



Rural Development

A briefing for the
Advisory Committee on
Beginning Farmers and Ranchers
June 23 - 24, 2014





Funding and Technical Assistance for:

- ✓ Business & Cooperatives Development
- ✓ Renewable Energy & Broadband
- ✓ Community Facilities & Rural Utilities
- ✓ Water, Sewer & Solid Waste Systems
- ✓ Single, Multi-Family & Farmworker Housing

FY 2013: \$ 33.3 Billion

Portfolio: \$193 Billion



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Community Facilities

First Responders, Libraries,
Healthcare, Public Buildings,
Schools, Food Banks, etc.



Rural Utilities

Water Systems
Wastewater
Broadband
Electric



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Single Family Housing

- Direct Loans
- Guaranteed Loans
- Self-Help Housing



Multi-Family Housing

- Farm Labor Housing Loans and Grants
- Rural Rental Housing
- Rental Assistance
- Housing Preservation Grants



Business & Cooperative Programs

- Business & Industry Loans & Loan Guarantees
- Intermediary Relending
- Rural Microentrepreneur Assistance Program
- Rural Energy Assistance Program
- Rural Business Enterprise Grants
- Value Added Producer Grants
- Rural Business Opportunity Grants
- Cooperatives



Rural Microentrepreneur Assistance Program:

loans and grants to Microenterprise Development Organizations (MDOs) for technical services & microloans to rural microentrepreneurs. MDOs include nonprofit entities, Indian tribes, or institutions of higher education.

Rural Cooperative Development Grants:

provides grants and resources to support cooperative development centers and other entities providing technical assistance to individuals or entities in the start-up, expansion or operational improvement of rural cooperatives.

Small Socially-Disadvantaged Producer Grants:

technical assistance to small, socially-disadvantaged farmers through cooperatives and cooperative development centers for market research, product and/or service improvement, training, and business plans.



RMAP Loan: \$500,000

RMAP Technical Assistance Grant: \$105,000

FarmLink connects small producers with land and capital. RMAP funds established a revolving loan fund for small farmers in a six-county region. Average loans are <\$15,000 and over half support women and minority farmers. These micro-loans helped farmers purchase seeds, plants and equipment, employ workers, market their crops and more.



California Center for Cooperative Development

Utilizes RD funding from Rural Cooperative Development Grants & Small Socially-Disadvantaged Producer Grants to deliver services to an array of clients.



**Somali women refugees
form co-op to market
produce from small farm**



“Coming from a very collectively minded culture, the decision to form a cooperative was a natural step for the women.”

Bahati Mamas Cooperative

CCCD helped with financial aspects of the farming operation, including costs, pricing and returns, as well as personal finances for the member-owners. The Bahati Mamas now sell at two certified farmers’ markets and a “farm-to-table” restaurant – selling \$24,000 worth of produce grown on just 2.5 acres in 2013.



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NEVADA

Value-Added
Producer
Grant: \$23,655



River School Farm, near Reno, developed a direct marketing and branding campaign to increase awareness of the farm products and expand its market throughout Truckee River Watershed and Eastern Sierra Nevada region. The Farm operates a Community Supported Agriculture program, a landscaping business, and offers farm tours to teach the community about farming.

OHIO

Value-Added Producer Grant: \$60,500

Conduct feasibility / marketing studies for small rural business, Von Strohm Woolen Mill & Fiber Arts Studio.

Located early 20th century equipment from an old textile mill in North Carolina and rebuilt it; later purchased llamas, alpacas and angora rabbits to grow their own fiber; offer multi-day hiking adventures or day hikes using the llamas as trekking animals.



PENNSYLVANIA

Artisan Pork to DC Farmers' Markets

Value Added Producer
Grant: \$26,860

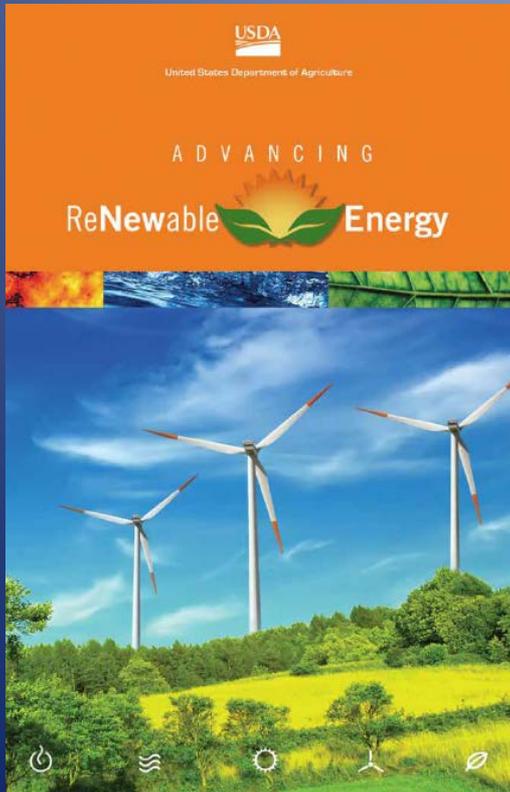
Borrower: \$27,500

North Mountain Pastures markets artisan,
dry-cured bacon, salami and sausage at
urban farmers' markets and through a
Consumer Supported Agriculture Coop.



Rural Energy for America Program (REAP):

loan guarantees and grants available to farmers and rural small businesses for renewable energy systems and energy efficiency improvements.



PUERTO RICO

REAP Grant: \$57,500

Reap Guarantee Loan: \$230,000

State Agriculture Grant: \$115,000

Total Project Cost: \$405,500



Granja Avicola Pujols, a Woman Own Farming Operation, had difficulty remaining competitive due to the high cost of energy and lack of access to conventional financing. Solar Panels and 6 kW inverters with remote monitoring system capability provided the necessary infrastructure to handle 32,000 hens and reduced energy consumption by 93%.

USDA "Strike-Force for Rural Growth and Opportunity"

is a collaboration among FSA, NRCS and RD to address persistent poverty by increasing partnerships with rural communities and leveraging community resources in underserved areas.

Alabama

Alaska

Arizona

Arkansas

Colorado

Georgia

Mississippi

New Mexico



Shared Equipment
in Agricultural
Cooperative

Nevada

North Carolina

North Dakota

South Carolina

South Dakota

Texas

Utah

Virginia

New Business
Development



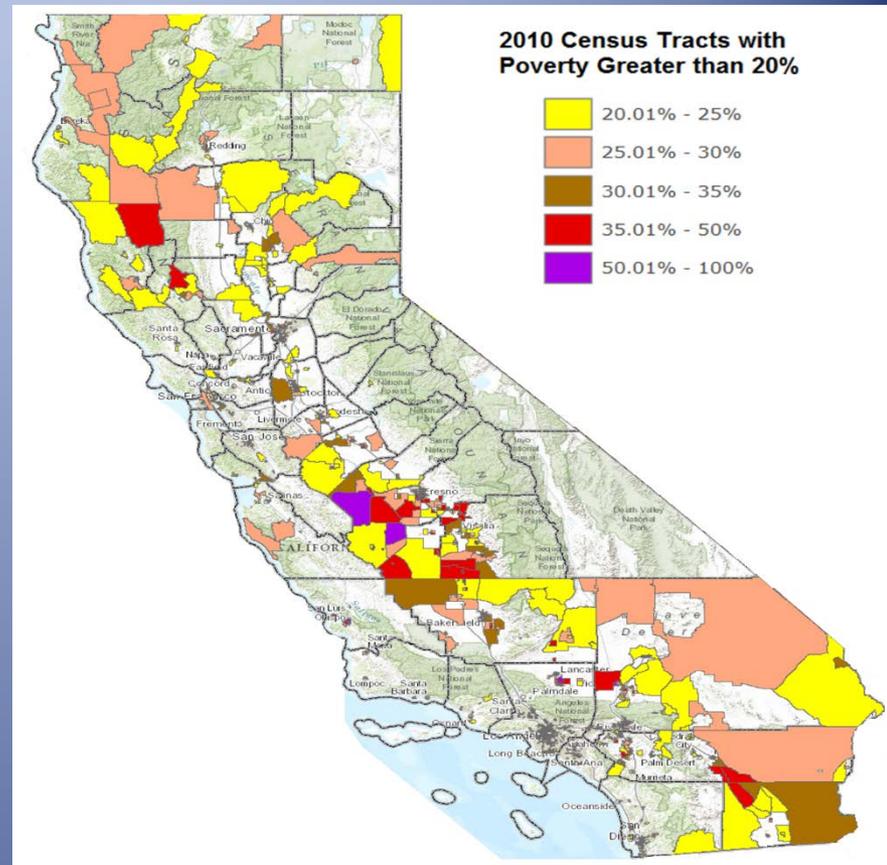
Resource
Conservation



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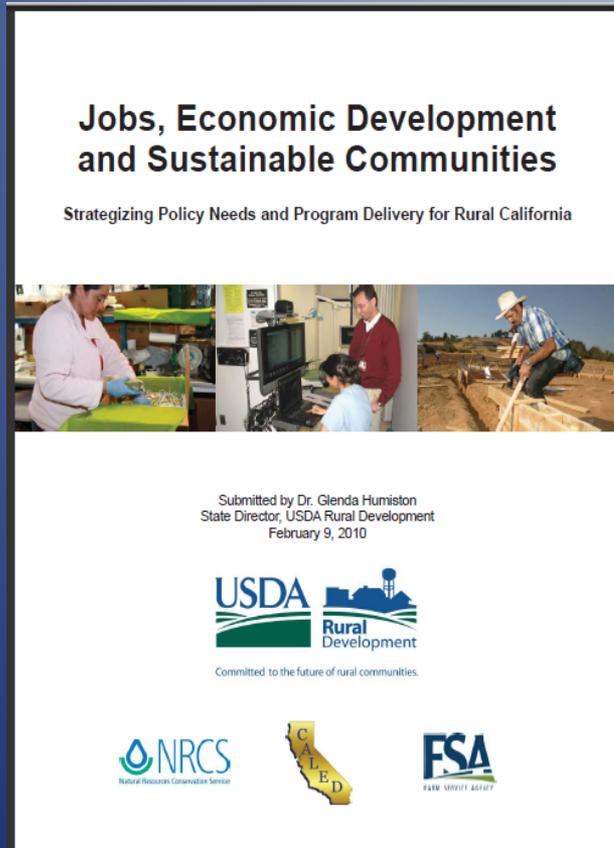
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USDA is increasing focus on areas with the highest poverty for program delivery.



In many states, areas of highest poverty are rural!

Forums Produce Recommendations

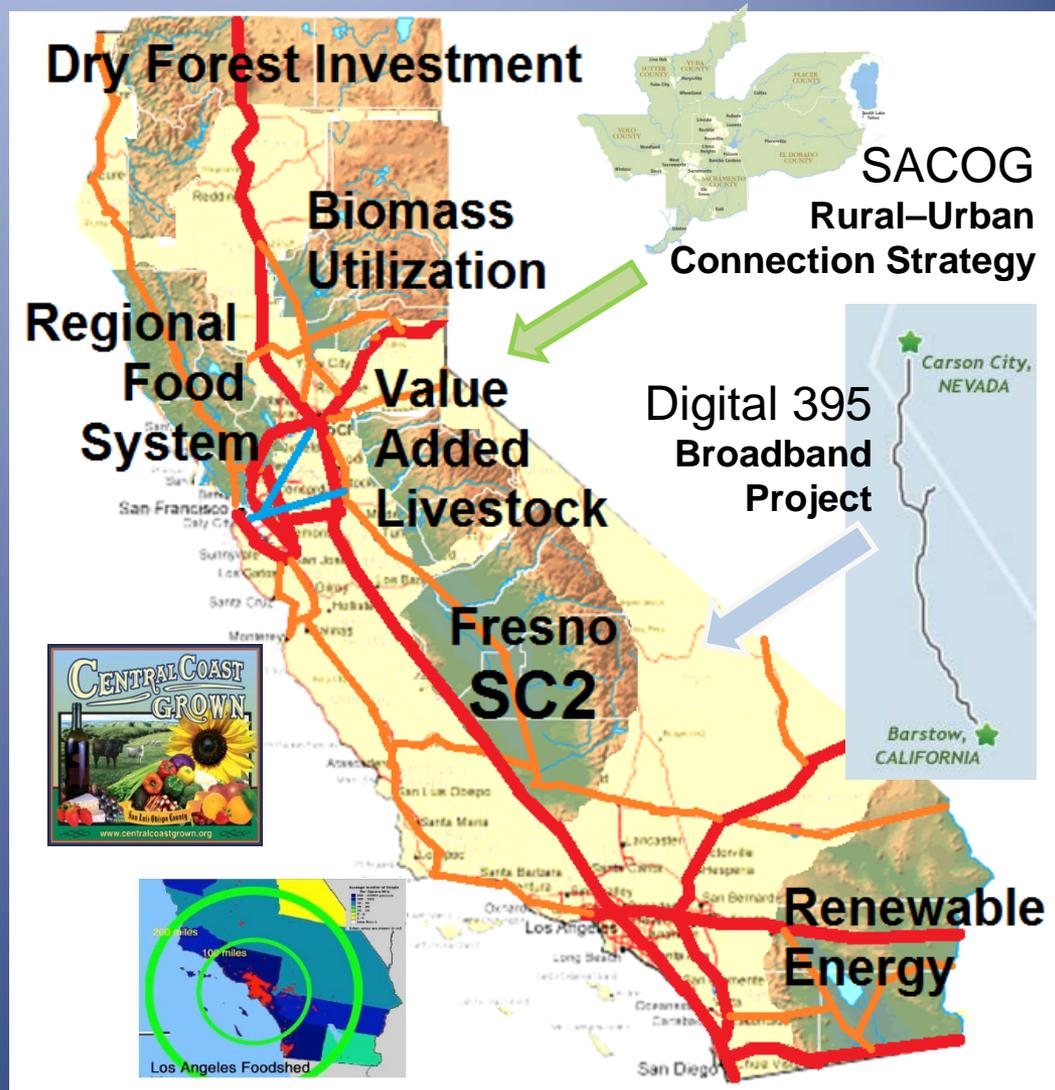


- Expand and Upgrade Infrastructure
- Improve Access to Capital
- Streamline Regulations and Processes
- Find a Definition of Rural That Fits California
- Expand and Improve Service to Applicants
- Provide Technical Assistance to Communities
- Enhance Traditional Job Training Institutions
- Develop Regional Food Systems
- Support Value-Added Business Growth
- Enhance Production of Alternative Energy Sources
- Stimulate Green Jobs and Projects
- Expand the Supply of Affordable Housing
- Improve Access and Quality of Health Care

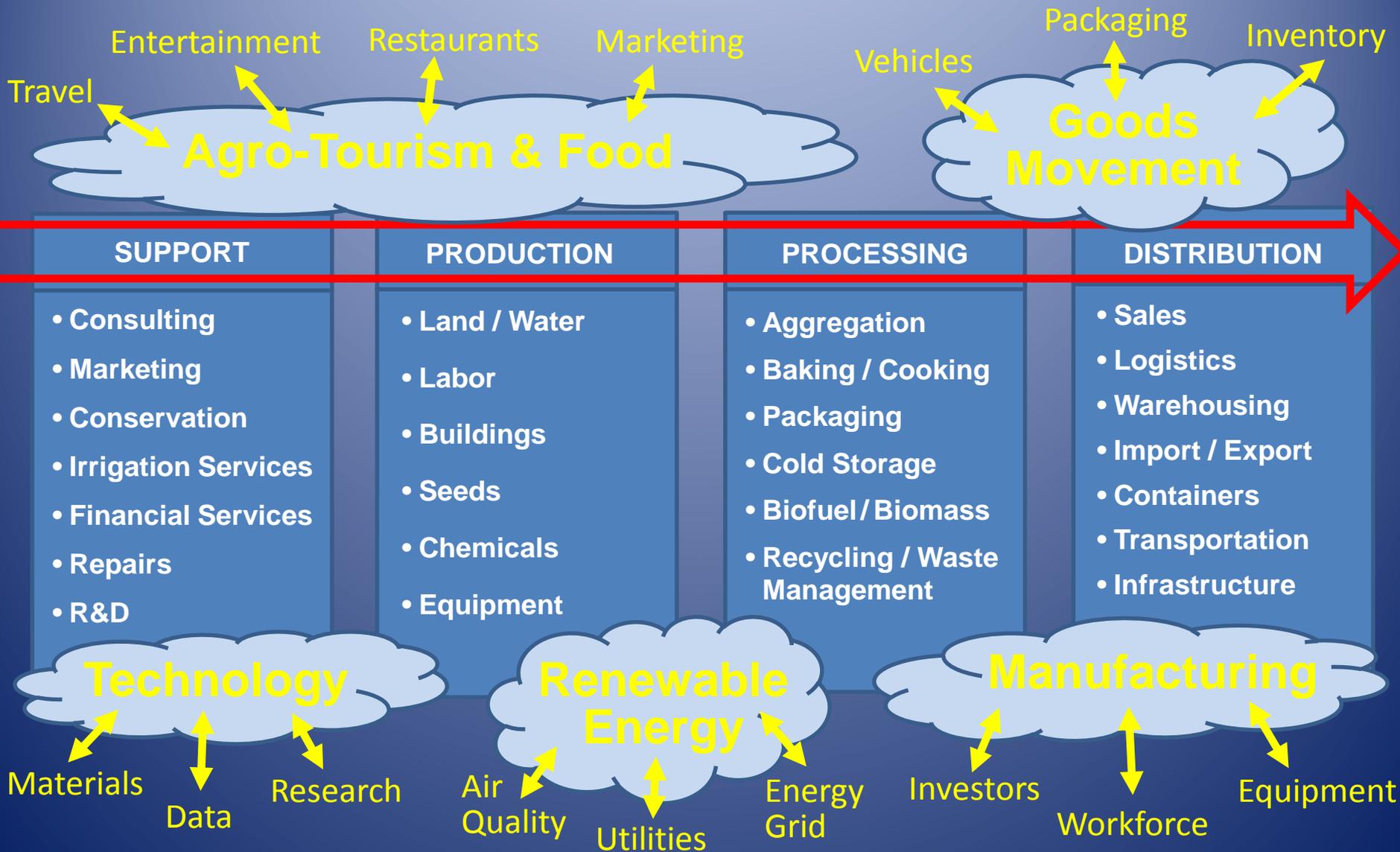
www.rurdev.usda.gov/Reports/CA-JobsReport-Feb10.pdf

Regional Industry Cluster Projects

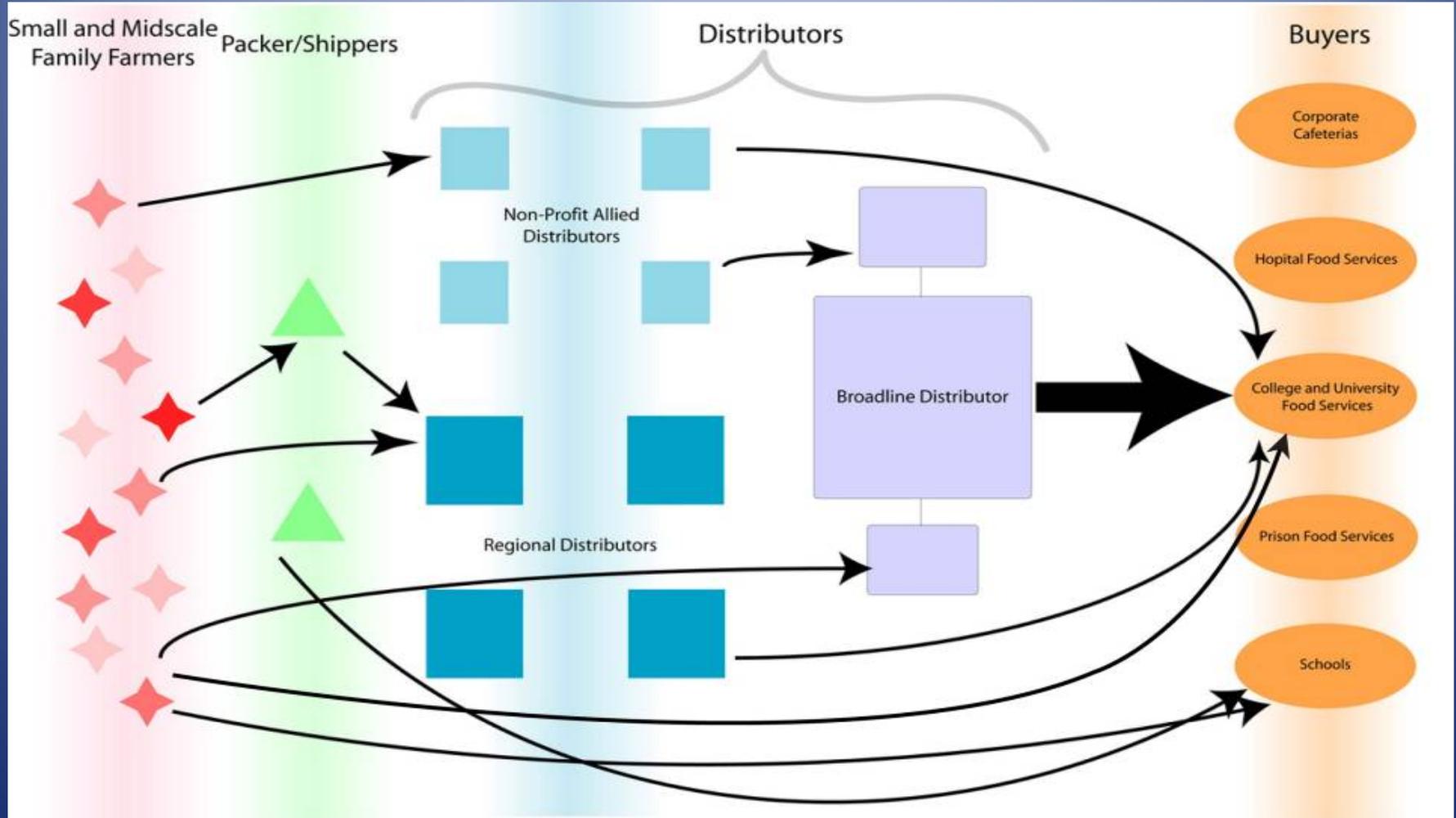
- Create Jobs!
- Improve Distribution
- Expand Access to New Markets
- Enhance Goods Movement Strategy
- Reduce Carbon Footprints



Industry Clusters & Value Chains



Explore New Distribution Models



Feenstra, G., P. Allen, S. Hardesty, J. Ohmart, and J. Perez., "Using Supply Chain Analysis to Assess Sustainability of Farm-to-Institution Programs." *Journal of Agriculture, Food Systems, and Community Development*

Leverage Existing Infrastructure to Support Entrepreneurs



Aggregation Hubs

OPPORTUNITY: Partner with Food Banks

- Similar facilities & equipment
- Improve access to food overall
- Complementary hauling of product

Commercial Kitchens

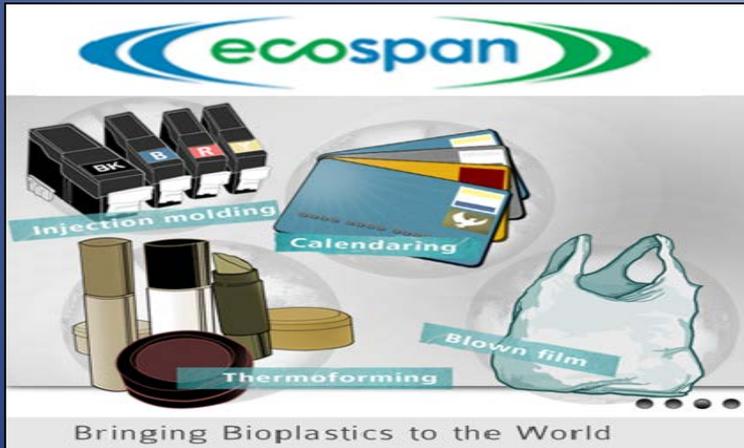
OPPORTUNITY: Schools, Churches & NGOs

- Use facilities & equipment 24/7
- Potential revenue stream for NGO
- Chance to educate on food prep





Thousands of US Firms Producing an Array of Bio-Based Products



February 2012: President Obama signs Executive Order Requiring Federal Agencies and Contractors to Utilize Biobased Products.





Working Landscapes

Agriculture ~ Forests ~ Fisheries ~ Mining
Watersheds ~ Energy ~ Recreation ~ Habitat

1.2 Million Jobs in California

\$318 Billion Direct Sales & Exports

272,000+ New Jobs in Five Years

<http://www.caeconomy.org/resources/entry/2013-california-economic-summit-playbook>



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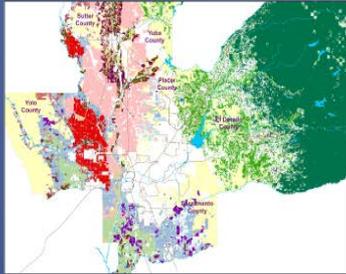
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Rural-Urban Connections Strategy

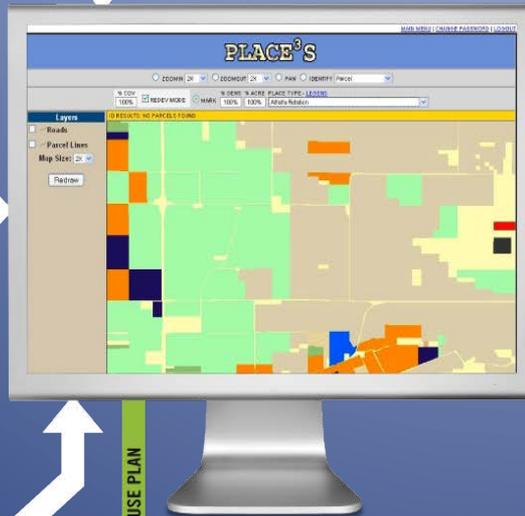
Sacramento Area Council of Governments • www.sacog.org/RUCS



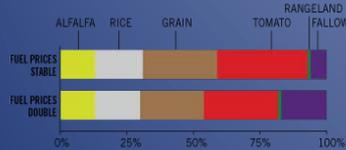
1 CROP MAP



2 I-PLACE³S



3 ECONOMETRIC MODEL



4 DIET/LAND NEEDS



5 INFRASTRUCTURE/FISCAL MODEL (IMPACS)



Farmgate: \$1.6 Billion



**Boost consumption:
10% local in 10 years!**

**Increase Multiplier:
Add over \$1.5 Billion
& Thousands of Jobs
to Local Economy**

Community
Colleges &
Job Training

Economic
Development
Corporations

State &
Federal
Programs

BALLE

Cooperative
Extension

Nonprofits

Local
Government

Conservation
Districts

Prosperity

People

Venture
Capital
& Micro-
Finance

Research
Institutions

**Sustainability
Requires
Collaboration**

Planet

Micro
Enterprise
Support

Financial
Institutions

Resource
Conservation &
Development
Councils

Foundations



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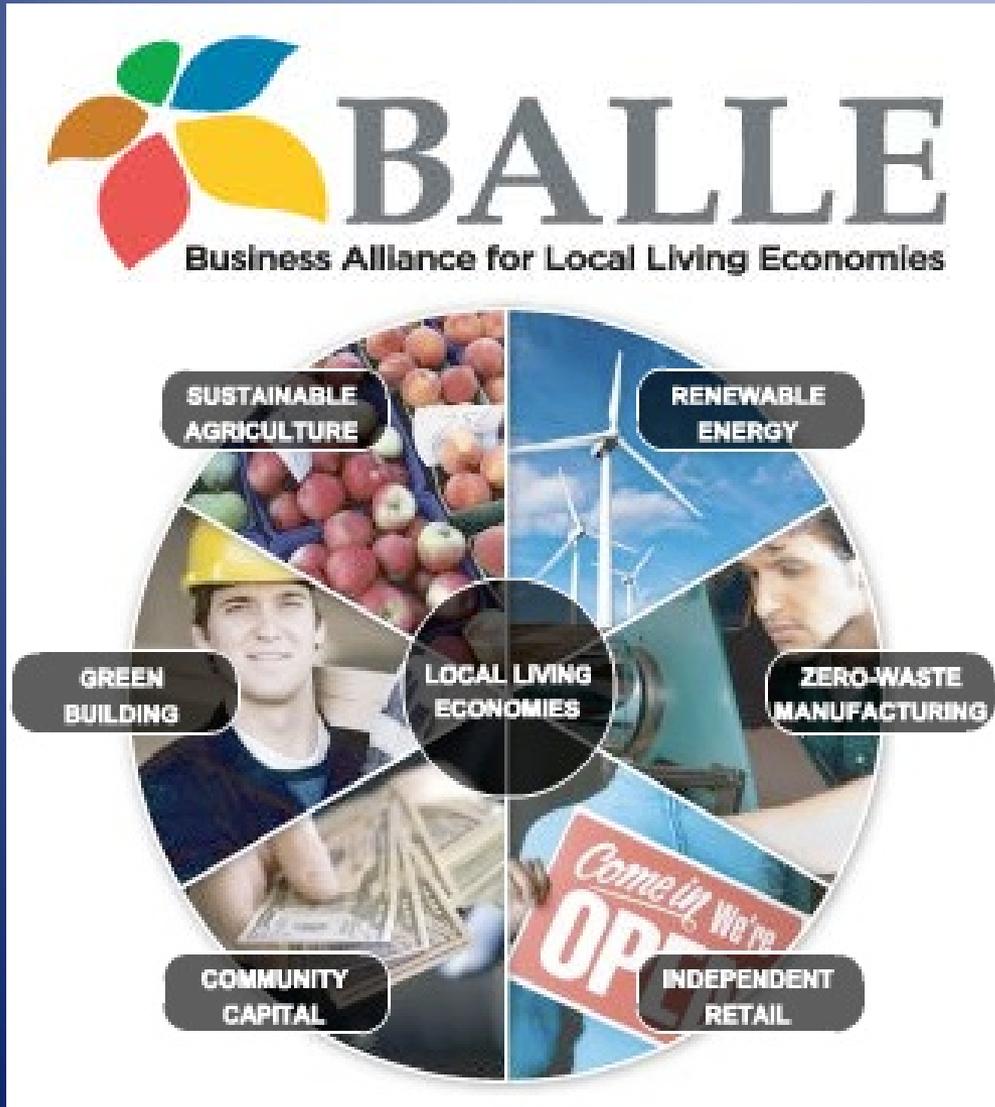
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Council on Foundations Partners with USDA

- Improve the quality of life of rural Americans
- Create new sources of rural wealth – leverage assets
- Promote partnerships in workforce investment strategies
- Develop innovative & sustainable means of collaborating
- Joint convenings, webinars and teleconferences to advance common work



Key Partner for Local Food Systems



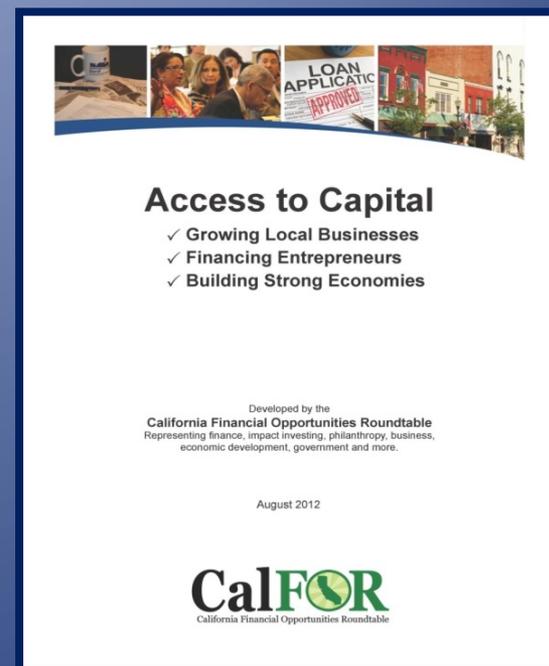
Business leaders, government officials, social innovators, and community leadership working together to build local living economies.

www.bealocalist.org

Equity capital invested in rural areas is just as successful as in tech-oriented metro regions.

A study of 18,000 investments found no statistical difference between rural and metro regions measuring key variables: jobs created, type of industry, length of investment, exit type, or performance.

Patricia Scruggs et al, "The Role of Equity Capital in Rural Communities," March 2010,



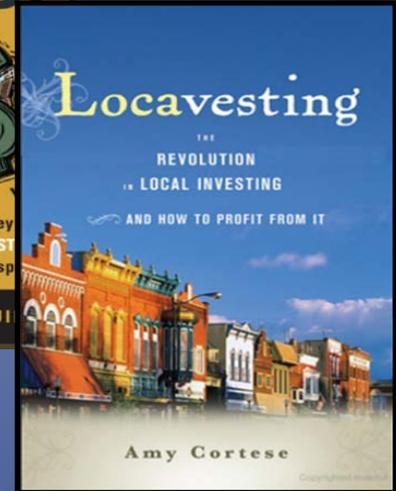
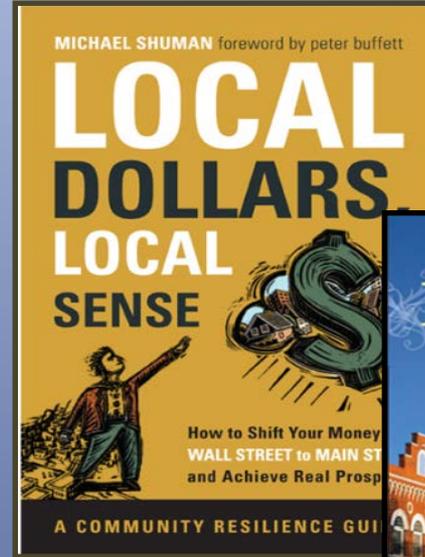
www.rurdev.usda.gov/Reports/CA-CalFOR.pdf



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Resources and Information



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Cooperatives

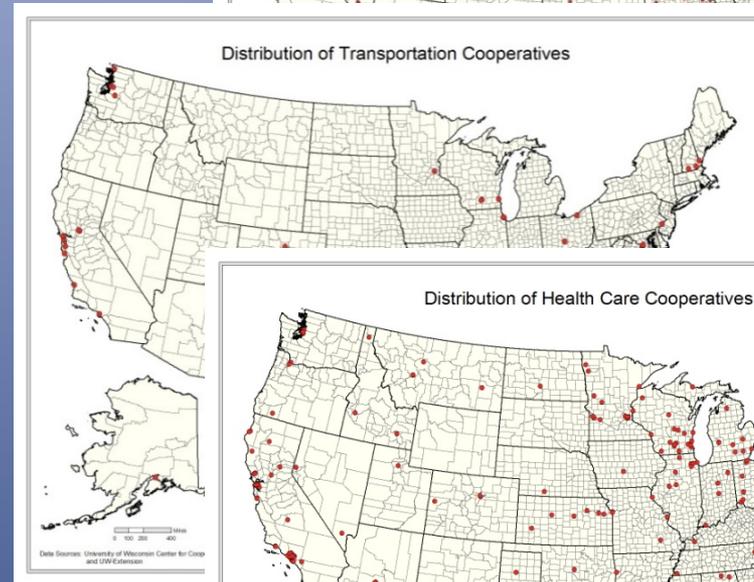
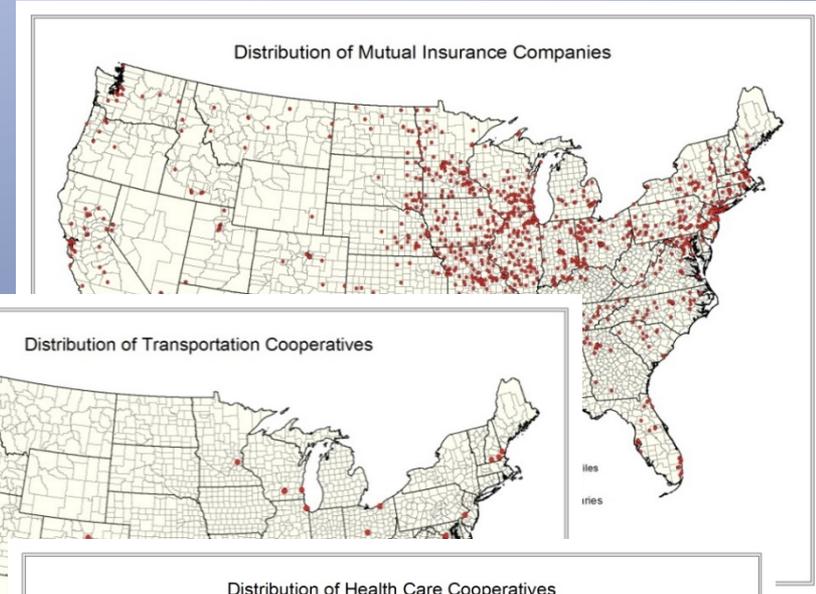
Purchasing cooperatives include:

- Ace Hardware,
- The Bike Cooperative,
- Unified Grocers
- and many more.



Worker cooperatives include:

- small bicycle & book stores,
- a fair-trade coffee roaster,
- a taxi company,
- an engineering firm...and more



Employee Stock Ownership Plans



The U.S. has about 11,000 ESOP companies & about 11 million employee participants.

Swanton Farms, a large organic fruit and vegetable grower/aggregator in Santa Cruz County, implemented an ESOP in 2005. Contracts with a Whole Foods supplier allowed Swanton to award stock bonuses to employees based on individual contribution as well as group success in meeting performance goals. Over time, these employees are expected to own a substantial part of the business.

Local Investment Clubs

In Northern California, nine regular participants in local Slow Money meetings have lent \$40,000 to Soul Food Farm, a pasture chicken and egg producer.



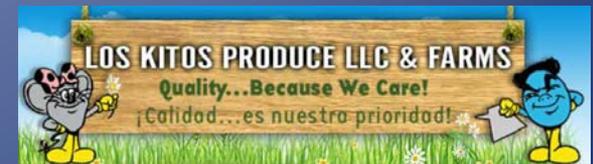
Nationally, over \$35.5 million has been invested into more than 325 small food enterprises via 19 local networks and 10 investment clubs.

Community Reinvestment Act (CRA)



Rabobank invested \$15 million CRA funds in technical assistance providers and lending intermediaries to leverage resources and better serve small farms in California.

- Los Kitos, Valley Small Business Development Corp (VSBDC), & California Coastal Rural Development Corp (CalCoastal), provide technical assistance in management, financing, access to distribution, markets, etc.
- Lending - VSBDC and CalCoastal utilize Farm Service Agency guarantees to leverage the \$15 million Rabobank investment to \$150 million in farm loans.





Sweat Equity

Launched in 1974 to bring affordable, nutritious food to coops and community stores, VV is the nation's oldest distributor of certified organic produce.

Today, VV has over 90 employees, \$35+ million annual sales, buys from over 1,000 farms – always giving the best possible prices to farmers – and distributes food across California and the southwest. Originally structured as a cooperative, the company is now privately owned by four women – two of whom were founders – through debt & sweat equity.

Strategy for a Sustainable Economy

Collaborate



Buy Local

Industry Clusters & Value Chains



Invest Local

Infrastructure & Goods Movement



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Questions??

- Next Steps?
- How can Rural Development better promote and support our beginning farmers and ranchers?

