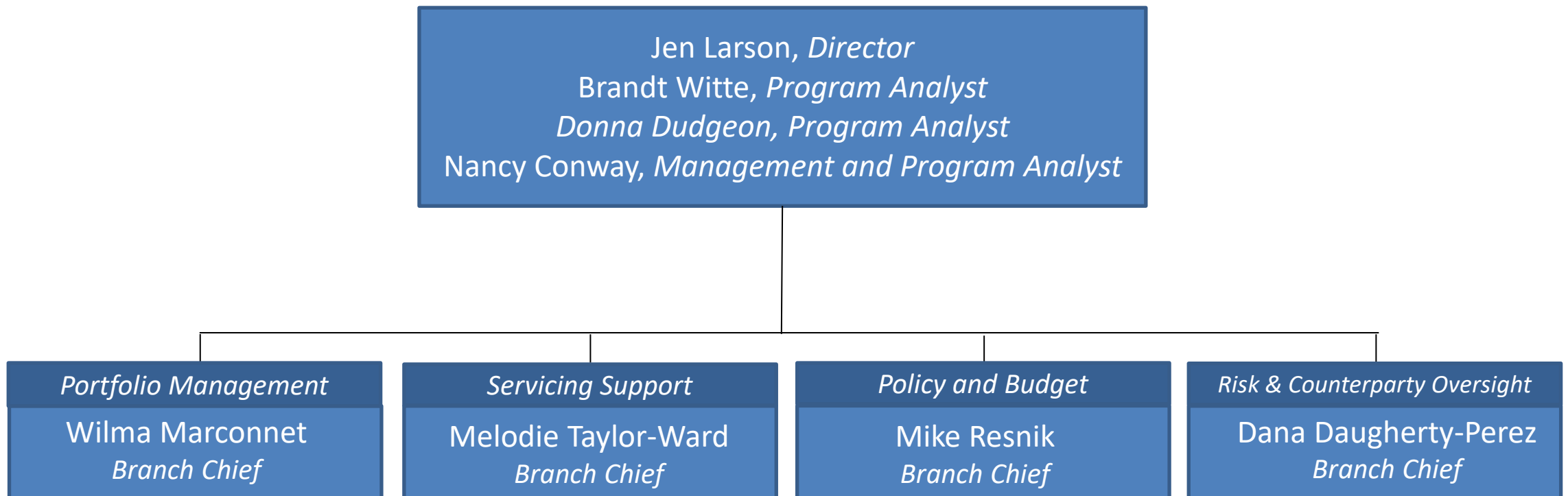
Emergency Management Notifications

After the weather event passes and when it is safe to do so, please send your servicing specialist a report of any property damage, along with tenant food and water needs, if applicable. The food and water needs will be shared with FEMA for their assistance.

Please provide your property damage assessment report based on the following metrics:

Degree of Damage	Definition
Affected	The building(s) has cosmetic damage only. • Damage that does not adversely impact the functionality of the building. • No damage that affects unit habitability.
Minor	The building(s) is damaged and requires minimal repairs. • No structural damage to the building. • No damage that affects unit habitability.
Major	The building(s) has sustained significant damage and requires extensive repairs. • Structural damage or damage that created areas that are no longer decent, safe and sanitary. • Damage that affects unit habitability.
Destroyed	The building(s) is a total loss.
Inaccessible	Damage to building(s) that cannot be visually verified.

If there are tenants displaced due to the disaster, they are eligible for a Letter of Priority Entitlement, (LOPE) letter. When it is safe to do so, please have them (or you) contact the servicing specialist for a LOPE letter, which will provide them with priority placement in another Rural Development (RD) multifamily housing property.

Asset Management Division Leadership Team

Jen Larson, *Director*
Brandt Witte, *Program Analyst*
Donna Dudgeon, *Program Analyst*
Nancy Conway, *Management and Program Analyst*

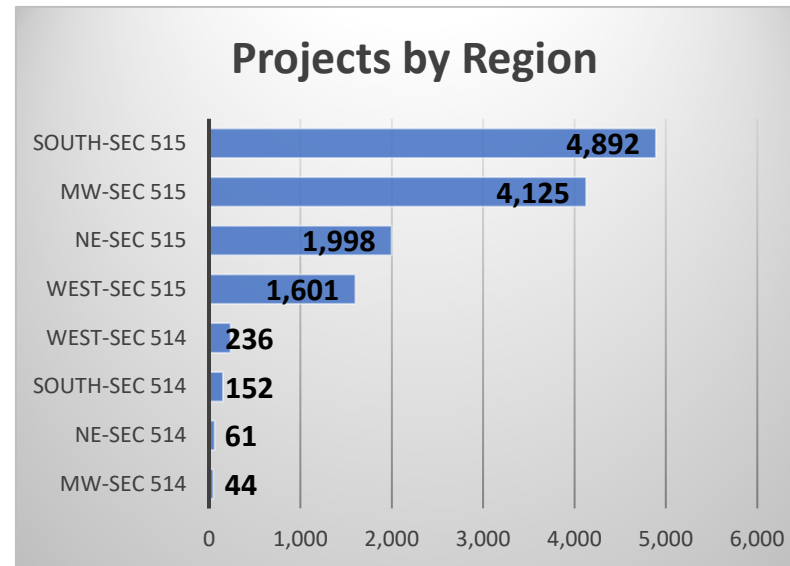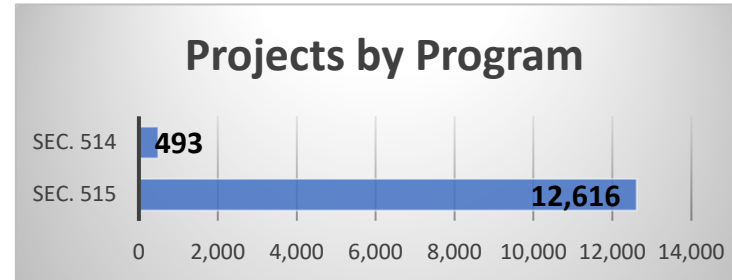| *Portfolio Management*	*Servicing Support*	*Policy and Budget*	*Risk & Counterparty Oversight*
Wilma Marconnet *Branch Chief*	Melodie Taylor-Ward *Branch Chief*	Mike Resnik *Branch Chief*	Dana Daugherty-Perez *Branch Chief*

State of Portfolio (AMD)

- Summary of the Multifamily Housing Portfolio including project age, occupancy, usage of rental assistance and delinquency.

- Each project has been analyzed and assigned a risk score using the following criteria
  - Financial Health
  - Physical Condition
  - Owner/Agent Capacity
  - Community Health

- Properties are classified and assigned for servicing based on the risk score
  - Critical
  - Troubled
  - Watch
  - Performing

- State of the Portfolio also includes:
  - Rural Development Voucher Program statistics
  - Guaranteed Rural Rental Housing (GRRH) 538 Lender approval, compliance and quality assurance

Portfolio Overview by Project
Data as of June 2022

Program	Type	Projects	Average Age	Total Units	RA Units	HUD Sec 8 units
Sec. 515		12,616	34.1	392,740	296,423	21,882
Sec. 514	Off farm	325	21.1	16,570	12,363	0
Sec. 514	On farm	167	17.5	311	0	0
TOTAL		**13,109**		**409,681**	**308,833**	**21,882**

Program	Rental Code	Projects	Average Age	Total Units	RA Units	HUD Sec 8 units
Sec. 515	Family	7,868	34.6	250,249	183,900	14,718
Sec. 515	Elderly	4,465	33.4	131,485	104,504	6,269
Sec. 515	Other	283	32.6	11,006	8,019	895
Sec. 514	Family	481	19.9	16,897	12,378	0
Sec. 514	Other	12	21.0	44	32	0
TOTAL		**13,109**		**409,681**	**308,833**	**21,882**

Projects by Program

SEC. 514	493
SEC. 515	12,616

Projects by Region

SOUTH-SEC 515	4,892
MW-SEC 515	4,125
NE-SEC 515	1,998
WEST-SEC 515	1,601
WEST-SEC 514	236
SOUTH-SEC 514	152
NE-SEC 514	61
MW-SEC 514	44

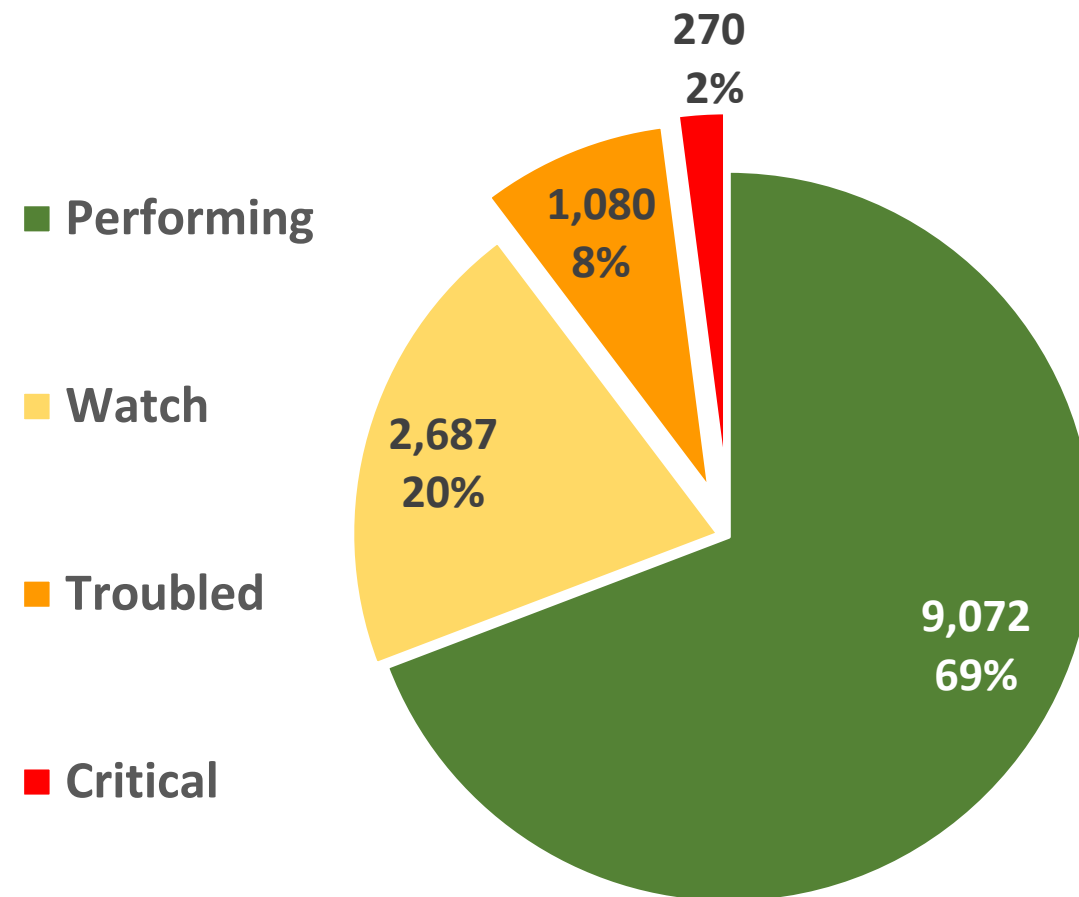**Sec. 515 Multi-Family Housing projects include:**

- Family and Elderly housing
- Congregate housing
- Group homes
- Rural cooperative housing

Sec. 514/516 Farm Labor Housing projects include:

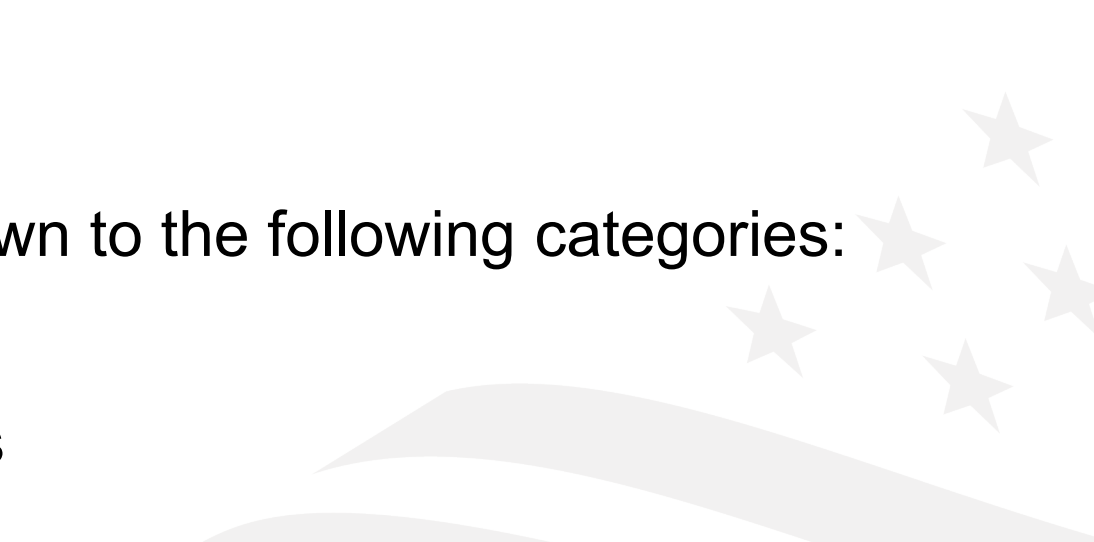- Off-farm labor housing
- On-farm labor housing

Portfolio Overview – Risk Ratings

Data as of June 2022

Legend:
- ■ Performing
- ■ Watch
- ■ Troubled
- ■ Critical

Pie chart values:
- 9,072 — 69%
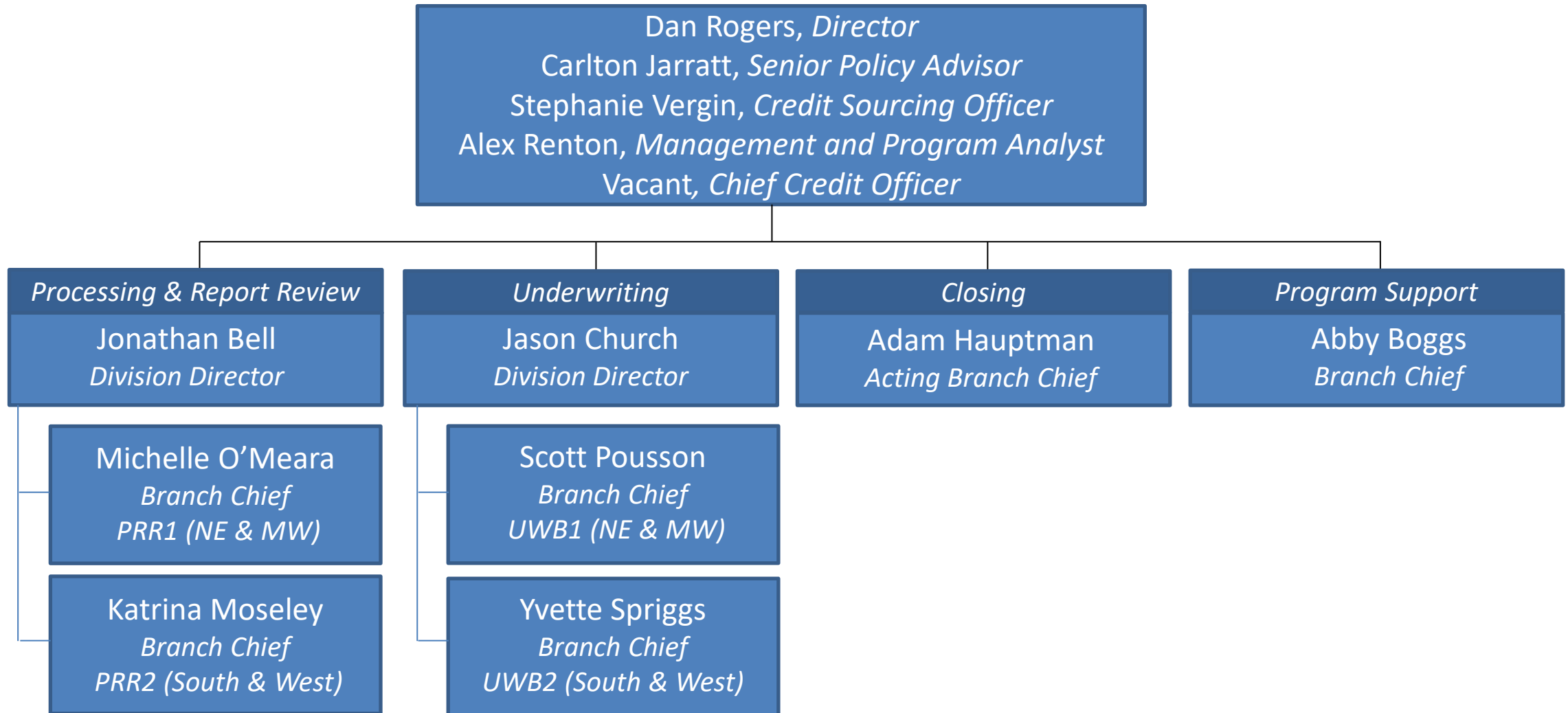- 2,687 — 20%
- 1,080 — 8%
- 270 — 2%

- **Performing:** In good standing

- **Watch**: Performance down trending, underfunded reserves unmet capital needs

- **Troubled**: high/increasing vacancy, unaddressed physical deficiencies

- **Critical**: Serious and Prolonged noncompliance/vacancy/ financial issues

Information On MFH In Minnesota

- As of 10/01/2022, the Minnesota MFH portfolio consists of the following:
  - 438 MFH properties
  - 9,311 units
  - 6,748 rental assistance units (72.5% of units are covered by rental assistance)
  - Average vacancy rate of 7.4%

- The 438 properties are broken down to the following categories:
  - 308 family projects
  - 110 elderly projects
  - 14 mixed family/elderly projects
  - 6 congregate housing projects

Production & Preservation - Leadership Team

Dan Rogers, *Director*
Carlton Jarratt, *Senior Policy Advisor*
Stephanie Vergin, *Credit Sourcing Officer*
Alex Renton, *Management and Program Analyst*
Vacant, *Chief Credit Officer*

Processing & Report Review
Jonathan Bell
Division Director

Michelle O'Meara
Branch Chief
PRR1 (NE & MW)

Katrina Moseley
Branch Chief
PRR2 (South & West)

Underwriting
Jason Church
Division Director

Scott Pousson
Branch Chief
UWB1 (NE & MW)

Yvette Spriggs
Branch Chief
UWB2 (South & West)

Closing
Adam Hauptman
Acting Branch Chief

Program Support
Abby Boggs
Branch Chief

MFH Production & Preservation Division - Contacts
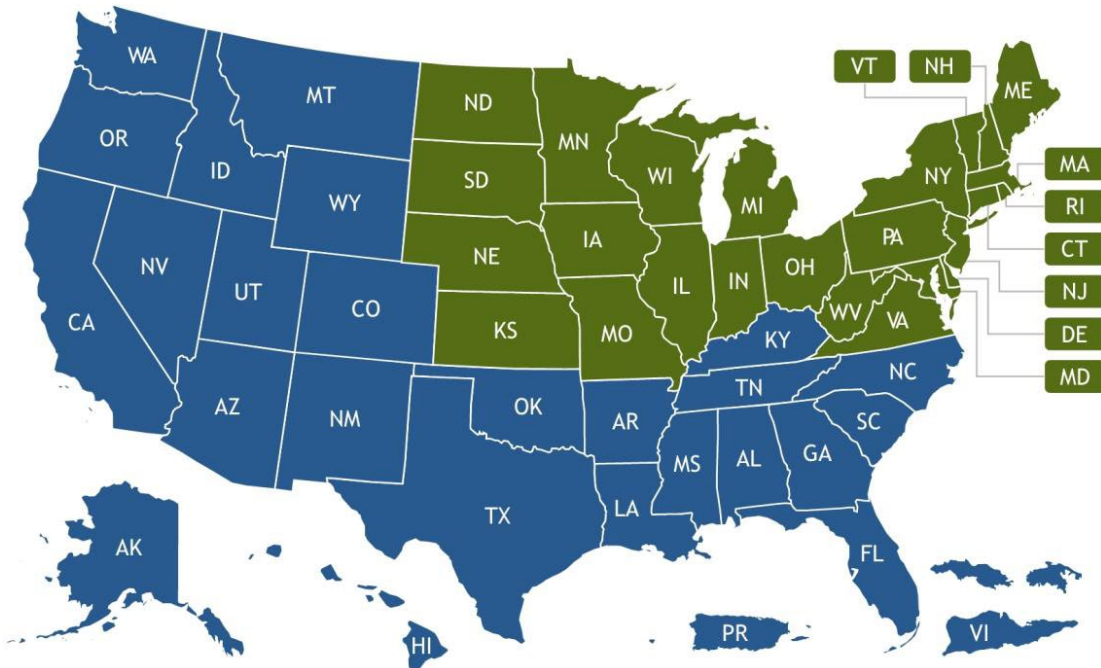
Production & Preservation Division (P2) processes, underwrites, and closes all multifamily direct, preservation, and guaranteed loan transactions. P2 supports all Multifamily Housing Programs including 515, 538, Multifamily Preservation and Revitalization (MPR), prepayments, and preservation efforts. P2 also oversees Notice of Solicitation of Applications (NOSA) drafting and administration efforts for Farm Labor Housing, Housing Preservation Grants, MPR, technical assistance, and 515. The email contact information for P2 follows:

Processing and Report Review Branch 1
MFHprocessing1@usda.gov
CT, DE, IA, IL, IN, KS, MA, MD, ME, MI, MN, MO, ND, NE, NH, NJ, NY, OH, PA, RI, SD, VA, VT, WI, WV

Processing and Report Review Branch 2
MFHprocessing2@usda.gov
AK, AL, AR, AZ, CA, CO, FL, GA, HI, ID, KY, LA, MS, MT, NC, NM, NV, OK, OR, PR, SC, TN, TX, UT, VI, WA, WY

State of Production & Preservation (P2) FY22 NOSA / NOFA Schedule

NOSA / NOFA	Open / Close	Status
Off-Farm Labor Housing New Construction Round 1	COMPLETE: Awards Announced 9/2021	Complete: 6 awardees
Off-Farm Labor Housing New Construction Round 2	COMPLETE: Applicants Notified 6/2022	Complete
Off-Farm Labor Housing New Construction Round 3	Published 4/21, Pre-applications Due 7/15/22	Closed, Applications Received, Under Review
MFH NP Transfer Tech Assistance Grant	COMPLETE: Awards Announced 7/2022	COMPLETE: 6 Grantees totaling $2.1 million
FLH Technical Assistance Grant	COMPLETE: Awards Announced 7/2022	COMPLETE: 1 Grantee totaling $250,000
Off-Farm Labor Housing Repair	Published 3/9/22, Pre-applications Submitted 5/9/22	Pre-app results announced 7/11/22, 3 Final Applications Due 9/12/22
MPR No-Cost Debt Deferral NOSA	COMPLETE: Awards Announced 8/2022	Complete: 15 Awardees
Section 538 Guaranteed Loan Program	Ongoing Applications / Rolling	

Production & Preservation (P2)
General Update: Priorities, Goals, and Objectives

- Transition into the MFH New Model
- Priority Initiative and Policy Updates
  - Continued Advocacy for Rental Assistance Decoupling
  - FY2023 Funding
  - Transfer Tool/Simple Transfers
- NOSA / NOFA Funding Updates
- Technical Assistance Awards
- Customer Survey for Transfer Transactions

Priority Initiatives

❖ **Decoupling Section 521 Rental Assistance (RA) from Section 515 Mortgages**
  - Critical to the success of our Preservation Strategy
  - Enables RA to survive when 515 Mortgage is terminated via prepayment or maturity
  - Asset remains in the RD portfolio with a stand-alone RA contract and Restrictive Use Covenant
  - Regulatory oversight survives in RA contract and Restrictive Use Covenant
  - Clears title of 515 programmatic encumbrances, eliminating regulatory conflicts with other federal, state, and local programs / sources
  - Stand alone contracts can be used to leverage private capital needed to recapitalize asset and preserve affordability
  - Currently included in the FY23 OMB Budget and Senate Mark
  - Proposed language includes a limited number of units (15,000 units)
  - Notes:
    - This is a legislative initiative and not currently available
    - A preservation tool / extension of affordability, not a mechanism that results in loss of affordability

Priority Initiatives

❖ **FY 2023 Funding**
- Goal is to consolidate NOSA issuances
  - One NOSA for MFH and FLH construction, preservation and repair
  - One NOSA for technical assistance grants
  - Industry feedback/input session planned for August—notice will be coming out via GovDelivery
  - Publication goal is February
- 515 New Construction program planned if additional 515 funding is appropriated ($200M proposed in President's budget, $150M in House bill)
- Multi-Family Preservation and Revitalization Program
  - Plan to clear out the funding backlog from the previous MPR NOFA by the end of FY22
  - Depending on funding availability the agency would like to offer a broader range of MPR tools in FY23

Priority Initiatives

❖ **Multifamily Housing Transfer Tool/Simple Transfer Guidance**
- Cross-division collaboration with Asset Management Division and Field Operations Division
- Driven by industry feedback and collaboration with external partners
- Identifies:
  - Guidance on "simple" transfers
  - Which division is responsible for applicable tasks (AMD, FOD, P2)
  - Contact Information / Email Addresses / Mailboxes
- Stakeholder listening session was held on 9/28—PowerPoint posted on MFH website
- Federal Register Notice planned for early November (publication date in the FR will be the effective date of the pilot)

Technical Assistance Awards

- Non-Profit Technical Assistance Transfer NOFA
  - TA provided to assist in the transfer of existing 515 properties to nonprofit or government agency owners
  - Eligible Applicants: Nonprofit Organizations, Tribal Housing Nonprofits, PHAs, Tribal Designated Housing Entities
  - Awards: $2.1M
  - Six awardees, all 50 states covered
  - [Multi-Family Housing Non-Profit Transfer Technical Assistance Grants | Rural Development (usda.gov)](#)
  - Contact: npta.rfp@usda.gov

- Farm Labor Housing Technical Assistance NOFA
  - TA to assist eligible applicants to apply for 514/516 loans/grants for FLH new construction
  - Eligible Applicants: Qualified Public and Private Nonprofit Organizations
  - Awards: $250,000
  - One awardee, certain counties in 11 states
  - [Off-Farm Labor Housing Technical Assistance Grants | Rural Development (usda.gov)](#)
  - Contact: rd.flhta@usda.gov

GovDelivery

What is GovDelivery?

GovDelivery is a marketing platform and communications cloud custom-built for government. It allows the USDA Rural Development Multifamily Housing to easily provide program updates to our partners across the country via email.

We will be using **GovDelivery** for all general Multifamily Housing updates.

To ensure you are receiving these updates, please sign-up for GovDelivery at https://public.govdelivery.com/accounts/USDARD/subscriber/new?email=&commit=Sign+Up

Questions & Answers

Stephanie.Vergin@usda.gov
Policy Advisor, MFH Production and Preservation Division

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