



United States  
Department of  
Agriculture

# Rural Development



*Rural Development*

*Water and Environmental Programs (WEP)*

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# RURAL DEVELOPMENT

## **Rural Utilities Service (RUS)**

- Water & Environmental Programs (WEP)
- Broadband
- Electrical

## **Rural Housing Service (RHS)**

- Single Family Housing (SFH)
- Multi Family Housing (MFH)
- Community Facilities (CF)

## **Rural Business Service (RBS)**





# WATER AND ENVIRONMENTAL PROGRAM (WEP)

What is Water and Environmental Programs?

Finance drinking water, sanitary sewer, storm water, and solid waste systems

## Facilities include:

- Water / Wastewater Treatment Facilities
- Water / Sewer Pipeline
- Pumping Stations
- Water Storage Tanks
- Solid Waste Disposal
- Storm Water Facilities



## WEP Programs:

- Direct Loan and Grant Program
- Guaranteed Loan Program
- Pre-Development Planning Grants (PPG)
- Special Evaluation Assistance for Rural Communities and Households Program (SEARCH) Grants
- Emergency Community Water Assistance Grants (ECWAG)



# State of WEP's Portfolio

## Direct Loan Program:

- 7,466 Borrowers
- 15,430 Loans
- 1.89% Delinquency Rate
- 588 Average Number of Direct Loans Per Year (climbing trend)
- **166 Guaranteed Loans**

## ELIGIBILITY - WEP

An applicant must be:

- A public body
- Not-for-profit organization
- Native American tribe on Federal or State reservations or other Federally recognized tribes

Rural areas with population of 10,000 or less

Projects must serve a rural area

Other Credit – Applicant unable to finance the project from their own resources or through commercial credit at reasonable rates and terms.



## INTEREST RATES – WEP

### Direct Loan Program:

#### Three Interest Rate Levels:

- Poverty - The MHI of the service area is **below \$45,506**; Project must be necessary to alleviate a health and sanitary problem. Poverty Rate this quarter **2.375%**
- Intermediate - Does not have H&S problem to qualify for poverty rate; MHI between **\$45,506 and \$56,882**. Intermediate Rate this quarter is **3.125%**.
- Market – MHI above \$56,882. No grant funds for Market Rate. Market Rate this quarter is **3.875%**

### Guaranteed Loan Program:

Interest rate is negotiated between lender and applicant. Interest rate can be fixed or variable.



## WEP Direct Loan Terms:

- Loan repayment shall not exceed the useful life of the facility or 40 years from the date of the note or bond in accordance with local finance laws. In New York, we use 38 years as the project is typically on a BAN for 2 years prior to loan closing.
- Applicant responsible for short term financing, typically a Bond Anticipation Note (BAN) during the construction period for the loan portion/funds. After the loan funds have been disbursed through interim financing, RD closes on long term financing which allows the municipality to retire the interim financing (BAN). RD only funds long term financing.

## WEP Guaranteed Loan Terms:

- Term is negotiated between lender and applicant but cannot exceed 40 years.

## Grants – WEP

Grants are determined based on affordability, which is determined by Similar Systems costs. Grant funds are limited and each project will be reviewed on a case by case basis to determine eligibility for grant assistance.

Similar Systems are other communities that have similar MHI, population, treatment systems, etc.

### Example

Town, MHI \$40,000

Affordability = 1.5% MHI or \$600 per EDU per year



## WEP Application Process

Applicant/Engineer/Fiscal Advisor submits application via RD Apply – the new online application process for Rural Development WEP Applications. <https://rdapply.usda.gov>

RD Apply is very convenient for its users with 24/7 access through any internet ready device. Through assigned roles each organization has the ability to control who can view and modify their application.

Faster processing cuts down on questions and ensures a complete application; it also better positions your organization for funding.

Need Level 2 eAuthentication (eAuth) Registration



## PRE-DEVELOPMENT PLANNING GRANTS (PPG)

Eligibility – same as for direct program

Median Household Income (MHI) – must be below \$45,506

Pre-development project costs – funds can be used to pay for costs associated with completion of the Rural Development Application. This includes the cost of the Preliminary Engineering Report (PER) and Environmental Report (ER).

Grants – 75% of project costs up to \$30,000 maximum



## Special Evaluation Assistance for Rural Communities and Households Program (SEARCH) Grants

Eligibility – same as for direct program

Median Household Income (MHI) – must be below \$45,506

Population – rural city or town with a population of 2,500 or fewer

Grants – 100% of project costs up to \$30,000 maximum

## Special Evaluation Assistance for Rural Communities and Households Program (SEARCH) Grants

Eligible predevelopment planning costs are feasibility studies, preliminary design assistance, and technical assistance as each is defined in §1774.2. The predevelopment planning costs must be related to a proposed project that meets the following requirements:

- (1) To construct, enlarge, extend, or otherwise improve rural water, sanitary sewage, solid waste disposal, and storm wastewater disposal facilities.
- (2) To construct or relocate public buildings, roads, bridges, fences, or utilities, and to make other public improvements necessary for the successful operation or protection of facilities authorized in paragraph (a)(1) of this section.
- (3) To relocate private buildings, roads, bridges, fences, or utilities, and other private improvements necessary for the successful operation or protection of facilities authorized in paragraph (a)(1) of this section.



## EMERGENCY COMMUNITY WATER ASSISTANCE GRANTS (ECWAG)

Eligibility – Same as Direct Program

Experienced significant decline in quantity or quality of water as a result of an emergency

### Grants

- \$1,000,000 – New water source projects
- \$150,000 – Repairs, replacement, maintenance of system

## OVERVIEW OF WEP SUCCESS – Fiscal Year 2017

	<u>Loans/Grants</u>	<u>Funding</u>
WEP Direct Loans	25	\$37,340,000
WEP Direct Grants	24	\$16,205,000
Preliminary Planning Grants (PPG)	3	\$79,500
Emergency Community Water Assistance Grant (ECWAG)	2	\$588,500





## Allocations – Fiscal Year 2018

Normal Allocation for the Direct Program:

\$1.2 Billion direct loan

\$355.41 Million in Direct grant

**FY18 provides an additional \$2.9 Billion in loan (plus carry over) and additional \$495 Million in Grant (plus carry over)**

Normal Allocation for the Guaranteed Program:

\$50 Million in Guaranteed Funding

FY18 provides \$542 Million



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# QUESTIONS?

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*USDA Rural Development is committed to the future of rural communities.*