



**Affordable Housing Program
USDA Rural Housing Service Section 514/515/516
Project Feasibility Review Worksheet**

Project Name: _____

City/State: _____

All questions must be fully addressed by applicants requesting AHP subsidy to assist in the rehabilitation of an existing USDA Rural Housing Service (RHS) Section 514/515/516 rental project. Please attach the completed feasibility review worksheet to the AHP application.

I. USDA ability to provide additional financial participation or restructure debt

- A. Has application to the National RHS Section 515 repair and rehabilitation set-aside been made?
- If yes, why was the application not funded?

 - If no, why was an application not pursued or deemed infeasible?
- B. What is the outstanding RHS loan Balance?
- C. Could the project support a conventional loan for rehabilitation with RHS subordination of its lien position?
- Why or why not?
- D. Is the property in compliance with the USDA rules and regulations?
- If no, please provide a list of the items out of the compliance and the proposed remedies.

II. Reserves

- A. What is the projects currently fully funded reserve amount?
- What are the projects current reserve balance?
 - What is the project's current annual required reserve payment?
 - Has the project had a Capital Needs Assessment?
- Results:



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- B. Has the project increased its fully funded reserve amount from its original established level?
- If yes, what is the modified amount?
 - If no, why has no such action been taken (owner and RHS consideration of an increase may be a contingency of any AHP award)?
- C. For projects in which the required annual reserve payment is less than \$150 per unit per year, has an increase in the project's required annual reserve payment been considered?
- If yes and no increase was approved, why was no action taken (owner and RHS consideration of an increase may be a contingency of any AHP award)?

III. Rents

- A. What was the effective date of the last rent increase for the project?
- What was the amount of the last rent increase?
- B. Are future rent increases scheduled?
- If yes, what is the scheduled effective date?
 - If yes, what is the scheduled amount of the rent increase?
- C. If no recent rent increase has been implemented and no future rent increase is scheduled, has the owner considered instituting such as increase (owner and RHS consideration of an increase may be a contingency of any AHP award)?
- If yes, why was a rent increase determined infeasible?

IV. Scope of Rehabilitation

- A. Is a complete explanation of the scope of rehabilitation to be undertaken in the AHP project provide in the application?
- If no, please provide a detailed scope of work analysis here or as an attachment to the form.

- B. In what year was the project originally constructed?



- C. Has any rehabilitation of the units been completed in the past?
- If yes, what work was done and when was it completed?
- D. Is the property anticipated to require further significant rehabilitation, beyond that proposed under the AHP project, in the next 15 years?
- If yes, what sort of work will be required?
 - Why are those work items not being addressed as part of the AHP project?
 - How does the owner anticipate funding future rehabilitation needs?

Note: If determined necessary by Bank staff to further ascertain the condition of the property, completion of a site visit prior to disbursement of any AHP funds may be a contingency of any AHP award.

V. Owner/Management Capacity

- A. Who is the property manager?
- Is there an on-site manager?
- B. How active is the Board in overseeing/managing the property?
- C. How often does the project report to RHS?
- How active is RHS in overseeing/managing the property?
- D. Who will oversee the rehabilitation work?
- Will RHS or the member financial institution submitting the AHP application provide inspection services?



VI. Market

- A. What is the project's current vacancy rate?
B. What has been the project's historic vacancy rate (Last 5 Years)?
C. Is the project currently renting to age and/or income ineligible?
- If applicable, will the project be able to continue to rent to income ineligible under the specified AHP targeting commitment (i.e., are some units targeted above 80 percent of the area median income)?

Note: The project's AHP income targeting commitment must be specified under the section for Priority 3 in the application form. Under the AHP regulation, no exceptions to the approved income targeting commitment can be made during the 15-year retention period, regardless of market conditions, number of vacancies, and/or directions from RHS. Therefore, it is extremely important that you have carefully considered your project's AHP income targeting commitment in light of how you anticipate operating the project over the 15-year AHP retention period, including losing the ability to rent units to income in eligible tenants during that time if no project units are targeted above 80percent of the area median income.

- D. What is the owner's and RHS staff's opinion concerning the project's market viability over the next 15 years? A letter discussing the project's market viability, which is signed by a RHS staff person knowledgeable about the project, must be attached to this exhibit.
E. Are key services, such as medical care, pharmacy, grocery store, available in the community?
- If no, is transportation provided to tenants to access such services?

Note: If determined necessary by bank staff to further assess the long-term market viability for the project, complete of a site visit may be requires as contingency to any AHP award.

Project Name:

Authorized signor for the Owner

Date

Reviewed by USDA-RD Staff

Authorized signor for USDA

Date