



Multifamily Housing Preservation and Revitalization (MPR)/Section 515 Subsequent Loan NOFA Workshop

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MPR/515 NOFA Overview

- Combined NOFA offering funding from the Multifamily Preservation and Revitalization Demonstration Program (MPR) and Section 515 Rural Rental Housing (RRH) Subsequent Loan Program
- Funding Amounts Available:
 - MPR: \$80,491,882 in budget authority available for Section 515 and Section 514/516 Off-Farm Labor Housing (FLH)
 - 515 Subsequent Loans: \$27,000,000 available for Section 515 RRH
- Eligibility Criteria
 - Projects must meet one of the eligibility criteria to apply
 - Criteria allow the Agency to focus on the MFH portfolio's highest priority rehab/preservation needs

MPR/515 NOFA Overview

- Applicants may be stay-in/current owners or eligible applicants that will acquire the property through an Agency-approved transfer.
- All MPR funding tools are available.
- Maximum per unit award amount of \$60,000 and no minimum award amount.
- Geographic distribution of funding: Projects will be scored without regard to State location. However, if five projects in a State have received program funding obligations, no further obligations will be made to projects in that State until a funding decision has been made on all projects that have met the minimum scoring requirements. When all other funding decisions have been made, the Agency may provide additional awards in States that have already received five awards.

MPR/515 NOFA Eligibility

- Eligible Applicants: Applicants must meet eligibility requirements specified in the NOFA.
- Eligible Projects
 - Federal Register Notice correction is in process. Dates for maturing mortgages and expiring MPR debt deferrals will be corrected to 1/1/2028.
 - Projects must meet at least one of the following criteria to be eligible for funding:
 - All Agency loans on the project will reach mortgage maturity prior to January 1, 2028.
 - The project has an existing MPR debt deferral that expires prior to January 1, 2028.
 - The project sustained damage due to a storm, fire, flood, wind, or other man-made or natural disaster and necessary repairs as a result of the damage are incomplete and/or units are uninhabitable due to inadequate insurance proceeds.

MPR/515 NOFA Eligibility

- Projects must meet at least one of the following criteria to be eligible for funding (continued):
 - The project has been approved under the Agency's Simple Transfer Pilot Program, published in the Federal Register on December 9, 2022 (87 FR 75457), and has an Agency-required rehabilitation plan that lacks full funding.
 - A purchase and sale agreement has been approved for the project under the Agency's sale to nonprofit process in 7 CFR 3560.659 and the project requires additional funding to complete a transfer of ownership to the new buyer.
 - Loan(s) on the project were reamortized at the request of the owner to avoid payoff and program exit prior to imminent loan maturity ("reamortization lite") and the project requires funding to address unmet rehabilitation needs.
 - Repairs or modifications are needed to address health and safety findings or violations and/or accessibility modifications identified in the property's Capital Needs Assessment (CNA) submitted with the application. The combined amount of the health, safety, and accessibility repairs or modifications identified in the CNA must exceed an average cost of \$4,000 per unit to meet the project eligibility criteria.

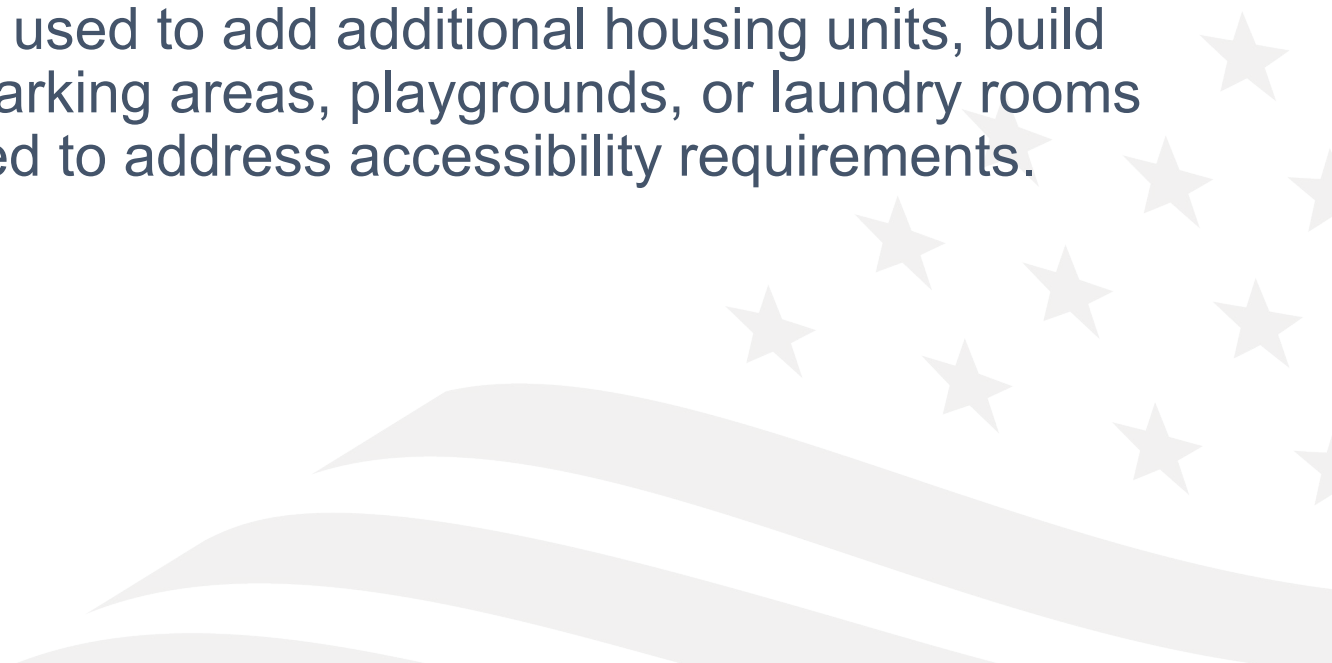
Program Requirements

- Loan limits: Up to 95% of security value for LIHTC transactions, up to 97% of security value for non-LIHTC transactions, up to security value for nonprofits and public agencies
- Equity contribution requirements: 5% for LIHTC transactions, 3% for non-LIHTC transactions (except for nonprofits/public agencies, which have no equity contribution requirements)
- Security requirements: All Agency debt, either in first lien position or in a subordinated lien position, must be secured by the project, except deferred debt, which is not included in the Agency's total lien position for computation of the Agency's security value.

Program Requirements

- **Consolidations:** All projects being consolidated must be submitted in one application that identifies each project. Each property in the proposed consolidated project must be located in the same market area. Applicants should discuss proposed consolidations with the assigned Servicing Specialist prior to filing their application under this NOFA.
- **Portfolios:** If the preservation proposal involves a portfolio transaction (sale or stay-in owner), a separate application for each project in the portfolio is required and each application must identify all projects included in the portfolio transaction. Eligibility determinations will be conducted on each application associated with the portfolio.
- **Occupancy rates (Section 515):** If occupancy rates for the past 12 months exceed standards (max 10% for 16+ units, max 15% for <16 units), market data must be provided by the applicant to show project need.

Program Requirements

- **Occupancy rates (FLH):** For Section 514/516 FLH projects: A positive cash flow for the previous full three (3) years of operation is required unless the applicant has an Agency approved workout agreement and is in compliance with the provisions of the workout agreement for a minimum of six (6) consecutive months.
 - **Funding restrictions:** Funds cannot be used to add additional housing units, build community rooms, or add additional parking areas, playgrounds, or laundry rooms unless these improvements are needed to address accessibility requirements.
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Available Funding Tools

- MPR Debt Deferral: Up to 20 years for outstanding Section 514/515 loans. Applicant should describe how the cash flow from the deferred RD direct loan principal and interest payments will be deposited to the project's reserve account and/or used to help meet the project's future physical needs, support new debt, reduce rents, or otherwise be directed to be in the best interests of the tenants and Government.
- MPR Grant: Limited to non-profit or public housing agency applicants/borrowers only. Use is limited to the cost of correcting health and safety violations of a project, including accessibility requirements identified by a CNA accepted by the Agency.

Available Funding Tools

- **MPR Zero-Percent Loan:** Amortizing, 0%, not deferred. For 515 projects, the maximum loan term is 30 years amortized over a maximum term of 50 years. For Section 514 projects, the loan will be amortized over a 33-year term.
- **MPR Soft-Second Loan:** Deferred loan with a one percent interest rate that will have its accrued interest and principal deferred to a balloon payment due at the same time as the latest modified Section 514 or Section 515 maturity date of any current loan being reamortized.
- **MPR or Section 515 Direct Loan:** Amortizing loan with a one percent effective interest rate. This loan is not deferred. For 515 projects, the maximum loan term is 30 years amortized over a maximum term of 50 years. For Section 514 projects, the loan will be amortized over a 33-year term.

Available Funding Tools

- Other Possible Sources of Funds (not available through this NOFA)
 - Section 538 Guaranteed Loan. Current Federal Register Notice: [2023-08952.pdf \(govinfo.gov\)](#)
 - Third-party loans, grants, tax credits and tax-exempt financing;
 - Owner-provided capital contributions in the form of a cash infusion. A cash infusion cannot be a loan.

Application Submission Requirements

- This is a brief overview of the application submission requirements. Refer to the NOFA for the complete list of requirements. Incomplete applications will not be considered for funding.
 - Executive summary of the project and proposed transaction.
 - Required forms and certifications.
 - Applicant financial and organizational information
 - Project information
 - Construction-related documents.
 - Draft plans, specs, and other construction documents should be submitted if available. Required construction documents must be submitted prior to application approval. The Agency will notify eligible applicants of the deadline to submit these documents.
 - Project financial information

Application Submission Requirements (continued)

- Environmental information
- Budget and project management information
- Required third-party reports
 - Appraisals may be conditioned (i.e., are not required at the time of application) but will be required prior to closing. Project funds may be used to obtain the appraisal if there are adequate funds available and the request to use project funds is approved by the Field Operations Division servicing official. Appraisal guidance is at [Multifamily Housing Direct Loans | Rural Development \(usda.gov\)](https://www.usda.gov/multifamily-housing-direct-loans/rural-development)
 - An As-Is Capital Needs Assessment (CNA) is required at the time of application. Project funds may be used to obtain the CNA if there are adequate funds available and the request to use project funds is approved by the Field Operations Division servicing official. CNA instructions are at [Multifamily Housing Direct Loans | Rural Development \(usda.gov\)](https://www.usda.gov/multifamily-housing-direct-loans/rural-development)

NOFA Scoring Criteria

- An application must receive a minimum score of 20 points on the first two criteria to be considered for funding. Meeting the minimum scoring requirement does not guarantee a funding award.
 - (1) Development Team Experience (up to 15 points). Applicants should demonstrate their team's recent experience in successfully completing the rehabilitation of affordable MFH and/or FLH projects, as applicable, in a timely manner. Points will be awarded as follows: (a) Low level of development experience (5 points) (b) Medium level of development experience (10 points) (c) High level of development experience (15 points)
 - (2) Ownership and Management Capacity (10 points). Applicants should demonstrate that they have the experience and organizational resources to successfully own, operate and manage affordable MFH and/or FLH projects on a long-term basis. Points will be awarded as follows: (a) Inadequate owner and management experience (0 points) (b) Acceptable owner and management experience (10 points)

NOFA Scoring Criteria

Points are awarded for projects meeting the following criteria (continued):

- (3) Disaster-Impacted Properties (5 points).
- (4) Projects with Existing MPR Debt Deferrals Expiring Prior to 1/1/28 (5 points)
- (5) Projects Reaching Mortgage Maturity Prior to 1/1/28 (5 points).
- (6) Non-Selected Projects with a Complete Application Submitted for Section 515 Subsequent Loan Funding in FY2023 (5 points).
- (7) Immediate Capital Needs for Health, Safety and Accessibility Repairs (up to 20 points).
- (8) Energy Efficiency and Green Building (up to 5 points).
- (9) Leveraging Other Funding Sources (up to 15 points).
- (10) Projects Providing Access to Supportive Services for Tenants (5 points).

NOFA Scoring Criteria

Points are awarded for projects meeting the following criteria (continued):

- (11) Creating More and Better Markets: Assisting rural communities to recover economically through more and better market opportunities through improved infrastructure. (5 points)
- (12) Advancing Racial Justice, Place-Based Equity, and Opportunity: Ensuring all rural residents have equitable access to RD programs and benefits from RD-funded projects. (5 points).
- 13) Addressing Climate Change and Environmental Justice: Reducing climate pollution and increasing resilience to the impacts of climate change through economic support for rural communities (5 points)

Build America, Buy America Act (BABAA) Requirements

- Non-Federal entities must meet BABAA requirements. Definition of a non-federal entity from 2 CFR 200.1: Non-Federal entity (NFE) means a State, local government, Indian Tribe, Institution of Higher Education (IHE), or nonprofit organization that carries out a Federal award as a recipient or subrecipient.
- For-profit entities and other entities not included in the definition of Non-Federal Entities are not subject to BABAA.
- Non-Federal entities should review their project budgets carefully to ensure they reflect the BABAA requirements.

MPR/515 NOFA Application Process

- The MPR/515 NOFA is available at [2024-22177.pdf \(govinfo.gov\)](https://www.govinfo.gov/publications/2024-22177.pdf)
- NOFA questions can be sent to MFHprocessing1@usda.gov
- There are two steps required to submit the application. All applications must be submitted electronically.
 - Step 1: Request instructions to submit an application. The applicant must send an email message by December 16, 2024, by 12 PM ET to RD.MPR@usda.gov requesting instructions to submit an application. See the NOFA for instructions on what to include in the email.
 - Step 2: Submit a complete application by the application deadline. Applications must be submitted by December 26, 2024, by 11:59 PM ET following the instructions received in Step 1.



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