



# USDA Rural Development Introduction To Programs For Tribes

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# Overview

- Types and Cycles of Funding
- Highlighted RD Programs
- Program Q&A





# Types of Funding and Funding Cycles

## Types of Funding

- Primarily Loans - Direct & Loan Guarantees
- Grants are Great,... and **Limited!**
- Depends on the Program and Allocation

## Funding Cycles

- Operate on Fiscal Year (October 1 – September 30)
- Funding depends on budget
- Programs & States receive funding allocation differently - Full distribution or NOFA/NOSA/FOA
- Pooling of funds and reallocation



# Highlighted RD Programs for Tribal Communities

## Rural Housing Service Programs

- Homeownership for Individuals and Families (502 and 523)
- Rehabilitation of Existing Housing in the Community (504 and 533)
- Certified Packaging for TDHEs/Tribes
- Site Loans
- Rental Housing in Tribal Communities
- Providing Essential Community Facilities in Tribal Communities & RCDI

## Rural Business Cooperative Service Programs

- RBDG, IRP, RMAP, VAPG & REAP

## Rural Utilities Service Programs

- Water & Waste Disposal Grants to Alleviate Health Risks (306c)
- Water and Waste Disposal Loans and Grants
- Telecom Programs
- Electric Programs

# Homeownership for Individuals and Families

## 502 Direct Home Loan

- RD makes direct loan to new homebuyers for a home.
- Applicants must meet income eligibility requirements—low and very low income.
- Home must meet property requirements; and
- Home must be in eligible rural area—Tribal Trust lands are eligible.
- Applications accepted year-round.
- Benefits of program: fixed low interest rate— currently 2.5% and can be as low as 1% with subsidy, extended payback term (33-38 yrs.), no down payment required, lend up to 100% of value of home.



# Homeownership for Individuals and Families

## 502 Guaranteed Home Loan

- Applicant/borrower works directly with approved guaranteed lender to obtain loan.
- Typical loan is 30 yr. terms with fixed interest rates.
- Applicants must meet income eligibility requirements—below moderate income by area.
- Home must be in an eligible rural area.
- Applications accepted year round.
- Benefits of program: no down payment required, lend up to 100% of value of home, no maximum purchase price for a home, loan guaranteed by USDA 90%—attractive to lenders.





# Homeownership for Individuals and Families

## Single Loan Close (Construction-to-Permanent Loan) - Available for 502 Guaranteed Loans

- Allows approved lenders to close a new construction loan and receive a conditional loan guarantee before construction begins.
- Home must be in an eligible rural area.
- Benefits of this type of loan:
  - Lenders can immediately package loan or sell to a participating investor.
  - Builders have a reduced risk to investing capital into construction because loan fully funded at closing.



# Homeownership for Individuals and Families

## 523 Self-Help Programs (“Sweat Equity”)

### Grant Program:

- Grant recipient supervises very low and low income individuals and families to construct/repair their own homes.
- Purchase price of home reduced by owner/builders labor aka “sweat equity” put into home—building cost of home typically covered by 502 loan.

### Loan Program:

- Funds available to acquire and develop sites for housing constructed by self-help method.
- Indian tribes are eligible applicants for self help grants and site development loans..





# Rehabilitation Funding For Existing Homes

## 533 Housing Preservation Grant Program

- Grants for the repair or rehabilitation of housing occupied by low and very low income people.
- Eligible applicants include Federally recognized Indian tribes (or Tribal Housing Authority).
- Project must be in eligible area—most Tribal Trust lands are eligible.
- Applications are accepted on annual basis through a Notice of Funding Availability in Federal Register.



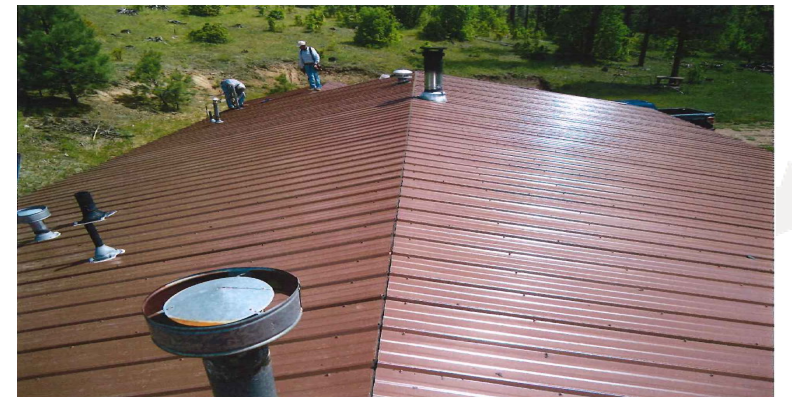
# Rehabilitation Funding For Existing Homes

## 504 Loan & Grant Programs

- Loan Program: This program assists very-low-income homeowners with a loan to repair, improve or modernize their home.
  - Max. Loan: \$20,000; Pilot Program: \$40,000
  - Interest Rate Fixed: 1%--Repayment over 20 years
  - Loans less than \$7,500 secured by note only
- Grant Program: One-time grants to individuals (62+) very-low-income homeowners to remove health and safety hazards in their home.
  - Max. Grant: \$7,500; Pilot Program: \$10,000
  - May submit an application year-round.

See HB 1-3550, Chapter 12.

<https://www.rd.usda.gov/publications/regulations-guidelines/handbooks>



# Certified Packaging For RD Housing Programs

- Certified packagers increase awareness of RD homeownership opportunities and assist with the application process.
- Package high quality loan files to submit to RD local offices for review/approval
- Something for Tribes/ TDHEs to consider:
  - Tribal Homeownership activities may already include credit counseling and gathering documentation to determine repayment ability
  - Packaging the loan to Rural Development allows a fee to be collected for the service
  - TDHEs/Tribes know their area and housing opportunities
  - Increases homeownership opportunities for Tribal members both on and off Tribal land



# Certified Packaging For RD Housing Programs

502 Direct Program	Packaging Type	Permissible Packaging Fee
	Certified Packaging Body Via an Intermediary	Up to \$1,750 split between certified packager and intermediary.
	Certified Packaging Body <u>without</u> an Intermediary	Up to \$1,500
	Approved Non-Certified Application Packager	Up to \$350
504 Direct Loan	Packaging Type	Permissible Packaging
	Public and private non-profit organization (tax exempt)	Up to \$750

# Other Funding Related to Housing—Site Loans

## 524 Site Loans

- Loans made to acquire and develop sites for low or moderate income families.
- Loan applicant may be private or public non-profit organization or a Federally Recognized Indian Tribe.
- Can be used on Tribal Trust Lands.
- Loan needs to be paid back within two years, but some flexibility.
- Benefits: Lower cost of construction, working with one lender that is invested in the success of the project.



# Rental Housing for Individuals and Families

## Multifamily Housing Loan Guarantee Program

- Qualified private-sector lenders provide financing to qualified borrowers. Eligible borrowers include Federally recognized Indian tribes.
- Min. Term: 25 yrs.; Max Term: 40 yrs.; Interest rate fixed for life of the loan guarantee.
- Housing must be in eligible area—Tribal trust lands are eligible.
- Rent must be affordable (low and moderate income).
- Benefits: USDA guarantees up to 90% of loan—attractive to lenders, cap on rent.



## Direct Loans to Repair Existing Properties

## Farm Labor Housing Direct Loans and Grants



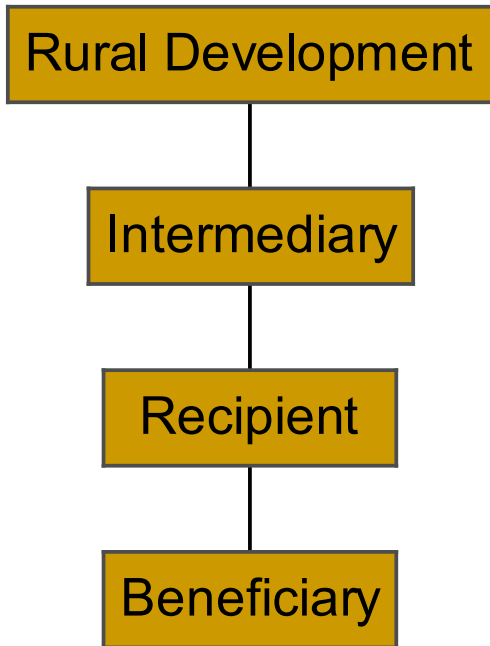
# Financing Essential Community Facilities

## Community Facilities Programs

- Great program to think about as a complement to housing projects within community.
- Program can be used to fund: community centers, health care, public safety and educational facilities.
- Eligible applicants include Federally recognized Indian tribes.
- Project must be in eligible area—most Tribal Trust lands are eligible.
- Direct Loans, Loan Guarantees and small grants.
- Low interest, long term financing.
- CF Technical Assistance and Training Grants
- Disaster Funding
- For details talk to a local community programs loan specialist



# Other Funding Related to Housing - RCDI Grant



Provides financial and technical assistance to develop the capacity and ability of eligible applicants in housing, community facilities, or community and economic development. May be used to provide homeownership education. Dollar for dollar match requirement.

Intermediary: A private, nonprofit or public (including tribal) organization. Must have been organized for a minimum of 3 years. Expertise in providing technical assistance to the types of recipients in their proposal.

Recipient: The entity that receives the technical assistance from the intermediary. Eligible recipients are nonprofit organizations, low-income rural communities or federally recognized tribes.

Beneficiary: Entities or individuals that ultimately receive benefits from technical assistance provided by the recipient.

# RD Business and Cooperative Programs

## **Business and Industry (B&I) Loan Guarantee Program**

- Loan Only Assistance
  - <https://www.rd.usda.gov/programs-services/business-industry-loan-guarantees>

## **Rural Business Development Grant (RBDG)**

- Grant Only Assistance
  - [www.rd.usda.gov/programs-services/rural-business-development-grants](http://www.rd.usda.gov/programs-services/rural-business-development-grants)

## **Intermediary Relending Program (IRP)**

- Loan Only Assistance
  - [www.rd.usda.gov/programs-services/intermediary-relending-program](http://www.rd.usda.gov/programs-services/intermediary-relending-program)

## **Rural Microentrepreneurial Assistance Program (RMAP)**

- Loan and Grant Combination
  - [www.rd.usda.gov/programs-services/rural-microentrepreneur-assistance-program](http://www.rd.usda.gov/programs-services/rural-microentrepreneur-assistance-program)



# RD Programs for Agriculture Producers

## Value Added Producer Grant Program

- 50% Matching funds required (dollar for dollar)
- Maximum Awards: Planning - \$75,000 Working Capital - \$250,000
- Examples of planning activities include: conducting feasibility studies and developing business plans for processing and marketing the proposed value-added product.
- Examples of working capital expenses include: processing costs, marketing and advertising expenses, some inventory and salary expenses
- **FY 20 ~ \$68 million available - Application window closed**
- [www.rd.usda.gov/programs-services/value-added-producer-grants](http://www.rd.usda.gov/programs-services/value-added-producer-grants)

## Rural Energy for America Program

- Provides grants & guaranteed loans for agricultural producers & rural small businesses to purchase & install renewable energy systems & make energy efficiency improvements.
- Grants can pay up to 25% of total project costs
  - \$500,000 limit for renewable energy systems
  - \$250,000 limit for energy efficiency improvements
  - Reserved funds for applications under \$20k
- Guaranteed Loans can pay up to 75% of total project costs
- [www.rd.usda.gov/programs-services/rural-energy-america-program-renewable-energy-systems-energy-efficiency](http://www.rd.usda.gov/programs-services/rural-energy-america-program-renewable-energy-systems-energy-efficiency)

# Financing Water & Waste Disposal Infrastructure

## Water & Waste Disposal Grants to Alleviate Health Risks “Native American 306c Set Aside”

- Funding for construction of basic water and/or waste disposal systems.
- Eligible applicants include Federally recognized Indian tribes.
- Project must be in eligible area—most Tribal Trust lands are eligible.
- Applicants must meet per capita income and unemployment rate guidelines.



# Financing Water & Waste Disposal Infrastructure

## Water & Waste Disposal Loan & Grant

- Funding for clean and reliable drinking water systems, waste disposal and storm water drainage to household and businesses in eligible areas.
- Eligible applicants include Federally recognized Indian tribes.
- Project must be in eligible area—most Tribal Trust lands are eligible.
- Low interest loans available
  - Term of the loan: Useful life of the facilities financed up to 40 years
- If funds are available a grant may be combined with a loan to keep user costs reasonable.
- SEARCH and Pre-development & Planning (PPG) Grants





# ReConnect Broadband Pilot & Telecom Programs

## ReConnect Broadband Pilot Program

- \$1.25 billion loan, loan/grant and grant program
- Must serve areas where at least 90 percent (%) of the households currently lack sufficient broadband access. Sufficient access to broadband means any rural area that has fixed, terrestrial broadband service delivering at least 10 megabits per second (Mbps) downstream and 1 Mbps upstream.
- Round 1 - Closed - \$600 Million
- Round 2 – Closed - \$550 Million
- CARES Act – Closed - \$100 Million
- Round 3 – Later this year
- More info: [www.usda.gov/reconnect](http://www.usda.gov/reconnect)

## Community Connect Grant Program:

- Service area must have no access to broadband
- More info: [www.rd.usda.gov/programs-services/community-connect-grants](http://www.rd.usda.gov/programs-services/community-connect-grants)

## Distance Learning and Telemedicine Grant Program

- <https://www.rd.usda.gov/programs-services/distance-learning-telemedicine-grants>

**Rural eConnectivity Toolkit** : [https://www.rd.usda.gov/files/508\\_RDeConnectivityToolkit121918.pdf](https://www.rd.usda.gov/files/508_RDeConnectivityToolkit121918.pdf)

# Electric Programs

## Electric Loans

- Electric Loans
- Rural Energy Savings Program

## High Energy Cost Grant Program

## Contact:

- Electric General Field Representatives
- National Office

## Additional information:

[www.rd.usda.gov/programs-services/all-programs/electric-programs](http://www.rd.usda.gov/programs-services/all-programs/electric-programs)



# SUTA – What is it?



## **Substantially Underserved Trust Areas Provision (2008 Farm Bill)**

- Programs covered: Electric Loans, Telecom and Broadband Loans, WEP Loans and Grants and High Energy Cost Grants
- At the discretion of Administrator, RUS can modify certain loan terms or application requirements:
  - Interest rates as low as 2%, extended amortization period, and/or priority processing
  - Waiver of certain documentation requirements regarding non-duplication of service
  - Waiver of matching funds or credit support requirements for loans
  - Providing the highest priority for funding to eligible projects that will serve trust areas

## **Projects financed using SUTA:**

- **FY 2015 -- Mescalero Apache Telecommunications (NM) \$5.4 million**
- **FY 2016 -- Sacred Wind Communications (NM) \$13.8 million**



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# CONTACT US

## USDA Rural Development State Offices

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

## Virginia Staff Directory

[https://www.rd.usda.gov/sites/default/files/va\\_employee\\_directory.pdf](https://www.rd.usda.gov/sites/default/files/va_employee_directory.pdf)

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