



United States Department of Agriculture  
**Rural Development**  
Committed to the future of rural communities



# Brownfield Properties - Resources for Economic Redevelopment

October 19, 2011

Hastings City Hall | 101 4th Street East  
Hastings MN 55033



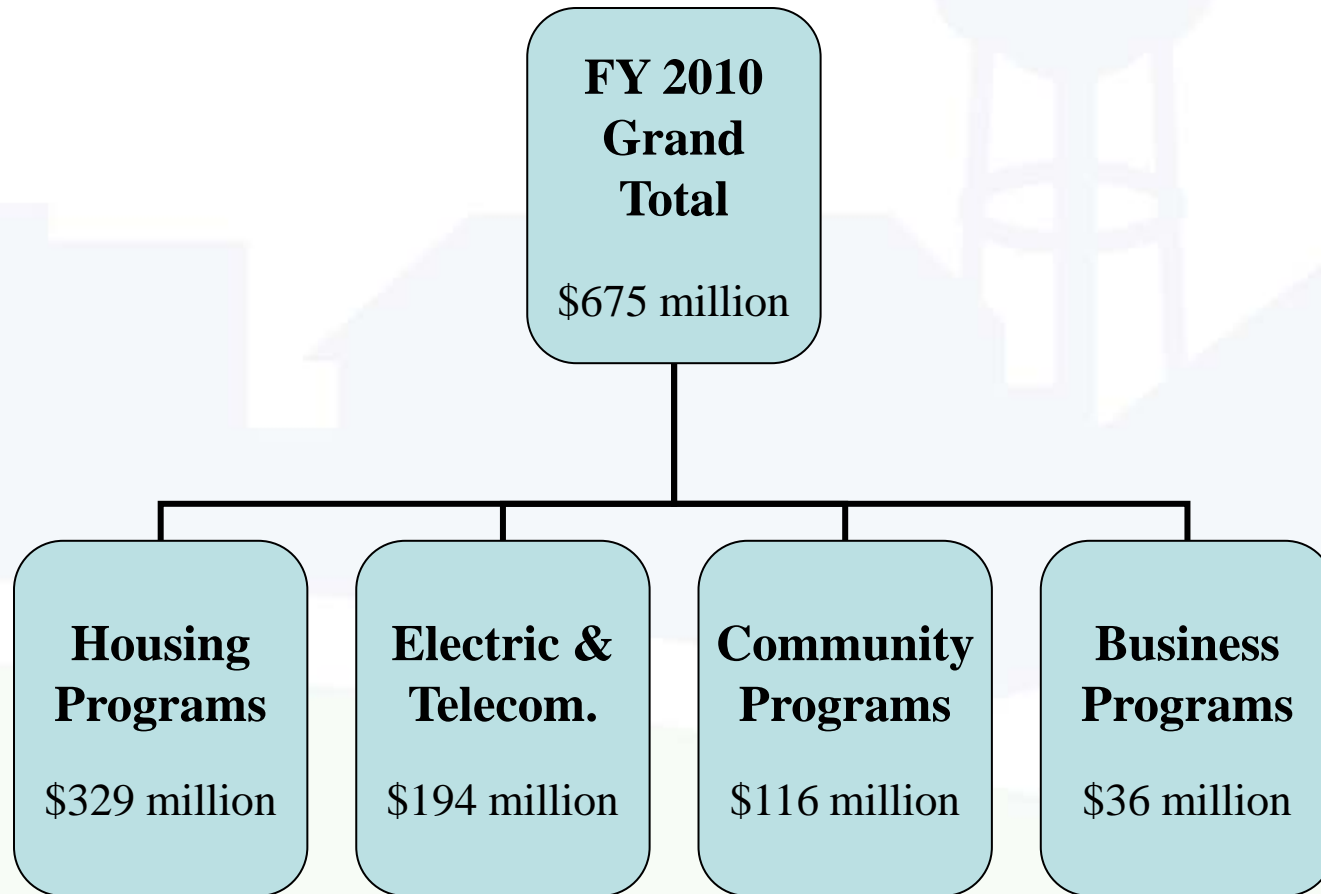
Committed to the future of rural communities.

# Minnesota Rural Development

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- Mission: To create economic opportunity and improve the quality of life for all rural Americans.
- Over 40 loan, loan guarantee, and grant programs to finance housing, businesses, economic development, and community facilities and infrastructure

# Program Activity FY 2010



# Rural Business Programs

## *Job creation*

Business Programs  
help create and save  
jobs



Business & Industry Guarantees  
Rural Economic Development Loans and Grants  
Rural Business Enterprise Grants  
Rural Business Opportunity Grants



# Business and Industry Guaranteed Loans

## **Purpose:**

- Spur Business activity and growth
- Financial backing for businesses in rural areas
- To create jobs and stimulate economic development
- Build viable and sustainable rural communities with Guaranteed Loans
- Guaranteeing quality loans which will provide lasting community benefits.

## **Eligibility:**

- *Project* – Must be located in a rural area
- Population less than 50,000

## ***Lenders:***

- Federal or state chartered banks
- Farm Credit System institutions with direct lending authority
- Savings & loan associations



# Business and Industry Guaranteed Loans

## *Borrower*

- Sole proprietorship
- Corporations
- Cooperatives
- Partnerships
- Other legal entities, public & private, that are organized and operated on a profit or nonprofit basis
- Must be at least 51% U.S. citizen/permanent resident alien owned

Loans up to \$10 million for:

- Business acquisitions
- Business conversion, enlargement, repair, modernization or development
- Purchase & development of land, easements, right-of-way, buildings or facilities
- Machinery & equipment
- Startup costs & working capital
- “Site development & clean-up”



# Rural Business Enterprise Grants

## Objective

- Finance the development of small and emerging private business enterprises.
- 50 or less employees
- < \$1,000,000 in annual revenue

## Purposes

- Public purpose; equipment purchase, construction, incubator.
- Establish a revolving loan fund
- Technical Assistance
- “Other” projects that develop Small & Emerging Businesses. IE: Local Foods

## Applicant

- Public bodies
- Private non-profit corporations
- Native American Communities

## Population

- Communities and rural areas less than 50,000 in population.



# Rural Business Enterprise Grants

## Funding and Contact

- Normal - MN Allocation ~\$600,000
- FY 2011 Minnesota funded projects in SE MN, City of Plainview – Business Incubator and City of Wabasha - Revolving Loan Fund (RLF)
- Projects under < \$100,000 score better and are more competitive.
- Match/Leveraged funds important.
- Multi-State projects are being favorably considered.
- In FY-11 we received about 19 applications in MN and we funded about half of them.

## RBEG Examples

- City of Delevan – Roof for their Community & Business Center
- Cities of Ellendale, Austin, Albert Lea, St. Charles, Medford & Garden City Township have used RBEG funds to establish Revolving Loan Funds
- Spring Valley EDA – Industrial Park Improvements





# **RBEG Example of use: Brownfields**

**A Community or not for profit organization wishes to clean up a Brownfield in order to facilitate economic development of their community:**

- They have a small business or businesses that are interested in renting the site. The community could apply for a Rural Business Enterprise Grant to do the actual clean up and then rent to the business.**
- If a Revolving Loan Fund was established, a loan for clean-up purposes could be made to the business.**



# Rural Business Opportunity Grant

## Objective & Population

- Finance technical assistance for business development.
- Funding for economic development planning in rural areas.
- Communities and rural areas less than 50,000 in population .

## Purposes

- Technical assistance.
- Leadership training .
- Establishment of business support centers.
- Regional development planning.

## Applicant

- Public bodies
- Non-profit corporations
- Native American Communities
- Eligible rural cooperatives

## Funding and Contact

- Notice of Funds Availability (NOFA) – Not yet issued for FY-12
- Compete nationally for funding – ~\$2,500,000 available.
- \$250,000 Maximum Grant
- No projects were awarded in MN in FY- 10 & FY-11 with the reduction in funding.



# **RBOG Example of Use: Brownfields**

**A not for profit wishes to clean up a Brownfield in order to facilitate economic development in their community. They could apply for a Rural Business Opportunity Grant to: do a study of how to clean it up and to create a plan for the clean up if there will be a benefit to local businesses.**



# Rural Economic Development Loans and Grants

## Program Purpose

- Promote rural economic development and/or job creation projects including feasibility studies, startup costs and business incubators

## Applicant

- Electric and telephone cooperative eligible for financing from the Rural Utilities Service
- Cooperative needs to match 20% on grants.

## Process

- The intermediary (electric or telephone utility) applies to RD for a loan or grant then makes 0% *loans* to ultimate recipient profit or nonprofit businesses and public bodies. 10 year max term.
- Grant applications capitalize a RLF with 1<sup>st</sup> loan made to a non-profit or public economic development project.
- Loan applications fund a pass through loan which can be to for profit businesses as well.



# Rural Economic Development Loans and Grants

## Funding

- National pool of funds –projects are selected quarterly for funding.
- \$740,000 Max. Loan
- \$300,000 Max. Grant

## Examples

- Steele Waseca Coop. - provided assistance to Ellingson Drainage for a business expansion.
- Freeborn Mower Coop. provided assistance to the Albert Lea Hospital
- Freeborn Mower Coop. provided assistance to the Albert Lea business incubator.
- Clean-up needs could be an eligible purposes of the use of these funds.



# Community Programs

Community Programs finance drinking water treatment systems and wastewater treatment systems in rural communities.



Community Programs also funds essential community facilities like hospitals, day cares, emergency response and assisted livings

# Community Facility Information

## Applicants

- Public bodies, non-profit organizations, and Native American Communities.

## Objective

- Provide financing for essential community facilities for rural communities.

## Population

- Rural area with population of 20,000 or less

## Financing Type

- Direct Loans, Grants & Loan Guarantees (90%)

## Uses & Project Types

- Build and rehabilitate facilities
- Fire and rescue vehicles and equipment
- Health Care Facilities
- Daycare Facilities
- Early warning systems
- Police stations, Health Clinics, Schools, Libraries, Hospitals, etc.

## Terms/Conditions

- Up to 100% of market value
- Up to 40 years or useful life of the security
- 3.75% Interest Rate (10/2011)
- Service areas with MHI below \$42,293 to be considered for grant assistance (15-75%).
- 2010 Census data may impact some communities



# Community Facilities

## Community Facility Funding

- FY-10 - 49 loans and grants made for ~\$5,500,00.00
- Daycare Facilities - National grant set aside.
- ARRA funding allowed for an additional 34 projects to be funded in MN for ~\$31,000,000
- FY-12 – If appropriations remain roughly the same, program funding level should increase due to the current low rates.
- Site clean-up needs is an eligible purposes and can be included in the overall financing package.

National Eagle Center - Wabasha



Caledonia Rescue Vehicle



City of Blue Earth Daycare Facility





# Water and Waste Disposal Loans & Grants

## Objective

- Provide water, waste water and storm water financing in rural areas

## Purpose and Uses

- Build, repair and improve public water systems, and waste collection and treatment systems.
- Other related soft costs (engineering, land, legal, etc.)

## Applicant

- Public Entities
- Native American Communities
- Non-profit Corporations
- Water or Sewer Districts.

## Loan/Grant

- Direct loan & grant
- 1.5% MHI Affordability Goal (\$36,000 MHI x 1.5% = \$540 year or a \$45 per month water or wastewater bill.
- Service areas with MHI below \$46,993 will be considered for grant assistance.
- 2010 Census change ??

## Term & Interest Rates

- 40 Year Term
- 2.5 - 4.25% Rate (7/2011)

## Population

- Rural areas and Towns of less than 10,000 population



# Water and Waste Disposal Loans & Grants

## Funding

- Target projects on the State project priority list (PPL)
- MN State allocation of ~\$25,000,000 (roughly 75% loan and 25% grant)
- FY-10 - 26 loans and grants made for ~\$22,000,000.
- Additional funding available through ARRA – 26 projects funded for ~\$85,000,000.
- New applications – Apply as early in the process as possible!
- FY 12 – Applications and funding ?

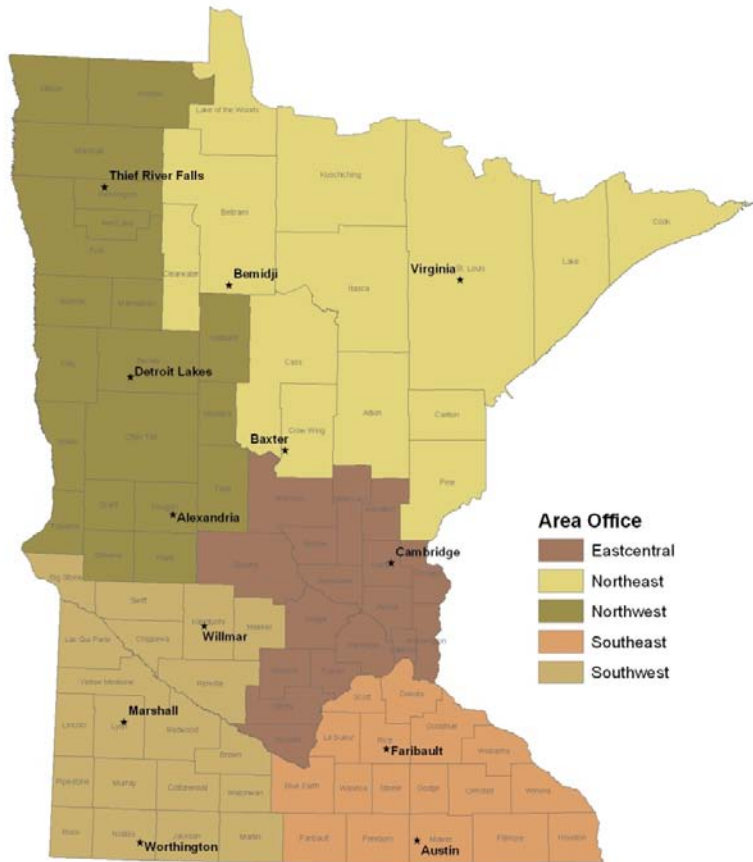
- Note - Many small community projects are jointly funded with State grant programs (Public Facilities Authority).

## Examples

- Lewiston wastewater plant and St. Clair water tower
- **Brownfield example** – City of Kilkenny – contaminated soils were discovered and Rural Development funds were used as part of the clean-up.



## USDA Rural Development Minnesota Area Offices



### Southeast

#### Faribault

1810 30th St. NW

P: (507) 332-7418

F: (507) 332-9892

#### Austin

1408 21st Ave. NW

P: (507) 437-8247

F: (507) 437-7108

Rural Development Office Locator Site:  
<http://www.rurdev.usda.gov/mn/offices.htm>



# USDA Rural Development Web Sites:

- Rural Development State Web Site:  
<http://www.rurdev.usda.gov/mn/index.htm>
- Rural Development National Web Site:  
<http://www.rurdev.usda.gov>
- Rural Development Notice of Funds Availability (NOFA) and Notice of Solicitation of Applications (NOSA):  
<http://www.rurdev.usda.gov/rd/nofas/index.html>



# Questions?

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