

CREATING



IN RURAL IOWA

2011 USDA RURAL DEVELOPMENT ANNUAL REPORT



USDA Rural Development continues to have a dramatic impact on communities across Iowa. Since 2009, Rural Development has invested nearly \$2 billion in the state on essential public facilities, small and emerging businesses, water and sewer systems, and housing opportunities for Iowa families.

Our agency is focused on the viability of these rural places, which are so vital to our nation. These are the places that help support American agriculture and foster an ethic that impacts our workforce, our military and our economy. USDA Rural Development is working with communities to create jobs, expand opportunities, encourage innovation and build a strong foundation for the future.

From new hospitals to increased, affordable housing to thriving small businesses, USDA Rural Development has been a partner in a number of great projects during the past 12 months. Our agency is eager to build on the success of the past and help foster an even brighter future for rural Iowa.

This past year USDA Rural Development's investment in Iowa helped create or retain more than 1,900 jobs, aided 2,000 families in buying their own homes and assisted more than 80 communities as they made improvements to their facilities, services and infrastructure.

If you have an idea on how jobs can be created in rural Iowa, or how a rural community can improve the quality of life experience for their residents, give us a call today. USDA Rural Development is ready to assist.



**Bill Menner**  
USDA Rural Development  
State Director in Iowa



Strong rural communities are key to a stronger America. President Obama has acknowledged as much in his travels to rural communities, and through the creation of the first-ever White House Rural Council, and at USDA we share his conviction.

Over the decades, USDA has enhanced the vital contributions of rural America to our nation's prosperity, security and success. Through USDA Rural Development programs we continue to work alongside farmers, ranchers, homeowners, businesses, nonprofits, cooperatives, Tribes and local governments to effectively enhance the country's economic climate. These partnerships allow us to leverage private and public funding to promote local and regional business development, infrastructure build-out and access to affordable credit in rural areas. During the last fiscal year, the cumulative results of these efforts have helped save or create thousands of jobs in rural America and beyond.

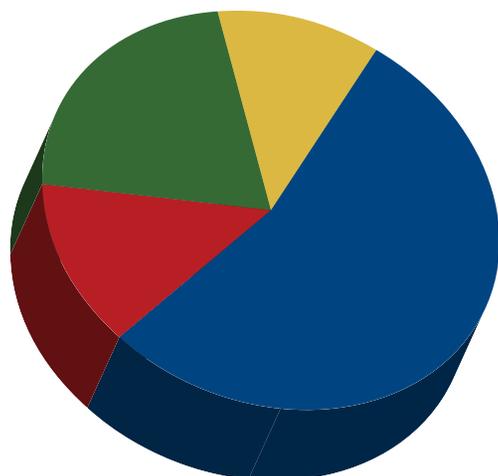
**Tom Vilsack**  
Secretary of Agriculture



In addition to generating jobs today, USDA Rural Development investments are creating ongoing economic opportunities in rural America that will pay benefits for years to come. Our programs help modernize essential water systems, build clinics and hospitals, support renewable energy systems, energy conservation, and ensure affordable housing for credit-worthy limited income rural residents.

Our efforts boost the reliability of the electric grid, improve educational opportunities, ensure clean water, and provide affordable, reliable Internet service to rural homes and businesses. These are all building blocks needed to grow businesses, add housing, attract employers, and develop a skilled workforce.

**Dallas Tonsager**  
USDA Rural Development  
Under Secretary



## USDA RURAL DEVELOPMENT FUNDING ACTIVITY - IOWA 2011

- Telecommunication & Electric Programs  
\$92,861,661
- Community Programs  
\$56,467,546
- Housing Programs  
\$232,463,211
- Business Programs  
\$49,648,640

Helping community leaders identify ways to improve economic opportunities in rural America is a leading emphasis at USDA Rural Development.

Through a variety of job-creation programs our agency partners with private and community-based organizations to create and preserve quality jobs in rural communities.

USDA Rural Development’s Business and Industry (B&I) guaranteed loan program helps back the business of rural America by providing protection and incentives to lenders. In turn, businesses benefiting from a loan guarantee have a better chance of receiving the financing and terms they need so they can thrive.

More than \$24 million in B&I loan guarantees were issued to lenders in 2011 assisting a wide variety of businesses throughout Iowa.

USDA Rural Development continues its long-standing initiative to assist rural electric and telephone cooperatives and community-development organizations in their efforts to improve the rural economy. More than \$4.5 million in Rural Economic Development Loans and Grants (REDGL) were awarded in Iowa in the past year.

Another popular program in 2011 was the Rural Energy for America Program (REAP). This program provides financial assistance to help farmers and business owners reduce energy costs by making energy-efficiency improvements, as well as helping to install renewable energy systems such as wind turbines, geothermal and solar.



BUSINESS-COOPERATIVE PROGRAMS	2011
Business and Industry Loan Guarantee	\$24,133,140
Rural Economic Development Loans and Grants (REDLG)	\$4,568,000
Rural Business Enterprise Grants (RBEG)	\$572,800
Intermediary Relending Program (IRP)	\$183,000
Rural Business Opportunity Grants (RBOG)	\$300,000
Renewable Energy and Energy Efficiency Program (REAP)	\$5,982,482
Rural Cooperative Development Grants (RCDG)	\$225,000
Marketing Resource Center Grant	\$1,018,350
Advanced Biofuel Payment	\$12,665,868
<b>TOTAL</b>	<b>\$49,648,640</b>



While the past few years have been a financial challenge for many Americans, the goal of achieving the American Dream of homeownership remains strong, especially in rural Iowa.

For example, nearly 2,000 families in rural Iowa turned to USDA Rural Development in 2011 for assistance in purchasing their new home. An active housing market has a significant impact on a community or region's ability to create jobs.

USDA Rural Development has two low-interest, no-down-payment loan programs to help eligible families living in rural communities and areas purchase new or existing homes. Loans, and some grants, are also available to help families make needed repairs to their homes.

Eligible homes must be located in a rural area and/or community of less than 20,000. In most cases, a family of four with an adjusted annual income of up to \$74,050 may qualify for the agency's guaranteed home loan program. If that same family of four's adjusted annual income is less than \$46,800 they may also qualify for a direct loan from the agency. These income limits increase in communities located near metro areas.

USDA Rural Development also provides financing for 500 apartment complexes in rural Iowa. These complexes provide rural Iowans with access to more than 9,600 apartments. Rent in the apartments is based on income, and rental assistance is available depending on the income of the tenant.



HOUSING PROGRAMS	2011
Guaranteed Single Family Housing Loans	\$191,876,387
Direct Single Family Housing Loans	\$17,234,068
Single Family Housing Rehabilitation Loans and Grants	\$993,051
Farm Labor Housing Loan Program	\$164,591
Housing Preservation Grants	\$216,645
Rental Assistance*	\$21,550,618
Multi-Family Voucher Assistance Program	\$427,851
<b>TOTAL</b>	<b>\$232,463,211</b>



USDA Rural Development improves the quality of life in rural America through a variety of loan, grant and guarantee programs that assist water and wastewater systems, assisted living facilities, health care facilities, fire and rescue programs and community building such as libraries, city halls and recreation centers.

During the past year, the agency assisted more than 80 communities across Iowa with \$149 million to help make quality-of-life improvements for rural residents through new and upgraded services, facilities, buildings, equipment and infrastructure.

Helping to ensure that all rural Iowans have access to quality health care continues to be an important area of emphasis for USDA Rural Development. Since 2009 USDA Rural Development has provided a total of \$109 million in loans and grants to 20 rural hospitals around the state helping them make needed facility and equipment improvements including new ambulances, medical, surgical and information-technology equipment, dialysis units, hospital beds, defibrillators, as well as complete replacement of hospitals and extensive renovation projects.

Whether the project is a new medical clinic, hospital, fire station, fire truck, emergency equipment, community building, assisted living facility, library, child care center, water and wastewater system, or telephone, electric or broadband upgrade, USDA Rural Development is ready to assist.

Community-improvement efforts are important to the sustainability of rural America, and USDA Rural Development is ready to help communities across Iowa develop these critical resources.



COMMUNITY PROGRAMS	2011
Water and Environmental Program Loans and Grants	\$24,227,300
Community Facility Loans, Grants and Guarantees	\$31,937,256
Solid Waste Water Management	\$44,400
Rural Community Development Initiative	\$258,590
Telecommunications Programs	\$73,161,661
Electric Programs	\$19,700,000
<b>TOTAL</b>	<b>\$149,329,207</b>



## Vacant Hotel Gets New Life

The Hotel Iowa, which was built in 1920 in Creston, had been vacant for decades and was an eyesore in the community's central business district. Today, thanks, in part, to a \$1 million loan from USDA Rural Development, the historic building has new life and recently re-opened its doors again. This time as a senior living apartment complex.

There are 14 one-bedroom units in the building, along with 10 two-bedroom units, a community room and a computer lab. All 24 units are eligible for rent assistance targeted to low-income residents.

Construction and rehabilitation of the old hotel, a combined \$4.7 million, wrapped up this fall and a grand opening was held in December. More than 400 people toured the revitalized building during open-house events. Twenty one of the 24 units were rented in just six weeks.

Throughout the construction progress there were approximately 60 workers were on the site full-time, many of them from areas outside of Creston, creating a tremendous impact on the local economy, both for hotels and for restaurants.

In addition, the project marks a tremendous improvement for the better in downtown Creston.

## Helping Preserve Water Quality in Iowa

One way rural Iowans can help preserve water quality in Iowa is by properly disposing of household wastewater. Installing community-wide sewer systems can help protect water resources from pollution.

Leaders in Promise City have discussed installing a wastewater system for more than 20 years. However, taking on such a large project did not seem financially feasible in a small town with a population of only 110.

A renewed interest in the project surfaced again a few years ago when water samples taken around the community by the DNR showed the water contained improperly treated wastewater.

The individual onsite septic tanks had created an environmental hazard because they had not received the necessary follow-up treatment. In fact, the polluted runoff was flowing into Rathbun Lake, the same lake where most of south-central Iowa gets its drinking water.

USDA Rural Development assisted by providing the city with a \$455,000 loan and a \$580,000 grant to help with the new wastewater system to properly treat the sewage from the community.

The location of the new lagoon also ensures that all drainage from the town will flow away from the Rathbun Lake water basin.



## Young Family Celebrates Holidays in New Home

This year the holidays couldn't come fast enough the Chavez family of Wapello in southeast Iowa.

All fall Martin and Monica Chavez and their young son were busy making plans to spend their first Christmas in their new home they purchased in July with a direct home loan from USDA Rural Development.

"This year we were able to have our family and friends over for the holidays without feeling crowded," Martin said. "Our new home is much bigger for our growing family compared to the house we were renting."

Additional room for entertaining family and friends is not the only thing the Chavez family likes about their new home.

"Our son really enjoys having his own play area inside the house and a backyard for his outside toys," Martin added. "Plus, having a garage is so nice."

The Chavez family first heard about USDA Rural Development's home loan program when working with Jose Salgado, their insurance agent in Columbus Junction.

"Jose encouraged us to apply to for the USDA program and even gave us some tips on the application process," Martin said. "The USDA Rural Development staff in Mount Pleasant is extremely professional. We have enjoyed working with them."



## Local Foods Play Key Role to Improve Children's Nutrition

Children's nutrition has become a much discussed issue as childhood obesity in the U.S. has tripled during the past 30 years.

The USDA, through a variety of programs, is helping children become more aware of importance of fresh meats, fruits and vegetables and ways to have a more active lifestyle.

This year USDA Rural Development provided the Winneshiek County Agricultural Extension District with a \$90,000 Rural Business Enterprise Grant to expand the work the Northeast Iowa Food and Fitness (NIFF) initiative is doing for regional local food system development in northeast Iowa.

NIFF has seen tremendous results in recent years, including assistance to local farmers who now have additional markets for their fresh produce.

NIFF's efforts have had a tremendous impact in northeast Iowa. During the last year 21 farmers sold products to local schools, 16 schools purchased food from local farmers, five new community-supported agriculture (CSA) ventures were started and 11 new farmers started growing and producing food for local markets.

Today, NIFF has expanded to six counties, with nearly 50 active members and more than 100 producer members.

The pursuit of improved access to local food is an important way USDA Rural Development can support rural communities.



## Southeast Iowa Plans for a Bright Future

While many of Iowa's counties have seen a population decline the past 10 years, leaders in the southeast counties are confident the future is bright.

Rural America tends to progress at the rhythm of a pendulum. Southeast Iowa has chosen to use this downturn as a period to regroup and organize a plan for moving forward.

USDA recently awarded funds to help the Southeast Iowa Regional Economic and Port Authority develop a master strategic plan for the area. One outcome of this plan was the creation of a "shovel-ready" site that provides an attractive location for new and existing businesses in the area.

Leaders in southeast Iowa continue to stress local growth and are developing ways to build upon the area's strong agricultural base.

Local businesses recently received nearly \$250,000 in USDA Rural Development grants to support technical assistance for the development of local foods systems. The funds came in the form of the agency's Rural Community Development Initiative and the Rural Business and Enterprise Grants.

"Tremendous progress has been made that will serve the communities well into the foreseeable future through leadership combined with community empowerment," said Yvonne Knapp, director, Lee County Economic Development Group. "However, the work in southeast Iowa is far from finished."

## New Hospital Opens In Clarinda

Iowa's newest hospital facility opened in Clarinda in January 2012.

The Clarinda Regional Health Center, which has provided healthcare services in southwest Iowa for more than 70 years, opened a replacement critical access hospital thanks to a nearly \$19 million loan from USDA Rural Development.

The project created more than 400 construction jobs over an 18-month period and will ensure continued employment of the 170 hospital staff.

"This new hospital will allow us to continue our mission and grow our organization so that we can meet the changing health-care needs in rural Iowa," said Chris Stipe, Chief Executive Officer, Clarinda Regional Health Center. "The hospital is built so that we can expand or add on very easily. We had growth in mind as we designed the facility."

The new Clarinda Regional Health Center will have updated equipment, a larger surgery suite, more comfortable patient rooms, waiting areas and care areas and will support paperless medical records.

"We hope this facility gets people excited about their personal wellness and health and reconnects them with their doctors," Stipe added.



## Growing Markets Through Value Added Agriculture

Jason and Mike Bandstra of Oskaloosa come from a long line of dairy farmers originating from the Friesland province in Holland. When they came back to the farm after college they wanted to reach out and make something new to Iowa.

Three years ago they began researching the benefits of adding Dutch Gouda Cheese production to their dairy farm.

After working with a Dutch cheese maker who taught them the tried and true methods for making a great artisan gouda cheese, the brothers realized the full potential of the venture, which promised to increase farm revenue by a factor of 10 over their raw milk sales.

They decided to move forward but needed assistance in order to do so.

A \$69,000 Value Added Producer Grant from USDA Rural Development supported the completion of a feasibility study and the development of business and marketing plans.

“Through this feasibility study we learned that our best markets for our cheese were the ones right next door,” Mike said. “It has been important to us to build our presence at farmers markets and by getting into local supermarkets where loyal customers could continue buying our cheese.”

Today, Frisian Farms Cheese produces and markets high quality Gouda cheese across central Iowa, successfully filling the supply and demand gap for high quality, locally made farmstead gouda.



## Emergency Services In Southwest Iowa Get A Boost

State Director Menner toured western Iowa in April and awarded more than \$1.5 million in loan and grant funds to help improve healthcare opportunities and fire and rescue services in Anita, Logan and Woodbine.

City leaders in Anita accessed USDA funds to help purchase a new multi-purpose fire truck. This new 4x4 truck will allow the local fire department to better fight grass fires which have been on the rise in recent years. The new fire truck replaces one that was 23 years old and was not equipped for off-road activities.

The Logan Volunteer Fire and Rescue Association received a grant to assist with the purchase of a fire truck, as well as 24 sets of bunker gear and other emergency medical services-related equipment.

The fire department in Woodbine received two grants to assist with the construction of a new fire station addition, as well as to help purchase a new 1,500-gallon tanker truck. This new truck will replace one that was 30 years old and will provide improved fire protection services to the City of Woodbine and the seven area townships.

While in Woodbine, State Director Menner also participated in the grand opening of the new Alegent Health Clinic owned by the Woodbine Community Development and Betterment Association. The medical clinic was made possible, in part, by funds through the American Recovery and Reinvestment Act and administered by USDA Rural Development.

Keeping rural Iowa vibrant and prosperous requires a dedication to innovation, education and infrastructure. Loans and grants from USDA Rural Development continue to play a vital role in rural communities’ efforts to grow and thrive.

## Luther College Turns to Wind Energy

Luther College, Decorah, Iowa, is committed to reduce campus green-house gas emissions by 50 percent by the 2014-2015 school year and, ultimately, achieve carbon neutrality. Generating and consuming renewable energy is one method to help the college achieve this goal.

USDA Rural Development provided Luther College Wind Energy Project LLC with a \$500,000 grant to assist with the purchase and construction of the turbine. The project also received a \$928,200 guaranteed loan from USDA Rural Development.

The wind turbine is expected to generate electricity equivalent to the needs of more than 500 homes, or one-third of the electricity used on the Luther College campus each year.

Iowa is now the fourth leading producer of wind energy accounting for up to 20 percent of Iowa's total electricity production. If all that energy stayed in Iowa, it would be enough energy to power 940,000 homes, or approximately three out of every four homes in the state.



PHOTO TAKEN BY JULIE SHOCKEY, LUTHER COLLEGE



## Planning Rural Iowa's Future

More than 600 Iowans attended nearly 40 rural roundtables organized by USDA Rural Development in 2011 to express their thoughts about the challenges and opportunities they see in their local communities.

Some reoccurring themes during the roundtables, which were held in communities like Bellevue, Jefferson, Keokuk and Tama, included a need for more access to resources, preserving and growing jobs, enhancing quality-of-life opportunities and protecting water quality.

One of the keys to rural Iowa's future may lie in recruiting young retirees, the oldest of the baby boomers, to return to their roots.

"When I returned to my home area of Cooper near Jefferson 20 years ago and became engaged in the community I found I was one of the only a couple folks who had professional careers outside of Greene County," said Chris Henning. "Today, I can count nearly 200 folks who have rejoined their home communities around this area, reveling in low-cost retirement, great golf courses, and an active lifestyle that encompasses bike trails, community center workouts and cultural amenities."

Since returning to Greene County, Henning has been anything but retired. She is a farmer, community advocate, and a board member of Green County GROWS and the M&M Divide RC&D.

Most returnees become very active in community activities such as farmers' markets, community concerts and theatre and have an entrepreneurial community spirit.

"It seems each new returnee brings another small business," Henning said. "Whether it is a coffee shop or bike shop, all have been welcomed."

Keeping rural Iowa vibrant and prosperous will require an emphasis on innovation, education and infrastructure.

By encouraging innovation, USDA Rural Development helps promote technologies that will diversify the rural economy and complement the state's strong agricultural, manufacturing and energy industries. USDA Rural Development can also invest in future generations by creating unique learning opportunities that will ensure young Iowans have the necessary skills to compete in the workplace.

# USDA RURAL DEVELOPMENT IOWA AREA OFFICES

**BILL MENNER**  
STATE DIRECTOR

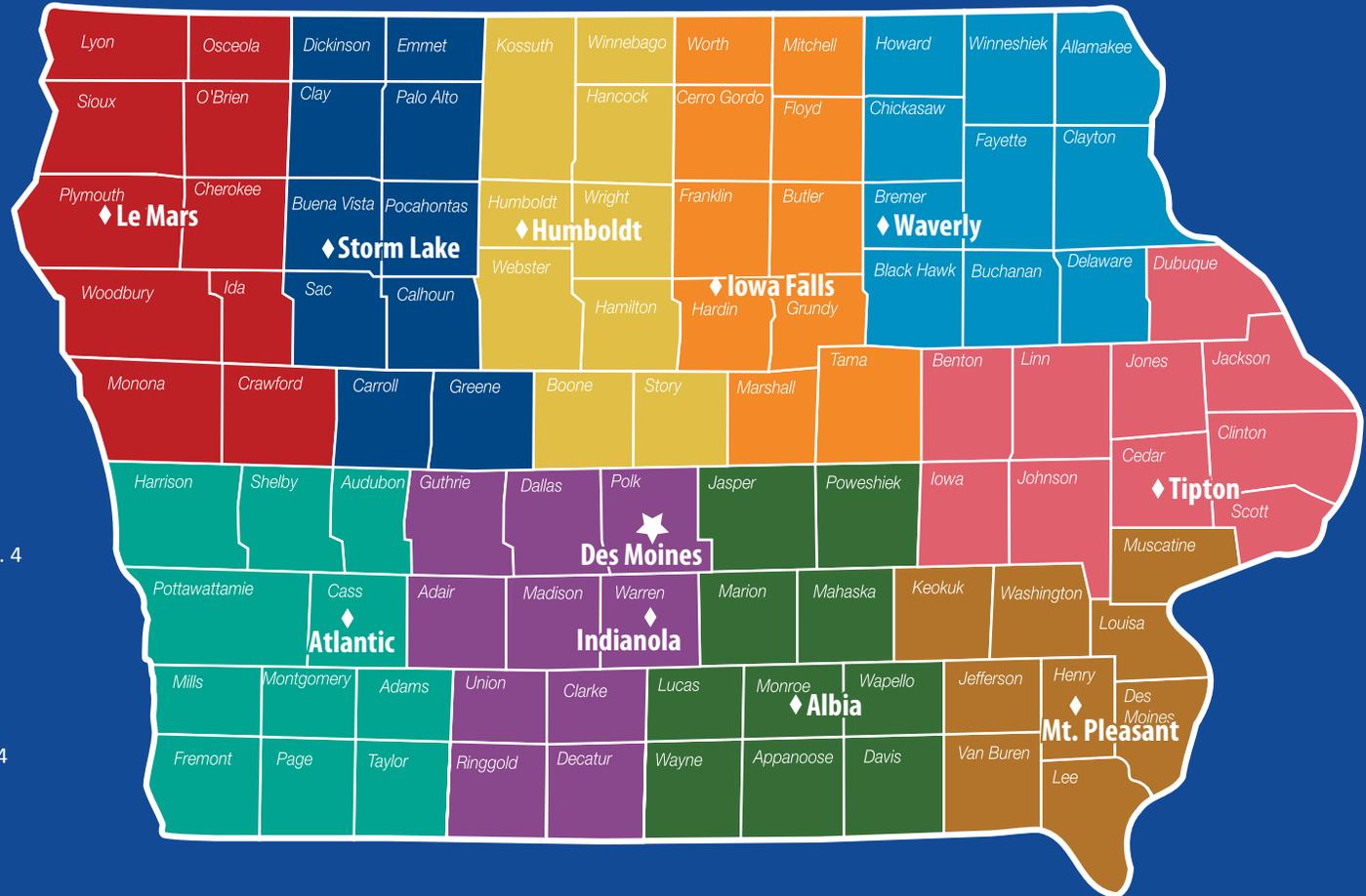
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