



SECTIONS 515, AND 514/516 MULTI FAMILY HOUSING REVITALIZATION DEMONSTRATION PROGRAM (MPR) FOR FISCAL YEAR 2009

USDA Rural Development, Rural Housing Service, announces the Sections 514, 515, and 516 Multi-Family Housing Revitalization Demonstration (MPR) Program. The intended effect is to restructure selected existing Section 515 rental properties and Section 514/516 Off-Farm Labor Housing properties expressly for the purpose of ensuring that sufficient resources are available to preserve the rental property in order to provide safe and affordable housing. The MPR program is open to all Section 515 and Section 514/516 Off-Farm Labor Housing owners or purchasers seeking to preserve existing properties. Expectations are that properties selected to participate will be able to be revitalized and extend affordable use without displacing or impacting tenants because of increased rents.

How May Funding Be Used?

Funding made available under this program shall be used to restructure existing Section 515 and 514/516 loans and grants to ensure these properties have sufficient resources to preserve them for the purpose of providing safe and affordable housing for low-income residents.

Restructuring Tools:

- Rural Development debt deferral for the remaining term of the loan or 20 years, whichever is less.
- A revitalization grant (for non-profit borrowers/purchasers only) limited to no more than \$5,000 per unit and limited to the costs of correcting health and safety violations identified by a capital needs assessment (CNA).
- A rehabilitation loan at 0% interest amortized over 50 years with a term of 30 years.
- A soft-second loan at 1% interest that will have its interest and principal deferred to a balloon payment, due at the time the latest maturing Section 515 loan becomes due and limited to no more than \$5,000 per unit.
- Additional Section 515 loan or Section 514/516 loans and grants at traditional rates and terms limited to no more than \$20,000 per unit.

Who May Apply?

This program is available to all existing Section 515 and 514/516 owners and purchasers. Existing owners/principals or purchasers must meet basic eligibility criteria, which are:

- Be in good standing on all existing Section 514/516 and 515 properties.
- Management must be in good standing or owner agrees, as a condition of participation, to bring in new management.
- The property is needed in the market. Need is evidenced for Section 515 properties if the average physical vacancy rate over the twelve months preceding the filing of the pre-application is not more than 10% for properties of 16 units or more and 15 % for properties with 16 or fewer units. Need is evidenced for off-farm labor housing properties if the properties have had positive cash flow for the full 3 years of operation prior to the filing of the MPR application. The Agency may consider and accept market survey documentation submitted by the applicant that demonstrates the occupancy standard will be met once a restructuring is performed.
- The physical needs of the property as determined by a 3rd party capital needs assessment must be attainable with assistance available under the MPR Demonstration Program.