Multi-Family Preservation and Revitalization (MPR) Information Session

Multifamily Housing Production and Preservation Division

April 5, 2022
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• Current Eligibility Criteria / “No-cost Deferrals”
• Limitation of Capital & Staff Resources
  • MPR Pipeline from Realignment
  • FY22 & Proposed FY23 MPR Appropriations
  • Other MFH / P2 Program Resources
  • Post-Realignment Processing Timeframes & Staffing Levels
• Needed to control the work-flow
  • Prioritize assets of highest need within context of Administrative Priorities
• Level Reset for Future MPR Funding Rounds (FY23 and Beyond)
  • More robust rounds with full MPR tools
  • Ability to defer pre-credit reform loans
  • There will still be priorities (Administrative, Industry-driven, etc.)
MPR NOSA Program Summary

- Provides 20-year debt deferrals for Section 515 Rural Rental Housing and Section 514 Off-Farm Labor Housing projects with closed loans that have an obligation date after 10/1/1991 and that meet additional applicant and project eligibility requirements

- No additional agency resources, such as grants or rental assistance, are available under this NOSA

- Complete applications must be submitted by May 16, 2022, at 5 PM EDT.
• All application materials must be submitted via CloudVault
• Applicants must email RD.MPR@usda.gov to request a CloudVault folder no later than close of business on May 11, 2022
  • (i) *Email subject line:* MPR NOSA Submission
  • (ii) *Body of email:* Applicant Name, Applicant Contact Information, Project State, Project Name, and Project City
• When the submission deadline of May 16, 2022, at 5 PM EDT is reached, the applicant’s access to the shared CloudVault folder will be removed
**Applicant Eligibility Requirements**

- “Applicant” includes the applying entity and the entity’s principals
- All applicants must meet the respective (Section 515 or 514 Off-FLH) requirements for initial and/or current (continuing) borrower eligibility and program participation
- Any outstanding violations or extended open operational findings associated with the applicant, or any affiliated entity having an IOI with the project ownership, and recorded MFIS, may preclude further processing of any MPR applications
  - A current, approved workout agreement must be in place and the plan must be satisfactorily followed for a minimum of six consecutive months
Additional Eligibility Information

- Proposed transfers are eligible for debt deferrals
- The proposed transferee must submit evidence of site control together with a copy of the borrower’s written request signed by both the proposed buyer and the seller describing the general terms of the proposed transfer. Evidence may include a valid and unexpired Purchase Agreement, Letter of Intent, or other documentation acceptable to the Agency.
• All project loans must have obligation dates on or after October 1, 1991. Applicants can direct any questions regarding loan obligation dates to RD.MPR@usda.gov

• MPR deferrals may be approved for stay-in-owner or transfer transactions.

• Projects that are being consolidated must be submitted in one application and located in the same market area (see 7 CFR 3560.11)

• Transfer transactions will be subject to the requirements of 7 CFR 3560.406
Project Eligibility Information

- Projects must have open physical finding(s) recorded by the Agency. However, any projects with open physical findings resulting from deferred maintenance, as recorded by the Agency, are not eligible.

- Physical deficiencies identified by the Agency or another lending organization (i.e. HUD, Housing Finance Agency, etc.) or reported by local code enforcement of imminent threats to the health and safety of tenants that have not been recorded but are documented by the applicant and provided as part of the application, may be considered when determining project eligibility.
Project Eligibility Information

• Projects must meet at least two of the Agency’s three key priorities to be eligible under the NOSA:
  • **COVID-19** - the project must be located in or serving one of the top 10% of counties or county equivalents based upon the county risk score in the United States.
  • **Equity** - the project must be located in or servicing a community with a score of 0.75 or above on the CDC Social Vulnerability Index.
  • **Climate Impacts** – applicants may be eligible through one of two methods:
    • The project must be located in or serving coal, oil and gas, and power plant communities whose economic well-being ranks in the most distressed tier of the Distressed Communities Index.
    • Demonstrate through a written narrative how proposed climate-impact projects improve the livelihoods of community residents and meet pollution mitigation or clean energy goals.

• Details are found at [https://www.rd.usda.gov/priority-points](https://www.rd.usda.gov/priority-points)

• Applicants must provide documentation from the dashboard/website that they meet at least two of the key priorities as part of their application submission.
Application Review Process

• Application reviews to be completed 90 business days after the May 16, 2022, closing date

• Priority project reviews will be completed within 30-60 days. Priority project applications include:
  • Deferral needed as part of a pending transfer
  • Stay-in owner transaction with third-party funding that will expire within 120 days
  • Project with urgent health/safety/accessibility issues to address
  • Project with a vacancy rate of no more than 5% for the 12 months preceding the application date and with a demonstrated waiting list
  • Project that includes all three of the Agency’s key priorities (COVID-19, Equity and Climate)
Application Selection and Closing Process

- Eligible stay-in-owner applicants selected for further processing must submit a Capital Needs Assessment within the timeframe included in their selection letter (CNA is also required as part of a transfer application).
- Closing of MPR offers will occur within six months of the accepted MPR conditional commitment unless extended in writing by the Agency.
- Any MPR applications not approved one year from the selection notice date will be withdrawn, unless an extension is approved by the Agency. Applicants may reapply for federal assistance under future Notices as they may be made available.
Frequently Asked Questions

• We will review a few of the questions that have been submitted by prospective NOSA applicants

• Feel free to ask additional questions during the call or submit them to RD.MPR@usda.gov
Q: I contacted RD to determine the loan obligation dates for several projects and found that a few had an obligation date of 9/30/91. I thought they would have later dates due to transfers after 1991. Can you explain why they have 9/30/91 obligation dates?

A: An obligation date on or before 9/30/91 signifies the loan was obligated prior to the Federal Credit Reform Act of 1990 when Federal credit program costs were budgeted and accounted for on a cash basis. Beginning with fiscal year 1992 (10/1/91), the Federal budget changed to reporting on a cost basis. Any loan obligated before 10/1/91 that is transferred or reamortized must be processed in a way that preserves the 9/30/91 obligation date so the accounting systems accurately reports each type of loan (cash or cost basis).
Frequently Asked Questions

• Q: What happens at the end of the 20-year deferral period for these loans? Is the Note rate of interest due? What if the project is not able to make the balloon payment when the deferral ends?

• A: Interest will accrue at the promissory note rate and interest subsidy will be applied as set out in the Interest Credit Agreement. Interest will not be charged on the deferred interest. Balloon of accrued principal & interest is due at end of deferral period. RD is committed to affordable housing in rural areas. At the time of the deferral balloon, RHS intends to use the available servicing tools to preserve any needed projects as affordable rental housing.
Frequently Asked Questions

• Q: What type of project eligibility guidance is available from RD for prospective applicants prior to the NOFA closing date?
• A: RD can provide guidance on the following topics:
  • Loan obligation date for each project loan (provide project name, city and state when requesting this information—email RD.MPR@usda.gov)
  • Current project physical findings as documented in MFIS—contact the project’s assigned servicing specialist
  • Existence of a current servicing workout plan for the property to address operational violations or extended open findings—contact the project’s assigned servicing specialist
  • If you don’t know the project’s assigned servicing specialist, check https://www.sc.egov.usda.gov/data/MFH.html
• Q: To be eligible, the property must have an open physical finding as
determined by RD. Most property inspections have not been done in 2 years
due to COVID-19. What if a physical condition issue has developed in the
past two years?

• A: Please see the following in the NOSA: “Physical deficiencies identified by
the Agency or another lending organization (i.e. HUD, Housing Finance
Agency, etc.) or reported by local code enforcement of imminent threats to
the health and safety of tenants that have not been recorded but are
documented by the applicant and provided as part of the application, may be
considered when determining project eligibility.”
Frequently Asked Questions

• Q: Can you explain the difference between RD Key Priorities and processing priorities?

• A: The RD Key Priorities (COVID-19 recovery, equitable access, climate) are used to determine NOSA eligibility. A project must meet two of the three priorities to be eligible.

• Processing priorities are used to determine which applications will be reviewed in a 30- to 60-day timeframe instead of the standard 90-day timeframe. Processing priorities are described in Slide 12: Application Review Process.
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Email NOFA/program questions to: RD.MPR@USDA.gov