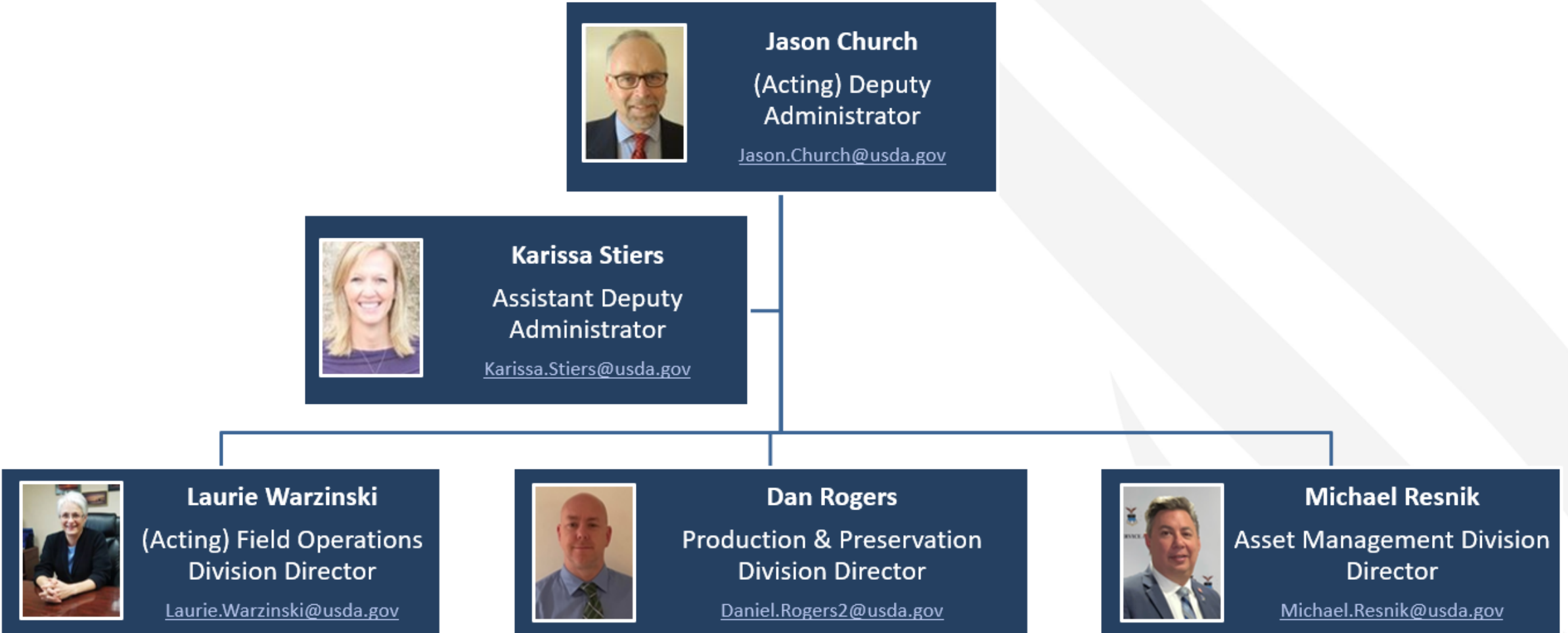


Multifamily Housing

Partnership Updates – November 2, 2023



MFH Leadership Introduction



MFH Fiscal Year 2023

- Rental Assistance obligated \$1,487,926,000
- Rural Voucher Program obligated just over \$36 million
- Section 538 Guarantee obligated \$167.6 million
- Section 515 Rental Housing (Subsequent Loans) - \$70 million
- MFH Preservation & Revitalization (MPR) - \$36 million

MFH Field Operations Division – Regional Directors



Eric Siebens

Midwest Regional Director
Eric.Siebens@usda.gov



Donna O'Brien

Northeast Regional Director
Donna.Obrien@usda.gov



Byron Waters

Southern Regional Director
Byron.Waters@usda.gov



Becki Meyer

Western Regional Director
Becki.Meyer@usda.gov

Field Operations Division

- Agency address for insurance policy (loss payee):

USDA Rural Development
P.O. Box 771340
St. Louis, MO 63177

- Insurance policies should be emailed to Field Operations Division, as requested by our servicing staff.

Proposed Budget Submissions

- Budgets and Actual Financials are submitted with all requested documentations per the letter sent by the specialists.
- Ensure proper documentation is included to support larger rent increases.
- Budgets with rent increases are due 90 days before implementation of the rent increase.
- Important to work with specialists to address outstanding physical, financial and management findings.
- [MFH Proposed Budget Training for Stakeholders](#)



United States Department of Agriculture

TO: Rural Development Multi-Family Housing Owners and Property Managers

RE: FY2024 Proposed Budget Requirements

The Agency requires proposed project operating budgets be submitted by each borrower as a planning document of a project's financial operations for the coming operational year. Refer to Handbook 2-3560 (HB 2), Chapter 4, [Section 4](#) and [Chapter 7](#); and 7 CFR [3560.205](#) and [3560.303](#) for guidance on rent and utility allowances and the requirements of housing project budgets.

Budget projections regarding income, expenses, and vacancies must be realistic given the housing project's history, current circumstances, and market conditions; and the expenses must show a clear benefit to the residents of the property.

Per [Exhibit 4-3](#), the timeline for submission of a complete budget package is:

- At least 90 days prior to the start of the housing project's fiscal year, if a rent or utility allowance change is needed.
- At least 60 days prior to the start of the housing project's fiscal year, if no rent or utility allowance change is needed.

All proposed operating budgets shall include the following items in order to be a complete package, per [Exhibit 4-1](#):


1. [Form RD 3560-7](#) completed per the instructions. For projects with eight units or more, this form must be submitted through MINC.

An operating budget for the fiscal year includes a budget narrative providing a description of the budget and highlights important elements to aid the Servicing Official in their review of the budget, to include:


- a. A brief description of the project and key indicators of its overall status
- b. A statement of project compliance including any outstanding monitoring findings (can be found on your MINC Task Calendar) and the progress in addressing the problems
- c. An explanation of projected capital expenditures and reserve withdrawals, including accessibility items from the Transition Plan for the upcoming year and capital needs for the next three years
- d. A description of the project's overall financial status and important factors contributing to the changes. (vacancy, workout plan status, debt deferrals, servicing efforts). If the subtotal for any operating expense category exceeds the tolerance threshold of 10 percent, provide an adequate documentation that the expenses for the category are reasonable and necessary.
- e. Any other information necessary to justify the proposed rent or utility allowance change request.

Multifamily Housing Physical Inspection Program (MPIP)

- Completed 1,075 inspections from October 2022 through August 2023 as part of the pilot program.
- Will complete approximately 3,000 inspections between November 2023 and September 2024.
- If one or more of your properties will be inspected this year, you will be contacted by the Multifamily Field Operations Division.
- Tenant file reviews and compliance reviews will be completed by Servicing Specialist virtually.
- Please contact the servicing specialist who has oversight of your property if you have any questions.



USDA Rural Development
U.S. DEPARTMENT OF AGRICULTURE



Together, America Prospers

Multifamily Housing

October 24, 2023

The Rural Housing Service (RHS) Launches New Physical Inspection Process

The Multifamily Housing Division of USDA's Rural Housing Service (RHS) is launching a new way of conducting the physical inspection segment of its Tri-Annual Supervisory Visit (SV); the most important tool for monitoring a borrower's continued compliance with the management, financial, and occupancy requirements at a multifamily property. Physical inspections will still be conducted according to the inspection standard found at 7 CFR 3560.103. However, going forward, the majority of physical inspections will be conducted by professionally trained contract inspectors instead of RHS field staff. The new process will utilize the physical inspection report form developed by the Mortgage Bankers Association (MBA) that covers all elements of the USDA inspection standard.

The new inspection process was tested by RHS from October 2022 through August 2023 by conducting 1,075 inspections through the Multifamily Physical Inspection Pilot Program (MPIPP). The final evaluation of the pilot program verified that the new inspection protocol provides accurate and objective results using a method that adheres to the inspection standard. The other two segments of the Tri-Annual Supervisory Visit, the tenant file review and the compliance review, will continue to be conducted by Multifamily field staff either virtually, or in some cases in person.

In September 2023, RHS awarded a 4-year contract to Tribal 1 Technology, LLC and its subcontractor, Bisco, Inc. In fiscal year 2024 Tribal 1 and Bisco will conduct approximately 3,000 physical inspections on RHS's behalf. If one or more of your properties will be inspected this year, you will be contacted by the Multifamily Servicing Specialist assigned to your property within the next few weeks. Tribal1 will reach out to schedule inspections between November 2023 and September 2024. Inspections are scheduled 28-days in advance and Tribal1 will provide detailed instructions on what you need to do to prepare for and complete the inspection. If you have questions, please contact the Servicing Specialist who has oversight of your property.

To subscribe to USDA Rural Development updates, visit the [GovDelivery subscriber page](#).

Asset Management Division Updates

Items currently in process

Final Rule	30-day Notice & Required Disclosures for Notification of Nonpayment of Rent
Final Rule	MFH Reserve Account Administration (surplus cash notes and 3 rd party debt)
Proposed Rule	Smoke Alarms in Federally Assisted Housing - Omni 601 Title VI
Proposed Rule	Rural Development Voucher Program, 7 CFR 3561 (FY22 agenda pg. 5)
Handbook updates	Related to the 2022 Technical Corrections & RA program
Handbook updates	HOTMA – updates coming to Handbook, MINC, Forms, etc.

The Proposed Rule for Insurance Changes published on 10/25/2023. The comment period will end on December 26, 2023.

Asset Management Division Updates, continued

Housing Opportunity Through Modernization Act of 2016 (HOTMA)

- HOTMA Final Rule was published on February 14, 2023, with an effective date of January 1, 2024.
- On September 29, 2023, HUD issued a notice allowing PHA's to set their own compliance date as early as January 1, 2024, but no later than January 1, 2025.
- RD is in the process of updating our Handbook guidance
- RD is in the process of updating our systems and making changes to the 3560-8 Tenant Certification Form

Asset Management Division Updates, continued

Housing Opportunity Through Modernization Act of 2016 (HOTMA)

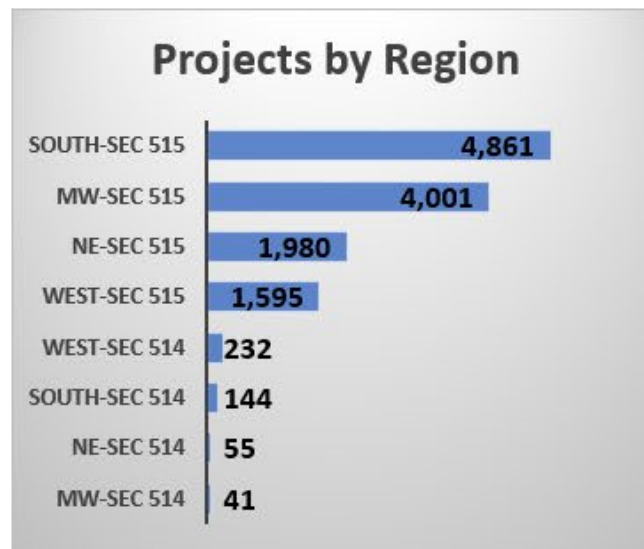
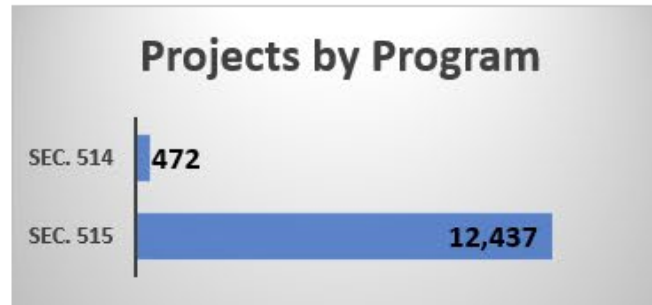
- RD's expected timeline:
 - Form RD 3560-8 will be updated and available by 1/1/2024
 - The new deduction amounts and medical exceeding % of annual income will be effective 6/1/2024.
 - These updates in the MINC/MFIS systems will be implemented 6/1/2024 and will apply to all tenant certifications effective 6/1/2024 and later.

Portfolio Overview by Project

Data as of Oct . 3, 2023

Program	Projects	Average Age	Total Units	RA Units	HUD Sec 8 units
Sec. 515	12,437	36	389,460	296,276	21,244
Sec. 514	472	25	16,769	12,364	0
TOTAL	12,909		406,229	308,640	21,244

Program	Rental Code	Projects	Average Age	Total Units	RA Units	HUD Sec 8 Units
Sec. 515	Family	7,751	36.1	248,477	183,956	14,274
Sec. 515	Elderly	4,414	34.8	130,578	104,620	6,123
Sec. 515	Other	272	34.1	10,405	7,700	847
Sec. 514	Family	458	20.8	16,725	12,332	0
Sec. 514	Other	14	19.5	44	32	0
TOTAL		12,909	29	406,229	308,640	21,244



Sec. 515 Multi-Family Housing projects :

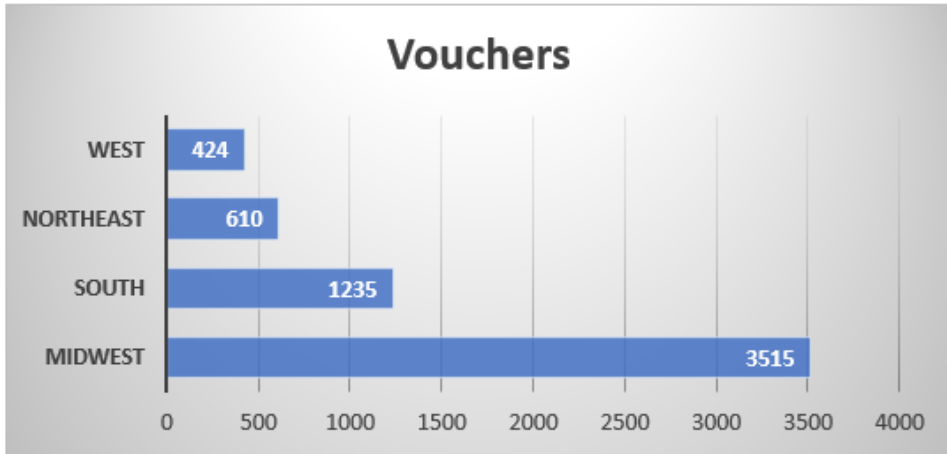
- Family and Elderly housing
- Congregate housing
- Group homes
- Rural cooperative housing

Sec. 514/516 Farm Labor Housing projects:

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

Voucher Count by Region

Data as Oct 3, 2023



Region	Vouchers
MIDWEST	3515
SOUTH	1235
NORTHEAST	610
WEST	424
TOTAL	5784

- Tenants at properties exiting the program through prepayment or servicing efforts and meet the qualifications may receive a voucher.
- The voucher is intended to provide housing rent assistance to tenants after the property has exited the RD program

Mission Risk – Program Exit National Dataset

Data as of June 2023 (this dataset is updated quarterly)

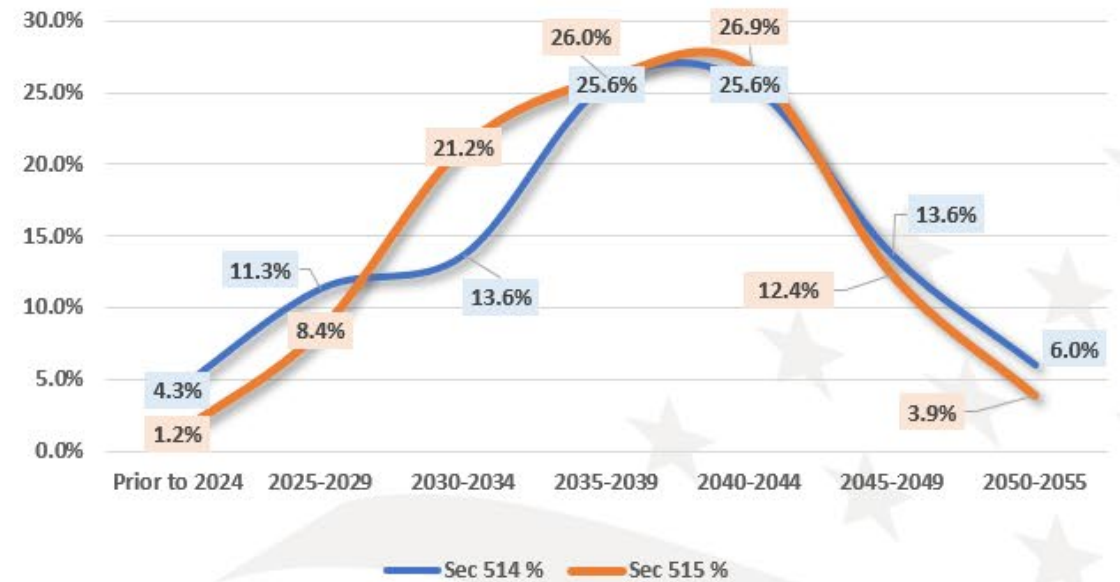
Section 514 and 515

Estimated Program

Exit Year Range	Sec 514	Sec 515	TOTAL	Sec 514 %	Sec 515 %
Prior to 2024	20	149	169	4.3%	1.2%
2025-2029	53	1052	1,105	11.3%	8.4%
2030-2034	64	2651	2,715	13.6%	21.2%
2035-2039	120	3251	3,371	25.6%	26.0%
2040-2044	120	3360	3,480	25.6%	26.9%
2045-2049	64	1546	1,610	13.6%	12.4%
2050-2055	28	486	514	6.0%	3.9%
TOTAL	469	12,495	12,964		

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

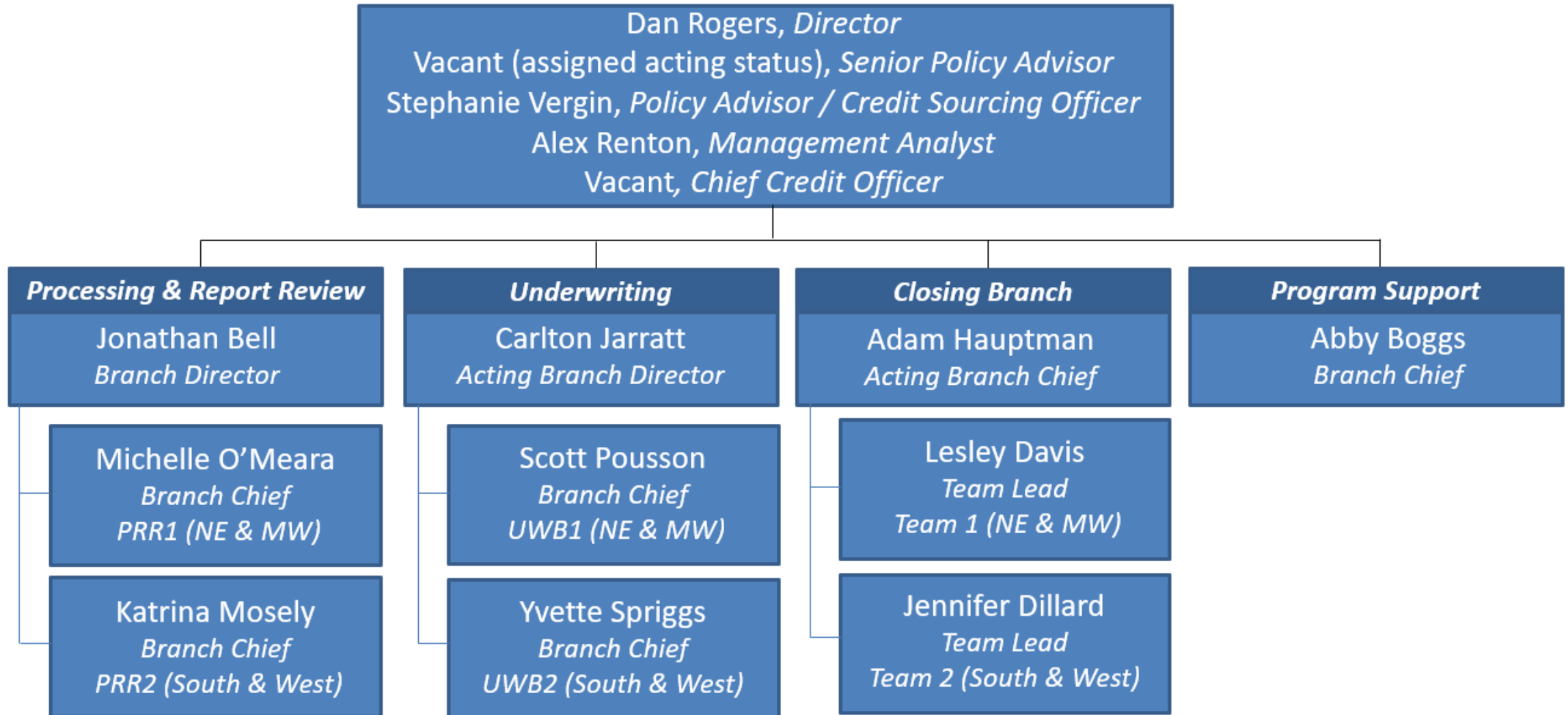
Program Exit by Year Range



Simple Transfers

- The simple transfer pilot program was published in the Federal Register on 12/9/2022.
 - The pilot program offers 3 options. Option 1 with expedited ownership change required; Option 2 is a simple transfer with rehabilitation and Option 3 is a simple transfer with future rehabilitation/recapitalization plan for nonprofits.
 - Simple transfers include restrictions on new debt, equity payouts, and other limitations that are not included for standard transfers.
 - Owners should contact their assigned Field Operations Division Servicing Specialist if interested to discuss their goals and timelines.
- Simple Transfer Pilot update:
 - Concept Calls held = 53
 - Applications Mailed = 39
 - Complete Applications received = 17
 - Submitted for Closing = 17
 - Closed = 4

Production & Preservation (P2) Leadership Team Updates

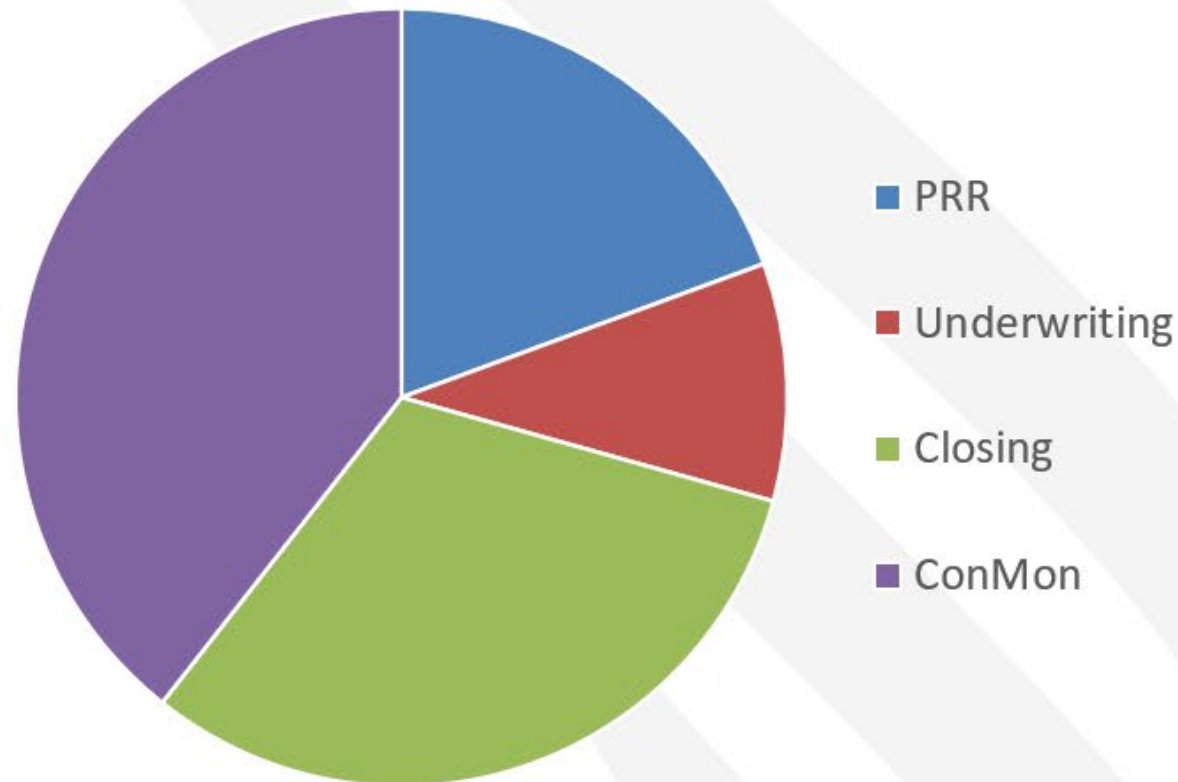


Production & Preservation (P2)

Pipeline Snapshot – Branch Volume

Branch / Division	Volume
PRR	228
Underwriting	116
Closing / Post Closing	368
Construction Monitoring	462
Grand Total	1,169

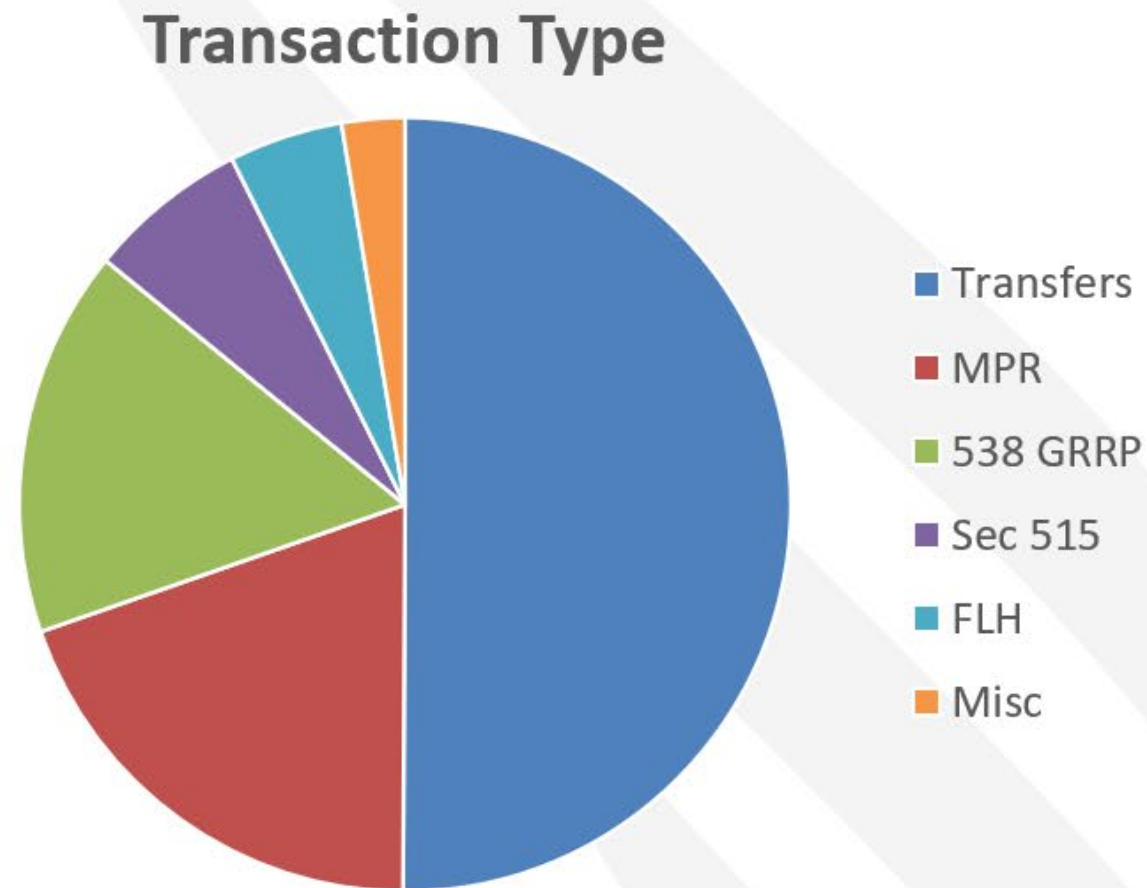
Branch Volume



Production & Preservation (P2)

Pipeline Snapshot – Transaction Type

Transaction Type	Volume
Transfer Applications	588
MPR	230
538 Guaranteed	190
Section 515 Direct Loans	79
Farm Labor Housing	56
Misc. (Disaster, REAP, PPMT)	31



FY23 Accomplishments / Highlights

FY23 Programmatic Obligations			
Program	Transactions	Program Dollars	Units
538 Guaranteed	52	\$167,606,482	2,871
515 Sub Loan Rehabilitation / Preservation	67	\$70,000,000	2,198
MPR Rehabilitation / Preservation	39	\$28,571,935	1,615
Total:	158	\$266,178,417	6,684

FY23 P2 Closing Volume Accomplishments			
Program	Transactions	Dollars	Units
Transfers	119		
Section 538 Guaranteed	50	\$154,000,000	3,152
515 Direct Rehab / Pres	6	\$4,700,000	338
514 / 516 FLH	10	\$22,000,000	314
MPR	15	\$12,000,000	669
Total:	200	\$192,700,000	4,473

FY23 Accomplishments / Highlights

MFH Consolidated Technical Assistance NOFA

- Published on May 4, 2023
- Consolidated and simplified application requirements for the Farm Labor Housing TA Program and the Non-Profit Transfer TA Program into a single Funding Opportunity
- Consolidated Listening Sessions and Industry Workshops
- Consolidated and Coordinated Application Review and Award Cycle
- Awards Announced on September 30, 2023
- Awards have been posted on our website:
 - Nonprofit Technical Assistance Providers click [here](#).
 - Farm Labor Housing Technical Assistance Providers click [here](#).

FY23 Accomplishments / Highlights

FY23 Section 515 Subsequent Loan Funding Opportunity

- Announced on March 3, 2023
- Made \$70 million available
- Prioritized reviews of applications with:
 - Physical conditions that presented an exigent risk to tenant health and safety
 - Accessibility Needs
 - Previously Approved Preservation Transactions (Transfers, Sale to NonProfit, Gap Financing)
- Oversubscribed by 240%
- Received 194 applications for \$240 million,
- Made 66 awards helping preserve 2, 099 units
- Awards are posted on the MFH website [here](#).

FY23 Accomplishments / Highlights

Other FY23 Program Highlights Include:

- Implementation of Intercreditor Agreement In Lieu of DACA for 515 & 538 Blended Transactions (October 2022)
- Developed and Issued the MFH 3-Year Preservation Strategy (November 2022)
- Launched the Simple Transfer Pilot (December 2022)
- Launched the P2 Processing Pipeline 2.0 (February 2023)
- Announced Farm Labor Housing Round 3 New Construction Awards (\$39 million, 650 units) (April 2023)
- Cleared out ~300 Application Backlog from 2017 MPR Funding Round (May 2023)
- Completed Initial Phases of Decoupling Requirements Under FY23 Appropriations Act
 - Completed 5 Stakeholder Listening Sessions (June – August 2023)
 - Draft Report Finalized for Early FY24 Submission (September 2023)
- Announced Standardized Appraisal Assignment Guidance (September 2023)

FY24 P2 Programmatic Priorities!

New for FY24 / Estimated Timeframes!

- Submission of Congressional Decoupling Report (early FY24)
- Policy Update: Sale to Non-Profit Funding Opportunities (November 2023)
- Policy Update: Construction Monitoring Improvements (January 2024)
- SuperNOSA (February 2024)
 - SuperNOSA Industry Workshops & Listening Sessions (January 2024, March 2024)
- Policy Update: Credit Report Regulatory Change / Process Improvement (March 2024)
- Standardized Loan Documents (Phase 1: May / June 2024)
 - Consent to Assign Rental Assistance Contract as Mortgage Security
 - Security Agreement
 - Loan Agreement Attachments
 - Intercreditor and Subordination Agreements
- Expand Section 538 Lender Pool (Ongoing)
- Enhanced Program Compatibility to Attract Public & Private 3rd Party Lenders (Ongoing FY24)

Helpful Links, Information, and Contact

For additional program information, please visit the MFH Programs homepage at:

[Multifamily Housing Programs | Rural Development \(usda.gov\)](#)

To sign up for GovDelivery and to receive the latest Multifamily Housing program and policy updates, please click [here](#).

For questions, comments, and feedback please contact Dan Rogers, Director of Production & Preservation or Stephanie Vergin, Production & Preservation Policy Advisor, at:

Daniel.Rogers2@USDA.gov

Jonathan.Bell@USDA.gov

Stephanie.Vergin@USDA.gov

MINC Help Services

Point of Contact	Servicing Office (SO)	Field Operations Division (FOD)	RD Help Desk (RD-HD)
Main Phone Line:	1-866-600-7984	1-800-292-8293	1-800-457-3642
Email(s):	RD.SO.MFH@usda.gov	MFHFODMidwest@usda.gov MFHFODNortheast@usda.gov MFHFODSouth@usda.gov MFHFODWest@usda.gov	RD.HD@usda.gov
Type of Services Provided:	Account Inquiry Help	Program Guidance	Technical Support
Can Assist With:	<ul style="list-style-type: none"> Payments or Tenant Certification Transmission Issues Rental Assistance Checks Navigating through MINC Late Fees and Overages Waivers PAD/EFT Account Status or Delinquencies Accessing/Releasing Project Worksheets (PWS) Correcting Social Security Numbers 	<ul style="list-style-type: none"> MFH Program Questions <ul style="list-style-type: none"> Project Budgets (3560-7) Annual Reports (3560-7 & 3560-10) Rental Assistance Obligations Policy and Regulatory Guidance 	<ul style="list-style-type: none"> Technical Issues Related to <u>eAuthentication</u> Set-up/Access Tech support for the MINC forms (<i>when user is unable to access the form, type within the form, or error messages received when submitting</i>)
Tenant Certifications:	SO Specialists can help with submitting Tenant Certification forms within the system.	FOD Regional Specialists can advise on required documentation needed for Tenant Certification submissions.	

MFH Contact Information

- Central Phone Number
 - 800-292-8293
- MFH Website
 - Direct Web Address: <https://www.rd.usda.gov/multifamily>
 - [MFH Organizational 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

GovDelivery

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