An Update on the USDA Section 502 Home Loan Relending Pilot

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Presenter

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Overview

• Who is the Coalition?

• Benefits of 502 Relending Pilot

• Preliminary Results

• What next?
Coalition History

Convened in 2013 by:

- USDA Rural Development
- SD Housing Development Authority
- SD Department of Tribal Relations
- Great Plains Native Asset Building Coalition
- SD Governor’s Office
Funder Support

Northwest Area Foundation

BUSH FOUNDATION
celebrating 60 years

FHLB DES MOINES

CITI

SOUTH DAKOTA HOUSING DEVELOPMENT AUTHORITY

NeighborWorks® AMERICA

USDA Rural Development
Committed to the future of rural communities.

SOUTH DAKOTA COMMUNITY FOUNDATION
Success through community caring

Johnson Scholarship Foundation

Enterprise

housing foundation

Wells Fargo
Coalition Structure

- Statewide coalition
- Governed by executive committee
- Volunteer working committees
- Paid facilitators
- Fiscal agent
Working Committees

- Physical Issues: Land, Infrastructure, Housing Stock
- Homebuyer Readiness
- Funding and Financing
- Policy
- Veteran’s Homeowership
502 Relending Pilot Overview

- $2 million pilot
  - $1.6 million from Section 502 appropriations
  - $400,000 from local match

- USDA lends capital to two Native CDFIs in South Dakota
  - 1% interest rate

- Native CDFIs relending to eligible 502 borrowers
502 Relending Benefits

Native CDFIS
- Relationship and trust of community
- Homebuyer education
- Familiarity with trust land issues

USDA Rural Development
- Capital
- Staff reduction
- Limited outreach resources
## Preliminary Results

<table>
<thead>
<tr>
<th></th>
<th>USDA 502 loans on trust land from 2009-2017</th>
<th>502 relending loans on trust land in 4Q 2019</th>
<th>Number of homebuyers in the pipeline</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cheyenne River Indian Reservation</strong></td>
<td>3 loans totaling $229,800</td>
<td>5 loans totaling $512,172</td>
<td>16</td>
</tr>
<tr>
<td><strong>Pine Ridge Indian Reservation</strong></td>
<td>4 loans totaling $459,300</td>
<td>3 loans totaling $335,623.29</td>
<td>6</td>
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Preliminary Results

• Each Native CDFIs have deployed as much (or nearly as much) 502 capital in one quarter as USDA did on the same reservations in nine years.

• Most homebuyers:
  • Left overcrowded situations living with family
  • Single female head of household
What’s Next?

- Pilot operated under USDA’s demonstration authority

- Challenges with statutory amendments to expand USDA’s authority
  - Push back from rural housing advocates
  - OMB scoring of relending program

- Strong support from Senator Thune
  - Looking for other congressional supporters