



# Brainerd Lakes Regional Housing Summit – October 2024

**USDA** Rural Development  
U.S. DEPARTMENT OF AGRICULTURE

Presented by: Dana Rauschnot, SFH Program  
Director

# USDA Rural Development's Mission



# Rural Development Housing Programs

Guaranteed Single Family Housing Program

Direct Single Family Housing Program

Section 504 Home Improvement Loan and  
Grant Program

Housing Preservation Grant Program

Site Loan Program



# Guaranteed Single Family Housing Program

- Purpose: The 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 Crow Wing County a household of up to four can have an adjusted income of \$117,000.
- Interested applicants apply through USDA Rural Development's approved lenders.
- No maximum purchase price. Loans are based on applicant repayment ability and appraised value.
- No downpayment requirement.

# Direct Single Family Housing Program

- Purpose: 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: A type of subsidy that reduces the mortgage payment for a short time. The amount of assistance is determined by the adjusted family income. Reviewed on a regular basis and can subsidize the interest rate down to 1% (Payment assistance recapture possible if home is sold or refinanced)
- Loan Term: Typically 33-year term and the interest rate as of 9/2024 is 4.625%.
- Low Income: 80% of the County AMI. In Crow Wing County a household of up to four can have an adjusted income of \$73,300.
- Max Loan Amount: Rural MN is \$398,600

# Direct Single Family Housing Program – Real Life Case

- Very Low-Income Household of 5
- Annual Repayment income of \$42,065
- Mortgage - \$245,000 for a 33-year term
- Promissory Note Rate – 4.625%
- Note rate (P&I) payment of \$1,207.49
- + Monthly Escrow (T&I) payment of \$416.09
- Note Rate Monthly payment - \$1,623.58
- Monthly Subsidy received at 1% of P&I - \$480.86
- Monthly Payment after Subsidy - \$1,142.72

# Single Family Housing Repair Loans and Grants

- Purpose: Assists very-low-income applicants obtain funding to repair improve or modernize their homes.
- Loan Term: 20-years
- **Interest rate: 1.0%**
- Very Low Income: 50% of the County MHI. In Crow Wing County a household of up to four can have an adjusted income of \$45,800.
- Max Loan Amount: \$40,000
- Max Grant Amount: \$10,000
  - Must be over 62
  - Improvement need to be for health/safety or accessibility purposes.
  - Once in a lifetime grant award.
- Security: Promissory Note, Mortgage or Grant Agreement
- Rural Development could use assistance from individuals and/or communities to market this program!



# Single Family Housing Repair Loans and Grants – Real Life Case

- Very-Low Income Elderly household of 1
- Grant - \$1,420
- Monthly payment amount - \$0





# 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.

# Site Loan Program

- Section 524 site loans are made to provide financing for the purchase and development of housing sites for low- and moderate-income families.
- National annual allocation of approx. \$5,000,000.
- Below market interest rate; fixed at closing.
- Federally recognized tribes or public- or private-nonprofits are eligible to apply.
- Environmental review and appraisals are required.

# Site Loan Program – Real Life Case

- 15 acres in central Minnesota.
- The site was already owned by the applicant.
- This will be developed into 42 lots with road, sidewalk, utilities (sewer, water, storm).
- Appraisal was completed on the as is status prior to closing and as completed per lot.
- An Environmental Review was required, and the applicant used a consultant for this.

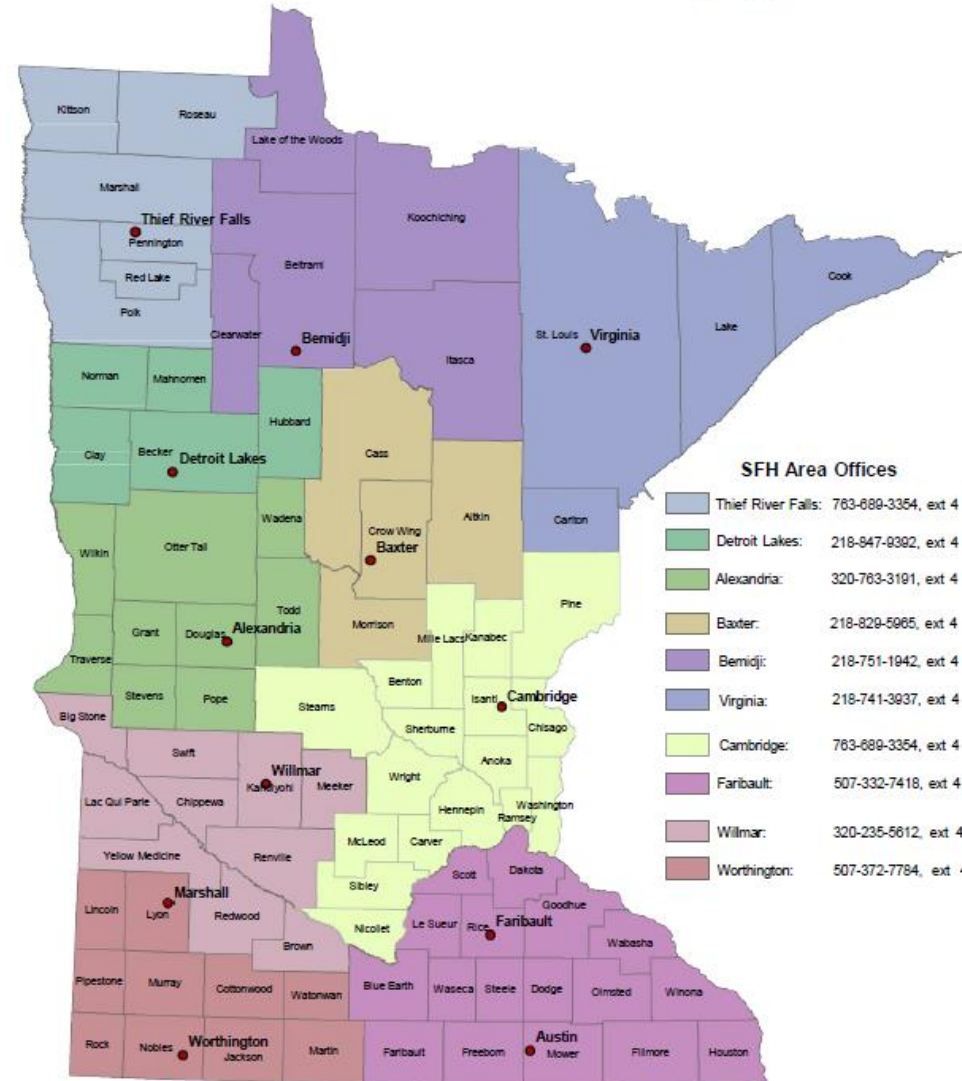


# Single Family Programs Map and Contact Information

## Baxter Office

Phone: 218-829-5965 ext. 4

### Minnesota Rural Development Single Family Housing Contacts for the Section 502 and 504 Direct programs



Please contact the Area Office that serves your community to request an application for a home purchase loan or home repair loan and/or grant.

# By the Numbers – Rural Investments

- <https://www.rd.usda.gov/rural-data-gateway/rural-investments/by-county>

## Grants and Loans by Program

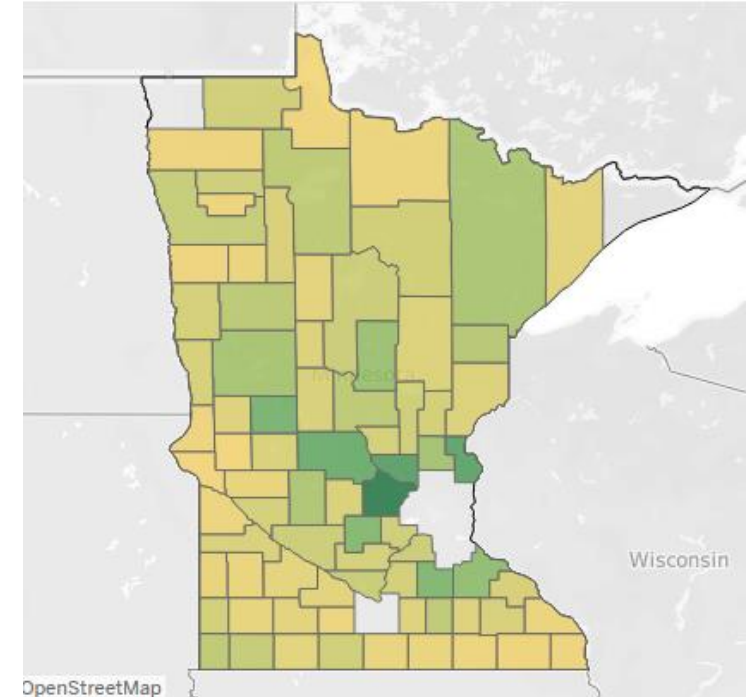


**Data Filters**

Select Counties: (All) | Select Fiscal Years: 2023 | Select Program Areas: Single Family Housing | Select Investment Types: (All) | Select Grant/Loan Programs: (All)

Minnesota | County: All

| Program Area          | Program  | Investment Dollars | Number of Investments | Dollar Percent of Program Area |
|-----------------------|--|--------------------|-----------------------|--------------------------------|
| Single Family Housing | Guaranteed Loans (SFH)   | 106,989,142        | 554                   | 79.32%                         |
|                       | Direct Loans (SFH)   | 24,717,429         | 113                   | 18.32%                         |
|                       | Site Loans (SFH)   | 1,600,000          | 1                     | 1.19%                          |
|                       | Native Community Development Financial Institution Relending Demonstration Progra... | 800,000            | 1                     | 0.59%                          |
|                       | Repair Grants (SFH)  | 357,413            | 52                    | 0.26%                          |
|                       | Repair Loans (SFH)   | 348,697            | 33                    | 0.26%                          |
|                       | Rural Disaster Repair Grants (SFH)   | 71,860             | 2                     | 0.05%                          |



## State and County Ranking by Investment



Select a state (in the Map view), and use the data filters below to view state or county rankings by investment dollars. Hover over a bar in the chart below to find additional information.

**Data Filters**

Select Fiscal Years: 2023 | Select Program Areas: Single Family Housing | Select Investment Types: (All) | Investment Amount: 128,282 to 10,390,411

# Contact Information

Assistance under USDA Rural Development programs is available to applicants in areas designated as “rural.” Under law, the definition of “rural area” is different for each program.

Contact your local USDA Rural Development office for more information.

Or go to: [www.rd.usda.gov/mn](http://www.rd.usda.gov/mn) or  
<https://www.rd.usda.gov/programs-services/single-family-housing-programs>

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