



Fiscal Year 2012
Michigan
Annual Report





USDA Rural Development



Executive Summary

USDA Rural Development's mission is to increase economic opportunity and improve the quality of life for all rural Michigan residents.

Rural Development has an array of programs that helps us fulfill that mission. Through the housing programs, Rural Development is able to help families realize the dream of homeownership, the business programs help expand economic development, the community facilities programs build infrastructure that benefit everybody and the utility programs help ensure that every part of the state has access to reliable electricity and fast broadband internet.

As Michigan continues to move forward with the success of our agricultural, energy, and manufacturing industries, it is imperative that we have a rural workforce. Through USDA Rural Development's vast resources and flexible programs, we are able to build the necessary infrastructure to encourage people to live, work, raise families and establish businesses in rural Michigan.

Moving rural America forward is a team effort. USDA Rural Development is honored to partner with you to ensure that rural Michigan's best days are still ahead of us.

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Messages...



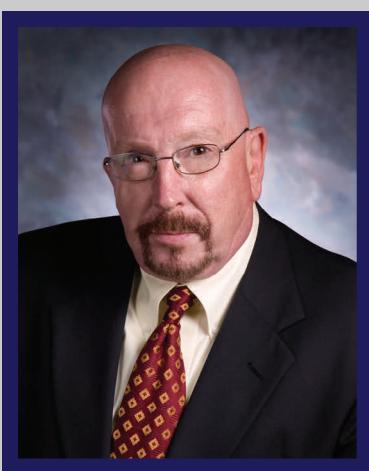
"USDA's investments in rural communities support the rural way of life that stands as the backbone of our core American values. This report tells many of the stories of how USDA assistance has helped to improve the economic stability of rural towns, businesses, residents, farmers and ranchers and improve the quality of life in rural America."

Tom Vilsack, Secretary of Agriculture



"Prosperity in rural America depends on ensuring that residents have a wide range of economic opportunities and can participate fully in the global economy. Thanks to the countless rural Americans who use our more than 40 loan, grant, and technical assistance programs, we are helping to create sustainable jobs, and we are laying a strong foundation for rural America in the future."

Dallas Tonsager, Rural Development Under Secretary



"As our state continues its recovery, Rural Development is proud to partner with many entities to finance the necessary infrastructure that encourages people to live, work, raise families and establish businesses in rural Michigan. Our investments protect the environment, protect our health and safety, and have helped thousands afford decent homes."

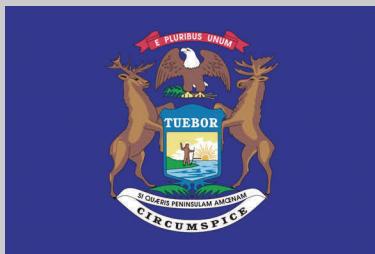
**James J. Turner, State Director
USDA Rural Development - Michigan**

Program Funding - 2012

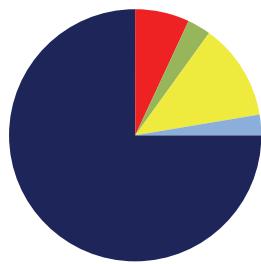
Program	Funding Type	Amount
Community Programs	Community Facilities	\$41,258,356
Community Programs	Water and Waste	\$75,942,316
Community Programs	Electric and Telecommunications	\$24,791,337
Single Family Housing	Guaranteed Home Loan	\$680,649,349
Single Family Housing	Direct Home Loan	\$25,390,429
Single Family Housing	Home Repair Grants and Loans	\$1,237,239
Multi-Family Housing	Direct and Guaranteed Loans	\$1,910,860
Multi-Family Housing	Housing Preservation Grants	\$100,000
Multi-Family Housing	Rental Assistance	\$28,358,484
Multi-Family Housing	Other Funding	\$37,275,269
Business Programs	Guaranteed Loans	\$24,583,000
Business Programs	Other Loans and Grants	\$3,036,321
Business Programs	9007 Renewable Energy	\$607,833
	Total	\$945,140,793



Rural Development's Seven Strategies for Economic Development



RD Programs In Michigan FY 2012



- Single Family Housing
- Multi-Family Housing
- Business Programs
- Community Programs
- Telecom and Electric

Building 21st Century rural communities requires the adoption of strategies that look not only within a community for defining its strengths and opportunities, but to regions where one community can compliment and draw upon the resources of another.

Strategic Partners: The adage that there is strength in numbers especially holds true when you build strong and strategic alliances. In Fiscal Year 2012, USDA Rural Development partnered with more than 250 entities to bring needed funding to rural Michigan communities.

Capital Markets: Stimulating local economies requires the infusion of new investment opportunities. The Business Programs section provided \$24.5 million in financing to six businesses.

Regional Food Systems: Building markets for local and regionally grown agricultural products makes great economic sense. USDA Rural Development is working with the Northeast Michigan Council of Governments, the Michigan Land Use Institute and other organizations to create connections between local growers and resource providers.

Regional Collaboration: Smaller, more remote rural communities do not have to be stand-alone economic engines in an oasis, each looking only from within for sustainability. USDA Rural Development in Michigan works with numerous partners throughout the state. This year, more than \$552,000 was invested in local relending programs to strengthen regional activities.

Community Building: Creating great places to live, raise families, provide recreational opportunities, and infrastructure for high paying jobs is very important to our efforts at USDA. Through the Community Facility as well as Water and Environmental programs, 115 Michigan communities received \$111.6 million in financing to improve infrastructure.

Alternative Energy: American development and use of alternative energy is good for our country and good for our environment. Rural Michigan small businesses and farmers were provided with financing by USDA to complete 37 renewable energy and energy efficiency projects.

Broadband and Continuous Business Creation: Expanding access to high-speed broadband is one of our greatest challenges and highest priorities. In Michigan, USDA Rural Development invested more than \$798,000 in broadband infrastructure.

Strategic Partners **Capital Markets**
Regional Food Systems **Community Building**
Regional Collaboration **Alternative Energy** **Broadband**

Business Programs: Renewable Energy



USDA Rural Development is a strong supporter of renewable energy, both through its business loan guarantees and the Renewable Energy for America Program.

The goal is to reduce energy costs and consumption for agricultural producers and small business in rural areas. Uses include: equipment, construction or improvements, energy audits, permit and professional fees, feasibility studies, business plans and retrofitting.

The Fremont Anaerobic Digester...



is an example of how USDA is working with local communities and investors to turn potential pollutants into clean, renewable energy.

Anaerobic digesters are not new in Michigan – many farms have them and USDA Rural Development has taken a leading role in funding them.

What sets Fremont apart is the scale – it will take in the waste of an entire community and the electricity and byproducts it generates will likewise be provided on a wider basis.

The project is one of the first commercial-scale anaerobic digesters in the United States and will convert organic waste products – including farm and food processing waste – into biogas which is used to generate electricity. The facility will process more than 100,000 tons of waste annually, reducing landfill usage and improving the quality of agricultural runoff.

In addition, the solid byproducts can be used for soil amendments and cow bedding.

The agency provided a \$12,825,000 loan guarantee to finance the project, which has a total cost of \$22 million. The project broke ground in June 2011 and construction was completed little over a year later, with the grand opening in October 2012.

Pictured at left: Groundbreaking at the Fremont Community Digester. From left: City of Fremont Mayor James Rynberg, Rob Zeldenrust of North Central Co-Op, Arvin Shah of INDUS Energy, U.S. Sen. Debbie Stabenow, NOVI Energy President Anand Gangadharan, USDA Rural Development State



Business Programs Renewable Energy:

- Grant, loan or combination
 - Reduces energy costs
 - All areas of the state except cities of more than 50,000 residents and their adjacent urban areas
- Invested \$607,833 in Renewable Energy for America Grants across Michigan
- 37 projects in 21 counties



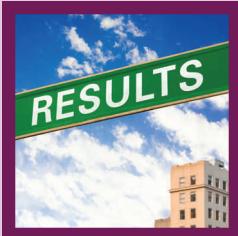
Director for Michigan James J. Turner, and state Rep. Jon Bumstead.

Pictured at right – the completed facility, October 2012.





Business Programs



Rural Development Business Programs support:

- Job creation
 - Business expansion
 - Economic development
 - Producer grants
-
- Invested \$28.2 million in Michigan businesses
 - 83 projects in FY 2012

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

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

USDA Rural Development's Business and Industry guaranteed loan program helps support the business of rural America by providing protection and incentives to lenders. In turn, businesses that benefit from a loan guarantee have a better chance of receiving the financing and terms they need so they can thrive.

USDA Rural Development has a long standing initiative that assists rural electric and telephone cooperatives and community development organizations in their efforts to improve the rural economy.

The agency also assists small businesses and producers through its Rural Energy for America Program (REAP) that provides financial assistance when energy-efficiency improvements are made to reduce energy costs or when renewable energy systems such as wind turbines, geothermal and solar are installed.

Uncle John's Cider Mill...



is a mid-Michigan landmark, located in St. Johns, about 20 minutes north of Lansing off of US 127 and the gateway to northern Michigan. The cider mill received \$42,024 Value Added Producer Grant in February 2012 to increase the sale of locally-produced hard cider.

The early warm weather and subsequent hard frost hurt Michigan's 2012 apple crops and value-added products like hard cider, which can keep for several years, allow growers to balance bad years with good ones.



Pictured at left - U.S. Dept. of Agriculture Under Secretary for Rural Development Dallas Tonsager (left) talks to Mike Beck, the owner of Uncle John's Cider Mill in St. Johns. Beck was hosting a meeting of potential distributors for the cider and it was a great opportunity for the Under Secretary to speak with business owners from across the state.

Single Family Housing Programs

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

USDA Rural Development has two low-interest, no-down-payment loan programs to help eligible families living in rural areas purchase new or existing homes. Loans and limited 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 \$74,750 may qualify for the agency's guaranteed home loan program. If that same family of four's adjusted annual income is less than \$42,150, they may also qualify for a direct loan from the agency. These income limits increase in communities located near metro areas.

Jan Bailey...



is a young professional and a mother of two. She could not qualify for a large enough conventional mortgage to purchase a home for her family, so she contacted USDA Rural Development.

Jan has a stable, dependable income and a good credit history. These are two important issues to qualify for a mortgage with Rural Development. With her income and low monthly debt payments, she was able to qualify for a mortgage with Rural Development.

Due to having a family member with a disability Jan was also able to qualify for down

"It has been a wonderful experience working with everyone at Rural Development and I appreciate the opportunity that the RD and MSHDA programs gave me. We are so happy with the house and its close location to work and school. I cannot express enough the worry that having our own home relieves."

- New Homeowner Jan Bailey.

payment assistance with the Michigan State Housing Development Authority. MSHDA has made this program available for applicants who have qualified for a direct loan with Rural Development.

Jan found the house she wanted and worked with RD Area Specialist David Greenwood to get her loan approved. The down payment assistance from MSHDA helped to reduce her loan amount and pay loan closing costs.



Single Family Housing:

- 7,226 families and individuals purchased homes through USDA Rural Development
- \$706 million was invested in Michigan homes.
- \$1,237,239 in loans and grants to help Michigan families repair their homes





Multi-Family Housing Programs

USDA Rural Development provides financing for 633 apartment complexes in rural Michigan and 79 farm labor housing projects. The 17,806 units in these complexes provide rural residents with access to decent, safe and sanitary housing. Rent in the apartments is based on income, and limited rental assistance is available to eligible tenants.

In Fiscal Year 2012, 7,183 units received rental assistance.

Rolling Brook Apartments...



Multi-Family Housing:

- **633 Multi-Family Housing projects**
- **79 farm labor housing projects**
- **17,806 total units**
- **7,183 units received rental assistance**
- **More than \$65 million invested in decent, safe and sanitary housing**

is an elderly community located in Algonac and consists of three single-story buildings with 74 one-bedroom apartments, including on-site community room and laundry facilities as well as a picnic pavilion. Originally built in 1983, Rolling Brook was ready for a significant update.

PK Housing and Management Co. invested more than \$2,500,000 into the construction project, completely upgrading the buildings inside and out. Improvements include new kitchens and bathrooms as well as fresh paint and new carpet, vinyl flooring and lighting for every unit and common area.

The building exteriors were upgraded with new siding, roofing and windows. Landscaping enhancements include expanded patios for each resident and a new irrigation system with its own well to maintain the grounds and reduce operating costs.

Rolling Brook is financed and operated under Rural Development's Section 515 Program with additional funds from the Michigan State Housing Development Authority's Low Income Housing Tax Credit Program. The facility is designed for persons 62 years of age or older, or for handicapped or disabled persons of any age.



Rolling Brook Apartments is located in Algonac, northeast of Detroit and across the St. Clair River from Canada.



Community Programs: Water and Waste Disposal



USDA Rural Development improves the quality of life in rural America through a variety of loan, grant and loan guarantee programs that assist water and wastewater systems, water distribution system, waste collection and solid waste disposal.

Williamston's Water Treatment Plant...



has made a huge difference in drinking-water quality. Often taken for granted in urban areas, water quality is an important issue in many rural communities, where private wells are common and municipal systems – if they even exist – can be decades old.

Rural Development provided a \$4.8 million loan through the American Recovery and Reinvestment Act to upgrade Williamston's municipal water system. The project constructed a new well, closed two old wells and constructed a treatment facility to reduce radium content to safe levels. It serves 1,750 customers and came online in July 2012.

The new system also removes a lot of iron from the water supply, meaning residents need far less salt to soften it. Williamston Department of Public Works Director Scott DeVries noted that the water was so clean that deposits were starting to flake off of older pipes – reversing the process that put them there.

Williamston also benefitted from a \$3,540,000 ARRA Loan to improve the waste water system.

Approximately 100 feet of 24-inch gravity sewer has been constructed to replace the existing sewer crossing of the Red Cedar River at the wastewater treatment facility, protecting river water quality. A submersible pump station was constructed on the wastewater treatment plant site to lift the wastewater received from the Red Cedar River crossing into the preliminary treatment facility.

The project also included pumping equipment, control panel upgrades, grit equipment, a return sludge pump and an effluent heat pump system. In addition, a methane gas generator was installed to reduce the heating and cooling energy costs by at least 60 percent.

Williamston's water is a lot cleaner and a lot tastier – and Rural Development is proud to have helped make it happen.

Pictured at right – USDA Rural Development State Director for Michigan James J. Turner (fourth from right) cuts the ribbon for Williamston's water treatment plant.



Pictured at left – the entire community was invited to participate at the open house for Williamston's new water treatment plant. The drink of choice? Fresh water from the tap.



Water and Waste Disposal include:

- Water and wastewater treatment facilities
 - Water distribution systems
 - Waste collection systems
 - Solid waste facilities
-
- Invested \$65.2 million in loans, \$10.7 million in grants for total Michigan funding of \$75.9 million
 - 35 projects serving 24,117 rural users





Community Programs: Community Facilities



Community Facilities include:

- Libraries
 - Hospitals and clinics
 - Ambulances
 - Fire trucks and stations
 - Long-term care facilities
-
- Invested \$40.4 million in loans, \$809,356 in grants for total Michigan funding of \$41.2 million
 - 80 projects serving rural residents in 39 counties

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

Helping to ensure that all rural Americans have access to quality health care continues to be an important area of emphasis for USDA Rural Development. Whether the project is a new medical clinic, hospital, fire station, fire truck, emergency equipment, community building, assisted living facility, library, child care center, or rural water, telephone, electric or broadband projects, 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 Michigan develop these critical resources.

Lee Township...



is a small community tucked into Michigan's southwest corner in the rural area between Grand Rapids, Kalamazoo and Lake Michigan.

On August 16, 2011, the township officially broke ground on a new fire station. The project was made possible by a \$400,000 loan and \$50,000 grant from Rural Development funded by the American Recovery and Reinvestment Act. Total project cost is \$1,068,500 with Lee Township contributing \$618,500.

Township Supervisor Steve Miller presided at the brief ceremony and remarked that it was the biggest thing to happen in the township.

It is a big thing: Completed in April 2012, the fire station consists of four vehicle bays with offices, bunk rooms and meeting space covering 10,220 square feet. The office area/living quarters area include rooms for offices, meeting rooms, storage, bunk rooms, men's and women's bathrooms, kitchen, lounge and mechanical room. The apparatus area includes a radio room, air room, and a decontamination room.

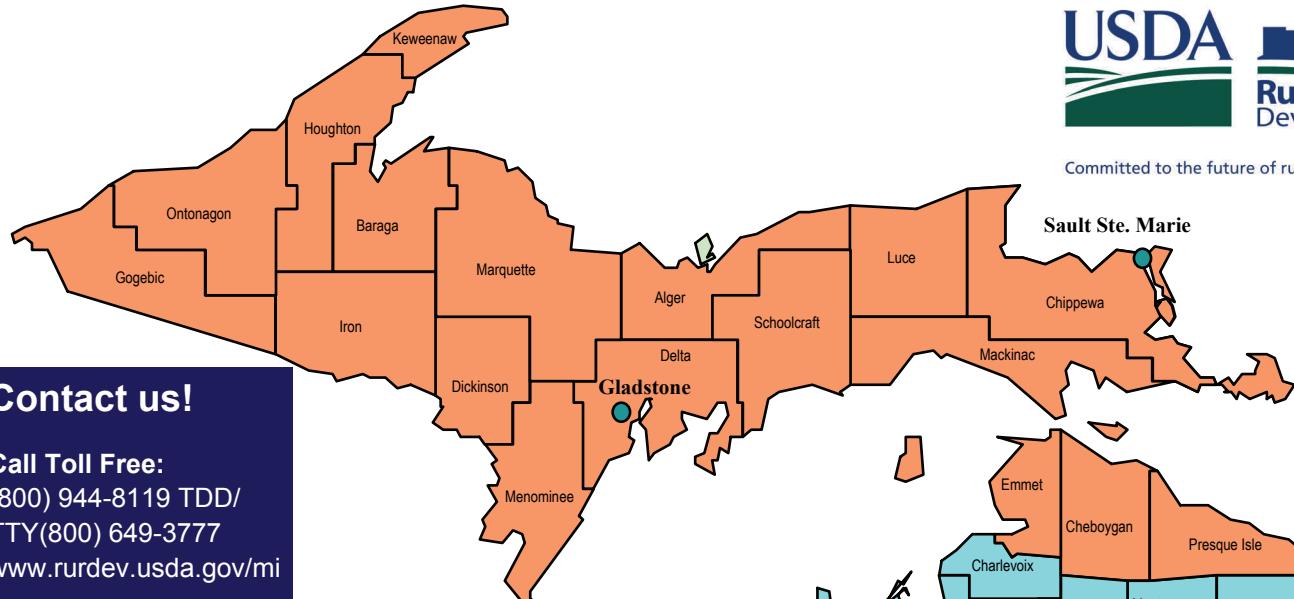
The facility is served by an on-site private well and septic system and serves 4,114 rural residents.



Pictured at left - left to right Lee Township Treasurer Jessie Lowery, Trustee Steve Black, Township Clerk Jackie King, Township Trustee Bruce Ferguson, Township Supervisor Steve Miller, USDA Rural Development Specialist Paul Bristol, Fire Chief Nelvin DeWeerd.

Right - the completed facility.





Contact us!

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