West Central Regional Housing Forum – May 2025

Presented by: Dana Rauschnot, SFH Program Director

USDA Rural Development
U.S. DEPARTMENT OF AGRICULTURE

USDA Rural Development’s Mission

Rural Development

- Rural Business-Cooperative Service
- Rural Housing Service
- Rural Utilities Service

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Rural Development Housing Programs

Site Loan Program

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

- Provide financing for the purchase and development of housing sites for low- and moderate-income families.
- 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.
- 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; applicant hired a consultant.

Single Family Housing Mortgage Programs

Guaranteed Program

- Purpose: Assists low- and moderate-income applicants obtain decent, safe and sanitary housing in eligible rural areas.
- Provides a 90% loan note guarantee to approved lenders.
- Moderate Income: 115% of County AMI. In Otter Tail 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 based on applicant repayment ability and appraised value.
- No downpayment requirement.

Direct Program

- Purpose: Assists low- and very-low-income applicants obtain decent, safe and sanitary housing in eligible rural areas by providing and 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 subsize the interest rate down to 1% (Payment assistance recapture possible if home is sold or refinanced)
- Loan Term: 33-year term and the interest rate as of 5/2025 is 4.875%.
- Low Income: 80% of County AMI. In Otter Tail County a household of up to four can have an adjusted income of $74,400.
- Max Loan Amount: $419,300 in rural MN

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 County AMI. In Otter Tail County a household of up to four can have an adjusted income of $46,500.
- 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 and/or Grant Agreement

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.

- 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.

By the Numbers – Rural Investments

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

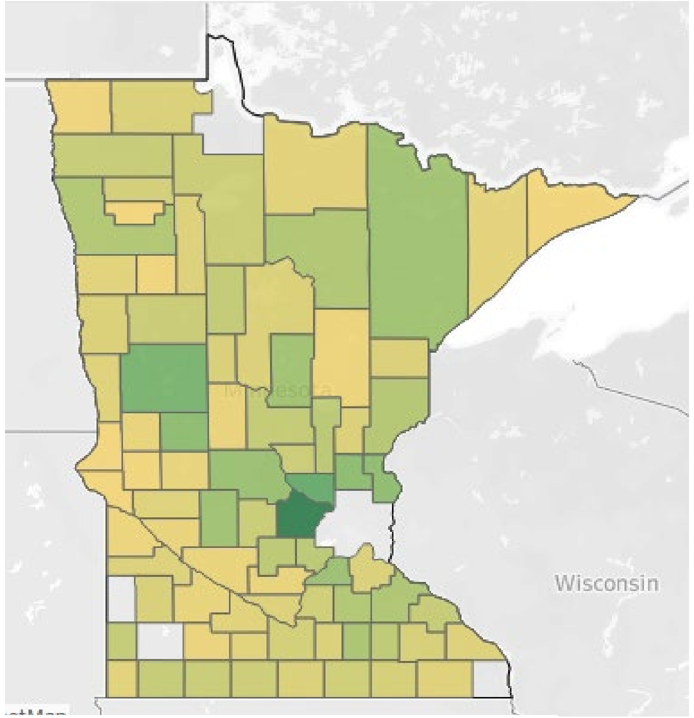
Grants and Loans by Program

Data Filters

Select Counties	Select Fiscal Years	Select Program Areas	Select Investment Types	Select Grant/Loan Programs
(All)	2024	Single Family Housing	(All)	(All)

Minnesota | County: All

Program Area	Program	Investment Dollars	Number of Investments	Dollar Percent of Program Area
Single Family Housing	Guaranteed Loan (SFH)	83,496,673	408	83.22%
	Direct Loan (SFH)	16,237,319	73	16.18%
	Repair Grant (SFH)	309,703	36	0.31%
	Repair Loan (SFH)	267,951	19	0.27%
	Disaster Repair Grant (SFH)	26,143	1	0.03%



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	Select Program Areas	Select Investment Types	Investment Amount
2024	Single Family Housing	(All)	9,951 – 8,076,436

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 USDAHousingMN@usda.gov for more information.

Or go to: www.rd.usda.gov/mn or https://www.rd.usda.gov/programs-services/single-family-housing-programs

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