

# Rural Development

The mission of Rural Development is to enhance the ability of rural communities to develop, to grow, and to improve their quality of life by targeting financial and technical resources in areas of greatest need through activities of greatest potential.

## Rural Housing Service

### Key Accomplishments for FY 1999

**Single-Family Housing.** The *Direct Rural Housing Loan Program* offers low-interest homeownership loans to rural America’s working people. Approximately 40 percent of the people it serves earn less than 50 percent of the median income of the rural area in which they live. In FY 1999, the program obligated \$961.5 million to enable families to become homeowners.

The *Mutual Self-Help Housing Program* makes mortgage costs affordable to people with very low and low incomes by allowing them to contribute “sweat equity,” which they earn by building their own homes. The program provides grants to nonprofit and municipal technical assistance providers, who supervise small groups of families in the construction of their own homes. In FY 1999, the Rural Housing Service (RHS) provided 121 grantees in 44 States with a total of \$24.9 million in technical assistance grants. In turn, the grantees supervised 1,342 families in the construction of their own homes.

The *Guaranteed Rural Housing Loan Program* provides guarantees of up to 90 percent of a bank loan to low- and moderate-income rural Americans who otherwise would not be able to obtain credit. It also allows borrowers to obtain loans for 100 percent of the appraised value of a house, thereby removing the downpayment barrier that prevents many people from becoming homeowners. In FY 1999, the program obligated \$2.98 billion to allow 39,700 families to purchase homes.


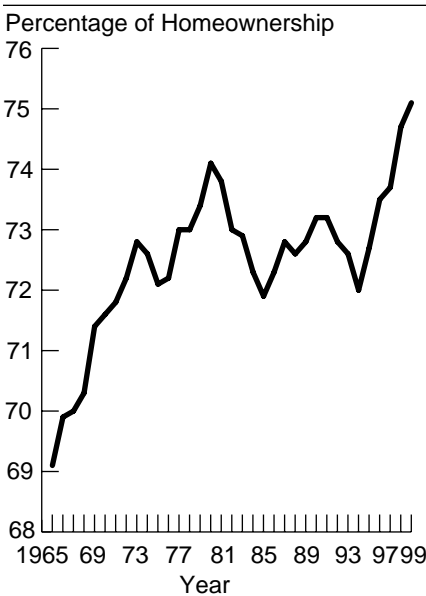
The *Rural Home Repair Loan and Grant Programs* provide funds to help very low-income people undertake the vital improvements necessary to make their homes habitable. These include weatherizing the homes, removing electrical and fire hazards, repairing roofing, and installing or improving water and waste-water disposal systems. In FY 1999, the home repair loan and grant programs obligated \$44.8 million to allow approximately 9,020 families to make vital improvements to make their homes safe and liveable.

Economic benefits provided by the Single-Family Programs include 55,592 homes financed, 9,020 homes rehabilitated, and \$3.94 billion in total financing provided. The Single-Family housing program provided 81,846 full-time jobs in construction and construction-related industries, \$1.28 billion in wages, and \$689.6 million in combined Federal, State, and local revenues and fees.

TOP STATES BY VALUE OF CASH RECEIPTS

Rice:

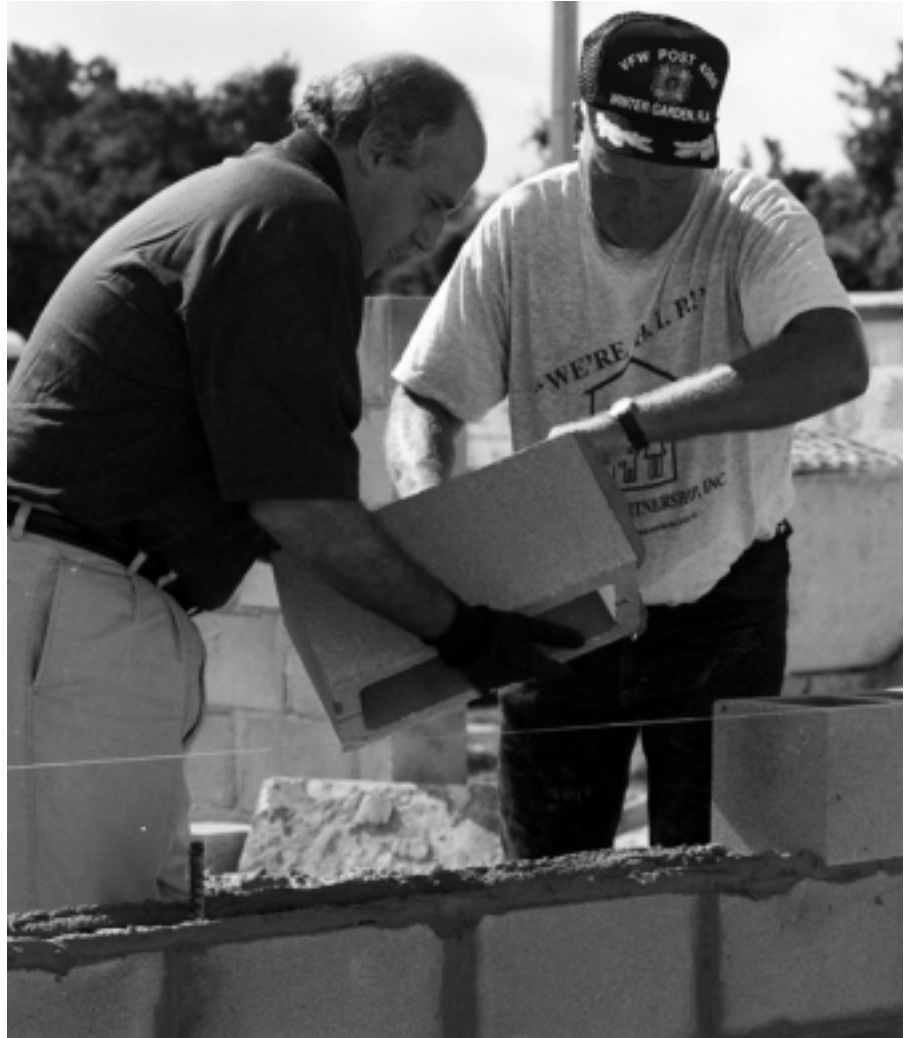
ARKANSAS
CALIFORNIA
LOUISIANA
TEXAS
MISSISSIPPI

### Service Beyond Expectations

Eric Hoard once lived at Stonington Manor, but now manages it and two other apartment complexes for low-income families built by Maine Development Associates and partially financed by RHS. In January 1998, an ice storm cut off the power, leaving the Stonington Manor residents without heat, light, water, or any means of cooking. Eric brought firewood from his home to keep the fire in the wood stove in the community room burning, so that residents would have a warm place to stay. He brought water and purchased food at local markets. On the second day of the storm, he brought his gas grill from home and organized a barbecue for residents. Throughout the storm, Eric kept checking on the residents to make sure they had everything they needed. He even provided information about local shelters, in case some residents wanted to go there.

Tenants at the complexes praise Hoard. At Blue Hill Terrace, he helps people in ways far beyond what is usually expected of a manager. He installed handicap railings in the apartment of a resident who was in the hospital with a hip problem. He built a canopy over a patio for a resident who had to avoid exposure to the sun. He often makes small repairs to help residents, including fixing television reception, digging a flower garden, and helping start a stalled car. Eric Hoard personifies the best type of rural rental manager, one who goes out of his way to help residents and solve their problems, even problems not related to the apartment complex.



Secretary Glickman lends his building skills at a Self-Help Housing construction site in Winter Garden, FL.

**Multi-Family Housing.** The *Rural Rental Housing Direct Loan Program* makes low-interest loans to developers of affordable rural rental housing. In 1999, RHS obligated \$75.8 million toward construction of 97 new rental complexes providing 2,181 units. It also obligated \$38.5 million toward the repair and rehabilitation of existing units in 100 rural rental facilities.

The *Farm Labor Housing Loan and Grant Program* is the only national source for farm labor housing construction funds. This program provides low-interest loans and grants to developers of affordable rural rental housing for farmworkers, who are among the most poorly housed people in the country. In 1999, the program obligated \$33.5 million to build 622 new units and rehabilitate 12 rental complexes.

### IRP Loan Helps California Electronic Plant Thrive

In 1993, Don Setzco, the owner and general manager of MCI Transformer Corporation West, a transformer manufacturing plant in New York, relocated the operation to the small community of Willits, Calif. Setzco leased a 4,500-square-foot facility and began manufacturing small transformers for the electronic industry.

As the demand for small transformers increased, Setzco began looking for a larger facility to expand the business. Notwithstanding the company's sales growth and profitability, local commercial banks were unable to participate in financing a new manufacturing facility without the help of other funding sources. Through the use of the RBS Intermediary Relending Program (IRP), SAFE-BIDCO (an IRP partner of USDA) was able to provide the financing MCI needed to make the project come to fruition. As a result of financing provided through the IRP program, MCI was able to construct a new, 16,000-square-foot manufacturing facility. The facility was funded with \$150,000 from SAFE-BIDCO's IRP fund and \$4,350,000 from local lenders.

MCI has created 17 new jobs since completing the new manufacturing facility, with 35 additional jobs retained. The additional plant capacity was a major factor leading to the receipt of a long-term contract for transformers from a new customer.

The *Rental Assistance Program* makes rent in USDA rural rental housing and farm labor housing affordable to the tenants. In FY 1999, RHS provided over \$584 million in 5-year contracts for rental assistance to more than 42,000 tenants.

The *Rural Rental Housing Guaranteed Loan Program* provides loan guarantees to lenders, who in turn provide loans for the development of affordable rental housing. In FY 1999, the Section 538 program approved loan guarantees worth \$74.8 million to build 28 rural rental housing developments in 24 States.

The *Housing Preservation Grant Program* provides grants to nonprofit organizations, Indian tribes, and Government agencies to bring up to code deteriorating single- and multi-family housing for very low- and low-income families. In 1999, the program provided \$7 million to 125 organizations to rehabilitate 1,800 houses and apartments.

Economic benefits provided by multi-family programs include 5,343 new apartments financed, 112 apartment buildings renovated, 1,800 single-family homes or apartments renovated, 42,000 rental subsidies, and a total of \$813.6 million in financing provided. Multi-family housing programs provided 5,541 full-time jobs in construction and construction-related industries, \$180.2 million in wages, and \$95.8 million in combined Federal, State, and local revenues and fees.

**Community Facilities.** The *Community Facilities Direct Loan Program* provides direct loans to rural communities for essential community facilities. These include child care centers, adult care centers, hospitals, clinics, schools, municipal buildings, and community centers, as well as emergency rescue equipment, among others. In 1999, the program obligated \$164.6 million to fund 452 projects.

The *Community Facilities Guaranteed Loan Program* provides loan guarantees of up to 90 percent to rural communities to build essential community facilities. These include child care centers, adult care centers, hospitals, clinics, schools, municipal buildings, and community centers, as well as emergency rescue equipment, among others. In FY 1999, the program obligated \$107 million to fund 118 projects.

The *Community Facilities Grant Program* helps very low-income communities finance their facilities by reducing the amount of debt which must be incurred to acquire facilities. These facilities include child care centers, adult care centers, hospitals, clinics, schools, municipal buildings, and community centers, as well as emergency rescue equipment, among others. In 1999, the grant program obligated \$7.5 million in grants to help fund 245 projects.

### San Carlos Apaches Take over Communications Services

With the help of a RUS

Telecommunications \$14 million loan, the San Carlos Apache tribal community of 2,000 people has gone from 12 phone lines to 400. The cut-over was made May 26, 1999, with representatives of RUS and the tribal authority conducting the ceremony, but the true joy of the day was expressed by the residents.

A year ago, Cherrill Williams' husband was working beneath their mobile home when it fell off the jack and pinned him to the ground. The only pay phone in the community was out of order. The neighbors found someone a half-hour later with a car phone to summon help. By the time an emergency helicopter arrived, Mrs. Williams had already rescued her husband by digging with her hands. On the day her telephone was connected, Mrs. Williams immediately made 10 calls and then slept with the phone in her hand that evening.

San Carlos Apache Telecommunications Utility runs the utility and will have the service of the residents in mind when decisions are made. Emergency help, communication with friends, family and neighbors, and the ability to participate in the information revolution are all benefits of this community taking control of their own future.

Economic benefits provided by Community Facilities programs include 639 communities with new or improved essential communities facilities and \$278 million in total financing provided. Community Facilities programs provided 9,600 full-time jobs in FY 1999.

**Community Facilities Program Finances More Child Care Centers Than Ever Before.** The Community Facilities program has made financing child care centers a high priority. In FY 1999, the program provided \$14 million in loans, grants, and guarantees to fund 69 child care centers.

**Community Facilities Program Provides Funding for Indian Facilities.** In FY 1999, the Community Facilities program provided 22 loans, grants, and guarantees worth \$5.5 million to fund 17 projects on 16 Indian reservations. Projects included child day care centers, an adult day care center, college buildings, outpatient care facilities, fire departments, a community center, and an assisted-living facility.

**Multi-Family Housing Reaches Record-Low Loan Delinquency.** The Multi-Family Housing loan program reached a record-low delinquency rate of 1.7 percent as of Sept. 30, 1999. This is an all-time low and is lower than almost all private-sector rates. This delinquency rate is based on a loan portfolio of 17,882 projects and an outstanding loan principal of \$11.9 billion.

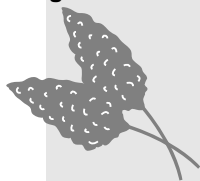
**RHS Develops Partnerships With Nonprofit or Private Sectors To Provide Affordable Housing.** RHS has been actively developing partnerships to leverage its single-family housing program dollars and increase affordable homeownership opportunities for rural America's working people. In FY 1999, RHS significantly expanded its Rural Home Loan Partnership with the Federal Home Loan Bank System and the Rural Local Initiatives Support Corporation. RHS's partners leveraged RHS's contribution of \$33.9 million with \$13.8 million of their own funds.

### Rural Business-Cooperative Service

**Business Program.** During FY 1999, Rural Business Loan and Grant programs provided approximately \$1.4 billion in loans, loan guarantees, and grants for business development to 3,740 businesses. This resulted in an estimated 80,000 jobs either created or saved in rural America. Of this amount, over \$1.2 billion of the funding was provided through the Business and Industry Guaranteed Loan Program. A part of this funding was contributed through a partnership with the Department of Treasury and the North American Development (NAD) Bank. Through this partnership, USDA's Business and Industry Guaranteed Loan Program provided \$63.5 million in loans that created or saved 2,450 jobs in areas impacted by NAFTA-related trade.

## TOP 5 STATES BY VALUE OF CASH RECEIPTS

Sorghum grain:



KANSAS

TEXAS

NEBRASKA

MISSOURI

OKLAHOMA



Congressman Joe Skeen (far right), NM, Chairman, House Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies, received phone service for the first time in 1982, thanks to USDA's Rural Telephone Program, now operated by the Rural Utilities Service.

**Relending Program.** The Intermediary Relending Program provides low-interest loans to intermediaries, which in turn provide loans to develop business or community-development projects. In FY 1999, approximately \$33 million was provided to 47 intermediaries. The Rural Business Enterprise Grant program provided approximately \$36.4 million to assist more than 2,300 small and emerging businesses.

**Rural Cooperative Development Grant Program.** Ten States received funding through the Rural Cooperative Development Grant Program in FY 1999. With at least a 25-percent match from non-Federal sources, these grants support new or existing centers for cooperative development, which in turn provide technical assistance to new cooperative businesses in rural areas. These grants have helped establish more than 50 value-added cooperatives serving in excess of 5,000 members.

**Research on Rural Cooperative Opportunities and Problems.** The Rural Business-Cooperative Service (RBS) supported applied research for agricultural cooperatives by funding the Research on Rural Cooperative Opportunities and Problems initiative. This initiative provides matching monies to universities and nonprofits to conduct research on cutting-edge issues facing our Nation's rural cooperatives. This research also lays the groundwork to expand USDA's authority to nonagricultural rural cooperatives during FY 2000.

**Technical Assistance to New and Existing Agricultural Cooperatives.** RBS provided direct technical assistance to groups wanting to form cooperatives as well as agricultural cooperatives already operating. Approximately 215 different cooperatives or groups were provided assistance.

**Cooperative Education and Research.** RBS has an extensive program of research on issues facing rural cooperatives as well as developing educational materials. Business program benefits provided to cooperatives include \$44.4 million in Business and Industry guaranteed loans to 19 cooperative projects, \$306,460 in Rural Business Enterprise grants to 4 cooperative projects, \$2.3 million in Intermediary Relending Program funding to 3 cooperative projects, \$13.7 million in Rural Economic Development loans to 38 cooperative projects, and \$9.3 million in Rural Economic Development grants to 38 cooperative projects.

## TOP 5 STATES BY VALUE OF CASH RECEIPTS

Lettuce:

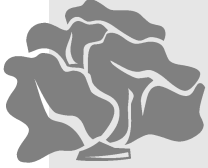
CALIFORNIA

ARIZONA

NEW JERSEY

NEW MEXICO

COLORADO



## Did You Know?

More than 21,000 hogs, 2 million chickens, and 752,000 turkeys in North Carolina died due to Hurricane Floyd. USDA helped dispose of the carcasses.

## Rural Utilities Service

### Key Accomplishments for FY 1999

**Electric Program.** The Electric Program approved 72 loans for a total of \$538 million to Rural Utilities Service (RUS) borrowers serving counties identified as persistent poverty counties. In addition, 83 loans, for a total of \$379 million, were approved for borrowers serving counties identified as having persistent outmigration. Based on financial and statistical information provided by RUS borrowers, 2.8 million consumers benefitted from electric system improvements that were made during FY 1999.

**Telecommunications.** During FY 1999, the Telecommunications Program improved the information superhighway for rural America by making loans and loan guarantees of \$461 million for 37 rural telecommunications projects that provided improved service to more than 662,000 rural residents, including new service to 220,000 residents. Improvements will include installation of \$63 million of new digital switching technology and over 4,700 miles of fiber optic cable and associated electronic equipment costing \$172 million. Some of these facilities will be used specifically to connect an additional 15 schools to distance learning systems.



An employee of an electric power cooperative monitors power distribution to customers.

## TOP 5 STATES BY VALUE OF CASH RECEIPTS

## Apples:

WASHINGTON
CALIFORNIA
NEW YORK
MICHIGAN
PENNSYLVANIA



## Did You Know?

In a typical year, Rural Development programs create or preserve more than 150,000 rural jobs, enable 40,000 to 50,000 rural Americans to buy homes, and help 450,000 low-income rural Americans to rent apartments or other housing.

**RUS Supports Distance Learning and Telemedicine.** RUS provided \$8 million in grants for 30 distance learning projects and \$4.9 million in grants and nearly \$2 million in loans for 23 telemedicine projects that will serve rural residents through educational centers and health care providers.

**Water and Environmental Programs.** During FY 1999, the Water and Environmental programs provided more than \$1.2 billion in loans and grants for over 1,700 rural water or wastewater projects that serve 3 million people, creating over 33,000 jobs.

**Water 2000.** About 1 million residents of rural America lack safe, clean drinking water in their homes. RUS has been spearheading the Water 2000 initiative to provide this basic resource that most Americans take for granted. Water 2000 funded 106 projects in 1999 to improve the drinking water systems serving over 129,000 households, to improve service to over 300,000 people, and to provide first-time public water to over 14,000.

**Rural Utilities Service and the Federal Energy Regulatory Commission.** RUS has continued to be actively involved in proceedings at the Federal Energy Regulatory Commission (FERC) on matters affecting restructuring of the electric utility industry and RUS borrowers. FERC regulates wholesale electric power markets and interstate transmission of electricity by public utilities.

**Administration's Electric Industry Restructuring Plan Has Rural Safety Net.** USDA and RUS worked with other Federal agencies in the development of the President's Electric Competition Plan and proposed legislation. USDA's participation on the White House Interagency Working Group on Restructuring resulted in the Administration's proposed legislation being the only bill that contained a rural safety net to ensure that high cost to serve rural areas would be protected against unreasonable cost increases in electric power.