



Community and Economic Development in North Carolina and Beyond Blog: USDA Rural Development Community Facilities Loan and Grant Program

By CED Program Interns & Students

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In the Town of Elk Park, a rural mountainous community of 453 residents in western North

Carolina, the Town Hall currently operates out of an 80-year-old single-family house. Numerous attempts to update the facility have left the building in a state of non-compliance with the Americans with Disabilities Act (ADA) accessibility requirements, in addition to several other structural emergencies. In need of desperate attention, the USDA Rural Development office provided a loan and grant to help finance a new Town Hall. In addition, Rural Development staff provided assistance in designing the new facility. Once completed, the town's administrative employees, public works employees, and the police department will all work in the new facility. The building, which will meet ADA guidelines, will provide office and meeting space, a parking lot, and public restrooms.

The Community Facilities Program, operating under the USDA Rural Development agency, traces its roots back to the Great Depression and continued under the Farmer's Home Administration (FmHA) created in 1946. Today, the Community Facilities Program serves as an important funding source for rural areas and towns of up to 20,000 in population. The program provides direct loans, loan guarantees, and grant funds in order to assist in the development of essential community facilities related to healthcare, education, public safety and public services. Public service facilities include community buildings, courthouse, public maintenance buildings, libraries, schools, industrial parks, roads, bridges, airports, fairgrounds, utilities, and other improvements, or to acquire interest in lands, leases, and rights-of-way necessary to develop the facilities. The program is available to public entities such as municipalities, counties, and special purpose districts, as well as to non-profit corporations and tribal organizations.

During the fiscal year 2009 -2011, the USDA Rural Development Community Facilities Program issued close to \$3.8 billion in aid and assistance for community projects, helping more than 37 million rural Americans address essential challenges in health care, education, public service and public safety by financing projects through loans, grants, or loan guarantees.

USDA Community Facilities Program Nationwide Funding Obligations, FY 2009–2011

Sector	Number of Projects	Amount Obligated
Healthcare	581	\$1,787,971,897
Education	954	\$672,181,196
Public Safety	2190	\$458,292,588



Public Services	1255	\$881,249,723
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Source: USDA Rural Development

Typically offered to applicants who are unable to obtain traditional commercial financing, the program provides longer repayment terms – up to 40 years – and lower, fixed interest rates for the development, construction, enlargement, improvement and operation of crucial community facilities. Under the loan guarantee program, the USDA guarantees up to 90% of a commercial loan with a traditional lender. Guaranteeing the loan allows lenders to make loans that they might not otherwise be able to make due to weak collateral, high loan-to-values, or special purpose buildings (i.e. schools, healthcare facilities, etc.). In addition to loans and loan guarantees, a limited amount of grant funds are also available through the Community Facility Program. Grants are awarded based on a priority point system determined by the size of the community and its median income levels.

During the fiscal year 2009 – 2011, 187 loans were made in the state of North Carolina, serving over 2.3 million people.

USDA Community Facilities Program North Carolina Funding Obligations, FY 2009–2011

North Carolina	Direct Loans	Amount
Healthcare	20	120,343,740
Education	15	48,971,450
Public Safety	108	52,446,266
Public Services	44	80,369,785

Source: USDA Rural Development

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