



FSA Urban Agriculture

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FSA Farm Loans

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Statement from Administrator Zach Ducheneaux

“USDA is committed to understanding, investing in, and supporting the needs of urban agricultural producers. We are charging all FSA employees to increase our service and outreach in urban communities, work to understand their needs, and connect them to our available programs and resources. Many states have robust urban agriculture programs, while others are building out their efforts and identifying the needs of farmers in urban and rural areas alike. Your commitment to this work is essential to addressing the unique needs and opportunities of urban farmers and communities.”



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Urban Agriculture

Commercial agriculture

Rooftops

Containers/raised beds

Open urban areas

Small footprints

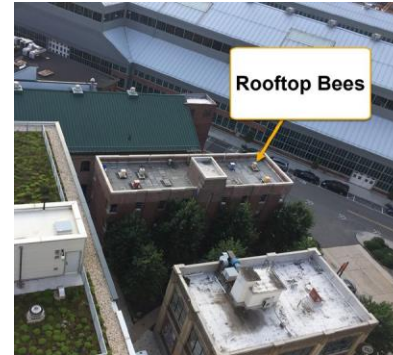
Vertical production

High productivity

Community and background farms/gardens

Controlled environments

Multiple plots



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Tracking Urban Ag in Farm Loans

"Urban agriculture generally refers to the cultivation of agricultural products in urban and suburban settings as defined by the U.S. Census Bureau, including vertical production, warehouse farms, community gardens, rooftop farms, hydroponic, aeroponic, and aquaponic facilities, and other innovations.

For Farm Loan Program purposes and according to the 2020 Census, an urban area will comprise a densely settled core of census blocks that meet minimum housing unit density and/or population density requirements. This includes adjacent territory containing non-residential urban land uses. To qualify as an urban area, the territory identified according to criteria must encompass at least 2,000 housing units or have a population of at least 5,000."

FSA – Farm Loan Programs

Farm Loan Programs is an umbrella term used to describe several different program areas, including:

- **Direct** farm loan programs
- **Guaranteed** farm loan programs

Note: Within both the **DIRECT** and **GUARANTEED** lending areas, FSA offers several different loan programs based on **need** and **loan use.** This is why the loan application asks for details such as:

- intended farming operation*
- projections for upcoming operating cycle*
- anticipated production yields*

FSA – Farm Loan Programs

DIRECT LOANS

- **Direct** US Treasury lending
- FSA staff work directly with customers
- FSA works closely with individual customers throughout the life of the credit relationship

GUARANTEED LOANS

- Private, commercial lender – lender's loan
- Lender works with customer
- Lender & customer negotiate loan terms, conditions, etc.
- Lender seeks FSA's support



Direct Loans

- Direct Operating Microloan
- Direct Ownership Microloan
- Direct Annual & Term Operating
- Direct Farm Ownership
- Direct Youth
- Direct Emergency

Guaranteed Loans

- Guaranteed Operating
- Guaranteed Farm Ownership

FSA Loan Limits

Direct Loan Limits

- OL - \$400,000
- FO - \$600,000
- EM - \$500,000

Guaranteed Loan Limits

- Total - \$2,236,000 (FY2024)
 - Guarantee loan limit is adjusted annually



Microloan Programs

Loans under the \$50K Threshold

Targeted for Beginning Farmers/ Niche Farmers



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Microloans

- **Great for beginning farmers with limited capital and experience.**
- **Requirements for managerial experience and loan security are modified.**
- **Up to \$50,000 for Operating Loans available.**
- **Up to \$50,000 for Farm Ownership Loans available.**

3 Types Available

- Annual Operating Loans
- Term Operating Loans
- Farm Ownership Loans





Microloan Eligibility

- **For operating loans – will need some farm experience; however, FSA will consider:**
- **Certification of participation with an agriculture-related organization.**
- **Ex: 4-H Club, FFA, Beginning Farmers & Ranchers Programs.**
- **Self guided apprenticeship while working with a mentor or having significant small business management experience.**
- **Successfully repaid on FSA youth loan.**

Microloan Eligibility

- **Ownership loans** – must have participated in the business operations of a farm for at least 3 years out of last 10 prior to application date.
- **At minimum, one year of farming experience is required.**
- **There are substitutions allowed to cover 2 of the 3 years of experience and includes the following:**
 - Post-secondary education – no less than 16 semester hours of ag-related course work
 - Significant business experience of at least one year that included day-to-day management
 - Honorable discharge from the armed forces of the United States.
 - Repayment of an FSA youth loan
 - Established SCORE relationship

Operating Loans Annual & Term

- **Up to \$400,000 (combined)**
 - Rate: 5.375% (changes monthly)
 - Term: 1 to 7 years
- **Same uses as Microloans**
- **Term operating loans are not to exceed a 7-year term.**
- **First payment on annual operating loans to be within 12-24 months from the promissory note. Some flexibility provided to ensure you can sell commodities prior to payment due date.**



Farm Ownership Loans

- **Up to \$600,000 (not more than appraised value)**
 - Rate: 5.625% (changes monthly)
 - Term: Based on projected plan and collateral but < 40 years.
- **Same uses as Microloans**
- **Can be used in combination with FSA Guaranteed loans and/ or other conventional lender financing.**
- **Three years of experience typically required for this loan. At minimum, one year of actuals would be needed.**





Down Payment Loan Program

- **Applicant needs 5% cash down payment**
- **FSA finances up to 45% of purchase price, no more than \$300,150.**
 - Rate: 1.5% interest fixed
 - Term: < 20 years
- **Lender or owner finances remaining 50%**
- **NOTE: *Only available to eligible beginning farmer, socially disadvantaged farmer, or veteran farmer.***
- **Only loan product limited to the groups above.**

Joint Participation Loan Program

- **No down payment required by FSA.**
- **FSA finances up to 50% of purchase price, no more than \$600,000**
 - Rate: 3.625% interest fixed
 - Term: <40 years depending on projected plan
- **Lender or owner finances remaining 50%**
- **May be a viable option for those who might be**



Guaranteed Loans

- **Effective October 1st, total maximum loan limit: \$2,236,000**
- **Rates and terms are decided by lender. However, there is a maximum rate they can charge.**
- **Uses: everything covered in Direct loans, plus lines of credit and refinancing real estate.**
- **Often called a 90/10 loan by lenders; however, can guarantee up to 95%. Incentivizes lender to make loan to a customer that might not be able to obtain financing without a guarantee.**
- **FSA has a maximum loan interest rate that can be charged.**
- **Otherwise, the loan is made according to lender's financing criteria which often includes down payment or LTV requirements.**



Urban Hot Topics

- Niche operations are prevalent and sometimes require technical knowledge from other experts.
- FSA FLP staff are limited and often refer people to extension agents and other professionals for technical assistance.
- Urban operations can differ from farm to farm. It is important that all farmers keep adequate records of income, expenses, yields, etc.
- Enhancing FLP opportunities and flexibilities to come.
- Land access: Discussion of the 3-year Farm Ownership requirement and waivers.

Please Note –

- *Every farming operation is different and impacted differently by many factors.*
- *The information contained in this presentation is **general in nature** and intended to be used as a starting point for discussion.*
- *Regulations and policy can change frequently impacting the validity and reliability of this information. **This information should not be used as the basis of any decision.** A thorough evaluation of your specific farming operation, financial situation and available FSA programs and requirements is necessary in every instance. Please contact your FSA staff to discuss your individual circumstances.*

Farm Programs

John Berge

Acting Deputy Administrator of Farm Programs

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