

RURAL RESEARCH BRIEF

USDA's Section 515 Multifamily Housing Portfolio Continues to Shrink

Some of the highest quality and most affordable rental housing in rural communities was built using the U.S. Department of Agriculture's Section 515 multifamily housing direct loan program. Since the early 1960s, Section 515 loans have helped develop over 500,000 affordable rural rental housing apartments across the nation.

But the supply of this housing resource continues to shrink. Existing USDA Section 515 properties continually leave the portfolio and few, if any, are being replaced. HAC's analysis estimates that between June 2021 and March 2026, 621 Section 515 properties containing 14,928 affordable apartments left the Section 515 portfolio.

As in the rest of the country, rental housing in rural communities is essential because many households cannot or choose not to own a home. Some of the most vulnerable rural residents rent their homes. Yet far too many rural renters live with rents they cannot afford, are in physically inadequate homes, or are overcrowded. These challenges are exacerbated by a diminishing supply of affordable housing options in rural areas.



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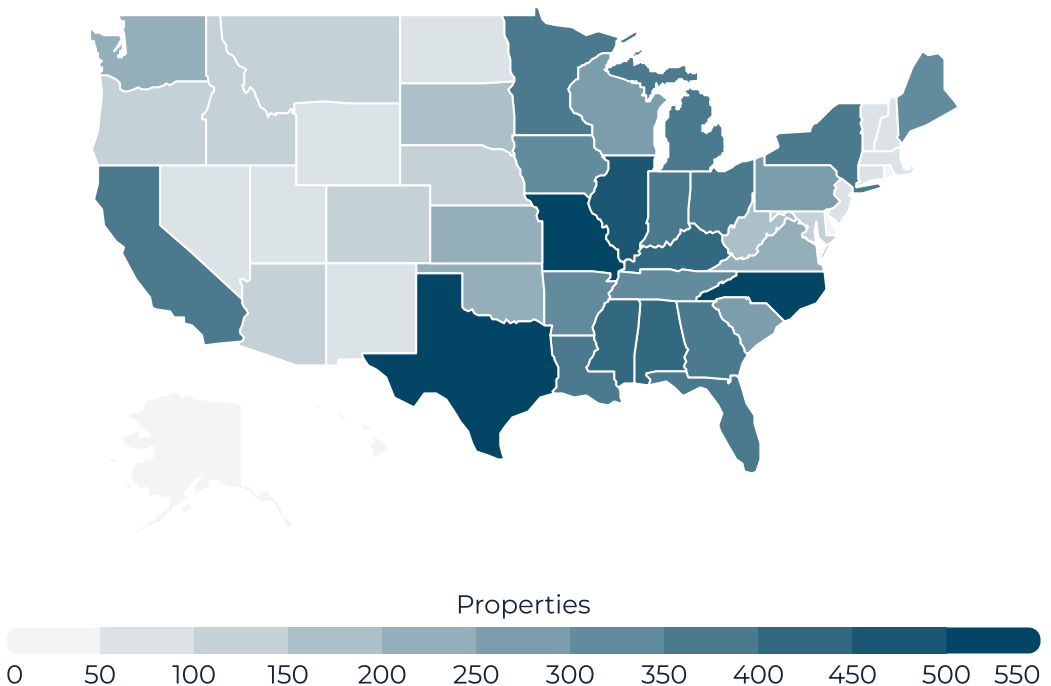
Photo: Jennifer Emerling



USDA Section 515 Properties Provide a Valuable Source of Rental Housing in Rural America

USDA's multifamily housing portfolio has a broad reach and impact across rural America, including properties in every state and three territories. There is at least one USDA rental property in 2,648, or 84 percent, of all U.S. counties. As of March 2026, the Section 515 loan portfolio consisted of 12,014 properties containing 379,894 individual apartments. Approximately 546,000 people currently reside in these properties across the United States[[]].

USDA Section 515 Properties by State, March 2026



Housing Assistance Council tabulations of data published by the USDA on the Section 515 Program.

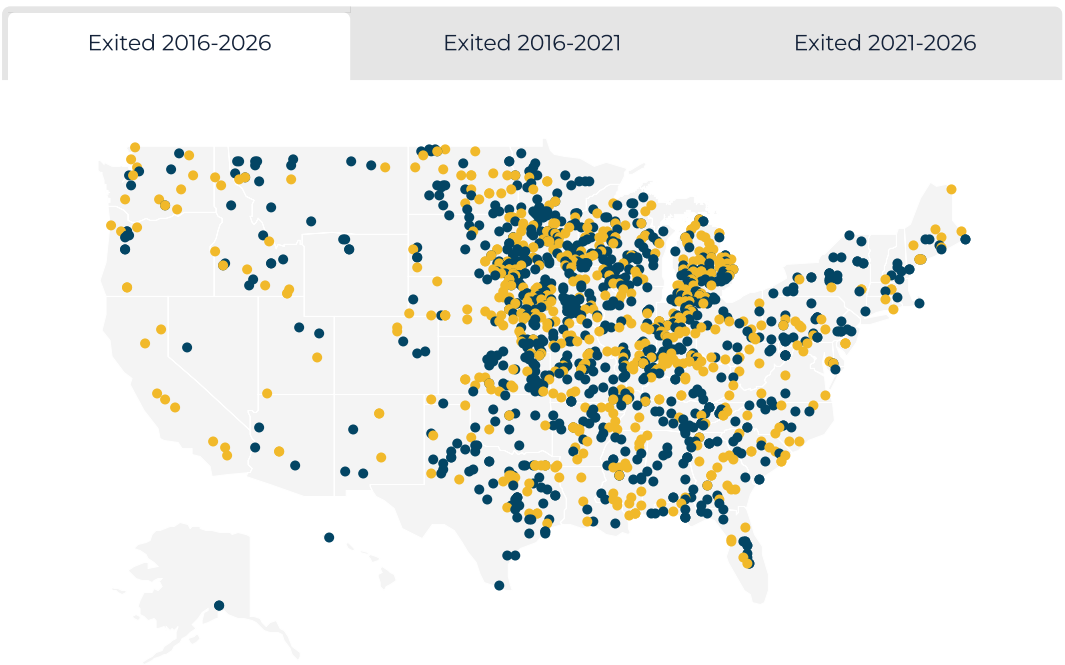
"There is at least one USDA multifamily property in 2,648, or 84 percent, of all U.S. counties."

The Number and Availability of USDA-Supported Rental Homes Continues to Decline

According to USDA data published in 2021, 306 properties containing 6,823 homes were expected to leave the Section 515 portfolio due to mortgage maturity between 2021 and 2026. According to HAC's 2026 analysis, of these properties, only 117 actually left during this time frame. The other 189 properties identified for exit remained in USDA's portfolio under revised terms. At the same time, 504 properties not identified for loan maturity exited the portfolio - departing earlier than the date of their final mortgage payment.

Data on the reason for property exits does not exist, but these properties that had not been estimated to exit likely left due to a variety of factors including loan prepayment (available to a specific subset of Section 515 borrowers), loan foreclosure, or other reasons. In total, 621 properties containing 14,928 units exited the Section 515 portfolio between June 2021 and March 2026.

USDA Section 515 Property Exits, 2016-2026



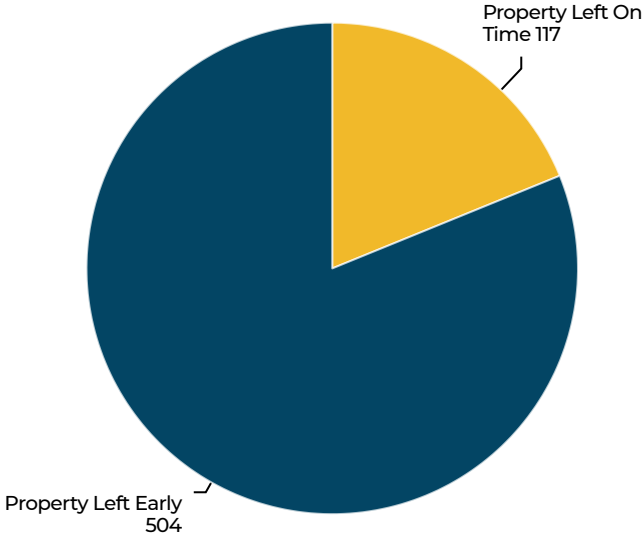
Source: Housing Assistance Council Tabulations of USDA Data

● Property Exit 16-21 ● Property Exit 21-26

Very little USDA direct-financed rental housing has been developed in years, and the existing properties are increasingly losing their affordability provisions. The impacts of this trend are problematic for rural renters and communities. Many of the remaining loans are reaching maturity or are otherwise projected to leave the portfolio in the next few decades. Once the last scheduled payment is made, the property owner is generally no longer subject to government oversight or regulations on use of their property (unless the project has other subsidies still in place). As a result, remaining or replacement financing may have a higher interest rate than the USDA loan, tenants may lose their eligibility for USDA Section 521 Rental Assistance, and in some instances, the homes may no longer be affordable for their tenants.

While properties naturally departing the Section 515 portfolio upon completion of their mortgage term constitutes a threat to affordable rural rental housing, other factors have also contributed to the accelerated rate of housing loss in this portfolio. A portion of current owners may be eligible to prepay the remainder of their mortgage obligation and exit the 515 portfolio early, due to contractual conditions. More research and reporting is needed to determine how and why properties leave the 515 portfolio early, as well as their status after exiting the USDA portfolio.

Early and On-Time Exited Section 515 Properties 2021-2026



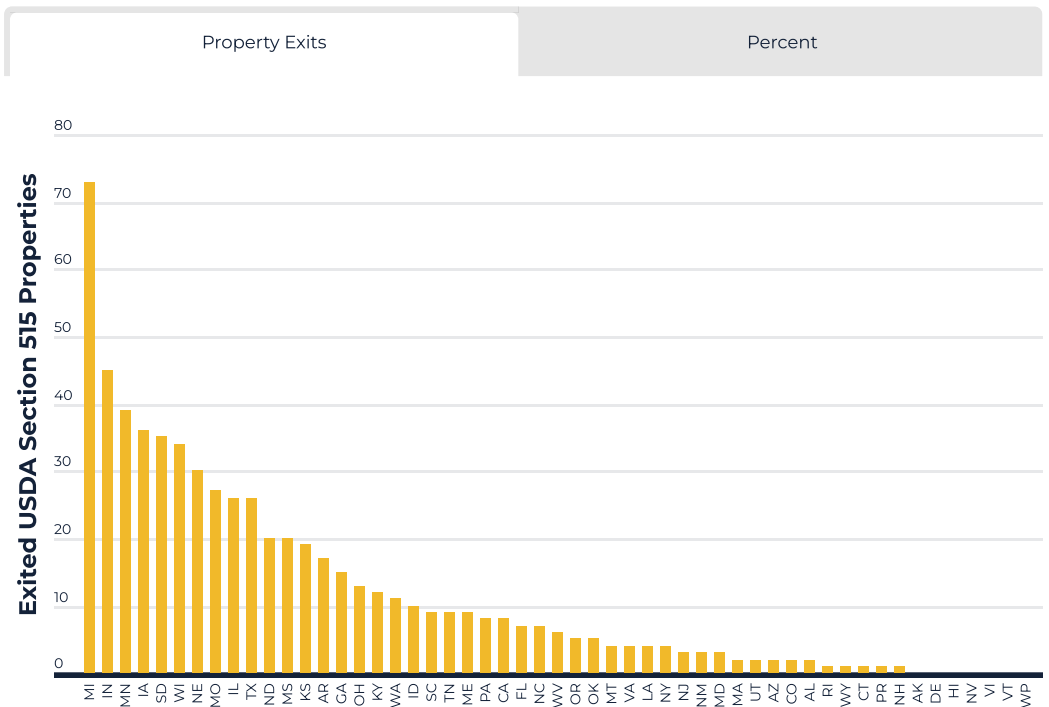
Source: Housing Assistance Council Tabulations of USDA Data

Section 515 Loss is Still Concentrated in the Midwest, But is Expanding to Other Regions

Seven states (Nebraska, North Dakota, Michigan, South Dakota, Wisconsin, Indiana, and Iowa) lost more than 10 percent of their USDA Section 515 housing stock between 2021 and 2026. Four states (Nebraska, North Dakota, Michigan, and South Dakota) lost more than 10 percent of their total units in Section 515 program properties. Michigan lost the most homes, with 2,072 housing units leaving the program between 2021 and 2026.

States with the largest property losses are heavily concentrated in the Midwest and Upper Great Plains regions. This geographic concentration reflects the origins of the Section 515 program, in which early loan activity was most prevalent in the Midwest. Those early program entrants largely comprise the cohort of properties currently leaving the Section 515 portfolio, not surprising since their mortgages would mature earliest.

USDA Section 515 Property Exits by State - 2021-2026



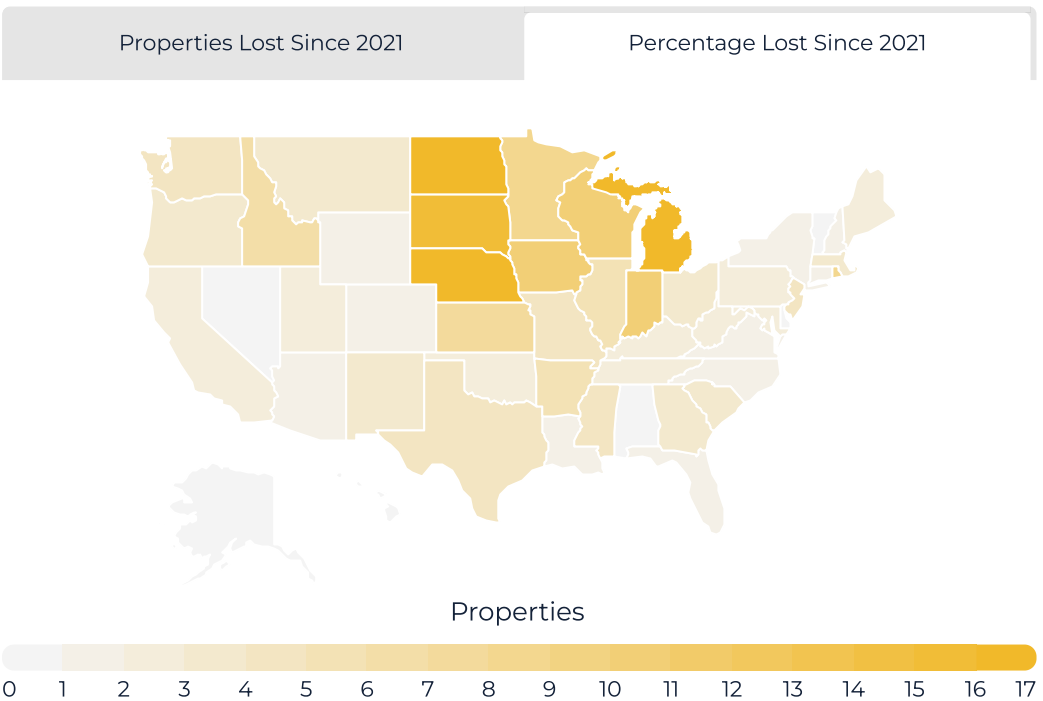
Housing Assistance Council tabulations of USDA Data

Seven states and U.S. Territories (Delaware, Hawaii, Nevada, the U.S. Virgin Islands, Vermont, and Guam) saw no decline in their Section 515 properties between 2021 and 2026.

Southern states such as Arkansas, Texas, Mississippi, Georgia, and South Carolina also experienced moderate losses to their Section 515 portfolios since 2021. As more homes age out of the Section 515 portfolio in coming years, other regions, particularly the Southeast, are expected to experience more dramatic decreases in affordable Section 515 homes.

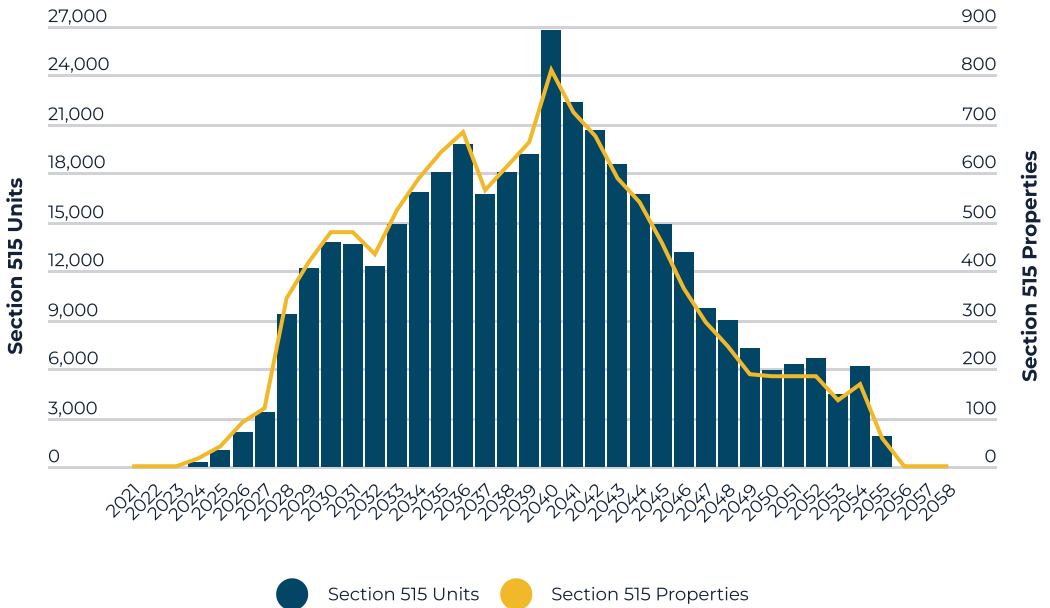
There are currently 16 states with more than 10,000 homes in the Section 515 portfolio. North Carolina and Texas each have more than 20,000. The impending mass exodus of homes slated to leave the Section 515 portfolio will likely further strain the rural affordable housing supply in states all across the nation.

USDA Section 515 Property Declines By State, 2021 - 2026



Source: Housing Assistance Council Tabulations of USDA Data

Estimated Annual Section 515 Property Exits, 2026-2058



Housing Assistance Council tabulations of USDA Data

USDA Section 515 Loans Continue to Mature

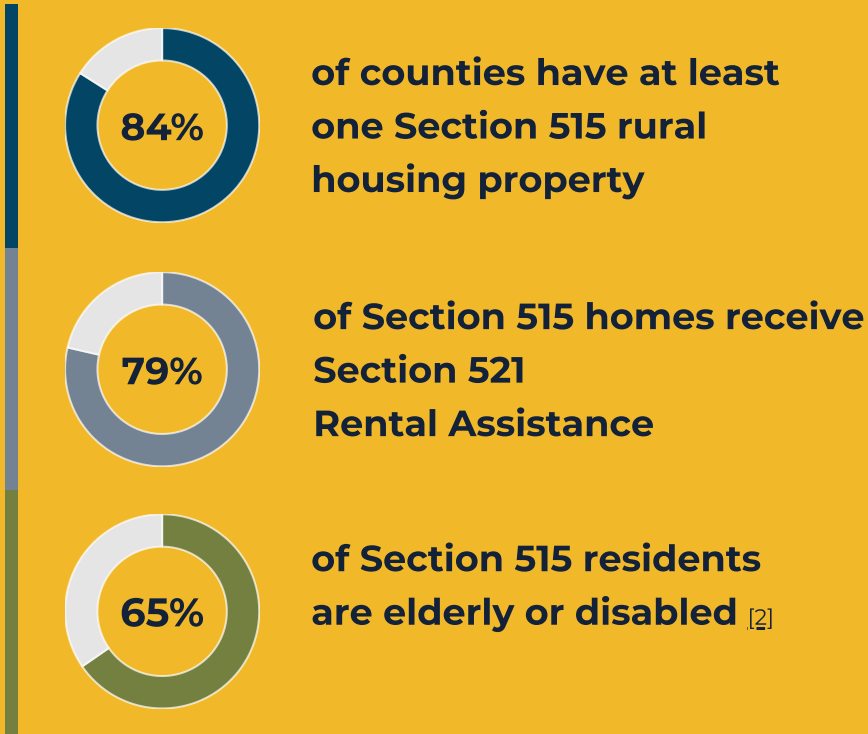
Updated [USDA-presented estimates](#) of annual property departures from the Section 515 portfolio predict a sharp increase in program exits over the next few years as a large portion of the overall housing stock ages out of its mortgage terms. Property exits are expected to peak in 2040. Current estimates anticipate the Section 515 portfolio to be completely depleted by 2056.

These USDA-produced estimates may also be overly conservative as they only take into account loan maturities. As this analysis and [prior reports](#) on Section 515 housing stock change indicate, more properties exited the program in the previous five years than expected.

"Current estimates anticipate the Section 515 portfolio to be completely depleted by 2056."

RuralSTATs

USDA Section 515 Rural Rental Housing Properties



HAC tabulations of USDA data

379,894

Section 515 Homes in 2026

HAC tabulations of USDA data



\$18,140

Average Household Income of Section 515 Residents

HAC tabulations of USDA data



-94%

Projected Section 515 Properties Lost by 2050

HAC tabulation of USDA data

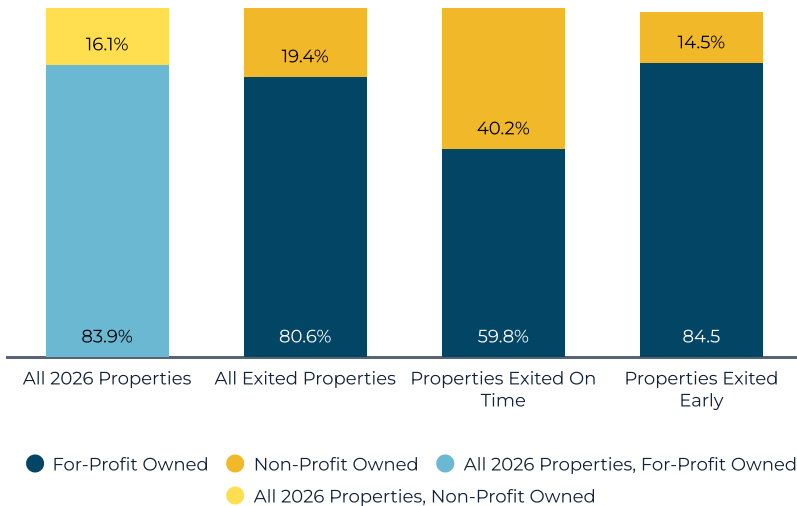


Section 515 Retention Varies by Owner Type

Borrowers of Section 515 loans include a range of ownership types such as full-profit corporations, limited-profit corporations, and nonprofit organizations. Nonprofits with a mission focus oriented around preserving and maintaining affordable housing may provide one potential solution to help address the concerning decline in affordable multifamily housing.

In 2021, 16.8 percent of Section 515 properties were owned by a nonprofit organization. In 2026, that proportion held steady at 16.1 percent. However, when examining the properties that exited the Section 515 portfolio since 2021, some patterns on property change by the ownership type begin to emerge. While 19 percent of all properties that left the program since 2021 were operated by nonprofit organizations, nonprofit-owned properties were far less likely to leave the program earlier than expected.

Exited Properties 2021-2026 by Owner Type



Housing Assistance Council tabulations of USDA data

Properties exiting the Section 515 portfolio early contribute to the accelerated reduction of affordable rural housing options. Nonprofits owned 40.2 percent of properties that left “on time,” after their mortgage term concluded, compared to 14 percent of properties that left the portfolio early. These findings suggest that nonprofits are much less likely to remove their properties early compared to for-profit or limited-profit owners.

The Impacts of Property Exits on Residents are Largely Unknown

USDA's rural multifamily housing program serves some of the most vulnerable residents in our nation. Approximately two-thirds of residents in Section 515 homes are either elderly or disabled. The average household income of residents in USDA 515 properties is \$18,140, compared to the median income of rural households at \$60,459^[3]. Nearly eight in 10 tenants receive Section 521 Rental Assistance and about 90 percent of Section 515 residents receive some form of additional housing cost assistance. For these populations, loss of access to subsidized housing through the Section 515 program may leave tenants with no clear path to affordable housing within their communities.

Efforts to Preserve Rural Rental Housing Span Market, Policy, and Public Sectors

Strategies to preserve rural multifamily properties balance on a fine line between aspirations, pragmatic realities, legal and contractual rights, and the possibility for meaningful action. USDA Section 515 multifamily housing is ultimately a public-private partnership, with key stakeholders around whom the strategies need to be developed.

New Housing Legislation Builds on Prior Actions to Support Section 515 Preservation

The landmark 21st Century ROAD to Housing Act (H.R. 6644), passed by large margins in the Senate and House on June 22 and 23, 2026, includes several provisions supporting preservation. These were first introduced in the bipartisan Rural Housing Service (RHS) Reform Act (H.R. 4957/S. 1260). Notably, one provision would decouple a property's eligibility for Section 521 Rental Assistance from its Section 515 mortgage. Separating the two programs would allow tenants to continue receiving Section 521 Rental Assistance after the mortgage matures, while enabling property owners to leverage other sources of public and private sector capital to maintain project quality. The provision would build on a decoupling pilot of up to 7,000 units authorized in USDA's annual appropriations for fiscal years 2024-2026. HAC's [Center for Rural Multifamily Housing Preservation](#) has been providing technical assistance to eligible Section 515 owners as RHS implements the initiative, known as "Stand Alone Rental Assistance" (SARA).

While important, SARA and the other RHS Reform Act provisions are not a sufficient response to the rental preservation crisis, particularly given that they do not apply in the case of mortgage prepayments. Affordable housing units continue to exit the Section 515 program, losing their legal obligations to provide safe, affordable housing for rural families. Available evidence suggests the rate of program exits will increase dramatically in the next five years. The timeline to find a comprehensive, permanent solution to this problem has reached a point of critical urgency.

Transferring Ownership of Privately Held Section 515 properties to Mission-Oriented Nonprofits Could Slow the Decline of Available Section 515 Multifamily Housing.

For-profit Section 515 owners are excellent stewards of this public resource, managing their properties with care. Unfortunately, the modest federal subsidy owners earn for keeping rents affordable makes it hard to stay in business. Nonprofits with a mission to maintain affordable housing can leverage philanthropic support and favorable tax treatment to have an advantage if the goal is permanent affordability. Initial findings from property exit data indicate for-profit or limited-profit organizations are more likely to withdraw properties early from the program, thus reducing the return on the public's investment. Recognizing this, USDA developed a process for transferring ownership of Section 515 homes to mission-driven nonprofits, first launched in 2016 and improved through authorization of a "Multifamily Simple Transfer Pilot." The pilot, which started in 2022 and now runs through 2027,[4] also provides nonprofit purchasers with essential flexibility in obtaining financing for physical improvements.

There is a Need for Production in Addition to Preservation.

With demographic transformations such as a burgeoning senior population and changes in the locations of attractive jobs, the need for adequate and affordable rental housing looms large for rural communities. Affordable rental options are a necessary part of a spectrum of housing options in rural America, yet they are too often in short supply. Preserving existing decent, affordable rural rentals is essential, but robust production of new rental housing is also needed to meet the needs of a broad spectrum of current and future rural renters.

USDA Should Provide More Publicly Available Data to Help Inform Preservation Strategies - Especially Data on Why Properties Left the Portfolio.

One data resource that would be particularly useful is information on the reason why a Section 515 property left the portfolio (e.g., mortgage matured, foreclosure, prepayment, etc.). This information could provide greater insight into the performance and preservation of this critical housing resource.

In concert with addressing the data deficiencies in the Section 515 maturing mortgage issue, USDA should commit resources to providing data and/or research that advances a better understanding of what happens to affordable housing properties, and their residents, after they leave USDA's portfolio and oversight. Along with information about why properties leave, knowledge about the circumstances under which properties remain affordable or convert to market rate, and where their residents live, could help focus preservation strategies where they can be most effective.

Ultimately, policymakers, practitioners, and USDA must approach any efforts to address this impending decline in affordable housing stock with urgency. Each year that passes will likely bring an increasingly large negative shock to the supply of affordable rural rental units across the United States.

ABOUT THE AUTHORS



Blue Miller is a Research Associate at the Housing Assistance Council. Blue previously held research roles with the University of Barcelona and DC-based federal government contractors. Blue is constantly seeking ways to apply social science research methods to positive ends for communities in the greatest need. He holds a B.A in Political Science from James Madison University and an M.Sc from the University of Barcelona in Institutions and Political Economy.



Lance George is the Director of Research and Information at the Housing Assistance Council. Lance works at the intersection of housing, research, and data to help Americans who have quality, affordable, and safe homes, understand and act for those who do not.

NOTES

1. All statistical figures included in this report derive from Housing Assistance Council tabulations of data published by USDA, <https://www.sc.egov.usda.gov/data/MFH.html>.
2. Rural Housing Service, U.S. Department of Agriculture, "Fiscal Year 2023 Multifamily Housing Annual Occupancy Report," February 20, 2024, <https://ruralhome.org/usda-multi-family-fair-housing-occupancy-report-fy-2023/>. Figure reports values as of October 2023.
3. Economic Research Service, U.S. Department of Agriculture, "Rural America at a Glance - 2025 Edition," 2026, <https://www.ers.usda.gov/publications/pub-details?pubid=113656>.
4. Rural Housing Service, U.S. Department of Agriculture, "Multi-Family Housing Simple Transfer Pilot Program," Federal Register 91, no. 69 (April 10, 2026), 18275-77, <https://www.federalregister.gov/documents/2026/04/10/2026-06951/multi-family-housing-simple-transfer-pilot-program>.



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