



# On-Farm Labor Housing Loans

Funding Availability and Application Workshop

 **USDA** Rural Development  
U.S. DEPARTMENT OF AGRICULTURE

May 14, 2024

# Agenda

- Opening Remarks
  - Dan Rogers, Director, Production and Preservation Division
- Funding Availability and Application Review
  - Katrina Moseley, Branch Chief, Processing and Report Review 2
- Questions and Resources

# Funding Availability Announcement

- DEPARTMENT OF AGRICULTURE  
Rural Housing Service  
Stakeholder Announcement
- Section 514 On-Farm Labor Housing Loans for new construction and preservation of housing units for Fiscal Year 2024.
- [Stakeholder Announcement April 18, 2024](#)

## Summary

- The Rural Housing Service (RHS or Agency), a Rural Development (RD) agency of the United States Department of Agriculture (USDA), announces that it is accepting applications for the Section 514 On-Farm Labor Housing (On-FLH) loans to construct, purchase and rehabilitate, or rehabilitate existing housing for fiscal year 2024. The Agency website, [On-Farm Labor Housing Loan Program](#), describes the application process and submission requirements.

# Timeline

- Available loan funding posted to the MFH website by April 18, 2024.
- Applications will be received on a continuous first-come, first-serve basis until all funds are depleted.
- Concept meetings should be requested prior to completing and submitting an application.
- Applicants will send a request to RHS to request a shared CloudVault folder when the application is ready for submittal.

# Application Submission Process

- Applications must be submitted electronically to the Production and Preservation Division, Processing and Report Review Branch.
  - Processing Branch 1 (Northeast and Midwest Regions) – [MFHProcessing1@usda.gov](mailto:MFHProcessing1@usda.gov)
  - Processing Branch 2 (South and West Regions) – [MFHProcessing2@usda.gov](mailto:MFHProcessing2@usda.gov)
- When the application is ready for submittal, the applicant must email the appropriate Processing Branch a request to create a shared folder in CloudVault with the following information:
  - (1) Subject line: “On-Farm Labor Housing Application Submission.”
  - (2) Body of email: Borrower Name, Project Name, Borrower Contact Information, Project State.
  - (3) Request language: “Please create a shared CloudVault folder so that we may submit our application documents.”

## Application Submission Process Continued...

- Once the email request to create a shared CloudVault folder has been received, a shared folder will be created within two business days. When the shared CloudVault folder is created by the RHS, the system will automatically send an email to the applicant's submission email address with a link to the shared folder. All required application documents in accordance with the [On-Farm Labor Housing Applicant Package](#) located on the [On-Farm Labor Housing Loans | To Apply](#) tab must be loaded into the shared CloudVault folder.
- When all of the required documents for the application have been uploaded to the CloudVault shared folder, the applicant will email the appropriate Processing Branch with the following information:
  - (1) Subject line: "On-Farm Labor Housing Application Submission".
  - (2) Body of email: Borrower Name, Project Name, Borrower Contact Information, Project State.
  - (3) Request Language: "We have completed our upload to the shared CloudVault folder of all required documents for our application and it is ready for review."

## Available Funds

- Funding amounts are indicated below (2024):
  - On-FLH Loan (514): Up to \$5,000,000
- [On-Farm Labor Housing Loans | Rural Development \(usda.gov\)](#)

## Loan Limits, Rates, Terms and Leveraged Funds

- Award may not exceed 100% of the allowable total development cost (TDC) or the value of the security for the loan as determined by the appraisal, less the unpaid principal balance, plus past due interest of any prior liens that will or will likely exist against the security after the loan is closed.
- Effective interest rate will be 1%.
- The term of the loan will not exceed 33 years and may be amortized on a monthly or annual basis.
- When on-farm labor housing operations include 12 or more units, the Agency will require such projects to comply with the reserve account requirements in [§ 3560.65 Reserve Account](#).
- RHS encourages the use of other funding sources in conjunction with on-farm labor housing loans. Other financing sources are subject to approval of the Agency and must comply with the requirements of § 3560.66.

## Project Eligibility

- On-FLH projects that consists of buildings with less than three (3) units are not subject to the requirement that 5% of the units be constructed as fully accessible units, as described in [7 CFR 3560.60\(d\)](#). This does not eliminate any other accessibility requirements.
- This funding announcement solicits applications from both new and current borrowers/owners of On-FLH projects. Funding may be used to construct new housing, purchase and rehabilitate housing not currently in the On-FLH portfolio, or rehabilitate projects in the existing Section 514 On-FLH portfolio.
- The proposed project does not have to be in a rural location.
  - The project location may be off-site from the farming operation.
- The applicant must address whether the project will be used year-round or seasonally.

# Project Site and Design Requirements

- Permanent units are considered those that are occupied for 8 months or more of the year and will be required to meet the following requirements:
  - Housing may be multi-family or single family in type and may be located on the farm away from farm service buildings, or in the nearby community.
  - Single-family type housing is defined as an individual or a group of individual single family detached dwelling units. All sites and housing shall be planned and constructed in accordance with [7 CFR part 1924, subparts A and C](#).
  - Sites must be accessible from a public road, when feasible.
- Seasonal units are considered those that are occupied for less than 8 months of the year and will be required to meet the following requirements:
  - (1) Housing designed for seasonal occupancy may be either single family or multi-family.
  - (2) Seasonal housing may be constructed in accordance with exhibit I of [7 CFR part 1924, subpart A](#). It must be suitable to allow for conversion to full-year occupancy if the need for migrant farmworkers in the area declines.

## Project Site and Design Requirements Continued...

- Manufactured housing is not required to meet the contiguous lot requirement established in the 7 CFR 3560.70. It may be proposed as a single unit.
- When feasible, On-FLH will be located on a tract of land that is surveyed such that it is considered separate and distinct from the farm, for security purposes.
  - If the parcel cannot be subdivided, RD may take as security the tract of land on which the housing is located after obtaining a clear legal description through a survey.
    - A RUC covering less than the entire legal parcel would still be enforceable, provided a clear legal description of the portion of the property that is burdened.
  - If there's an existing lien on the property, RD recommends obtaining a partial release covering the property that will serve as RD's security.

## Project Site and Design Requirements Continued...

- Cost and development standards will be consistent with the requirements, standards and cost limits specified in [7 CFR, Part 3560, Subpart B - Direct Loan and Grant Origination](#) if the housing is a multi-family housing type structure.
- Cost and development standards will be consistent with the requirements, standards and cost limits consistent with, [Section 502 of the Housing Act of 1949](#), if the housing is a single-family type structure.

## Applicant Eligibility

- To be eligible to receive a Section 514 On-FLH loan, the applicant must meet the requirements of § 3560.55(a) with the exception of § 3560.55(a)(1), (5) and (6).
- The applicant must be a farm owner, family farm partnership, family farm corporation, or an association of farmers engaged in agricultural or aquacultural farming operations. Those farming operations must demonstrate a need for on-farm labor housing.
- The housing must be operated on a nonprofit basis.
  - Owner's can charge enough to cover the debt payment and any expenses and must be submitted on 3560-7A for Agency approval.
- The borrower must intend to use the housing for labor employed in its farm operations or the farming operations of its members.
- The applicant must, as determined by the Agency, be unable to provide the necessary housing from their own resources and unable to obtain credit elsewhere under terms and conditions which the applicant could reasonably be expected to fulfill.

# Application Information

- The application requirements are outlined on our website, under the “To Apply” tab, within the [On-Farm Labor Housing Applicant Package](#).
- The following are application requirements for discussion (list not all inclusive):
  - Submit an electronic payment of \$24 for the credit report fee. The credit report will be requested by the Agency, and it will be obtained on the borrower entity and any sub-entities or individuals with controlling financial interest.
  - Preliminary building plans and specifications to include a plot plan, site plan with contour lines, and floor plan for each living type, unit type and other spaces..
  - Construction planning, bidding, and contract documents, including the construction contract and architectural agreement. The construction planning, bidding, and contract documents, including the construction contract and architectural agreement must be submitted prior to the approval of the application.

## Application Information Continued...

- All applications that propose the use of any leveraged funds should submit commitment letters with their application, if available.
- Loan funds may not be used to provide housing for the applicant or members of the immediate family of the applicant when the applicant is an individual farmowner, family farm corporation or partnership, or an association of farmers. Immediate family is defined as mother, father, brothers, sisters, sons and daughters of the applicant(s) and spouse.
- Environmental documentation required will be determined by the Agency after the consultation call.
- Evidence of the submission of the project description to the applicable State Housing Preservation Office (SHPO), and/or Tribal Historic Preservation Officer (THPO) with the request for comments. A letter from the SHPO and/or THPO where the On-FLH project is located stating they have reviewed the site and made a determination, signed by their designee, will serve as evidence of compliance.
  - This process can take up to 30 days.

## Application Information Continued...

- Intergovernmental review. Evidence of compliance with Executive Order 12372. The applicant must initiate the intergovernmental review by submitting the required information to the applicable State Clearinghouse. The applicant must provide documentation that the intergovernmental review process was completed. The applicant must also submit any comments that were received as part of this review to the RHS. If no comments are received, the applicant must provide documentation that the review was properly initiated and that the required comment period has expired. Applications from federally recognized Indian tribes are not subject to this requirement.
  - This process can take up to 60 days.
  - [Intergovernmental Review | USDA](#)
- Acceptable appraisal
  - Please contact the appropriate Processing and Report Review Branch, [MFHprocessing1@usda.gov](mailto:MFHprocessing1@usda.gov) or [MFHprocessing2@usda.gov](mailto:MFHprocessing2@usda.gov), with the specifics of your on-farm labor housing project. Staff will request Appraisal Assignment Guidance for the specific project and provide back to the applicant.

## Application Information Continued...

- Labor Housing Management Plan
  - For projects operated on a seasonal basis, they must have specific opening and closing dates.
  - During the off-season, on-farm labor housing may be used under short-term lease provisions.
  - The management plan must detail the borrower's operational and occupancy policies, how the borrower will handle complaints and indicate how repairs will be completed.
  - A lease or employment contract must be maintained with each tenant specifying employment with the borrower as a condition for continued occupancy.

## Concept Meeting

- Prior to the submission of an application, the applicant is encouraged to schedule a concept meeting with RHS to discuss the application process, the specifics of the proposed project, and the borrower's responsibilities under the On-FLH program, and other topics they may wish to discuss relating to the On-Farm Labor Housing program.
- Requests for concept meetings can be sent to [MFHprocessing1@usda.gov](mailto:MFHprocessing1@usda.gov) (Northeast and Midwest inquiries) or [MFHprocessing2@usda.gov](mailto:MFHprocessing2@usda.gov) (South and West inquiries). The email should contain the following information:
  - (1) Subject line: "On-FLH Concept Call Request."
  - (2) Body of email: Borrower Name, Project Name, Borrower Contact Information, Project State.
  - (3) Request language: "We request to schedule a concept call to discuss our proposed application for the On-FLH program."

## Review Process

- Applications will be assigned to a Processor promptly upon receipt.
- Each application will be reviewed for overall completeness, as well as compliance with eligibility and program requirements.
- Applicants will be notified by letter of the status of their application once it has been reviewed.

## Administrative and National Policy

- Projects receiving subsequent On-FLH loans are subject to additional restrictive-use provisions contained in 7 CFR 3560.72(a)(2).
- Personal liability and recourse will be required of all borrowers, including the individual members, stockholders or partners of an association of farmers, family farm corporations or partnerships, respectively.

# Questions and Resources

- Questions:
  - [MFHprocessing1@usda.gov](mailto:MFHprocessing1@usda.gov) (Northeast and Midwest)
  - [MFHProcessing2@usda.gov](mailto:MFHProcessing2@usda.gov) (South and West)
- Feedback:
  - Dan Rogers, Director, Production and Preservation Division
    - [Daniel.Rogers2@usda.gov](mailto:Daniel.Rogers2@usda.gov)
  - Katrina Moseley, Branch Chief, Processing and Report Review Branch 2
    - [Katrina.Moseley@usda.gov](mailto:Katrina.Moseley@usda.gov)
- Resources:
  - [On-Farm Labor Housing Loans | Rural Development \(usda.gov\)](#)
  - [USDA Rural Development \(govdelivery.com\)](#)



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