



Kansas

Committed to the future of rural communities.



2003 Annual Report

A Message From the State Director...

I am pleased to present the Fiscal Year 2003 USDA Rural Development annual report for Kansas, which outlines more than \$118 million in financial assistance to our State. This level of Agency programming represents the second consecutive + \$100 million year for Kansas. These taxpayer dollars were administered for projects that positively affect the daily lives and pocketbooks of rural Kansans.

Rural communities need and deserve the strategic partnerships and strong coalitions necessary to survive and prosper. Rural residents want affordable homes and essential community facilities. Rural workers need good jobs and rural business community needs economic stimulus to compete and expand. Rural Kansans require dependable water and utility services, along with improved infrastructure support to enjoy an improved quality of life.

In Kansas, USDA Rural Development is ready to help. In fact, we are helping right now through:

- Low-interest home loans & self-help housing programs for individuals and communities
- Grant funding to communities and non-profit economic development groups
- Low-interest loans and grants for critical utility improvement projects
- Technical assistance for community development, housing, business and infrastructure projects
- Loan guarantee programs for rural business, home mortgage and multi-family housing lenders

USDA Rural Development has proudly served rural America for nearly 70 years. Yet, our Agency's important mission still continues – "to improve the quality of life for and enhance economic opportunities of rural Americans." USDA Rural Development directly touches the lives of thousands of Kansans each day. USDA Rural Development will continue to assist Kansans who choose to live and work in rural Kansas. We thank those partners that our Agency cooperates with to fulfill this mission.

USDA Rural Development continues to look forward to the future and the many opportunities that are available to rural Kansas. The Agency will continue to aggressively commit our resources to serve Kansas and its rural citizens. To learn more about our programs, I invite you to visit our USDA Rural Development website at www.rurdev.gov/ks.

A handwritten signature in blue ink that reads "Chuck".

CHUCK BANKS
STATE DIRECTOR



Ann M. Veneman
Secretary of Agriculture

"The Bush Administration has made great strides in supporting investments in America's rural communities. From the successful implementation of the 2002 Farm Bill to passage of the Healthy Forest Restoration Act, President Bush's policy are helping strengthen the economic health of rural America.

As we look to the future, we remain dedicated to ensuring that investments in rural Kansas continue to bring new economic opportunities and an improved quality of life to rural families and communities."

Gilbert Gonzalez
Acting Under Secretary for Rural Development

"Citizens and community leaders throughout rural America share a common desire to bring economic opportunity and an improved quality of life to their community. There is a remarkable cohesiveness amongst rural citizens that allows the energy and enthusiasm of local citizens to harness the resources needed to bring solutions to economic and social issues facing their community.

USDA Rural Development has a dedicated team of professionals available to assist rural communities improve their economic opportunities and quality of life. I encourage you to contact our staff in Kansas to learn more about ways that USDA Rural Development can be of assistance to you and your community."

Kansas USDA Rural Development Fiscal Year 2003

Housing Programs

Guaranteed 502 Loans	\$45,061,082	705
Direct 502 Loans	\$15,959,814	262
504 Repair Loans and Grants	\$662,277	161
Housing Preservation Grants	\$149,600	4
Self-Help Housing Grants (for 35 homes)	\$543,341	3
Total Single Family Housing	\$62,376,114	1135 Loans/Grants
515 Rental Housing Loans	\$3,074,300	9
Rental Assistance (3769 units in 409 projects)		
Average Usage – 3460 units/month	\$7,625,681	
Obligations:		
New - 32	\$269,216	
Rehab - 57	\$837,843	
Renewal - 715	\$9,166,406	
Total Multifamily Housing	\$20,973,446	
Total Housing Programs	\$83,349,560	1144 Loans/Grants

Business & Community Programs

Water and Waste Disposal Loans	\$7,936,350	
Water and Waste Disposal Grants	\$5,656,250	
Water and Waste Disposal Guaranteed Loans	\$1,225,000	
Broadband Grants	\$328,000	
Electric and Telephone Programs	\$7,502,000	
Distance Learning and Telemedicine Grants	\$1,163,649	
Total Rural Utility Service	\$23,881,249	26 Projects
Business & Industry Guaranteed Loans	\$3,854,000	8 Projects
Rural Business Enterprise Grants	\$500,960	6 Projects
Rural Economic Development Loans & Grants	\$3,757,320	11 Projects
Value-Added Product Development Grants	\$2,551,070	8 Projects
Renewable Energy/Energy Efficiency Grants	\$29,075	1 Project
Total Rural Business & Cooperative Service	\$10,692,425	34 Projects
Community Facilities Loans	\$859,400	
Community Facilities Grants	\$130,000	
Total Rural Housing Service	\$989,400	6 Projects
Total Business & Community Programs	\$35,493,074	66 Projects

Total Kansas Rural Development \$118,842,634

Rural Housing Service

Fiscal Year 2003 was a remarkable year for USDA Rural Development's housing programs in Kansas, both in the single and Multi-Family areas. Funding usage in Kansas surpassed any previous year in USDA Rural Development's loan making history. Both programs combined have provided 1,295 homes for Kansas families in the past year.

FY 2003 Rural Housing Funding Levels

Single Family Housing Loans	Amount Obligated	% of Original Allocation	Families Served
Guaranteed Purchase	\$40,443,617	206.90%	636
Guaranteed Refinance	\$4,617,465	307.83%	69
502 Low	\$7,906,436	155.57%	132
502 Very Low	\$8,053,378	201.50%	130
504 Loans	\$294,237	87.83%	62
504 Grants	\$368,040	104.26%	99
Housing Preservation Grants	\$149,600	100.00%	4
Self-Help Grants	\$543,341	100.00%	3
Single Family Total	\$62,376,114	198.11%	1135
Multi-Family Housing Loans			
New Construction Loans-2	\$2,000,000	n/a	32
Rehab Loans-7	\$1,074,300	n/a	57
Rental Assistance Used	\$7,625,681	n/a	3,769
Rental Assistance Oblig	\$10,273,465	n/a	
Multi-Family Total	\$20,973,446	n/a	3,858
Grand Total	\$83,349,560		4,993

502 Guaranteed (GRH) Loans

USDA Rural Development's GRH Program experienced tremendous growth in FY03. 705 loans were approved, representing a 24% increase over the previous year. Guaranteed loans are offered through approved lenders to provide rural residents with affordable housing options for new or existing homes.

Special Outreach Areas for the GRH Program have been designated to ensure that truly rural locations benefit. A minimum of 25% of all GRH loans must be in Special Outreach Areas. In Kansas, over 86% of Guaranteed Loans were made to borrowers in Special Outreach areas.

The Mike Shinkle family purchased the home they were renting in Jackson County, Kansas with 502 loan funds. Even after needed repairs were made to the home prior to the sale, their mortgage payments are \$375 less than what they paid in rent.



502 Direct Loan Program

The 502 Direct Loan Program for low and very low income borrowers provides a real opportunity for many who could otherwise not afford a home of their own.

Direct loans may be leveraged with funds from outside lenders and other groups to provide down payment assistance. Loan payments may be further reduced for qualifying families through payment assistance. All applicants must meet income guidelines for the county where the home is located.

The Tim Zorn family moved from Minnesota to Kansas in a school bus and lived in it for several months, until they learned of USDA Rural Development's 502 Housing Program. They were able to purchase this home near Wichita. The family now has a safe environment to raise their children. They commented that it is "truly a miracle that we now have a home of our own."



Barry Logan and Lisa Drake are pictured in front of their Tonganoxie home with their children Tyler, age 3, and Makayla, age 1. Their home was financed under USDA Rural Development's 502 Direct Loan Program and leveraged with funds from the KS Housing Resource Corp.

◆ 1,127 Families served
◆ \$61,718,537 Loans obligated



Equal Housing Opportunity

Mutual Self-Help Housing Program

Mutual Self-Help grants are awarded to eligible organizations to administer home building programs for families who otherwise could not afford home ownership. The grantee recruits families who qualify under USDA Rural Development loan guidelines and who are also interested in constructing their own homes. Currently, three active Self-Help grantees in Kansas work with families to construct Self-Help Housing. These grantees are: Housing Opportunities, Inc., Great Bend; Mennonite Housing and Rehabilitation Services, Inc., Wichita; and The City of Junction City, in Junction City

- ◆ 3 Self-Help grantees
- ◆ 39 New homes constructed
- ◆ \$2,999,505 Loans obligated



Mutual Self-Help families are shown working together on various phases of construction for their homes. Housing Opportunities, Inc. of Great Bend, Kansas is one of the grantees who coordinate this program.

Housing Preservation Grants (HPG)

HPGs provide federal funds to public agencies, non-profit organizations and other eligible entities for qualified low and very low income applicants to repair their homes. Eligible grant purposes include water and waste systems, wiring, roofing, structural repairs, handicapped accessibility and energy saving measures. Once an entity is selected for funding, homeowners may apply directly to that entity for repair grants. In FY03, four Kansas entities received HPG grants:

<i>United Tribes of Kansas & SE Nebraska</i>	\$37,290
<i>Mennonite Housing Rehab Services</i>	\$37,290
<i>Great Plains Development</i>	\$37,290
<i>NE Kansas Community Action Prgm. (NEKCAP)</i>	\$37,290
<i>Total HPG Grants in Kansas</i>	<i>\$149,160</i>

515 Multi-Family Housing Loans

Multi-Family programs totaled \$3,074,300 in funding for FY03 in Kansas. Rural rental housing loans are direct, competitive mortgage loans made to provide affordable Multi-Family rental housing for very low, low, and moderate income families, the elderly, and persons with disabilities.

- ◆ 2 New construction projects
- ◆ 7 Rehabilitation projects
- ◆ \$3,074,300 Loans obligated

New Construction Projects	Units	Loan Amount
Junction City Seniors	32	\$1,000,000
Augusta Heights	20	\$1,000,000
Totals	52	\$2,000,000
Rehabilitated Projects	Units	Loan Amount
Effingham Community Hsg	16	\$227,000
Johnson City Seniors	12	\$27,000
Dexter Housing, Inc	6	\$102,500
Toronto Housing Auth	8	\$30,000
Westkan LP I - Liberal	36	\$331,650
Westkan LP I - Liberal	22	\$143,030
Goodland Hsg. Partnership	16	\$213,120
Totals	116	\$1,074,300

At the right is the former Bartel Hotel, a Junction City landmark that is being converted into 32 senior units for low, very low or moderate income households. Funds are provided from USDA Rural Development's 515 Multi-Family Housing Program.



State Director Chuck Banks spoke at the ribbon cutting ceremonies for New Place I in McLouth, Kansas. Rehabilitation of this project was made possible through a USDA Rural Development 515 Multi-Family Housing Program loan.

Business & Community Programs

In Fiscal Year 2003, USDA Rural Development funded 60 business and community projects totaling approximately \$27.5 million. Those projects included the areas of business development, water and sewer improvements, community facilities, value added businesses, energy efficiency, technical assistance, and related economic development projects.

FY03 found the Agency implementing several new and exciting programs resulting in new opportunities, such as renewable energy and an Ag Innovation Center. It has been a rewarding year through these experiences.

Business & Industry Loan Program

The Business & Industry Guaranteed Loan program is available to financial institutions for commercial loans in areas of less than 50,000 in population for projects that create or save rural jobs. In FY 2003 projects such as a metal fabrication business and a book distribution warehouse were funded.

- ◆ 8 Businesses assisted
- ◆ 125 Jobs created/saved
- ◆ \$3.8 million provided in guaranteed loans



USDA Rural Development was able to provide the needed funds for constructing a new building and purchasing equipment for the new cotton gin facility near Moscow, KS. This gin allowed the Cooperative members and some other growers in southwest Kansas to save money by not having to ship their cotton to other out of state gins. The project created jobs in the area as well as many additional economic benefits for the community. Co-op member Jay Garetson explains the control panel operation of a cotton gin to U.S. Senator Sam Brownback

Rural Economic Development Loans & Grants

To facilitate job creation and community development, loans and grants are available to eligible rural electric and telephone cooperatives. During FY03, Kansas ranked #1 in the nation for this program in projects and funding.

- ◆ 11 Projects funded
- ◆ Approximately 200 jobs created and saved
- ◆ Over \$3.5 million in loans approved



Chisholm Trail Country Store of Newton, Kansas received a Rural Economic Development Loan from the Agency and administered through the Sedgwick Co. Electric Cooperative Assn. to provide a marketing outlet for locally grown agricultural commodities.

Value-Added Development Grant Program

Grants are available to agriculture groups for technical assistance and/or working capital for the development of value-added projects. Projects ranged from funding to complete feasibility studies for ethanol plants to providing working capital for a soybean crushing facility.

- ◆ 8 Projects funded
- ◆ Matching funds added to projects
- ◆ \$2,551,070 Grant funds approved

Agriculture Innovation Center Grants

Kansas was one of 10 states to receive an Agriculture Innovation Center Grant. The \$1 million grant was approved for the State of Kansas. The state's Department of Commerce will use the funds to establish an agriculture innovation center that provides assistance to agriculture producers in the development of value added businesses

Community Facilities

The Community Facility (CF) Program is available for American Indian Tribes, municipalities and non-profits in towns of less than 20,000 in population to construct, enlarge or improve community facilities for health care, public safety and public service. In FY03, CF funds were utilized to improve the quality of rural life through projects that included construction of a community civic center, city hall building, upgraded a multi-purpose community theatre, and installed a new heating/cooling system for a health care facility.

- ◆ 6 Projects funded
- ◆ Over 80,000 families benefited
- ◆ \$989,400 funding obligated



Chautauqua RFD#4 received funding from USDA Rural Development to expand to their existing firehouse. The addition will be used to house fire trucks and equipment. Over 1,100 rural Kansans are served by this project.

Renewable/Efficiency Energy Grants

In FY 2003, USDA announced the availability of \$23 million to assist farms, ranchers, and rural businesses to purchase renewable energy systems and make energy efficiency improvements. In FY 2003 the program consisted of grant funds only. Kansas successfully funded one energy efficiency project to a rural business. The business will benefit by 25 jobs saved. Renewable systems include wind, solar, biomass, geothermal, or hydrogen from renewables.

Water and Waste Disposal

Water and Waste Disposal programs are available to public bodies and non-profit organizations in communities of fewer than 10,000 in population to construct or improve water and waste disposal projects.

During FY03, Kansas experienced continual strong interest in the Guaranteed Water and Waste loan program.

- ◆ 19 Projects funded
- ◆ Over 8,000 households and businesses benefited
- ◆ \$14.8 million in funding



Doniphan County RWD #5 received loan and grant funds from USDA Rural Development to construct a new elevated storage water tank, rehabilitate a pump station, and install new water lines. This project benefits 440 users.

"Helping rural communities improve their water and sewer systems is important to rural economic development".

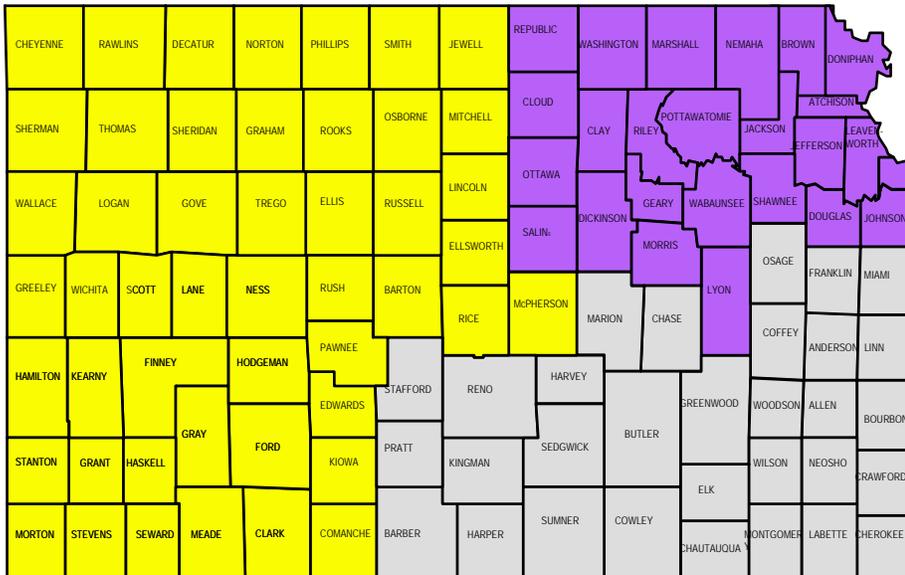
U.S. Congressman Jerry Moran

Rural Business Enterprise Grants

To assist in the development of small and emerging businesses, grants are made available to non-profit and public bodies located in communities of less than 50,000 in population.

- ◆ 6 Projects received funding
- ◆ 37 Jobs created and saved
- ◆ \$500,960 Grant funding approved

USDA Rural Development Kansas Area Jurisdictions



AREA 1
2615 Farm Bureau Road
Manhattan, KS 66502
(785) 776 - 7582

AREA 2
202 W. Miller Road
Iola, KS 66749
(620) 365 - 2901

AREA 3
2715 Canterbury Drive
Hays, KS 67601
(785) 628 - 3081

"USDA Rural Development's mission is to deliver programs that support increasing economic opportunities and enhance the quality of life. We provide equity and technical assistance to finance and foster growth in homeownership, business development, and critical community and technology infrastructure – all to serve rural Kansas."

Chuck Banks, State Director

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