

RD AN No. 4756(1942-A)
March 14, 2014

TO: State Directors
Rural Development

ATTN: Community Programs Directors

FROM: Tony Hernandez *(Signed by Tony Hernandez)*
Administrator
Housing and Community Facilities Programs

SUBJECT: Business Incubators

PURPOSE/INTENDED OUTCOME:

This Administrative Notice (AN) is issued to provide clarification on the eligibility of business incubators for Community Facilities loan guarantees, direct loans, and grants.

COMPARISON WITH PREVIOUS AN:

This AN replaces RD AN No. 4709 (1942-A) dated February 15, 2013, which expired on February 28, 2014.

IMPLEMENTATION RESPONSIBILITIES:

Community Facilities loan guarantees, direct loans, and grants have been used in the past to finance business incubator facilities. These facilities were primarily involved with the training and development of business entrepreneurs while providing adequate space on a temporary basis for the fledgling business entities. We have reviewed this policy and come to the conclusion that business incubators are inherently a commercial enterprise and, therefore, ineligible for any further funding through any of the Community Facilities programs because they cannot be considered a public improvement requisite to the beneficial and orderly development of a community under section 1942.17(d)(1)(i)(B) of RD Instruction 1942-A. However, if the space is developed by a non-profit or public body for use by other non-profits or public bodies then it is eligible for CF funding, as the use of the space would not be for an inherently commercial enterprise and would therefore, be consistent with 7CFR 1942.17(d)(1)(i)(B).

EXPIRATION DATE:
April 30, 2015

FILING INSTRUCTIONS:
Preceding RD Instruction 1942-A