



# Rural Development Program Overview –Continued Part2 Great Lakes Indian Housing Association

Presented by: Chuck Phillips, Area Director &  
Dana Rauschnot, SFH Direct Lead Specialist

# Rural Development Housing Programs

Direct Single Family Housing Program

Section 504 Home Improvement Loan and Grant Program

Section 515 Multi-Family Housing Program

Section 538 Guaranteed Multi-Family Housing Program

Housing Preservation Grant Program



# Direct Single Family Housing Program

**Purpose:** The D-SFH program assists low- and very-low-income applicants obtain decent, safe and sanitary housing in eligible rural areas by providing an affordable loan product with payment assistance to increase an applicant's repayment ability. Payment assistance is a type of subsidy that reduces the mortgage payment for a short time. The amount of assistance is determined by the adjusted family income.

**Population limit:** Generally 20,000 and some communities were grandfathered into the program and can have a population of up to 35,000.

**Loan Term:** Most loans are for a 33 year term and the interest rate as of 3/2023 is 4%.

**Payment Assistance:** This is a subsidy that is reviewed on a regular basis and can subsidize the interest rate down to 1% (Payment assistance recapture possible if home is sold or refinanced)

**Low Income:** 80% of the County AMI. In Goodhue County a household of up to four can have an adjusted income of \$77,450.

**Max Loan Amount:** Rural MN is \$377,600

Good partnership with the various MN Habitat for Humanity chapters and we provide permanent take out funding on about 30 homes in FY-22.

# Single Family Housing Repair Loans and Grants

**Purpose:** The SFH program assists very-low-income applicants obtain funding to repair improve or modernize their homes

**Population limit:** Generally 20,000 and some communities were grandfather into the program and can have a population of up to 35,000.

**Loan Term:** 20 year term and the interest rate has always been 1.0%.

**Very Low Income:** 50% of the County MHI. In Goodhue County a household of up to four can have an adjusted income of \$48,400.

**Max Loan Amount:** \$40,000 and maximum grant amount is \$10,000 (for grant assistance must be over 62 and improvement need to be for health/safety or accessibility purposes)

**Grant Agreement:** Grantees need to sign a grant agreement and if the property is sold or transferred in 3 years the grant need to be repaid.

**Partnering and fund leveraging –** We work with many CAP agencies and HRA's throughout the state

**Rural Development** could us assistance from individuals and/or communities in this marketing the program.

# Guaranteed Single Family Housing Program

Purpose: The D-SFH program assists low- and moderate-income applicants obtain decent, safe and sanitary housing in eligible rural areas.

The program provides a 90% loan note guarantee to approved lenders.

Moderate Income: 115% of the County AMI. In Goodhue County a household of up to four can have an adjusted income of \$111,350.

Interested applicants apply through USDA Rural Development's approved lenders.

No maximum purchase price. Loans are based on applicant repayment ability.

No downpayment requirement.

# Housing Preservation Grant Program

Provides grants to sponsoring organizations for the repair or rehab of housing owned and occupied by low- and very-low-income rural citizens.

MN typically receives around \$200,000 annually.

Federally recognized tribes, nonprofits, and state and local governmental entities are eligible to apply.

Funds may be used to repair owner occupied housing or rental property owners may receive assistance for repairs if units stay available to low- and very-low-income families.

Single Family  
Programs  
Map and  
Contact  
Information

# Rural Development Multifamily Housing Programs

Rural Development Section 515 - Current MN has a portfolio of 438 MFH projects consisting of 9,200 rental units. Many of which are deep subsidized projects that have interest subsidies on the loan and rental assistance available to the tenants (~6,700 units). New funding is normally focused on rehabbing projects already in the portfolio.

Many of this projects were constructed in the 1970's and 1980's with a 40 or 50 year mortgage and have or will be maturing in the near future. As they mature and are paid off the subsidy on these units is lost.

Rural Development Section 538 – This is a guaranteed program that can be used in the development of new MFH projects. The program target tenants with low and moderate incomes.



# Rural Development Telecommunications Programs

Reconnect Program and Community Connect Grant Programs are two – Are used to expand broadband service to rural areas without sufficient broadband access.

Distance Learning and Telemedicine Program – Grant assistance available to assist public entities, for-profit entities and non-profit organizations to provide end-user equipment and programming for distance learning and telemedicine purposes

Minnesota Telecommunications Program General Field Representatives/contacts:

- Reconnect Program – Billy Kinter [billy.kinter@usda.gov](mailto:billy.kinter@usda.gov) (505) 239-2986
- Distance Learning and Telecommunications Program – Cory Herman [cory.herman@usda.gov](mailto:cory.herman@usda.gov) (701) 214-9869

# Questions!!

Charles Phillips

507-332-7418 Ext 110

[charles.phillips@usda.gov](mailto:charles.phillips@usda.gov)

Dana Rauschnot

763-689-3354 Ext 108

[dana.rauschnot@usda.gov](mailto:dana.rauschnot@usda.gov)



Rural Development

U.S. DEPARTMENT OF AGRICULTURE