USDA Rural Development Overview

Meet the Funders LCADD

Presented by Jeff Jones, RBS Program Director
Rural Development Offices

- Rural Development
- Rural Business Cooperative Service
- Rural Housing Service
- Rural Utilities Service
FY19, Kentucky Rural Development Funding

• Community Programs – $100 million
• Rural Housing – $486 million
• Rural Business – $35 million
• ReConnect Broadband - $600 million
COMMUNITY FACILITIES

Eligible Applicants:
• Public Bodies (Municipalities, counties)
• Not-for-Profit Corporations (Associations, etc)
• Facilities must be located in rural area areas with a population not in excess of 20,000

Eligible Purposes:
• Health Care (Opioid clinics, hospitals, etc)
• Public Safety (Police and fire stations, vehicles)
• Public Services (Adult day care, city halls)

FY19 Funding Levels:
None received to date; estimated
• $50,000,000 loan
• $715,100 grant
Community Facilities

CF Guarantee Rates, Terms, and Fees

- Lender driven process
- Interest rate set by lender (fixed or variable)
- Term set by lender (max 40 year term or useful life)
- Adequate security to protect the interest of the Government
- Lender must be unable to make loan without guarantee
- Up to a 90% guarantee on any loss
- One time, one percent (1%) fee payable upon issuance of Loan Note Guarantee
$9.8 Billion as of 10/2018

Remaining 5% are other investments

- Health Care Infrastructure: 48%
- Education: 27%
- Public Buildings: 11%
- Public Safety: 9%

Community Facilities Portfolio
The Community Facilities Infrastructure Toolkit can be used as a guide to help organizations and community leaders better understand the complex process that is required to successfully develop and construct a new facility.

Water and Waste Disposal Loans and Grants

Eligible Applicants:
- Public Bodies (Municipalities, counties, etc)
- Not-for-Profit (Associations, cooperatives, etc)
- Facilities must be located in rural area areas with a population not in excess of 10,000

Eligible Purposes:
- Lines (water and sewer), storage tanks,
- treatment plants (water and sewer), engineering,
- Interest, legal and administrative, etc

FY19 Funding Levels:
- $37,108,000 loan
- $11,266,000 grant
Business & Industry Loan Guarantee Program (B&I)
Who May Participate?

- Federal or State chartered banks
- Savings and loans
- Farm Credit Banks
- Credit unions
- Certain Non-Regulated Lenders
Who May Borrow?

- For-profit businesses
- Nonprofits
- Cooperatives
- Federally recognized Tribes
- Public bodies
- Individuals
RURAL BUSINESS PROGRAMS

Business & Industry Loan Guarantees

• Convert, enlarge, repair, modernize, or develop business

• Purchase and develop land, easements, rights-of-way, buildings, or facilities

• Purchase equipment, machinery, supplies, or inventory

• Refinance when new jobs will be created and other conditions are met

• Acquire businesses and industries when the loan will keep the business from closing and/or save or create jobs.
B&I Loan Guarantees

Loan Guarantee Maximums

• 80% for loans of $5 million or less
• 70% for loans between $5 and $10 million
• 60% for loans exceeding $10 million, up to $25 million maximum
• Active Secondary Market
Intermediary Re-Lending Program (IRP)
Rural Microentrepreneur Assistance Program (RMAP)
RBDG is a competitive grant designed to support targeted technical assistance, training and other activities leading to the development or expansion of small and emerging private businesses in rural areas that have fewer than 50 employees and less than $1 million in gross revenues. Examples include:

- KCTCS Training to assist a local business need
- Farmer’s Market Pavilion to assist local producers
- Teleworks Job Hub
- Revolving Loan Fund for micro-loans

Limited to $100,000 funds cannot pass through directly to a business. April 30th Annual Deadline

Eligible: Non-profits and Public Bodies

Population: 50,000

Funding: $1.1 million
Rural Energy for America Program

(Section 9007 - 2018 Farm Bill)
• Created as a U.S. Department of Agriculture program.
• Program designed to assist farmers, ranchers and rural small businesses with energy projects
• This program provides grants and guaranteed loans for renewable energy systems and energy efficiency improvement projects
Whittaker’s Food Stores, Inc.

$20,000 Grant
$188,650 Project
Lighting, Insulation, and heat recovery System
63% Energy Savings
4.4 Year Return on Investment
$19,487.00 Grant
$77,948.00 Project
Lighting Retrofit
2.4 Year Return on Investment
57.8% Energy Savings
Retail Commercial Property

LED Light Retrofit
–27.9% Energy Savings
• Equipment and Labor $110,000
• REAP Grant (25%) $27,500
• Subtotal : $82,500
• Anticipated Annual Savings $18,222
• Annual Depreciation $18,700
• Return on Investment 2.23 Years
  $82,500 / ($18,222 + $18,700)
  Without Grant ROI = 2.97 Years
Hotel

Packaged Terminal Air Conditioner (PTAC) 123 Units
– 53% Energy Savings
• Equipment and Labor $98,165
• REAP Grant (25%) $20,000
• Subtotal After Incentives: $78,165
• Anticipated Annual Savings $17,560
• Annual Depreciation $16,688
• Return on Investment 2.28 Years
  $78,165 / ($17,560 + $16,688)
  Without Grant ROI = 2.87 Years
Grocery Store

Refrigeration Replacement and Heat Exchanger—27.9% Energy Savings

- Equipment and Labor $259,700
- REAP Grant (25%) $52,425
- Subtotal: $207,275
- Anticipated Annual Savings $45,098
- Annual Depreciation $44,149
- Return on Investment 2.32 Years
  
  \[
  \frac{207,275}{45,098 + 44,149} = \text{2.91 Years}
  \]

Without Grant ROI = 2.91 Years
LED Light Retrofit

- 27.9% Energy Savings
- Equipment and Labor $10,730
- REAP Grant (25%) $1,545
- Subtotal After Incentives: $9,185
- Anticipated Annual Savings $5,958
- Annual Depreciation $1,824
- Return on Investment 1.18 Years

\[
\frac{\$9,185}{\$5,958 + \$1,824} = 1.37 \text{ Years}
\]

Without Grant ROI = 1.37 Years
Restaurants-Two Sites

LED Light Retrofit
- 17.12% Energy Savings
  • Equipment and Labor  $35,532
  • REAP Grant (25%) $8,883
  • Subtotal : $26,649
  • Anticipated Annual Savings $10,197
  • Annual Depreciation $6,040
  • Return on Investment 1.64 Years
    \[
    \frac{$26,649}{($10,197 + $6,040)}
    \]
    Without Grant ROI = 2.19 Years
REAP Application Deadlines for FY ‘19 & ‘20

• Application deadline for FY’19 for Grant only and Combo applications was 4/1/19
• Guaranteed only applications – Open all year.
• $1,026,000 grant allocation to the State for FY’19
• Currently accepting applications for FY’20 next deadline is 10/31/2019
Value Added Producer Grant (VAPG)

The Value-Added Producer Grant (VAPG) Program is intended to provide grant funds to agricultural producers for planning activities or working capital expenses to assist them in receiving a greater share of the consumer’s dollar for value-added agricultural products.
Purpose Eligibility

• Planning Activities (e.g. feasibility study, business plan, marketing plan)

OR

• Working Capital (e.g. labor, inventory, advertising)
Funding Amounts

• Subject to the publication of the NOFA
• $250,000 max on working capital
• $75,000 max on planning grant
• Application deadlines subject to NOFA
$95,071 working capital funds to increase the production and sales of farmstead artisan cheese and cheese curds from milk. Costs will include marketing/sales and production labor, packaging, labeling, inventory accounting and promotional expenses.
Telecommunications Programs

Telecommunications Infrastructure Program
Provides financing for the construction, maintenance, improvement and expansion of telephone service and broadband in rural areas.

Distance Learning and Telemedicine Program
Helps rural communities use the unique capabilities of telecommunications to connect to each other and to the world.

Community Connect Grant Program
Helps fund broadband deployment into rural communities where it is not yet economically viable for private sector providers to deliver service.

Broadband Initiatives Program
Furnishes loans and loan guarantees to provide funds for the costs of construction, improvement, or acquisition of facilities and equipment needed to provide service at the broadband lending speed in eligible rural areas.
Single Family Housing:

- Eligibility varies between direct and guaranteed programs.
- Generally, must be in rural areas with a population less than 35,000 are eligible.
- Loan terms vary between 30-38 years.
- Direct loans or loan guarantees to help low- and moderate-income rural Americans buy safe, affordable housing in rural areas.
- Funds may be used to buy or refinance an existing home, build a new one, or buy and prepare a lot for new construction.

FY18 Beginning Funding Levels:
- $25.1 billion
GRANTS – RURAL HOUSING

Single Family Home Repair Loans and Grants

• Access for persons with disabilities
• Repairs ranging from roofs and septic tanks
• Energy-saving upgrades, and more.

• FY 19 Funded - $350,000 – thus far - $25 million nationwide
Rural Housing Service – HOME REPAIR LOANS AND GRANTS

- Applicants living in extreme poverty could be eligible for 100% grant assistance up to the allowable $7,500 maximum lifetime limit for eligible project costs.

- Household income up to 30% of the Area Median Income limit or have monthly total debt (TD) greater than 46%.

- Grant recipients must be age 62 or older.

- Generally, rural areas with a population less than 35,000 are eligible.

- Grants must be used to remove health and safety hazards.

- Grants must be repaid if the property is sold in less than 3 years.
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.

Lexington State Office, (859) 224-7300
Jeff Jones, Business Programs Director, (859) 224-7436
Anthony Hollinsworth, Community Programs Director, (859) 224-7316
Blaine Barnes, Single Family Housing Program Director, (859) 224-7353

Or go to: www.rd.usda.gov/ky

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