

RD AN No. 4748 (1980-D)
March 12, 2014

TO: All State Directors
Rural Development

ATTENTION: RHS National Office Program Staff,
Housing Programs Directors,
State Engineers, and State Architects

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

SUBJECT: Implementation of the Rural Area Definition as Revised by the Farm Bill

PURPOSE/INTENDED OUTCOME:

This Administrative Notice (AN) provides guidance to Rural Development (RD) National and State Office staff regarding implementation of a revised rural area definition. The Agricultural Act of 2014, H.R. 2642 (Farm Bill), amends the definition of rural areas at section 520 of the Housing Act of 1949 (42 U.S.C. 1490).

Its purpose is to instruct and inform RD National and State Office staff about the implementation of the provisions of the new rural area definition and about compliance with the Consolidated Appropriations Act, 2014 (H.R. 3547). In addition, this Notice is being provided to promote the orderly and consistent implementation of the new rural area definition across all states.

COMPARISON WITH PREVIOUS AN:

No previous AN has been issued on this subject.

EXPIRATION DATE:
October 31, 2014

FILING INSTRUCTIONS:
Preceding RD Instruction 1980-D

BACKGROUND:

The rural area definition was revised with the passing of the Farm Bill by modifying the second sentence of section 520 of the Housing Act of 1949 (42 U.S.C. 1490). The rural area definition is amended as follows:

- (1) by striking "1990 or 2000 decennial census shall continue to be so classified until the receipt of data from the decennial census in the year 2010" and inserting "1990, 2000, or 2010 decennial census, and any area deemed to be a 'rural area' for purposes of this title under any other provision of law at any time during the period beginning January 1, 2000, and ending December 31, 2010, shall continue to be so classified until the receipt of data from the decennial census in the year 2020;" and
- (2) by striking "not in excess of 25,000" and inserting "not in excess of 35,000."

Additionally, section 737 of the Consolidated Appropriations Act, 2014 (H.R. 3547) authorized any area that was eligible as of September 30, 2013, to remain eligible until September 30, 2014.

All RD single family housing and multi-family housing programs will be impacted by the new rural area definition. To fully implement the new rural area definition, changes will be required in two phases as outlined in the next section.

IMPLEMENTATION

This AN applies to all Rural Development housing loan and grant programs (Single Family and Multi-Family Housing Programs). Using data currently available from the 2010 decennial census, State Directors will identify changes to eligible rural areas within their jurisdiction. A two-phased approach will be employed as follows:

Phase 1 Map Changes – Proposed implementation date: May 6, 2014

Areas meeting any of the three following criteria shall be classified as *eligible*:

1. The area was eligible as of September 30, 2013;
2. The area:
 - a. was eligible prior to October 1, 1990; **or**
 - b. was eligible between January 1, 2000 and December 31, 2010; **and**
 - c. was subsequently changed to ineligible and was ineligible on September 30, 2013; **and**
 - d. has a population that does not exceed 35,000 (2010 decennial census); **and**
 - e. is rural in character.
3. The area population decreased following the 2000 decennial census, and the 2010 decennial census indicates it is now below the population limit for the area. *(Unless the area meets the criteria outlined in either Phase 1 Map Changes 1 or 2, then it can only be eligible if (i) it is located in a Metropolitan Statistical Area (MSA) and the population does not exceed 10,000; or (ii) if it is not in a MSA and the population does not exceed 20,000.)*

Phase 2 Map Changes – Proposed implementation date: October 1, 2014

Areas meeting any of the following criteria shall be classified as *ineligible*:

1. The area was eligible prior to October 1, 1990, **or** deemed to be eligible between January 1, 2000 and December 31, 2010 **AND** the population exceeds 35,000 per the 2010 decennial census.
2. The area has been annexed into a larger ineligible area and has become part of the larger Census Data Place.
3. The area was formerly eligible but is no longer rural in character due to further development and urbanization that is inconsistent with the new rural area definition.

The guidance in paragraph 5.3 of HB-1-3550 should be followed when reviewing rural area eligibility. The designations of eligible and ineligible areas will be updated to the public website after proper notification to the public. The National Office will provide further guidance pertaining to the modification of maps for the eligibility website. The website can be found at:

<http://eligibility.sc.egov.usda.gov/eligibility>.