

**United States  
Department of Agriculture  
Rural Development**

**INVESTMENTS IN DELAWARE  
FISCAL YEAR 2012**



*Committed to the future of rural communities.*

*Kathy Beisner  
Acting State Director  
Delaware – Maryland*

# USDA RURAL DEVELOPMENT

The U.S. Department of Agriculture Rural Development mission area was created by the 1996 Farm Bill. It consists of three services: the Rural Housing Service (RHS); Rural Utilities Service (RUS); and the Rural Business-Cooperative Service (RBS).

## VISION

A rural America that is a healthy, safe, and prosperous place to live and work.

## MISSION

To increase economic opportunity and improve the quality of life for all rural Americans.

**Know your farmer Know your food (KYK2) – USDA started the KYK2 Initiative to connect consumers with local producers, helping them to get a better understanding of where their food comes from and how it gets to their plates. With this initiative, USDA will provide funding to ensure that farmers continue to contribute to economies and also to support the next generation of farmers and ranchers. We have identified projects in this report that meet this initiative.**

**During fiscal year 2012, the following USDA Rural Development investments were made in Delaware.**

	FY 2011	FY 2012
Water and Waste Disposal Loans and Grants	\$ 9,373,000	\$ 27,229,959
Rural Electric Guaranteed Loan	\$28,300,000	\$
Predevelopment Planning Grants	\$	\$ 25,000
*SEARCH Grants	\$	\$ 10,958
Business and Industry Guaranteed Loans	\$ 420,000	\$ 4,070,000
Rural Business Enterprise Grants	\$ 248,000	\$ 116,000
Rural Energy for America Program	\$ 132,607	\$ 75,979
Intermediary Relending Program	\$ 156,000	\$ 364,437
1890 College Entrepreneurial Program	\$ 75,000	\$
Rural Single Family Housing Direct Loans	\$ 7,746,022	\$ 5,717,267
Rural Single Family Housing Guaranteed Loans	\$74,058,744	\$132,676,182
Self-Help Housing Technical Assistance Grant	\$ 790,000	\$
Home Improvement and Repair Loans and Grants	\$ 92,316	\$ 14,375
Housing Preservation Grant	\$ 50,000	\$ 50,000
Rental Assistance	\$ 6,316,032	\$ 5,730,072
Voucher Program	\$ 111,900	\$ 20,952
Rural Community Development Initiative	\$	\$ 400,000
Community Facilities Loans and Grants	\$ 4,016,900	\$ 5,840,400
<b>TOTAL ASSISTANCE TO DELAWARE:</b>	<b>\$131,886,521</b>	<b>\$182,341,581</b>

\*Special Evaluation Assistance for Rural Communities and Households (SEARCH)

Delaware and Maryland Rural Development programs are administered through the State Office in Dover, DE; one Area Office in Hagerstown, MD and two Sub Area Offices located in Denton, MD and Prince Frederick, MD. Office information can be found at the back of this report.

## Rural Utilities - FY 2012 Investments \$27,265,917

USDA Rural Development's utility programs are the primary financial source for infrastructure investment for rural America. Rural utility programs help provide modern telecommunications, electricity, clean water and wastewater disposal facilities in rural areas.

**Water and waste disposal loans and grants** develop water and waste disposal systems (including solid waste disposal and storm drainage) in rural areas and towns with populations up to 10,000. This program provides safe, clean drinking water and sanitary, environmentally sound wastewater facilities in rural America. Funds are available to public entities such as municipalities, counties, special-purpose districts, Indian tribes, and non-profit corporations. Rural Development also guarantees water and waste disposal loans made by banks and other eligible lenders. The same types of applicants are eligible for both grants and loans. This program addresses basic unmet needs of health and infrastructure in rural areas.

<u>NAME</u>	<u>TYPE</u>	<u>RUS LOAN AMOUNT</u>	<u>RUS GRANT AMOUNT</u>	<u>OTHER FUNDING SOURCE</u>	<u>NUMBER OF CONNECTIONS</u>
Kent County Levy Court (Pickering Beach)	Sewer	\$ 200,000	\$ 400,000	\$ 0	224
Town of Millsboro	Water/Sewer Phase I	\$ 3,028,000	\$1,500,000	\$ 615,000	3,150
Town of Millsboro	Sewer Phase II	\$ 5,676,000	\$1,287,959	\$5,912,500	3,402
City of Rehoboth Beach	Sewer	\$11,125,000		\$7,417,000	6,344
Town of Smyrna	Water	\$ 3,413,000	\$	\$1,559,000	5,114
Sussex County Council (Oak Orchard)	Sewer	\$ 600,000 <i>Subsequent funding</i>	\$	\$6,054,468	1,393
<b>Totals:</b>		<b>\$24,042,000</b>	<b>\$3,187,959</b>	<b>\$21,557,968</b>	<b>19,627</b>

August 16, 2012, in recognition of the Town of Millsboro's funding, officials join Senator Tom Carper and Senator Chris Coons at a ceremonial signing of a length of pipe that is used in construction.



**Predevelopment Planning Grants for Water and Waste Disposal Projects** help pay costs associated with developing an application for water and waste disposal projects that can be funded by Rural Development. Major cost items are the Preliminary Engineering Report (PER) and the Environmental Report.

<u>NAME</u>	<u>GRANT AMOUNT</u>	<u>OTHER FUNDING SOURCE</u>	<u>PURPOSE</u>
Commissioners of Bridgeville	\$25,000	\$9,000	To complete a Preliminary Engineering Report (PER) and Environmental Report (ER) to explore options for correction to the inflow and infiltration issues in town.

**Special Evaluation Assistance for Rural Communities and Households (SEARCH) Program** is designed to make predevelopment planning grants for feasibility studies, design assistance, and technical assistance to financially distressed communities in rural areas with populations of 2,500 or fewer inhabitants for water and waste disposal projects.

<u>NAME</u>	<u>GRANT AMOUNT</u>	<u>OTHER FUNDING SOURCE</u>	<u>PURPOSE</u>
Town of Bowers	\$10,958	\$0	To complete Phase I archaeological investigation to draw a conclusion whether the proposed project of storm drainage improvements will or will not have an impact on historical resources.

### Rural Business - FY 2012 Investments \$4,626,416

USDA Rural Development’s business programs help provide financial assistance, business planning, technical assistance, research, education, and information to cooperatives and rural businesses in cooperation with public and private community-based organizations.

**Business and Industry Guaranteed Loans** help finance development or improvements to business and industry to enhance employment opportunities and improve the economic and environmental climate in rural communities. This is achieved through bolstering existing private credit through guaranteeing quality loans which foster lasting community benefits. This assistance is available to businesses located in rural areas and towns with populations up to 50,000.

<u>BUSINESS</u>	<u>PURPOSE</u>	<u>LOAN AMOUNT</u>	<u>ANTICIPATED JOBS CREATED/SAVED</u>
Boulevard Auto Sales, Inc. a/k/a 38 Route 18, LLC Georgetown	Transfer of ownership and working capital.	\$1,750,000	32 saved

## Business and Industry Guaranteed Loans (Continued)

<u>BUSINESS</u>	<u>PURPOSE</u>	<u>LOAN AMOUNT</u>	<u>ANTICIPATED JOBS CREATED/SAVED</u>
38 Route 18, LLC a/k/a Boulevard Auto Sales Georgetown	Renovations, refinance debt and working capital.	\$1,500,000	19 saved
Flow Smart, Inc. Seaford	Purchase equipment to serve pharmaceutical, biotech & medical fields.	\$ 820,000	37 created/saved
<b>Total:</b>		<b>\$4,070,000</b>	<b>88 created/saved</b>

**Rural Business Enterprise Grants (RBEG)** are made to finance and facilitate development of small and emerging private business enterprises in rural areas of places up to 50,000 population with priority to applications for projects in rural communities and towns of 25,000 and smaller, and economically distressed communities. This program includes grants made to third party lenders to establish revolving loan programs.

	<u>GRANT AMOUNT</u>	<u>TYPE OF ASSISTANCE</u>	<u>ANTICIPATED JOBS CREATED OR SAVED</u>
State of Delaware DE Economic Development Office	\$ 16,800	For business development, downtown revitalization & services to existing entrepreneurs within 12 rural towns.	12 created
Delaware State University	\$ 30,289	Operation of a commercial kitchen incubator. <i>(KYK2 Initiative)</i>	12 created/saved
Mid-Shore Regional Council (MSRC) Easton	\$ 52,800	To provide assistance in food processing, distribution and marketing to small and start up food businesses in Sussex Co. <i>(KYK2 Initiative)</i>	10 created/saved
Millsboro Downtown Partnership, Inc.	\$ 16,111	Technical Assistance to support the Millsboro farmers market. <i>(KYK2 Initiative)</i>	2 created/saved
<b>Totals:</b>	<b>\$116,000</b>		<b>36 created/saved</b>

**Rural Energy for America Program (REAP)** was authorized as part of the 2008 Farm Bill to assist farmers, ranchers, and rural small businesses develop renewable energy systems and make energy efficiency improvements to their operations.

	<u>GRANT AMOUNT</u>	<u>PURPOSE</u>
Dutch County Market Laurel	\$20,000	Renewable energy – solar. Food market <i>(KYK2 Initiative)</i>
Gallo Farms, Inc. Greenwood	\$27,020	Energy efficiency – grain dryer. Grain farm <i>(KYK2 Initiative)</i>
Snow Farms, Inc. Smyrna	\$28,959	Energy efficiency – grain dryer. Grain farm <i>(KYK2 Initiative)</i>
<b>Total:</b>	<b>\$75,979</b>	

**Intermediary Relending Program** is designed to finance business facilities and community development projects in rural areas. Intermediaries re-lend funds to ultimate recipients for business facilities or community development. Intermediaries establish revolving loan funds so collections from loans made to ultimate recipients in excess of necessary operating expenses and debt payments will be used for more loans to ultimate recipients. **First State Community Loan Fund received \$364,437** to provide low-interest loans to public and non-profit organizations to relend for business and community development in rural areas in southern New Castle, Kent and Sussex Counties. **The program is projected to create/save 18 jobs.**

### Rural Housing - FY 2012 Investments \$144,208,848

USDA Rural Development’s housing programs help provide rural Americans with decent, safe, sanitary and affordable housing. The housing programs are designed for rural Americans whose incomes range from very low to moderate.

**Home Ownership Loans** are available in two types: guaranteed and direct. The purpose is to provide financing with no down payment and at favorable rates and terms to rural residents living in communities with a population of 10,000 people or less. A guaranteed loan is made by a private financial institution and is guaranteed against most loss if there is a default. Loans are for the purchase, construction, rehabilitation, or relocation of a dwelling and related facilities.

<u>DIRECT LOANS</u>	<u>GUARANTEED LOANS</u>	<u>NUMBER OF HOMES</u>
\$5,717,267	\$132,676,182	772
<b>Total FY 2011 Home Ownership Loans: \$138,393,449</b>		



**Home Improvement & Repair Loans and Grants** enable very low-income rural homeowners to remove health and safety hazards from their homes and to make homes accessible for people with disabilities. Loans have a maximum interest rate of one percent. Grants are available for people 62 years old and older who cannot afford to repay a loan.

<u>GRANTS</u>	<u>LOANS</u>	<u>NUMBER OF HOMES REPAIRED</u>
\$7,375	\$7,000	2

**Total FY 2012 Home Improvement & Repair Loans & Grants: \$14,375**

**Housing Preservation Grants** are provided to non-profit groups and public bodies to help very low- and low-income homeowners repair and rehabilitate their homes. Rental property owners can use them to repair and rehabilitate their units if they agree to make such units available to low and very low-income families.

<u>NAME</u>	<u>GRANT AMOUNT</u>
Kent County Levy Court	\$25,000
Sussex County Council	\$25,000
<b>Total</b>	<b>\$50,000</b>

**Rural Rental Housing Direct and Guaranteed Loans** provide apartment living for people who cannot afford to purchase and maintain their own home. Loans are made for site development and construction of apartments for people with very low, low, and moderate incomes. Some units are reserved for people age 62 and over, and people with disabilities age 18 and over. **Farm Labor Housing loans and grants** provide decent and safe living quarters for migrant or year-round farm workers. Loans are available to farmers, public or private nonprofit organizations and units of state and local governments. Rental Assistance helps reduce rents for lower income households.

This year, Rural Development provided **\$5,730,072** in servicing and renewal rental assistance that will serve 929 rental units. Over the years, Rural Development has financed the construction of 64 properties in Delaware consisting of 1713 units.

Multi-Family Housing Projects that are **currently under construction** in Delaware include:

<u>NAME OF PROJECT</u>	<u>TYPE</u>
Dunbarton Estates, Georgetown	Family housing – 32 units
Heron Run, Smyrna	Family housing – 40 units
North Lake Village I and II, Middletown	Family housing – 52 units

**Rural Development Voucher Program** is intended to offer protection to eligible multifamily housing tenants in properties financed through Rural Development's Section 515 Rural Rental Housing Program (515 property) who may be subject to economic hardship through prepayment of the Rural Development mortgage. When the owner of a 515 property pays off the loan prior to the loan's maturity date (either through prepayment or foreclosure action), the Rural Development affordable housing requirements and rental assistance subsidies generally cease to exist. Rents may increase, thereby making the housing unaffordable to tenants. Through this program, **\$20,952** was made available to provide housing rent assistance to tenants living in a Rural Development rental housing property where the owner has prepaid the existing Rural Development mortgage.

**Rural Community Development Initiative Grants** help develop the capacity and ability of private, nonprofit community-based housing and community development organizations, and low income rural communities to improve housing, community facilities, community and economic development projects in rural areas.

<u>NAME</u>	<u>PURPOSE</u>	<u>AMOUNT</u>
Delaware Economic Development Office	To provide technical assistance and training to nine rural communities in Kent/Sussex Counties ( <i>Bridgeville, Delmar, Georgetown, Harrington, Milford, Millsboro, Milton, Seaford and Smyrna</i> ).	\$200,000

<u>NAME</u>	<u>PURPOSE</u>	<u>AMOUNT</u>
United Way of Delaware	To provide training and technical assistance geared towards financial coaching and implementing an onsite partnership between employees and their local employers.	\$200,000

**Totals:** **\$400,000**

**Community Facilities Loans and Grants – FY 2012 Investments \$5,840,400**

Community Facilities direct and guaranteed loans help provide essential services in rural areas and towns with a population of up to 20,000. Direct loan funds are available to public entities such as municipalities, counties, special-purpose districts, and non-profit corporations. Rural Development also guarantees community facility loans made by banks or other lenders. The Community Facilities program is very versatile. Projects can range from libraries, museums, public schools, police and fire equipment, jails, civil defense buildings, streets and sidewalks to hospitals, animal shelters, dental clinics, nursing homes and child care facilities.

<u>NAME</u>	<u>PURPOSE</u>	<u>LOAN/GRANT AMOUNT</u>	<u>LEVERAGED FUNDS FROM OTHER SOURCES</u>
Town of Delmar	Improvements to a Humvee vehicle that will be used for emergency purposes.	\$ 26,200 grant	\$ 8,795
Delmarva Clergy United in Social Action Foundation, Ellendale	Two 14-passenger vans to transport children to all day educational summer program.	\$ 42,300 grant	\$34,700
Town of Georgetown	Repairs to Town Hall.	\$ 50,000 grant	\$45,000
Historic Georgetown Association	To complete restoration of the “First Firehouse”.	\$ 50,000 grant	\$50,000

## Community Facilities (Continued)

<u>NAME</u>	<u>PURPOSE</u>	<u>LOAN/GRANT AMOUNT</u>	<u>LEVERAGED FUNDS FROM OTHER SOURCES</u>
La Red Health Center, Inc.	For completion of the new health care facility.	\$500,000 loan <i>Subsequent funding</i>	\$ 0
Milford District Free Public Library	To purchase and install a security system and audio equipment.	\$ 31,400 grant	\$88,529
M.O.T. Charter School, Inc., Middletown	For additional costs associated with the expansion of the school.	\$200,000 loan <i>Subsequent funding</i>	\$ 0
New Castle County New Castle	To purchase library furniture and computers for the Garfield Park Library.	\$ 40,500 grant	\$33,145
Town of Smyrna	To expand the police station.	\$4,900,000 loan	\$54,021
<b>Totals:</b>		<b>\$5,840,400</b>	<b>\$314,190</b>



April 23, 2012 – Grand Opening of La Red Health Center, Georgetown, DE

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