



# Community Facilities Programs USDA Rural Development



# USDA Rural Development



Telecommunications



Electric



Community Facilities



Water and Environmental



Business and Cooperative



Single Family Housing



Multifamily Housing

# USDA Rural Development Offices



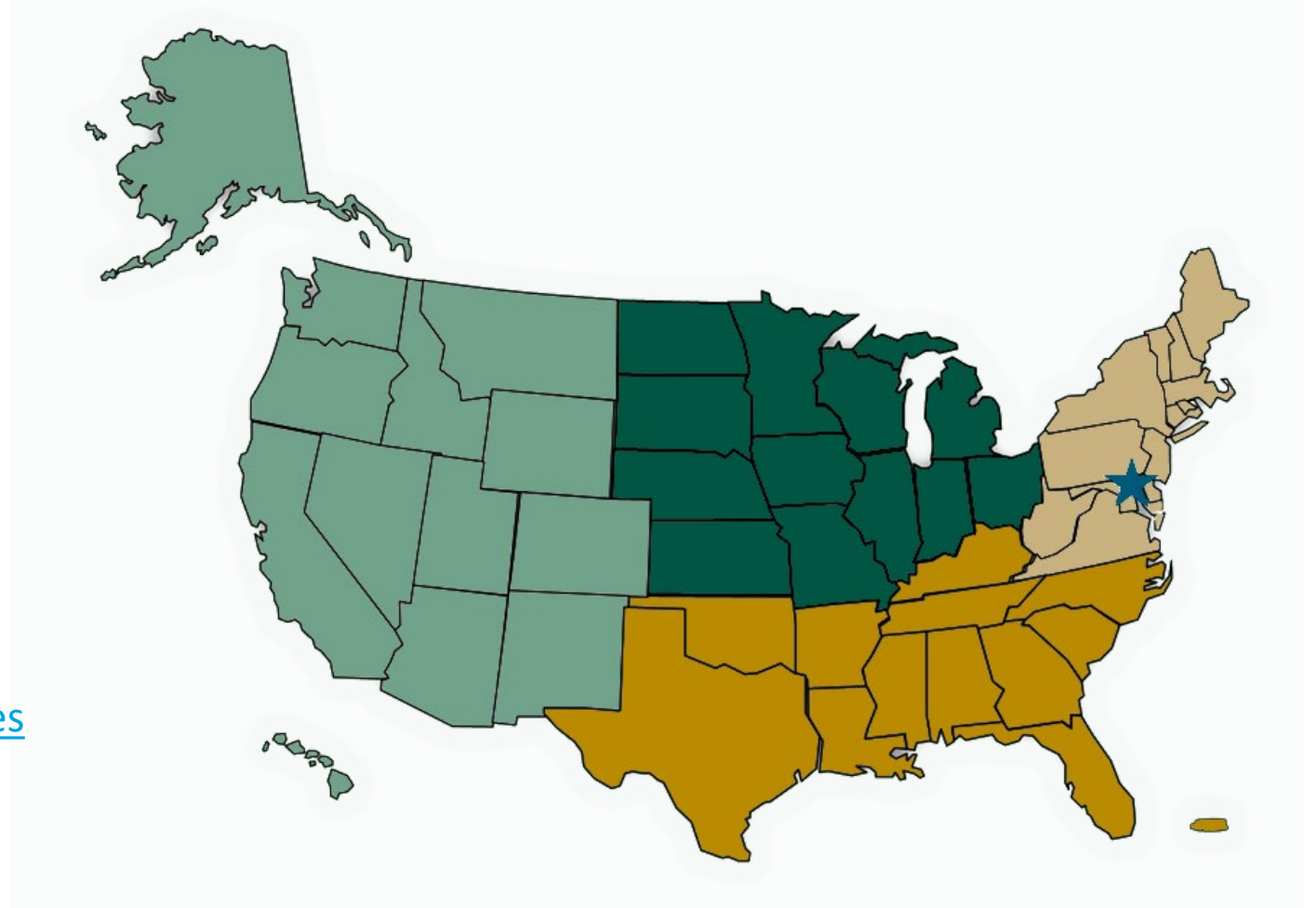
# USDA Rural Development Offices

47 State Offices

400 Area Offices

1 National Office in DC

<https://www.rd.usda.gov/about-rd/state-offices>



# Community Facilities Program Overview

## Essential Community Facilities

- Community Facilities Programs offer fixed rate, low-cost **direct loans, loan guarantees** and **grants** to develop or improve essential public services and facilities in communities across rural America.
- These amenities help **increase the competitiveness of rural communities** in attracting and retaining businesses that provide employment and services for their residents.
- These facilities **improve the basic quality of life** and assist in the development and sustainability of rural America.





# CF Programs Overview: Who's Eligible

- An applicant must be:
  - A public body
  - A not-for-profit organization
  - Native American tribe on Federal or State Reservations or other Federally recognized tribes
- Facility must be located in a town/city/village with a population:
  - Under 20,000 for a direct loan and/or grant
  - Under 50,000 for guaranteed loans.
- Projects must primarily serve rural residents residing in communities with a population:
  - Under 20,000 for a direct loan and/or grant
  - Under 50,000 for guaranteed loans.
- Applicant must be unable to finance the project from their own resources or through commercial credit at reasonable rates and terms.



# CF Programs Overview: How May Funds Be Used?

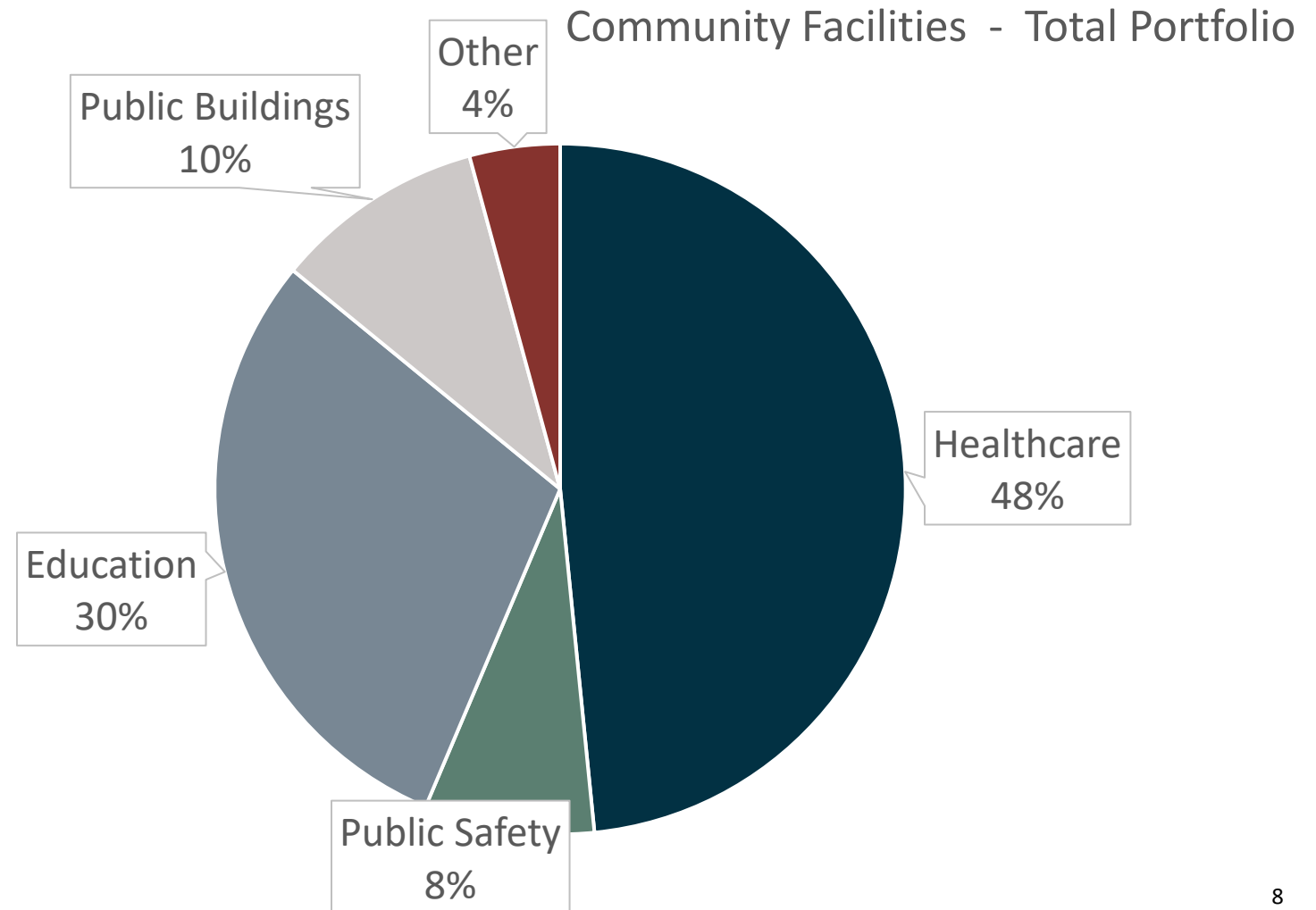
## Examples of essential community facilities include:

- Healthcare facilities such as hospitals, clinics, rehab facilities, assisted living facilities
- Public facilities such as courthouses, airport hangers, bridges, street improvements
- Community support services such as child or adult care centers, homeless shelters
- Public safety services such as fire departments, police stations, vehicles or equipment
- Educational services such as schools, colleges, universities, technical schools, libraries
- Local food systems such as food pantries, community kitchens, foodbanks, food hubs
- Projects to address the impact of climate change such as public EV charging stations, energy efficient retrofits of public facilities, community solar to reduce energy costs



# CF Programs Overview

- Healthcare \$5.9 billion
- Education \$3.6 billion
- Public Buildings \$1.2 billion
- Public Safety \$1.0 billion
- Other \$ . 5 billion





# Community Facilities: Direct Loans

## CF Direct Loan Rates and Terms

- Interest rates currently at 3.75% (Interest rates change quarterly)
- 40-year term or useful life
- Adequate security to protect the interest of the Government
- Repayment ability



# Community Facilities: Pre-Application Assistance

## **Developing an essential community facility is a complex process:**

- Connect early with your State Rural Development Office and schedule a pre-application meeting
- RD specialists will review the eligibility requirements and the CF funding cycle
- Be prepared to discuss your plans, organizational and financial history
- RD specialists will explain the Environmental and Historic Preservation review process
- A financial feasibility evaluation of the proposed project will be required
- RD specialists will provide information on other requirements such as appraisals, debt service reserve requirements, capital reserve requirements and more
- RD must approve service contracts with legal, architectural/engineering, bond counsel, and accounting service providers

# Community Facilities Direct Loan Program Guidance Book for Applicants

Community Facilities Direct Loan Program Guidance Book for Applicants is a step by step guide to help applicants apply for a Community Facilities Direct loan.

This guide book outlines the application process, financial feasibility requirements, construction and closing of an essential community facility for small towns and rural areas.

<https://www.rd.usda.gov/programs-services/all-programs/community-facilities-programs>



Community Facilities  
Direct Loan Program  
Guidance Book  
for Applicants

Together, America Prospers



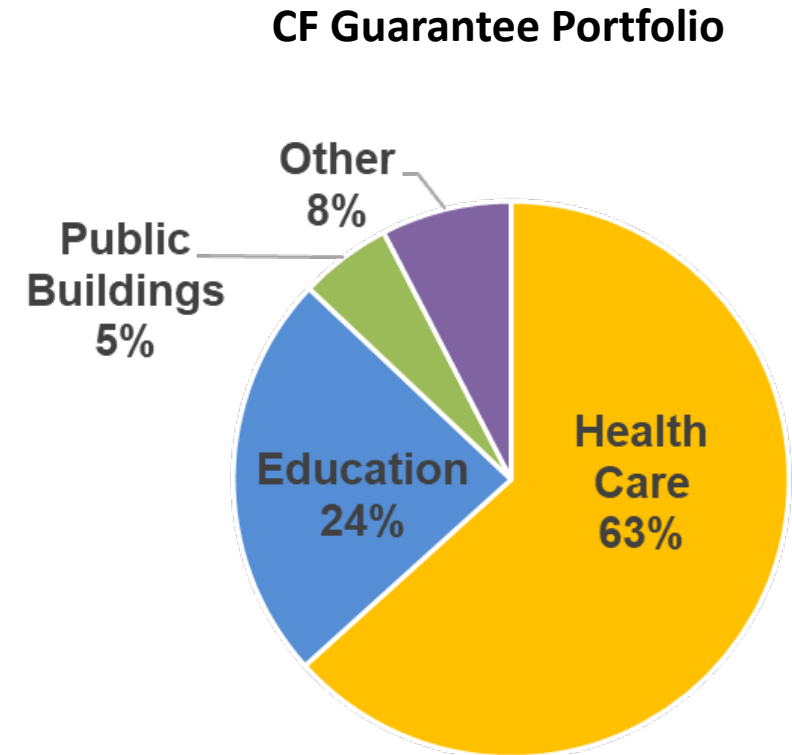
# OneRD Community Facilities Guarantee

- Interest rate set by lender (fixed or variable)
- Term set by lender (max 40-year term or useful life – average term 22 years)
- Adequate security to protect the interest of the Government
- Repayment ability
- Lender must be unable to make loan without guarantee
- 80% guarantee on loss
- Up front fee of 1.25%, fee payable upon issuance of Loan Note Guarantee
- Annual renewal fee of 0.50%

More information at <https://www.rd.usda.gov/onerdguarantee>

# OneRD Community Facilities Guarantee

- In FY21, CF guarantees reached an all time high and increased 141% from the prior year.
- \$242 million in CF guarantees were leveraged with nearly \$700 million in CF direct loans.
- 63% of the CF guarantee portfolio is health care related; 23% cultural and educational
- Guarantee portfolio is approximately \$1.2 billion



# Community Facilities: Grant Programs

## CF Regular Grants

- Limited grant funds available for the most-needy communities
  - Average grant obligated in FY21 was \$42,000
- Same eligibility requirements as the direct loan program
- Grant funds cannot exceed 75 percent of the cost of project and authorized on a graduated basis
- Grant funding limitations are based on population and income, economic feasibility and availability of grant funds
- Projects are selected based on a priority point system. Points are assigned based on population, income and other priorities
- Maximum grant assistance cannot exceed the lower of the qualifying percentage of eligible project cost determined, minimum amount sufficient to provide for economic feasibility as determined, and either 50 percent of the annual State allocation or \$50,000, whichever is greater



# Community Facilities Loans and Grants

## Project Examples

# Spirit Lake Head Start





# Nisqually Youth Center





# Tribal Administration Buildings



# Turtle Mountain Recovery Center (North Dakota)

- Project – A culturally based residential and outpatient substance use disorder center
- Total Project Cost - \$19 million
- Financing package includes:
  - OneRD guarantee to Turtle Mountain Recovery Land Holding Company \$10,000,000
  - Grants and contributions from the Turtle Mountain Band of Chippewa Indians \$4,500,000
  - NMTC \$4,500,000 with Native American Bank as the investor





# Contact Information

Contact your local USDA Rural Development office for more information.

<https://www.rd.usda.gov/>

<https://www.rd.usda.gov/programs-services/community-facilities/community-facilities-direct-loan-grant-program>

<https://www.rd.usda.gov/about-rd/state-offices>

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