



United States
Department of
Agriculture

Rural Development



USDA Rural Development Housing & Infrastructure Programs--101

Ways in Which RD Programs Can Be Used in Tribal Communities

- Rural Housing Service Programs
 - Homeownership for Individuals and Families (502 and 523)
 - Rehabilitation of Existing Housing in the Community (504 and 533)
 - Certified Packaging for TDHEs/Tribes
 - Rental Housing in Tribal Communities
 - Other Funding Related to Housing: Site Loan and RCDI
 - Providing Essential Community Facilities in Tribal Communities
- Rural Utilities Service Programs
 - Water & Waste Disposal Grants to Alleviate Health Risks—Tribal/Colonias
 - Water and Waste Disposal Loans and Grants

Homeownership for Individuals and Families

502 Direct Home Loan

- RD makes direct loan to new homebuyers for a home.
- Applicants must meet income eligibility requirements—low and very low income.
- Home must meet property requirements; and
- Home must be in eligible rural area—Tribal Trust lands are eligible.
- Applications accepted year round.
- Benefits of program: fixed low interest rate—as low as 1% with subsidy, extended payback term (33-38 yrs.), no down payment required, lend up to 100% of value of home.



Homeownership for Individuals and Families

502 Guaranteed Home Loan

- Applicant/borrower works directly with approved guaranteed lender to obtain loan.
- Typical loan is 30 yr. terms with fixed interest rates.
- Applicants must meet income eligibility requirements — below moderate income by area.
- Home must be in an eligible rural area.
- Applications accepted year round.
- Benefits of program: no down payment required, lend up to 100% of value of home, no maximum purchase price for a home, loan guaranteed by USDA 90% — attractive to lenders.



Homeownership for Individuals and Families

Single Loan Close (Construction-to-Permanent Loan)—Available for 502 Guaranteed Loans

- Allows approved lenders to close a new construction loan and receive a conditional loan guarantee before construction begins.
- Home must be in an eligible rural area.
- Benefits of this type of loan:
 - Lenders can immediately package loan or sell to a participating investor.
 - Builders have a reduced risk to investing capital into construction because loan fully funded at closing.



Homeownership for Individuals and Families

523 Self-Help Programs (“Sweat Equity”)

- Grant Program:
 - Grant recipient supervises very low and low income individuals and families to construct/repair their own homes.
 - Purchase price of home reduced by owner/builders labor aka “sweat equity” put into home—building cost of home typically covered by 502 loan.
- Loan Program:
 - Funds available to acquire and develop sites for housing constructed by self-help method.
- Indian tribes are eligible applicants for self help grants and site development loans..



Zuni Pueblo Self Help Project

Rehabilitation Funding For Existing Homes

533 Housing Preservation Grant Program

- Grants for the repair or rehabilitation of housing occupied by low and very low income people.
- Eligible applicants include Federally recognized Indian tribes (or Tribal Housing Authority).
- Project must be in eligible area—most Tribal Trust lands are eligible.
- Applications are accepted on annual basis through a Notice of Funding Availability in Federal Register.



Rehabilitation Funding For Existing Homes

504 Loan & Grant Programs

- Loan Program: This program assists very-low-income homeowners with a loan to repair, improve or modernize their home.
 - Max. Loan: \$20,000; Grant/Loan Combo: Max: \$27,500
 - Interest Rate Fixed: 1%--Repayment over 20 years
 - Loans less than \$7,500 secured by note only
- Grant Program: One time grants to individuals (62+) very-low-income homeowners to remove health and safety hazards in their home.
 - Max. Grant: \$7,500
- May make an application year round.



Rehabilitation Funding For Existing Homes

504 Loan & Grant Programs (Program Changes)

- Changes were made to the program in order to: create consistency and provide guidance.
See HB 1-3550, Chapter 12.
<https://www.rd.usda.gov/publications/regulations-guidelines/handbooks>
- **Grant Program Changes:** Create income based eligibility, otherwise known as “Grant Limits”. Grant Limits will be used to determine if an applicant is automatically qualified for 100% grant assistance. Applicant whose adjusted household income does not exceed 30% of Area Median Income (AMI) will be eligible for 100% grant funding. Grant limits established using un-banded income limits.
- **Loan Program Changes:** Determine eligibility based on affordability using a Total Debt(TD) repayment ratio of 46%. Eliminating the use of RD Form 1944-3, Budget and/or Financial Statement.

DETERMINE TYPE OF ELIGIBILITY in 4 Steps

1

Is the applicant 62?

Are they eligible for grant assistance?

2

What is the 30% Adjusted Median Income (AMI)?

Will this be 100% Grant assistance or Combo/loan?

3

Determine the applicants total debt ratio (TD).

Will it be a combo or Loan?

4

Determine loan/combo amount up to 46% total debt.

How much will they receive?

Certified Packaging For RD Housing Programs

- Certified packagers increase awareness of RD homeownership opportunities and assist with the application process.
- Package high quality loan files to submit to RD local offices for review/approval
- Something for Tribes/ TDHEs to consider:
 - Tribal Homeownership activities may already include credit counseling and gathering documentation to determine repayment ability
 - Packaging the loan to Rural Development allows a fee to be collected for the service
 - TDHEs/Tribes know their area and housing opportunities
 - Increases homeownership opportunities for Tribal members both on and off Tribal land.

Certified Packaging For RD Housing Programs

502 Direct Program	Packaging Type	Permissible Packaging Fee
	Certified Packaging Body Via an Intermediary	Up to \$1,500 split between certified packager and intermediary.
	Certified Packaging Body <u>without</u> an Intermediary	Up to \$1,250
	Approved Non-Certified Application Packager	Up to \$350
504 Direct Loan Program	Packaging Type	Permissible Packaging Fee
	Public and private non-profit organization (tax exempt)	Up to \$500

Rental Housing for Individuals and Families

Multifamily Housing Loan Guarantee Program

- Qualified private-sector lenders provide financing to qualified borrowers. Eligible borrowers include Federally recognized Indian tribes.
- Min. Term: 25 yrs.; Max Term: 40 yrs.; Interest rate fixed for life of the loan guarantee.
- Housing must be in eligible area—Tribal trust lands are eligible.
- Rent must be affordable (low and moderate income).
- Benefits: USDA guarantees up to 90% of loan—attractive to lenders, cap on rent.



Other Funding Related to Housing—Site Loans

524 Site Loans

- Loans made to acquire and develop sites for low or moderate income families.
- Loan applicant may be private or public non-profit organization or a Federally Recognized Indian Tribe.
- Can be used on Tribal Trust Lands.
- Loan needs to be paid back within two years, but some flexibility.
- Benefits: Lower cost of construction, working with one lender that is invested in the success of the project.



Other Funding Related to Housing - RCDI Grant

Rural Development

Program designed to provide financial and technical assistance to develop the capacity and ability of eligible applicants in the areas of housing, community facilities, or community and economic development. May be used to provide homeownership education. Dollar for dollar match requirement.

Intermediary

Intermediary: A private, nonprofit or public (including tribal) organization. Must have been organized for a minimum of 3 years. Expertise in providing technical assistance to the types of recipients in their proposal. Must provide matching funds in an amount equal to the amount of the grant.

Recipient

Recipient: The entity that receives the technical assistance from the intermediary. Eligible recipients are nonprofit organizations, low-income rural communities or federally recognized tribes.

Beneficiary

Beneficiary: Entities or individuals that ultimately receive benefits from technical assistance provided by the recipient.

Financing Essential Community Facilities

Community Facilities:

- Great program to think about as a complement to housing projects within community.
- Program can be used to fund: community centers, health care, public safety and educational facilities.
- Eligible applicants include Federally recognized Indian tribes.
- Project must be in eligible area—most Tribal Trust lands are eligible.
- Direct Loans, Loan Guarantees and small grants.
- Low interest, long term financing.
- **New Program:** CF TAT Grants
- For details talk to a local community programs loan specialist.



Youth and Community Center
Nisqually Tribe, WA

Providing Water & Waste Disposal Infrastructure in a Community

Water & Waste Disposal Grants to Alleviate Health Risks— "Native American Set Aside of 306C"

- Funding for construction of basic water and/or waste disposal systems.
- Eligible applicants include Federally recognized Indian tribes.
- Project must be in eligible area—most Tribal Trust lands are eligible.
- Applicants must meet per capita income and unemployment rate guidelines.



Pueblo Place Housing Project--Jemez Pueblo

Providing Water & Waste Disposal Infrastructure in a Community

Water & Waste Disposal Loan & Grant

- Funding for clean and reliable drinking water systems, waste disposal and storm water drainage to household and businesses in eligible areas.
- Eligible applicants include Federally recognized Indian tribes.
- Project must be in eligible area—most Tribal Trust lands are eligible.
- Long-term, low interest loans available—useful life of the facility financed up to 40 yrs.
- If funds are available a grant may be combined with a loan to keep user costs reasonable.
- SEARCH and Pre-development & Planning (PPG) Grants



Leveraging USDA Funding with other Programs

RD Programs work well along side many Federal Programs

Single Family Housing:

- BIA Housing Improvement Program (HIP)
- Indian Housing Block Grant (IHBG)
- Leveraged Loans: VA and HUD 184

Multi Family Housing:

- Indian Housing Block Grant (IHBG)
- HUD 184
- Tax Credits

Community Facilities and WEP:

- Indian Health Service
- HUD Indian Community Development Block Grants (ICDBG)
- New Markets Tax Credits





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