USDA United States Department of Agriculture

Rural Development

Community Facilities Program

Nebraska Senior Housing Care Symposium

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Community Facilities Overview

Community Facilities Programs

- Community Facilities Programs offer **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.

Community Facilities Overview

Essential Community Facilities

- Public Safety Facilities, Public Buildings & Equipment
- Health Care Facilities & Equipment
- Education & Cultural Facilities

Eligible Applicants

- Public Bodies, Non Profits or Indian Tribes

Eligible Locations

- Communities less than 20,000 residents

Community Facilities Overview

Eligible Purposes

- Construct, expand, renovate, or improve community facilities
- Purchase vehicles and major equipment
- Infrastructure – roads, dams, bridges, etc.
- Refinancing when less than 50% of the total project cost

Community Facilities Overview

CF Direct Loan Rates and Terms

- Interest rates currently at 2.75% - set quarterly
- Maximum of 40 year term or useful life
- Adequate security to protect the interest of the Government
- Repayment ability to service debt, O & M, capital replacement
- Unable to obtain other commercial credit

Community Facilities Overview

CF Grant Programs

- CF Grants – regular, EII & Tribal
  - Limited funds available for the most needy communities
  - Same eligible purpose as direct loans and guarantees
- Rural Community Development Initiative Grants (RCDI)
  - Technical assistance for capacity building
- Technical Assistance & Training Grants (TAT)
  - For the benefit of developing an essential community facility

Community Facilities Overview

CF Guarantee Loan Program

- 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
- Repayment ability
- Lender must be unable to make loan without guarantee
- Up to a 90% guarantee on loss
- One time, one ½ percent (1.5%) fee payable upon issuance of Loan Note Guarantee
- Annual ½% servicing fee

*New OneRD Regulation – may be slightly different, increase in population threshold to 50,000 for guaranteed loans only

Application Process/Timeline

Preapplication/Application Process & Critical Paths

- Preapplication – Eligibility – Applicant, Purpose, Rural, Obtain Other Credit – typically 30 days.
- Application – Invite a complete application – "Issue the AD 622". Feasibility, Preliminary Architectural Report, Environmental. Three main critical paths:
  - Feasibility – Financial Feasibility Report – Three levels: >$5MM requires an Examination Opinion – could take some time
  - PAR
  - Environmental – Could take some time depending
  - * Security - appraisal

Best Practices!

- Planning - Start early – develop a project team, strategic plan and timeline – Board and senior management must be engaged!
- Poll your stakeholders/public – what do they want?
- You do not need to hire a Financial Advisor
- Contact your local and state office of Rural Development at concept – they will help you and guide you through step by step. We will work through the process and structure request properly.

Nebraska Senior Living Portfolio

	#DL	Direct Loans	#GL	Guaranteed Loans	TOTAL
Nursing Homes	3	$15,233,000	3	$9,844,000	$25,077,000
Assisted Living Facilities	9	$36,049,500	2	$2,700,000	$38,745,500
Adult Day Care	1	$691,000			$691,000
Total Health Care	57	$234,721,839	9	$25,944,000	$260,665,839
Total Portfolio	105	$268,193,599	11	$27,399,990	$295,593,589

National Senior Housing for FY 2019 and overall as of 1/6/2020

SNAPSHOT OF Community Facilities SENIOR HOUSING

SECTOR	# of Facilities	FY 2019 - Obligated	TOTAL Portfolio	TOTAL # of Facilities
Nursing Home	4 (FY 19)	$13,479,000	$576,426,819	198
Assisted Living	9 (FY 19)	$57,926,300	$640,465,385	257
Adult Day Care	3 (FY 19)	$3,518,515	$43,309,198	42
TOTAL	16	$74,923,815	$1,260,201,402	497

Delinquency – Senior Housing

Overall National Delinquency rate = 2.02%

Of the 76 delinquent borrowers 12 (16%) are senior housing defaults – mainly in the Midwest. (none in NE)

	Borrowers	%	Loans	%
Total	76	2.02	108	1.8
Senior Housing All	12	.32	22	.37

CF Loan Portfolio Summary for all project types – FY 2019 only

CF Portfolio Utilization (LOANS ONLY) as of 9/30/2019 (FY 19 only)

SECTOR	# OF LOANS	AMOUNT OBLIGATED
Health Care	65	$363,490,747
Fire, Rescue & Public Safety	135	$77,025,245
Cultural & Educational	57	$318,554,901
Recreational		
Energy Trans / Distribution	2	$10,735,000
Public Bldgs & Improvements	76	$88,457,870
Other	19	$21,312,624
TOTAL	354	$878,473,223

CF National Loan (only) Portfolio Summary for all project types

CF Loan Portfolio Utilization as of 1/6/2020

SECTOR	# OF LOANS	UNPAID PRINCIPAL BALANCE (millions)
Health Care	1,863	$5,406,105,088
Fire, Rescue & Public Safety	1,545	$792,110,264
Cultural & Educational	1,216	$3,143,321,788
Recreational	28	$15,333,622
Energy Trans / Distribution	46	$37,926,437
Public Bldgs & Improvements	1,331	$1,063,381,690
Other	566	$441,045,212
TOTAL	6,595	$10,899,224,100

Community Facilities Fund Utilization by year

FY 2019 CF Fund Utilization

	Count	FY 2019 Obligations
CF Direct Loan	330	$773,857,642
CF Guar Loan	24	$104,615,581
CF Grants (all)	1,121	$48.4MM
Total:	**1,475**	**$926,888,104**

FY 2018 CF Fund Utilization

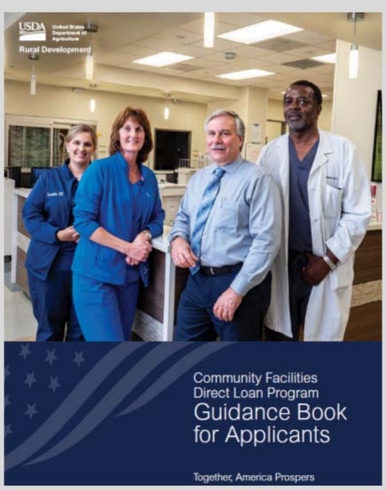
	FY 2018 Program Obligations
CF Direct Loan	$1.981B
CF Guaranteed Loan	$176.5MM
CF Grants (all)	$46.3MM
TOTAL:	**$2.25B**

Community Facilities Fund Utilization by year - Continued

FY 2017 CF Fund Utilization

	FY 2017 Program Obligations
CF Direct Loan	$2.6 billion
CF Guar Loan	$149.5 million
CF Grants (all)	$43.7 million
Total:	**$2.8 billion**

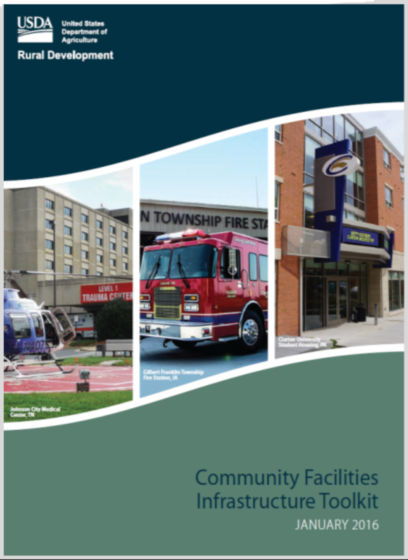
Community Facilities Direct Loan Program Guidance Book for Applicants



This is a great guide book that walks you through the entire process.

https://www.rd.usda.gov/files/508_RD_RHS_CF_DirectLoanGuidanceBook_090919.pdf

Community Facilities Infrastructure Tool Kit



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.

Community Facilities Infrastructure Tool Kit Link:

http://www.rd.usda.gov/files/RDCFIToolkit_Jan2016.pdf

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USDA United States Department of Agriculture

Rural Development

QUESTIONS?

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