



Rural Development

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TO: State Directors
Rural Development

ATTN: Community Programs Directors

FROM: Joaquin Altoro
Administrator
Rural Housing Service

SUBJECT: Rural Development Priorities for Fiscal Year 2022 Community
Facilities Direct Loan and Grant

PURPOSE

This unnumbered letter provides guidance on how to implement lending priorities in the Community Facilities Loan and Grant Programs to support the Fiscal Year 2022 Rural Development priorities.

Rural Development has identified three key priorities that will provide a pathway to facilitate economic growth for all rural Americans and priority should be given to projects that will advance the following three key priorities.

1. Assist Rural communities recover economically from the impacts of the COVID-19 pandemic, particularly disadvantaged communities.
2. Ensuring all rural residents have equitable access to RD programs and benefits from RD funded projects.
3. Reduce climate pollution and increasing resilience to the impacts of climate change through economic support to rural communities.

EXPIRATION DATE:
September 30, 2022

FILING INSTRUCTIONS:
Community Programs

IMPLEMENTATION RESPONSIBILITIES

Consistent with Rural Development's priorities and the existing regulatory frameworks for the Community Facilities Direct Loan Program found at 7 CFR Part 1942 and the Community Facilities Grant Program found at 7 CFR Part 3570, State Director Points and Administrator Points for Community Facilities Direct Loan Funds should be used as follows (Community Programs Guaranteed Loans under 7 CFR Part 5001 do NOT provide similar administrative discretionary points):

COVID-19 Impacts

Assisting Rural communities recover economically from the impacts of the COVID-19 pandemic, particularly disadvantaged communities.

Priority Points: Applicants receive priority points if the project is located in or serving one of the top 10% of counties or county equivalents based upon county risk score in the United States. Please use the COVID-19 Economic Risk Assessment Dashboard to determine if the county your project serves qualifies for priority points. The top 10% of counties or county equivalents are highlighted in red on the dashboard.

For additional information on data sources used for this priority determination, please download the [Data Sources for Rural Development Priorities document](#).

Note: US Territories would obtain points by using local data regarding how COVID-19 has impacted proposed project area.

Equity

Ensuring all rural residents have equitable access to RD programs and benefits from RD funded projects.

This priority aligns with the [Executive Order on Advancing Racial Equity and Support for Underserved Communities Through the Federal Government](#)

Priority Points: Applicant receives priority points if the project is located in or serving a community with score 0.75 or above on the CDC Social Vulnerability Index. Please use Social Vulnerability Index Map to look up map or list to determine if your project qualifies for priority points.

For additional information on data sources used for this priority determination, please download the [Data Sources for Rural Development Priorities document](#).

Note: US Territories would obtain points by using local data to demonstrate the social vulnerability of the proposed project area.

Climate Impacts

Reducing climate pollution and increasing resilience to the impacts of climate change through economic support to rural communities.

Priority will be given to proposals that address climate crisis through projects that:

- reduce climate pollution; promote energy efficiency and clean transportation; increase renewable energy production; revitalize recreation economies and the economies of coal, oil and gas, and power plant communities; increase resilience to the impacts of climate change; protect the public; and conserve our lands, waters, and biodiversity or
- spur well-paying union jobs and economic growth, especially through innovation, commercialization, deployment of clean energy technologies and infrastructure or
- advance environmental justice in historically marginalized and other communities overburdened by pollution where economic hurdles include underinvestment in housing, transportation, water, wastewater, and clean energy infrastructure, as well as workforce development and health care needs.

Priority Points: Applicant can receive priority points through one of two methods listed below:

- **Quantitative Method:** Applicants will receive points if the project is located in or serving an energy community (fossil fuel dependent - coal, oil and gas, and power plant communities) whose economic well-being ranks in the most distressed tier of the Distressed Communities Index. The energy community list is defined by the Report to the President on Empowering Workers Through Revitalizing Energy Communities: <https://netl.doe.gov/IWGInitialReport> The Distressed Communities Index provides a score between 1-100 for every community at the zip code level. The most distressed tier of the index are those communities with a score over 80. Please use look up map or list to determine if your project qualifies for priority points.
- Applicants will receive points by demonstrating through written narrative how proposed climate-impact projects improve the livelihoods of community residents and meet pollution mitigation or clean energy goals.

For additional information on data sources used for this priority determination, please download the [Data Sources for Rural Development Priorities document](#).

Note: US Territories would obtain points for the quantitative factor by using local data to demonstrate that the proposed project area has a high concentration of fossil fuel-employment. Under the Distressed Communities Index, all US Territories are considered Distressed Communities.

The Agency should support these priorities by using flexibilities permitted in the program regulations. For example, 7 CFR 1942.17(c)(2) outlines the project selection process for preapplications in the Community Facilities Direct Loan Program. Paragraph 1942.17(c)(2)(iii)(E) grants State Directors authority to add up to 15 points to an application's score:

to improve compatibility/coordination between Rural Development's and other agencies' selection systems and to assist those projects that are most cost effective. A written justification must be prepared and placed in the project file each time the State Director assigns these points.

Similarly, 7 CFR 3570.67 outlines the project selection process for applications in the Community Facilities Grant Program. Paragraph 3570.67(d)(1) grants State Directors the authority to add up to 15 points to an application's score:

to address unforeseen exigencies or emergencies, such as the loss of a community facility due to an accident or natural disaster or the loss of joint financing if Agency funds are not committed in a timely fashion. In addition, the points will be awarded to projects benefiting from the leveraging of funds in order to improve compatibility and coordination between the Agency and other agencies' selection systems and for those projects that are the most cost effective.

The Administrator has similar authority to add points to an application's score in both the Community Facilities Direct Loan and Grant Programs. For example, under 7 CFR §1942.17(c)(2)(vii) when states seek additional direct loan funding from the National Office, the Administrator:

may assign up to 15 additional points to account for items such as geographic distribution of funds and emergency conditions caused by economic problems or natural disasters.

For grants under 7 CFR 3570.67(d)(2), the Administrator:

may assign up to 30 additional points to account for geographic distribution of funds, emergency conditions caused by economic problems, natural disasters, or leveraging of funds.

The Administrator will use these authorities to the greatest extent allowed to support the priorities noted above.

In addressing the priorities, continue to take a close look at your statutory and regulatory requirements regarding rurality, project eligibility, applicant eligibility, financial feasibility and security, as applicable, for each loan and grant application. Compliance with these requirements and guidelines is necessary to protect the integrity of the Community Facilities Loan and Grant Programs and ensure consistency in their implementation.

If you have any questions, please contact an Asset Risk Management Specialist for your region.