



Housing Opportunities USDA Rural Development


Kodiak Island Housing Authority-Tribal Housing Summit

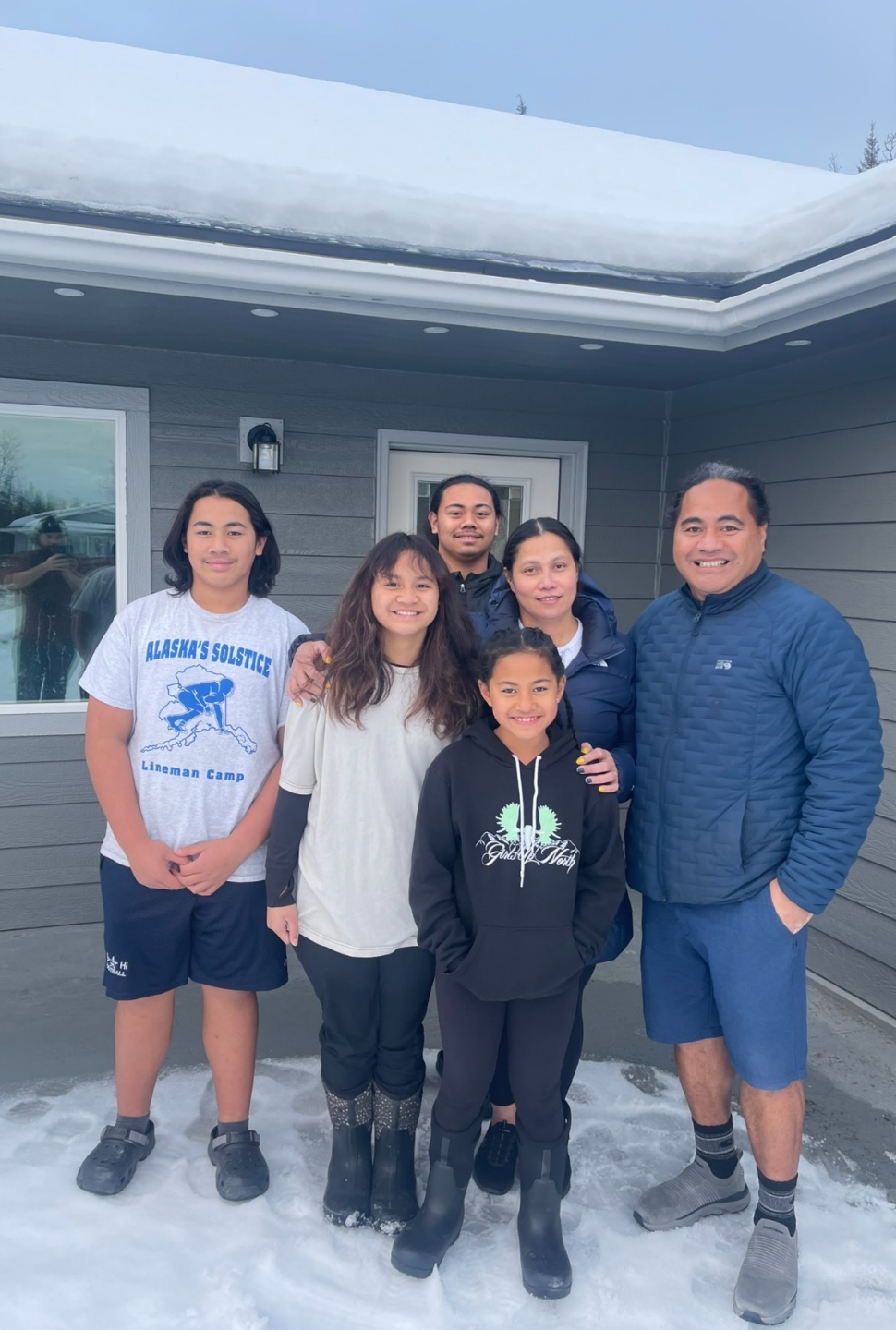
June 13-14, 2023



Rural Development
U.S. DEPARTMENT OF AGRICULTURE

Overview

- Fiscal Year 2023 Funding
 - 502 Guaranteed Loans
 - 502 Direct Home Loans-Mutual Self Help
 - 504 Repair Loan and Grant program
 - 538 Guaranteed Multi-Family Loans
 - Housing Preservation Grants
 - Program Q&A
- 
- A decorative graphic in the bottom right corner of the slide, featuring a stylized American flag. It includes several white stars of varying sizes on a dark blue background, with wavy lines below them representing the stripes of the flag.



Alaska Funding for FY 23

Single Family Housing Program Funds Expended (AK)

- Single Family Guaranteed Loans: **\$18.2M** (handled outside of AK)
- 502 Single Family Direct Loans: **\$15.9M** (220% of state allocation)
- 504 Repair Grants: **\$15,204** (7.64% of state allocation)
- 504 Repair Loans: **\$11,422** (4.02 % of state allocation)
- Self-Help Housing Technical Assistance Grant: **\$2.5M**

Single Family Housing Program Funds Available (AK)

- Single Family Guaranteed Loans: **\$186.09M** (purchase and refi)
- 502 Single Family Direct Loans: **\$2.07M** (additional funds available at National Office level)
- 504 Repair Grants: **\$234,796** (additional funds available at National Office level)
- 504 Repair Loans: **\$269,620** (additional funds available at National Office level)

Guaranteed Single Family Home Loans

- Applicant/borrower works directly with approved guaranteed lender to obtain loan, [USDA SFHGLP Active Lenders](#).
- Benefits of program:
 - No down payment required, up to 100% financing to those who qualify.
 - Loans up to 100% of value of home,
 - No maximum purchase price, and
- Typical loan is 30 yr. terms with fixed interest rates.
- Home must be in an eligible rural area-All of Kodiak Island is an eligible area.
- Applicants adjusted household income must be moderate by area. Income from all adult household members is counted, even if not on the application.
 - Family Size 1-4 people \$189,050 5-8 people \$249,550



502 Direct Home Loans - Eligibility

Applicant

- Must intend to permanently occupy the house.
- Be unable to obtain affordable credit elsewhere (for enough to purchase a home).
- Adjusted household income (all adults in the home) does not exceed the Low-Income Limit for the area (borough)
- Must have acceptable credit that meets the Agency standards-mid credit score of 640 and no major credit deficiencies. Alternative credit is allowed if there are no indicators of unacceptable credit

Home

- Modest in size for the area, generally between 400-2000 ish square foot living area, above grade.
- Land cannot be subdividable, and average of no more than 1-2 acres.
- Loan Amount, Purchase Price and Market Value must be within the Kodiak Area Loan Limit, \$443,700.00
- Not be designed for income producing activities
- Can be a purchase old, purchase of new construction or new construction

Rural Development Program Eligibility
<https://eligibility.sc.egov.usda.gov/eligibility>

- Self- Assessment
- Adjusted Household Income limits
- Eligible Areas

All of Kodiak Island is an eligible area



Single Family Housing Eligibility Assessment (usda.gov)

Contact Us

ELIGIBILITY

Home Tutorials

Single Family Housing Guaranteed Single Family Housing Direct Multi-Family Housing Rural Business OneRD Loan Guaranteed Water and Environmental Guaranteed Water and Environmental Direct Community Facilities Guaranteed

Self-Assessment Income Limits Loan Basics Property Eligibility Previous Eligibility Areas

Rural Housing Services

Property Eligibility Disclaimer

Every effort is made to provide accurate and complete information regarding eligible and ineligible areas on this website, based on Rural Development rural area requirements. Rural Development, however, does not guarantee the accuracy, or completeness of any information, product, process, or determination provided by this system. Final determination of property eligibility must be made by Rural Development upon receipt of a complete application. Viewing eligibility maps on this website does not constitute a final determination by Rural Development. To proceed with viewing the eligibility map, you must accept this disclaimer.

502 and 504 Direct Income Limits

Accept Decline

AREAS WITHOUT A ROAD SYSTEM (150%)								
RHS GRANT INCOME	34500	39450	44400	49300	53250	57200	61150	65100
RHS VERY LOW INCOME	82200	82200	82200	82200	108500	108500	108500	108500
RHS LOW INCOME	131500	131500	131500	131500	173600	173600	173600	173600
RHS MODERATE INCOME	189050	189050	189050	189050	249550	249550	249550	249550
RHS 38 YEAR TERM	98650	98650	98650	98650	130200	130200	130200	130200

Benefits of 502 Direct Home Loans

- No down payment requirement
 - If assets exceed agency limitation, a down payment will be required
- Payments can be subsidized to a low as 1%, the current promissory note rate is 4.00% for June.
- Standard Term is 33 years, can be extended to 38 years, if the applicant is eligible
- Post-closing servicing options available if income changes (additional subsidy, delinquent repayment plans, and moratorium)
- Direct contact with Rural Development servicing staff, loans are not sold to a 3rd party servicer



502 Home Loans – Costs to Borrower

- Usually, no down payment (Based on household assets greater than \$15,000 for nonelderly or \$20,000 for elderly)
- Credit Report, Appraisal Report, Initial Escrow Deposit, Tax service fee and other related closing costs, trending between \$3500-\$7500 (depending on property taxes)
- First years' hazard insurance premium (paid at closing) and whole house inspection report for existing homes (fee paid prior to closing)
- Certain Closing Cost may be included in the loan: Appraisal fee, Initial Escrow Deposit (taxes and insurance) and Tax Registration fee
- All fees can be negotiated with seller. There is no restrictions on seller concessions or seller paid fees



Certified Packaging

502 Direct Program	Packaging Type	Permissible Packaging Fee
	Certified Packaging Body Via an Intermediary	Up to \$2,000 split between certified packager and intermediary. (i.e. packager \$1525, intermediary \$475)
	Certified Packaging Body <u>without</u> an Intermediary	Up to \$1,750
504 Direct Loan Program	Packaging Type	Permissible Packaging Fee

- Certified packagers increase awareness of RD homeownership opportunities and assist with the application process.
- Packaging high quality application files to submit to RD local offices for review/approval.
- Assisting applicants to assemble the property information for submittal.
- 502 packaging requires additional training from the intermediary and passing a test to become an approved packager.
- 504 packaging training is provided by State Rural Development Staff and a signed MOU

Packaging Partnership

- The certified packaging process partnership extends the reach.
- Entities can charge a fee for their packaging services.
- Working together, we can potentially deliver more affordable homeownership options in rural areas.



504 Rehabilitation Loans & Grants

Loan Program: Assists very low-income homeowners with to repair, improve or modernize their home.

- 1% fixed rate, 20 years repayment
- Max. Loan Amount \$40,000
 - Loans less than \$7,500 secured by note only
 - Loans \$7,500-40,000 secured by deed of trust and note
 - Loans \$15,000 and above insurance is required and an escrow account (for insurance and taxes if applicable)

Grant Program: One-time grants to age 62+, very low-income homeowners to remove health and safety hazards in their home.

- Max. Lifetime Grant: \$10,000



Self-Help Grant and Site Loans

523 Self-Help 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/builder's labor aka “sweat equity”- building cost of home typically covered by 502 loan.
- Current Alaska Self Help Grantees are Alaska CDC and Rural Cap

524 Site Loan Program

- 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.
- Benefits: Lower cost of construction and working with one lender that is invested in the success of the project.



533 Housing Preservation Grant Program (HPG) for Nonprofit applicants

Rehabilitation Funding For Existing Homes

- Grants for the repair or rehabilitation of housing occupied by families that meet the low and low-income limits.
- Project must be in eligible rural area.
- Applications are accepted on annual basis through a Notice of Funding Availability in Federal Register.
- Application Deadline for Fiscal Year 23 was June 5th, start planning for next year!!!!
- No maximum or minimum grant levels have been established at the National level for regular grants for Fiscal Year 2023



538 Multifamily Guaranteed Rural Rental Housing

- **Provides up to a 90% guarantee** for loans made by commercial lenders to borrowers developing or rehabilitating multifamily rental housing for low- and moderate-income tenants.
- **Eligible borrowers-** nonprofit, for-profit corporations, individuals, partnerships, trusts, most state and local governmental entities, and Federally-recognized Tribes
- **Tenant Requirements-**
 - Tenant income cannot exceed 115 % of the adjusted area median income
 - Rent for individual units is capped at 30 % of 115 % of the adjusted area median income limit.
 - To ensure the project remains affordable, the average rent for an entire project (including tenant-paid utilities) cannot exceed 30% of 100 % of the adjusted area medium income limit.
- **Applications are submitted to:** MFHprocessing1@usda.gov they are not processed by Alaska Staff
- **To subscribe to announcements for this program:** [USDA Rural Development - Sign-up to receive General Information from Multi-Family Housing Programs \(govdelivery.com\)](https://www.usda.gov/rural-development/multifamily-housing)



Thank you for supporting rural communities!

Contacts for the Kodiak Region

Amy Milburn

Acting Housing Director, Gulf Area Office Director

(907) 283-6640 ext. 101

amy.milburn@usda.gov

Wylie Chandler

Loan Specialist, Gulf Area Office

907-283-6640 ext 111

wylie.chandler@usda.gov