

Rural Development

Annual Report -- FY 2001

Committed to Serving Rural Arizona



State Director's Message

The State of Arizona has a long history of success in carrying forth the USDA Rural Development mission. In the year 2001, USDA Rural Development employees have reached out to help Arizonans in many ways. This annual report documents the dollars loaned and grants provided, but it is impossible to document the appreciation of a client that now has running water in their home or the smile on a child's face, as her family picks up food at a local food bank. USDA Rural Development programs help people with the very basic necessities of life, such as, food, shelter and clean drinking water. Arizona employees can be very proud of the fact their work has made a difference in the lives of many Arizonans.



To be successful, we must have a good working relationship with many partners. We have partnered with lenders, through our Guaranteed Loan Program to help create new or expand existing businesses. We work directly with tribal housing authorities to deliver housing loans or grants to the reservations. We work with many nonprofit organizations, communities, and state government to increase our effectiveness. We will continue to expand our relationship with existing partners, as well as, seek out new partners for the delivery of our programs to people in our rural communities.

I would like to thank the many partners in Arizona who have worked closely with us to expand our programs. But most of all I want to acknowledge our dedicated employees for their commitment to the people and businesses of rural Arizona.

EDWARD (EDDIE) L. BROWNING
STATE DIRECTOR

Rural Development in Arizona provided in excess of \$93 million of assistance to rural residents

Rural Housing

- ❖ **\$66,925,198 in loans, grants, and guarantees were provided to meet growing housing needs in rural Arizona**

Community Programs

- ❖ **\$12,348,000 advances to rural communities for Water and Waste Projects**
- ❖ **Over \$4 million funded for Community Facility Projects in rural communities**

Business & Industry

- ❖ **Over \$10 million of assistance to rural businesses in Arizona**
- ❖ **345 jobs were saved or created**

Program Highlights

Single Family Housing

For over 50 years USDA Rural Development has been making the American Dream come true by providing affordable housing to rural residents. In FY 2001, we obligated \$19,056,525 through our Direct 502 Rural Housing Program and \$26,037,680 through our Section 502 Guaranteed Rural Housing Program. These loans helped 590 families purchase, repair or refinance a home of their own. Of these loans, \$10,172,311 to 145 families were Mutual Self-Help Housing loans. Grants totaling \$1,499,291 were made to nonprofit organizations who provided technical assistance to Self-Help Housing participants. Under the Self-Help Housing Program, families work together in small groups to construct their own homes. Participants in this program learn construction skills, group participation skills and are able to get new homes with 20 percent to 30 percent sweat equity. They obtain homeownership with a more affordable mortgage as a result.

Home Repair Loans and Grants

Seventy-three rural families were assisted with Section 504 Home Repair loans totaling \$396,524. One-hundred-fifty-six elderly rural families were assisted with Section 504 Home Repair Grants totaling \$880,705 in FY 2001. Section 504 loans and grants are made to very low income rural residents to remove health and safety hazards and to make other necessary repairs to their dwellings. Grants are only made to very low-income applicants who are 62 years old or older. Section 504 Loan and Grant funds are used for such items as roofing repairs, plumbing repairs, electrical repairs, structural repairs and related items.

Multi-Family Housing

There are currently 2,809 units of Multiple Family Housing financed by Rural Development in Arizona. This program provides low-income families with safe housing in an apartment setting. Depending on income some families may qualify for assistance or subsidies to pay rent. In FY 2001, Rural Development in Arizona assisted families with \$5,676,393 in Rural Rental Housing

Loans, \$4,176,883 in Rural Housing Site Loans, \$6,398,738 in Rental Assistance to Tenants in Multiple Family Housing, \$2,224,500 in Labor Housing Loans, and \$217,488 in Housing Preservation Grants for Rehabilitation of Very Low Income Housing Units. Multiple Family Housing Program Funding for FY 2001 totaled \$18,694,198.

Total Rural Housing funding in rural Arizona for Fiscal Year 2001 was \$66,925,198.

Community and Business Programs

Through the delivery of its Community and Business Programs, Rural Development provides loan and grant assistance for a variety of Community Infrastructure and Business Development projects in rural Arizona. Recipients of Rural Development programs include public bodies, special purpose districts, nonprofit organizations, tribal entities and small businesses.

The following is a summary list of FY 2001 Program Highlights.

Water and Wastewater Program

The Water and Wastewater Program offers assistance to needy rural communities for the development or improvement of existing water or wastewater facilities. This past year 17 water, 8 wastewater and 1 solid waste projects for a total of \$9,112,380 was funded in rural Arizona. These projects provided much needed water systems. In some cases, water service for the first time to an estimated 3,900 homes and commercial businesses with an equivalent of over 13,700 individuals. The sewer system projects provided central sewer service to households that previously had inadequate and failing individual systems. Through the solid waste program funding was provided to purchase a fleet of new solid waste collection trucks for a tribal community that previously had a fleet of trucks in disrepair.

Community Facility Program

The Community Facility Program helps communities build or expand essential community facilities in rural areas. This past year Arizona Rural Development funded 13 community facility projects for a total of \$4,425,740 in loans, grants and guarantees to commercial lenders. Some of this year's projects consisted of funding for a new school, 2 multi-purpose buildings on a tribal village, a bridge, police station, an assisted living facility and improvements for a dialysis center that will serve 2 remote tribal communities.

Business and Industry Guaranteed Program

The B&I Programs help provide jobs and stimulate small rural businesses' development by providing financial backing to commercial lenders for rural businesses. This year Arizona Rural Development provided guaranteed loan funding for 8 businesses for a total of \$8,993,137 resulting in over 160 new jobs being created or saved. A variety of projects were funded which include a medical facility, mobile home park, hospice facility, educational institute, 2 gas service stations, storage facility, and a direct loan to an assisted living facility.

Rural Business Enterprise Grant Program

This program is designed to assist in the development of small and emerging businesses and creation of new job opportunities in rural communities. This year Arizona funded 7 RBEG grants totaling \$609,620. The project included activities, such as, funding a technical assistance project, a revolving loan fund project and a ram exchange program. This program will provide assistance to an estimated 130 businesses and will result in creating 85 new jobs and sustain employment for an additional 21 positions.

Other Funding Assistance Programs

This year Arizona received funding under a new Rural Business Opportunity Grant Program designed to provide area-wide planning to identify business development opportunities in rural areas. Last year Arizona funded 2 grants totaling \$49,750 for economic planning for a tribal project and for

conducting an economic feasibility study for a small rural community. A Rural Enterprise Opportunity Grant was also made in the amount of \$199,000 to a major education facility to provide assistance for area-wide planning and setting up a hands-on self-help training program for the development of cooperatives in rural areas

Empowerment Zone/Enterprise Communities

Arizona is home to 2 Enterprise Communities comprised of the Arizona Border Region Enterprise Community (AZBREC) and the Four Corners Empowerment Zone(4CEZ). The AZEBREC is comprised of 3 border communities, while the 4CEZ represents 23 communities located on the Navajo Nation in Arizona, New Mexico and Utah. These communities receive technical assistance from Rural Development personnel in implementing of their strategic plans by use of a benchmark system. Funding assistance is provided through the Office of Community Development on a yearly basis and is administered through the Arizona Rural Development State Office. This year the 4CEZ received funding assistance in the amount of \$250,000 for implementation of various economic development projects identified in their strategic plan.

306-C Colonia Programs

The State of Arizona is 1 of 4 states along the U.S. Mexico border that receives 306-C Colonia funding for water and waste projects. This program is designed to assist the most needy communities with water and sewer infrastructure improvements, as well as, providing grant assistance to qualifying individuals for home improvements to remove health or sanitary conditions. This year 7 water and 3 waste water projects totaling \$2,434,000 were funded in various designated Colonia communities. An additional 91 individual homeowners received a total of \$360,471 in grants for home repair projects.



Annual Report From Secretary Of Agriculture

Our country stands united as we report on a unique and challenging year for the Department of Agriculture. In the wake of the tragedies of September 11th, we have worked to ensure the protection of our food supply, employees, customers, facilities and programs. As president Bush has said, “We will not waver; we will not tire; we will not falter; and we will not fail. Peace and freedom will prevail.”

During the past year, we faced many challenges, but many opportunities as well. As our New Administration has taken hold, USDA’s Rural Development undertook many efforts to assist and strengthen our rural communities. These efforts included: 950 communities approved for \$1.4 billion in loan and grant funds to establish or improve drinking water or waste disposal systems for more than a million rural residents; 43,000 families received loans to purchase a home, allowing them to realize their dream of owning their own home and contributing to an all time high in our nation’s homeownership rate; and nearly \$15 million in grant funds were provided to distance learning projects encompassing over 590 educational institutions, and \$11.5 million for 41 telemedicine projects involving nearly 236 medical facilities, bringing greater access for rural residents to much needed educational and medical services.

Over the years, we have made great strides to better serve our customers. In September, we unveiled a new report, “Food and Agricultural Policy: Taking Stock for the New Century.” This study focuses on the challenging role of agriculture and rural development and how we can work together to provide new opportunities and greater economic growth for this nation’s farmers, ranchers and rural communities. I encourage you to review this report from the USDA’s website at www.usda.gov.

Residents in Arizona and from all across this nation are what truly makes America great. We can continue to build on our successes in strengthening our rural communities. And, our Rural Development employees stand ready to assist in anyway they can.

ANN M. VENEMAN
Secretary of Agriculture

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