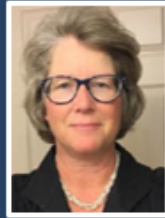




# Multifamily Housing

Partnership Updates – September 29, 2022

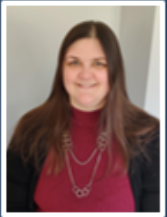
# MFH Leadership Introduction



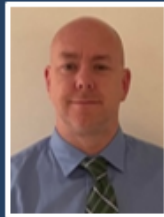
**Nancie-Ann Bodell**  
Deputy Administrator  
[Nancieann.Bodell@usda.gov](mailto:Nancieann.Bodell@usda.gov)



**Karissa Stiers**  
Assistant Deputy Administrator  
[Karissa.Stiers@usda.gov](mailto:Karissa.Stiers@usda.gov)



**Jennifer Larson**  
Acting Field Operations  
Division Director  
[Jennifer.Larson@usda.gov](mailto:Jennifer.Larson@usda.gov)



**Dan Rogers**  
Production & Preservation Division  
Director  
[Daniel.Rogers2@usda.gov](mailto:Daniel.Rogers2@usda.gov)



**Jennifer Larson**  
Asset Management Division  
Director  
[Jennifer.Larson@usda.gov](mailto:Jennifer.Larson@usda.gov)

# 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 – Regional Directors



**Laurie Warzinski**

(Acting) Midwest Regional Director  
[Laurie.Warzinski@usda.gov](mailto:Laurie.Warzinski@usda.gov)



**Laurie Warzinski**

Northeast Regional Director  
[Laurie.Warzinski@usda.gov](mailto:Laurie.Warzinski@usda.gov)



**Byron Waters**

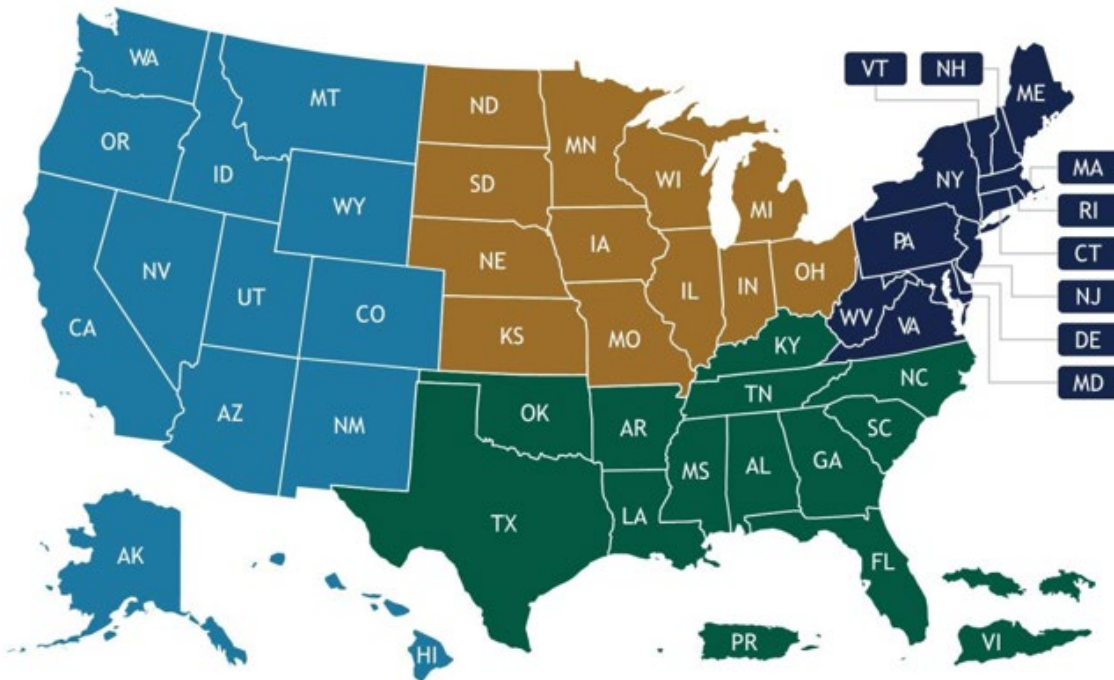
Southern Regional Director  
[Byron.Waters@usda.gov](mailto:Byron.Waters@usda.gov)



**Becki Meyer**

Western Regional Director  
[Becki.Meyer@usda.gov](mailto: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](mailto: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](mailto:MFHFODMidwest@usda.gov)

IA, IL, IN, KS, MI, MN, MO, ND, NE, OH, SD, WI

## **Southern Region**

Byron Waters, Regional Director

[MFHFODSouth@usda.gov](mailto: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](mailto:MFHFODNortheast@usda.gov)

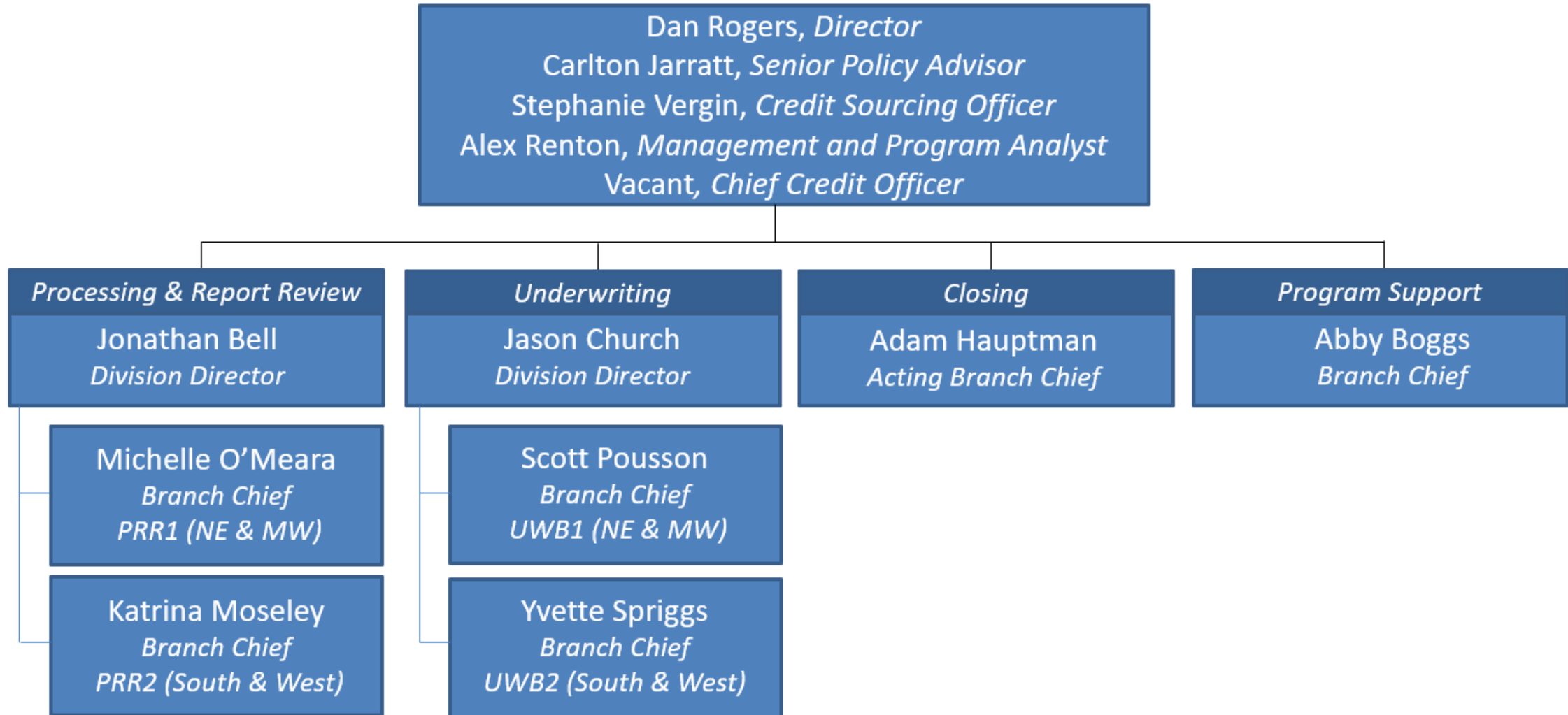
CT, DE, MA, MD, ME, NH, NJ, NY, PA, RI, VA, VT, WV

# 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>

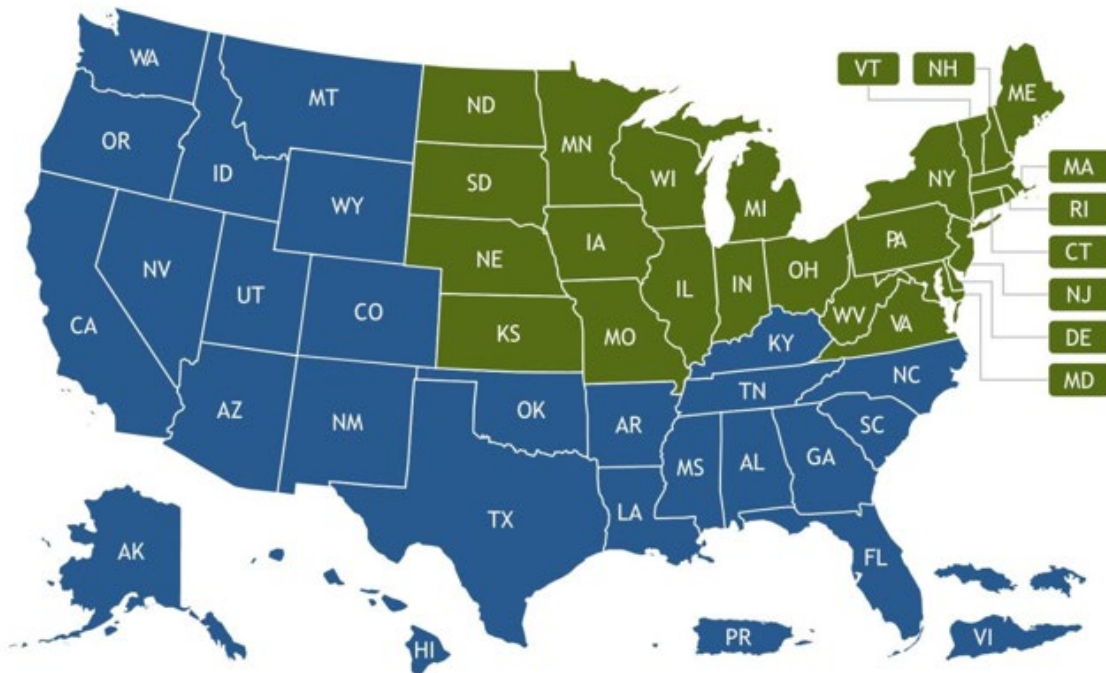
- [504 Transition Plans](#)
- [Affirmative Fair Housing Marketing Plan \(AFHMP\)](#)
- [Annual Reports, Audits and Borrower Certifications](#) (RD Form 3560-7/9)
- [Budgets](#) (RD Form 3560-7)
- Compliance Reviews
- Estoppel Letters
- [General Partner Substitutions](#)
- [Ineligible Tenant Waivers](#)
- [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

# Production & Preservation - Leadership Team





# 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](mailto: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](mailto: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



# 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
<b>Affected</b>	The building(s) has cosmetic damage only. <ul style="list-style-type: none"><li>• Damage that does not adversely impact the functionality of the building.</li><li>• No damage that affects unit habitability.</li></ul>
<b>Minor</b>	The building(s) is damaged and requires minimal repairs. <ul style="list-style-type: none"><li>• No structural damage to the building.</li><li>• No damage that affects unit habitability.</li></ul>
<b>Major</b>	The building(s) has sustained significant damage and requires extensive repairs. <ul style="list-style-type: none"><li>• Structural damage or damage that created areas that are no longer decent, safe and sanitary.</li><li>• Damage that affects unit habitability.</li></ul>
<b>Destroyed</b>	The building(s) is a total loss.
<b>Inaccessible</b>	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.



# 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

- Anticipate 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.
  
- 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

# State of Portfolio (AMD)

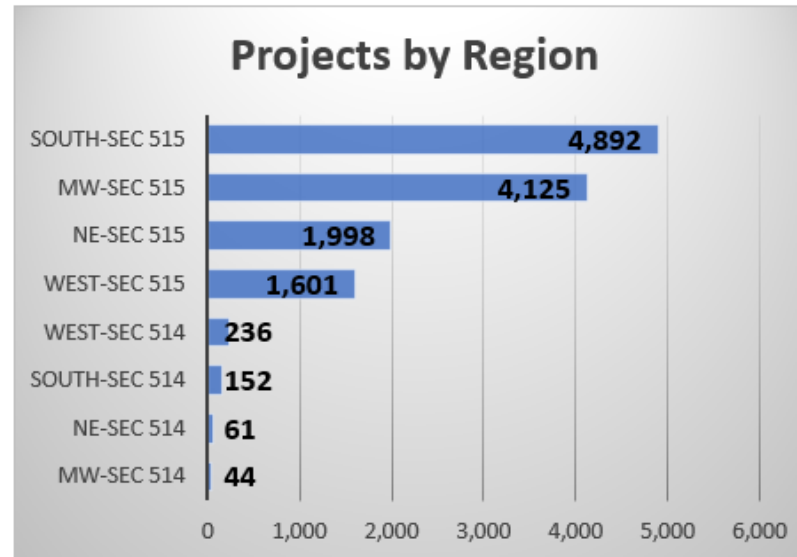
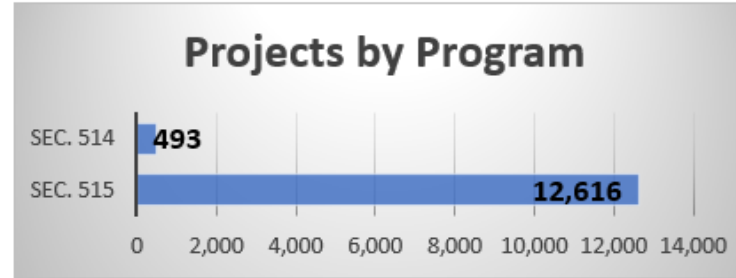
- Summary of the Multifamily Housing Portfolio including project age, occupancy, usage of rental assistance and delinquency.
- Each project has been analyzed and assigned a risk score using the following criteria
  - Financial Health
  - Physical Condition
  - Owner/Agent Capacity
  - Community Health
- Properties are classified and assigned for servicing based on the risk score
  - Critical
  - Troubled
  - Watch
  - Performing



# 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
<b>TOTAL</b>		<b>13,109</b>		<b>409,681</b>	<b>308,833</b>	<b>21,882</b>



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

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

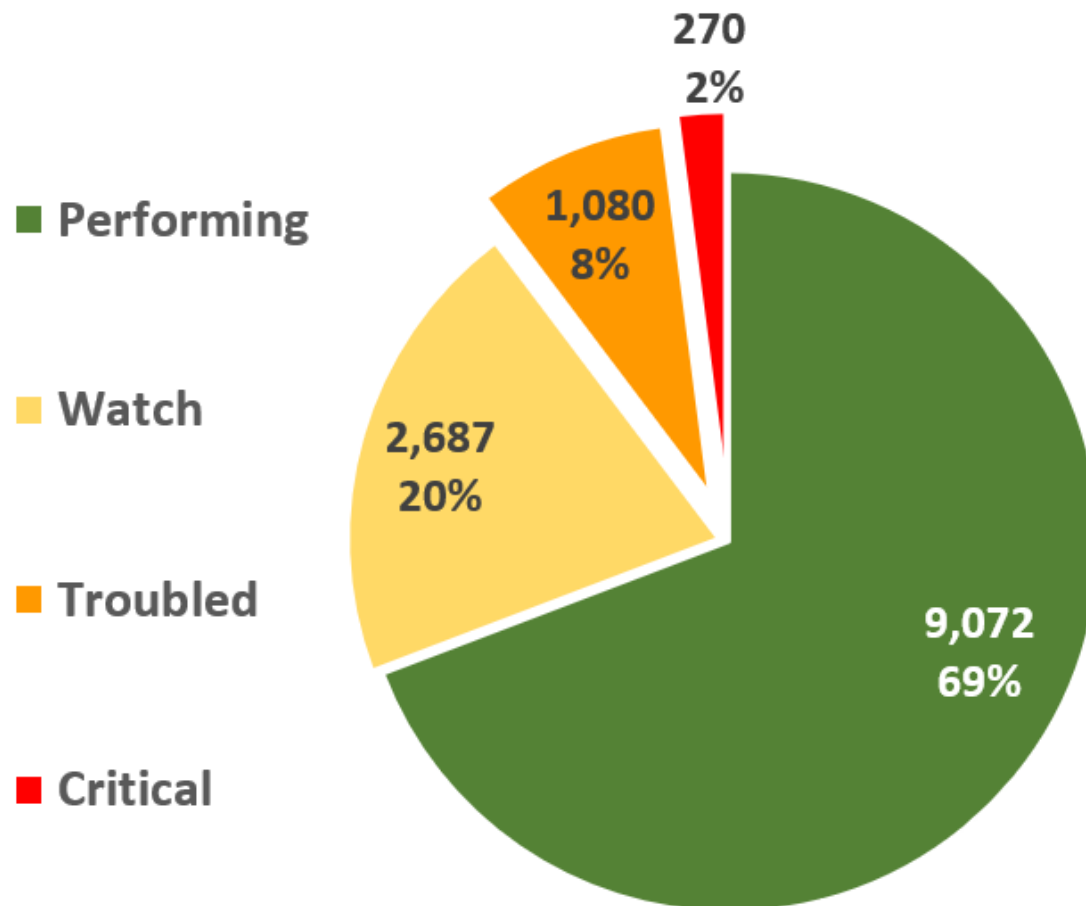
## Sec. 514/516 Farm Labor Housing projects include:

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

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
<b>TOTAL</b>		<b>13,109</b>		<b>409,681</b>	<b>308,833</b>	<b>21,882</b>

# Portfolio Overview – Risk Ratings

Data as of June 2022



- **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

# Mission Risk – Program Exit National Dataset

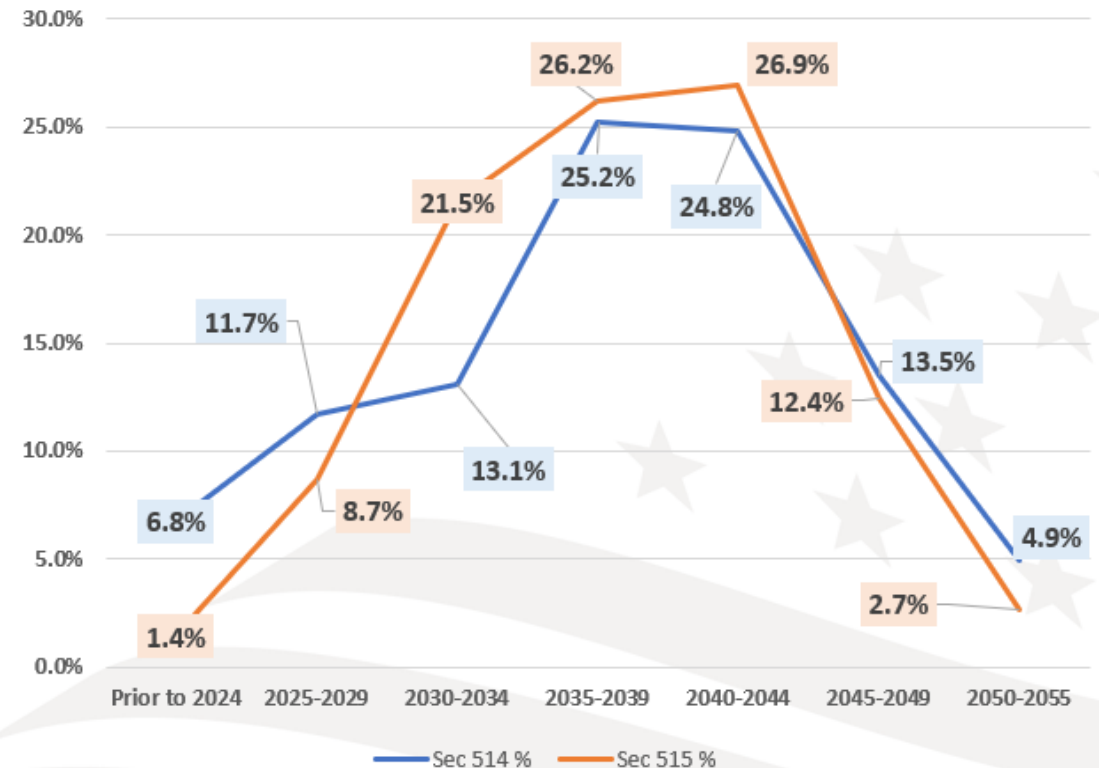
Data as of June 30, 2022 (this dataset is updated quarterly)

## Section 514 and 515

Estimated Program Exit Year Range	Sec 514	Sec 515	TOTAL	Sec 514 %	Sec 515 %
Prior to 2024	33	180	213	6.8%	1.4%
2025-2029	57	1102	1,159	11.7%	8.7%
2030-2034	64	2723	2,787	13.1%	21.5%
2035-2039	123	3315	3,438	25.2%	26.2%
2040-2044	121	3406	3,527	24.8%	26.9%
2045-2049	66	1573	1,639	13.5%	12.4%
2050-2055	24	341	365	4.9%	2.7%
<b>TOTAL</b>	<b>488</b>	<b>12,640</b>	<b>13,128</b>		

- Many loans are coming to their natural maturity date in the next 10-20 years.

Program Exit by Year Range



# State of Production & Preservation (P2)

## FY22 NOSA / NOFA Schedule

NOSA / NOFA	Open / Close
Off-Farm Labor Housing New Construction Round 1	COMPLETE: Awards Announced 9/2021
Off-Farm Labor Housing New Construction Round 2	COMPLETE: Applicants Notified 6/2022
Off-Farm Labor Housing New Construction Round 3	Published 4/21, Pre-applications Due 7/15/22
MFH NP Transfer Tech Assistance Grant	COMPLETE: Awards Announced 7/2022
FLH Technical Assistance Grant	COMPLETE: Awards Announced 7/2022
Off-Farm Labor Housing Repair	Published 3/9/22, Pre-applications Submitted 5/9/22, Final Applications Received 9/12/22
MPR No-Cost Debt Deferral NOSA	COMPLETE: Awards Announced 8/2022
Section 538 Guaranteed Loan Program	Ongoing Applications / Rolling

# Completeness of Applications & End of Calendar Year Processing Timeframes

- Reminder: Borrowers and lenders who anticipate closing on their transactions prior to the end of calendar year 2022, to have fully met all application requirements, including submitting all documents and responding to all agency review comments, on or before October 1, 2022. P2 will not be able to commit to an end-of-year closing for applications that are incomplete, still have open items, or have not yet been determined to have received sufficient responses from a borrower or lender by that time. For additional information, please contact Jonathan Bell at [Jonathan.Bell@USDA.gov](mailto:Jonathan.Bell@USDA.gov)



# FY22 Obligation Trajectory Budget Update

FY22	Section 538 Guaranteed Loans	Section 514 (Loans) and 516 (Grants) FLH	Multifamily Preservation & Revitalization (MPR)	Section 515 Direct Loans
Appropriation	\$250 million	\$66.3 / \$45.4 million	\$34 million	\$50 million
Obligated	\$250 million	\$40.0 / \$32.2 million	\$34 million	\$50 million
<i>Balance (9/28/22)</i>	<i>\$0 million</i>	<i>\$26.3 / \$13 million</i>	<i>\$0 million</i>	<i>\$0 million</i>

- **Section 538:** 100% obligated for 2<sup>nd</sup> straight year.
- **Section 514/516:** “No-year” budget authority will carry over to FY23 for gap financing and Subsequent Loan needs, FLH Repair awards (November), RD 3 New construction (December), and SuperNOSA (February 2023)
- **MPR:** FY22 appropriation cleared out all but 2 of the remaining 134-project MPR queue.
- **Section 515:** 100% obligated for 2<sup>nd</sup> straight year. Used to fill financing gaps and offset MPR pipeline 100% in FY22

# Production & Preservation (P2)

## Simple Transfer Pilot

- Develop a pilot program with revised transfer application requirements for properties that meet certain requirements (i.e., create “simple transfer” options):
  - Reduce undue burdens and eliminate unnecessary paperwork
  - Differentiate transfer submission requirements based on the type of transaction—move away from a “one size fits all” approach
  - Eliminate certain third-party reports to reduce upfront costs
  - Recognize timing challenges with obtaining rehab/preservation financing and provide more flexibility
- Proposed simple transfer types:
  - Simple Transfer with an Expedited Ownership Change Required
  - Simple Transfer with Rehabilitation
  - Simple Transfer with Future Rehabilitation/Recapitalization Plan (Two-Step Transfer)

For additional information, please contact Stephanie Vergin at [Stephanie.Vergin@USDA.gov](mailto:Stephanie.Vergin@USDA.gov)

# State of Production & Preservation (P2)

## Technical Assistance Opportunities

- Non-Profit Technical Assistance NOFA
  - TA to facilitate preservation transfers of RD direct loan-assisted properties from current owners to nonprofits or PHAs
  - Awards Announced: June 2022
  - Amount Awarded: \$2.1 million
    - 6 awardees, service delivery in all 50 states
  - TA provider contact info and coverage areas available on the MFH Program [website](#)
- Farm Labor Housing Technical Assistance NOFA
  - Nonprofit organizations to provide technical assistance to applicants for Farm Labor Housing (FLH) loans and grants.
  - Awards Announced: June 2022
  - Amount Awarded: \$250,000
    - 1 awardee, various counties in 11 states
  - TA provider contact info and coverage areas available on the MFH Program [website](#)

For additional information, please contact Stephanie Vergin at [Stephanie.Vergin@USDA.gov](mailto:Stephanie.Vergin@USDA.gov)

# State of Production & Preservation (P2)

## P2 SuperNOSA

**Summary of Historic Issues:** In the last 18 months, MFH has issued seven individual NOFAs/NOSAs, each identifying either a single use (new construction, repair, debt deferral, technical assistance, etc.) or single program (Farm Labor Housing, Section 515, MPR).

These NOFA/NOSAs were issued sporadically throughout the CY/FY, as they were able to be created and approved, with little correlation to strategic timing related to:

- Programmatic obligation requirements of funds,
- Industry development schedules, and
- Competing internal workloads.

This resulted in industry feedback related to:

- Prolonged processing timeframes,
- Lack of compatibility with other public funding rounds,
- Lack of execution predictability,
- Questions related to transparency; and,
- Internal strife manifesting from simultaneous funding rounds in various stages, all with various processing deadlines, that compete against normal P2 pipeline processing requirements.

# SuperNOSA 2023

- MFH is reconfiguring the Notification of Solicitation for Application (NOSA) process – coming in early 2023, the SuperNOSA will be a single, consolidated notification and application process for the following Multifamily Housing programs:
  - Section 515
  - Section 514 / 516 Farm Labor Housing
  - Multifamily Housing Preservation and Revitalization (MPR) Program, and
  - Preservation Rental Assistance.
- Available for each program and transaction type (New Construction, Preservation, Repair), subject to FY23 funding.
- Designed to provide predictability to the industry on the timing of RD funding rounds
  - Allow time to prepare application and procure third party reports
  - Create standardized application requirements across P2's Direct Lending programs.
- Industry Listening Session workshops are scheduled in October and November 2023. For more information, please contact Abby Boggs, Program Support Branch Chief, at [Abby.Boggs@USDA.gov](mailto:Abby.Boggs@USDA.gov).



# Tenant Selection Plans & Preferences for People Experiencing Homelessness

- MFH will actively continue to collaborate with industry partners seeking regulatory relief from the Agency to adopt tenant selection plan preferences for families or individuals experiencing homelessness. Mitigating barriers to housing families and individuals experiencing homelessness continues to be a priority initiative for the Administration and the Agency.
- MFH remains committed to working with owners, lenders, and other public-funding agencies to resolve the regulatory barriers that prevent such tenant selection plan preferences from being implemented and will proactively work to provide such regulatory relief. For additional guidance or information on how to submit a request for regulatory relief, please contact Stephanie Vergin, Policy Advisor, at [Stephanie.Vergin@USDA.gov](mailto:Stephanie.Vergin@USDA.gov)

# GovDelivery

## What is GovDelivery?

GovDelivery is a marketing platform and communications cloud custom-built for government. It allows 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>





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