



**United States
Department of
Agriculture**

Food and
Nutrition
Service

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Alexandria, VA
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DATE: September 16, 2009

SUBJECT: USDA's Rural Development Community Facilities Program

TO: Regional Directors
Special Nutrition Programs
All Regions

State Directors
Special Nutrition Programs
All States

To support Secretary Vilsack's and Deputy Secretary Merrigan's focus on building local and regional food systems, the memorandum serves to bring attention to the USDA's Rural Development Community Facilities Program. This Program provides loans and grants for the construction, acquisition, or renovation of community facilities or for the purchase of equipment for community projects.

These community projects include supporting schools located in communities with a population of 20,000 or less. For example, USDA's Rural Development loan money could be used to set up cold storage as part of a larger effort to retrofit the school cafeteria to buy produce directly from farmers and return cooking capacity for school lunch.

Since many school districts may not be aware of the opportunities provided by this Program, we think it would be extremely valuable for you to share this information with them. Many school districts want to begin or maintain farm-to-school activities and this Program can provide funding to support such initiatives.

Please direct your school districts to work through their state or local USDA Rural Development Office to learn more about how the Community Facilities Program can help them expand their access to and support of local and regional foods.

A handwritten signature in blue ink that reads "Cynthia Long".

Cynthia Long
Director
Child Nutrition Division

Attachment

Community Facilities Program

The Community Facilities (CF) Program supports the success of rural communities by providing loans and grants for the construction, acquisition, or renovation of community facilities or for the purchase of equipment for community projects.

Among other things, these facilities can improve access to high-quality and affordable local foods and provide opportunities for local foods producers in those communities to develop and grow their businesses.

This year, the American Recovery and Reinvestment Act (AARA) added funds to the program. As of August 26, 2009, over \$930 million in Recovery Act loan funds and over \$31 million in Recovery Act grant funds for CF were still available. The Recovery Act money is being awarded on a project-by-project basis and must be spent by August 31, 2010. The additional funds available for CF through the Recovery Act present a great opportunity for non-profit organizations and cooperatives involved with local foods to obtain equipment or facilities that will support their work and benefit their communities.

Who is eligible to apply for CF loans and grants?

Local governments, non-profit organizations, and Federally-recognized Indian tribes are all eligible to apply for funds to finance “essential community facilities.” Applications must be for projects in rural areas (defined as areas with no more than 20,000 residents). This is not to say that CF projects do not relate to needs in urban areas. For example, rural producers could use a CF loan or grant to help them distribute products to urban consumers.

What is a Community Facility? How does this program relate to agriculture?

The uses of CF funds are limited principally by the requirement that the project be for the benefit of the community as a whole rather than for a private, commercial purpose. To help ensure that a facility under the control of a non-profit organization will carry out a public purpose and continue to serve rural communities, USDA looks for strong ties between the organization and the rural area in which it is located. Such ties might be evidenced by a local membership base or funding from the local government or community.

The CF program finances many types of facilities and equipment that facilitate production, distribution, and marketing of local foods. Projects that support local and regional food systems that may qualify for CF funding include, but are not limited to, the following:

- Farmers markets
- Community kitchens and food processing centers
- Facilities and equipment used by not-for-profit food distribution networks
- Cooking schools
- Community food banks

What are Loan and Grant Amounts?

Loan amounts vary widely depending on the project, but the average CF direct loan in FY 2008 was \$665,229. Grants, which are available for projects in communities with smaller populations and lower median household incomes, are usually highly leveraged with other loan and grant awards.

How do I apply?

All applications for CF projects are filed and processed in either the state or local USDA Rural Development Office for the project location. These offices put out a request for applications and make awards once a year for a 12 month funding cycle. Contact your State Office either by telephone or through our web site to obtain more information on how to proceed with your loan or grant request. The locations and contact information for State and Local Offices can be found at www.rurdev.usda.gov/recd_map.html. For more detailed information about eligibility, loan rates and terms, and security requirements, you can also visit our website at www.rurdev.usda.gov/rhs/cf/cp.htm.