



# Association of Towns 2026 Annual Meeting and Training School

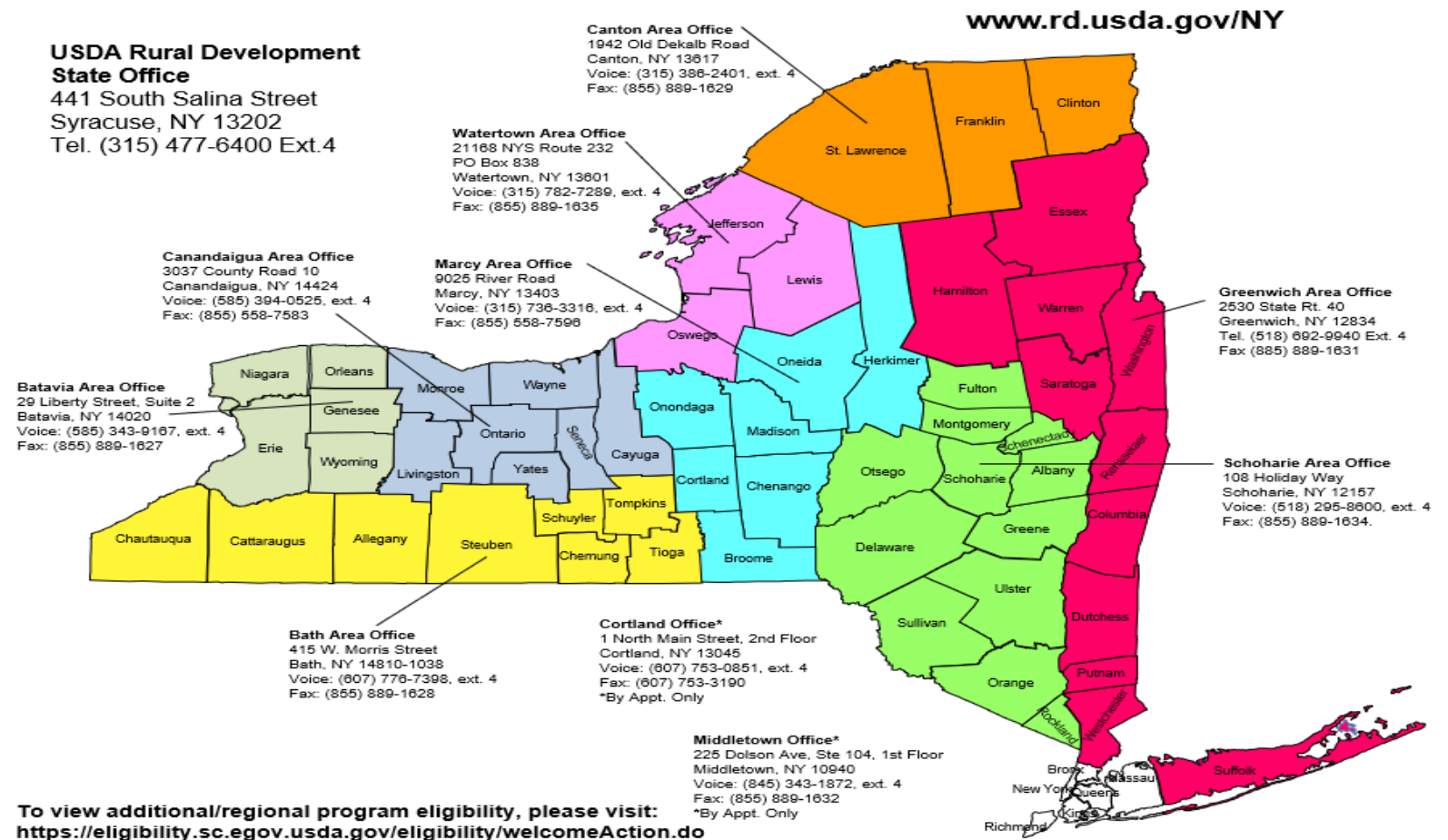
February 17, 2026


# What is Rural Development?

- Rural Development is one of seven mission areas under the United States Department of Agriculture.
- We have more than 40 loan, grant, and technical assistance programs to support economic development in rural communities.
- Rural Development programs are delivered thru 3 agencies.
  - **Rural Business Service** offers programs to help businesses grow & supports job training programs for people living in rural areas
  - **Rural Utilities Service** we provide assistance for water and sewer improvements
  - **Rural Housing Service** we assist w/ SFH loans for purchase & repair along w/ funding essential community facilities.

# Where is USDA Rural Development – in New York?

- **1 State Office**
  - Syracuse
- **8 Area Offices**
  - Bath
  - Batavia
  - Canton
  - Canandaigua
  - Greenwich
  - Marcy
  - Schoharie
  - Watertown
- **Middletown/Cortland – appointment only offices**





Water and  
Environmental  
Programs

# Clean Water & Sanitation Help for Rural Communities

- Water and Environmental Programs (WEP)
- Projects include the Construction, Repair, Modification, Expansion or Improvement of:
  - Drinking water sourcing, treatment, storage tanks and distribution/pumping stations
  - Sewer collection, transmission, treatment and disposal
  - Solid waste collection, disposal and closure
  - Storm water collection, transmission and disposal.

# Water & Waste Disposal Loans & Grants

- Funding may be used for:
  - Construction costs
  - Purchasing existing facilities to improve or prevent loss of service
  - Legal fees
  - Engineering fees
  - Land acquisition
  - Water and land rights
  - Permits
  - Equipment
- Application preparation is not an eligible project expense.

# Water & Waste Disposal Loans & Grants

## **Eligible Applicants:**

- An applicant must be:
  - ❖ A public body
  - ❖ A Not-for-profit organization
  - ❖ Native American tribe or Federal or State reservation or other Federally recognized tribes.
- Rural areas with populations of 10,000 or less. Projects must serve a rural area.

# WEP Direct Loan Terms

## Terms:

- Loan repayment shall not exceed the useful life of the facility or 40 years. Subject to NYS Local Finance Laws.
- In New York, we use 38 years as the terms of the long-term loan as the community will be out on a **Bond Anticipation Note** (BAN) during construction which is typically a 2-year period prior to loan closing.
- Applicant is responsible for short term financing – typically BAN financing during the construction period for the loan portion/funds.
- After the loan funds have been disbursed through the interim financing, Rural Development closes on long-term financing which allows the municipality to retire the interim financing.

# WEP Interest Rates

- **Poverty Rate**                    2.875%
  - To qualify – 2021 MHI must be less than \$58,620 and primary purpose of the loan is to alleviate a documented health or sanitary problem of the facility being financed.
- **Intermediate Rate**        3.75%
  - To qualify – 2021 MHI of the service area is less than \$58,620 and the project does not alleviate a documented health or sanitary problem.
- **Market Rate**                    4.75%
  - To qualify – 2021 MHI is \$73,275 or above. No grant funding is available for market rate projects.
- Rates change quarterly – January, April, July & October

# Loan Security

- Loans must be adequately secured.
  - General Obligation – New York requires General Obligation (GO) Bonds for Public Bodies.
  - Revenue Bonds for Authorities.
  - Assignment of Income.
- Rural Development must take the best security available when financing a project -- which in New York State is General Obligation Bonds.

# Water & Waste Disposal Grants

- Very limited FY26
- Prioritized for projects where MHI is below 80% SNMMHI and alleviates a health or sanitary problem.
- National Office policy has implemented a minimum cost per EDU of 1.75% of the MHI before any grant funding will be provided to a project.
- Communities should expect to pay between 1.75% - 2.5% of their MHI

# WEP Guaranteed Loans

- Applicant eligibility the same as direct **except** the population for this program was just increased under the Farm Bill to 50,000.
- Term is negotiated between the lender and the applicant – but cannot exceed 40 years.
- Loan made by a commercial lender. Guarantee by the U.S. Government (up to 80% for potential loss).
- Reduces risk to the commercial lender which may result in lower interest rate from lender with our 80% guarantee.
- Lender pays 1% Guaranteed Fee of guaranteed amount and .5% annual retention fee on the guarantee.

# Emergency Community Water Assistance Grants (ECWAG)

- Helps eligible communities (population of 10,000 or less) prepare, or recover from, an emergency that threatens the availability of safe, reliable drinking water.
- Eligible applicants – same as for direct loan/grant program.
- Grants made for repairs or partial replacement cannot exceed \$150,000
- Grants made for new water source cannot exceed \$1,000,000
- Streamlined application processing for projects that do not need additional Rural Development funding to complete the project.

# Emergency Community Water Assistance Grants (ECWAG) Continued

- There must be an event that can caused the emergency. These events include but are not limited to:
  - Drought
  - Flood
  - Earthquake
  - Tornado or Hurricane
  - Disease outbreak
  - Chemical spill, leak or seepage
- Federal disaster declaration is not required

# Planning Grants

- Assists low-income communities with initial planning and development of applications.
- Predevelopment feasibility studies, design and engineering assistance, and technical assistance for funding applications.
- USDA Rural Development has two programs provide pre-planning grants to assist communities with preparing their PER and ER for their RD Application
  - Water & Waste Disposal Predevelopment Planning Grant (PPG)
  - Special Evaluation Assistance for Rural Communities (SEARCH)

# PPG & SEARCH Program Details

- **PPG Program**

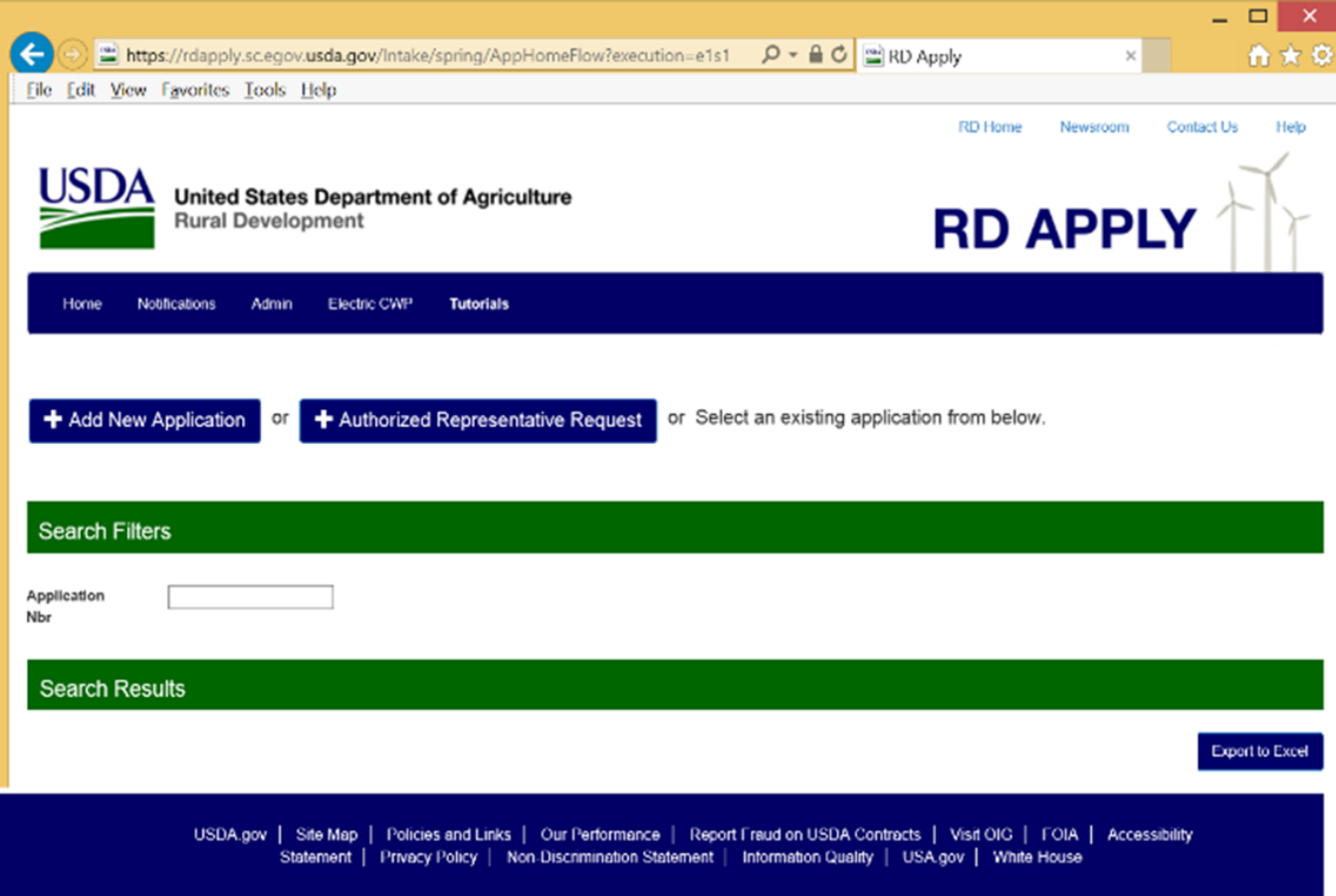
- Eligible areas include rural towns/cities/villages (10,000 or less)
- Eligible Entities: Public Bodies, Not for profit organizations & Federally Recognized Tribes that have a 2021 MHI less than \$58,620
- Maximum grant amount is \$60,000 or 75% of predevelopment planning costs

- **SEARCH Program**


- Eligible areas include rural towns/cities/villages (2,500 or less)
- Eligible Entities: Public Bodies, Not for profit organizations & Federally Recognized Tribes that have a 2021 MHI less than \$58,620
- Maximum grant amount is \$30,000 or 100% of predevelopment planning costs (up to \$30,000)

# RD Apply

- Safe and secure
- Convenient and available 24/7
- Faster processing with less paper
- Water & Waste Disposal program applicants apply online with RD Apply.
- RD Apply offers many advantages:
  - Identity Security
  - Reduced Paper Consumption



The screenshot shows the RD Apply website interface. The browser address bar displays the URL: <https://rdapply.sc.egov.usda.gov/Intake/spring/AppHomeFlow?execution=e1s1>. The page features the USDA logo and the text "United States Department of Agriculture Rural Development" on the left, and "RD APPLY" with a wind turbine icon on the right. A navigation menu includes "RD Home", "Newsroom", "Contact Us", and "Help". Below the logo, there are links for "Home", "Notifications", "Admin", "Electric CWP", and "Tutorials". The main content area has two primary buttons: "+ Add New Application" and "+ Authorized Representative Request", followed by the text "or Select an existing application from below.". A "Search Filters" section contains an input field labeled "Application Nbr". Below this is a "Search Results" section, which is currently empty. An "Export to Excel" button is located in the bottom right corner of the search results area. The footer contains a list of links: "USDA.gov", "Site Map", "Policies and Links", "Our Performance", "Report Fraud on USDA Contracts", "Visit OIG", "FOIA", "Accessibility Statement", "Privacy Policy", "Non Discrimination Statement", "Information Quality", "USA.gov", and "White House".

A smiling firefighter in full gear, including a white t-shirt, yellow pants, and a helmet, stands in front of a fire truck. The background is slightly blurred, showing the side of the truck and some buildings.

# Community Facilities Program

- Hospitals, health clinics, medical facilities
- Educational – schools/colleges
- Municipal Office Buildings/  
Highway maintenance facilities
- Fire houses, first responder vehicles and equipment
- Municipal vehicles – snowplows, street sweepers, police cars
- Transportation – roads, bridges, airports, sidewalks

# Community Facilities Programs - Eligibility

- An applicant must be:
  - A public body
  - A Not-for-profit organization
  - Native American tribe on Federal or State Reservations or other Federally recognized tribes
- The facility must be located in a town/city/village with a population under 20,000
- Projects must serve a rural area -- the population served can exceed 20,000 but the physical location of the facility must be located in a rural area with a population under 20,000
- Other credit – applicant unable to finance the project from their own resources or through commercial credit at reasonable rates and terms

# Community Facilities Programs – How can funds be used?

- Purchase of:
  - Real estate
  - Buildings
  - Existing facilities to improve service or prevent loss of service
- Construction, expansion or renovations to essential community facilities
- Purchase of vehicles and major equipment

# Community Facilities Programs – Ineligible Purposes

## **Ineligible Purposes:**

- Facilities to be used for recreational purposes – unless for educational purposes such as schools
- Commercial enterprises - A project that is typically operated by private enterprise or for the purpose of producing profits
- Electric generation and transmission facilities or telephone systems
- Loan and/or grant finder's fees/ application preparation fees
- Projects that are not modest in size, type and design
- Facilities that want to lease space for an ineligible purpose

# Community Facilities Programs – Rates & Terms

- Interest rate – currently 4.5% (Poverty), 4.625% (Intermediate), and 4.75% (Market); Rate changes quarterly – January, April, July and October 1<sup>st</sup>
- New construction – typically 30 years
- Rehabilitation / Expansion – typically 20 years
- Major Equipment – varies (useful life, ranges from 5 to 15 years)
- New fire trucks, rescue vehicles and police vehicles – range from 3 to 15 years or useful life
- *NYS Local Finance Law determines the term based upon local finance laws – these are typical terms; we may ask your bond counsel to determine the maximum term before obligating funds.*

# WEP Overview of Success – FY2025

	<u>Loans/ Grants</u>	<u>Funding</u>
WEP Direct Loans	<b>19</b>	<b>\$37.8M</b>
WEP Direct Grants	<b>9</b>	<b>\$22.4M</b>
Preliminary Planning (PPG)-SEARCH	<b>1</b>	<b>\$52,000</b>
Grants (Technical Assistance)	<b>1</b>	<b>\$172,000</b>
CY22 Disaster Grants	<b>1</b>	<b>\$2.5M</b>
REAP Grant – special set aside funds (Tioga/Sullivan County & Town of Wawarsing only)	<b>1</b>	<b>\$516,000</b>

# CF Overview of Success – FY2025

	<u>Loans/ Grants</u>	<u>Funding</u>
Community Facilities Direct Loans	<b>13</b>	<b>\$11.2M</b>
Community Facilities Direct Grants	<b>2</b>	<b>\$99,350</b>
Community Facilities Guaranteed Loans	<b>0</b>	<b>\$0</b>
CF REAP Grants (Tioga/Sullivan County)	<b>1</b>	<b>\$154,000</b>
Congressional Directive Spending Grants	<b>5</b>	<b>\$5M</b>

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