In 2010, the United States Census Bureau conducted its decennial census, which revealed population shifts in many parts of rural America. These changes, coupled with the expiration of general provisions and an increase in Metropolitan Statistical Area (MSA) designations will have significant impact on the Rural Development (RD) program delivery footprint. Many communities formerly considered “rural” no longer conform to the rural definition criteria and will therefore no longer be eligible for assistance from one or more RD programs as of October 1, 2012. These programs finance water and waste loans and grants; they provide safe, sanitary and affordable single and multi-family housing, and finance essential community facilities, such as hospitals and schools.

The eligibility question is complicated by nuances in the rural definition among the Rural Development programs, as follows:

- **Housing Programs**: A community may be considered rural if it is neither associated with, nor part of an urban area AND 1) has a population not in excess of 2,500; or 2) has a population between 2,501 and 10,000 and is rural in nature; or 3) has a population between 10,001 and 20,000, is not part of an MSA and has a serious lack of mortgage credit for low and moderate-income households. (Section 520 of the Housing Act)
- **Community Facilities (CF)**: A community with a population of 20,000 or less may be considered rural.
- **Water and Waste (WEP)**: A community with a population of 10,000 or less may be considered rural and eligible for water and waste disposal loans and grants.

In addition to the cluster of population thresholds used to determine rurality, various factors increase the challenge of determining RD program eligibility, including:

- The expiration of legislative “grandfathering” provisions that had preserved the rural standing for some communities whose populations were between 20,001 and 25,000 in 1990;
- The expiration of several appropriation bill General Provisions that had previously preserved the rural standing of specifically designated communities; and
- Changes in the OMB’s designation of counties that constitute MSAs.

To help bring clarity to this issue, the National Office asked States to prepare and certify a list of communities that will now become ineligible for programs with the publication of the 2010 Census results. The attached Excel workbook contains the spreadsheet summaries of Housing, CF, and WEP results prepared by the states. States were instructed to specify the reason for ineligibility based upon the following criteria: Population Increase, MSA Designation (Housing only), Grandfather Clause (Housing only), and Other, which includes less common reasons such as the expiration of a General Provision granted for a specific program in an appropriations bill, or a local annexation or a community merger.

The data provided by the State offices, which is summarized in the “Total” line at the top of the spreadsheets, indicates that with the publication of the 2010 census findings, as of October 1, 2012, 933 communities will no longer be eligible for Housing programs, 224 communities will no longer be eligible for CF programs and 391 communities will no longer be eligible for WEP programs.

The remaining RUS and RBS results are not included in this document. Communities that will no longer be eligible for the B&I Guaranteed Loan Program and other Business Programs will be indentified through an eligibility mapping tool, which will become available October 1, 2012. The RUS Telecom program and Electric programs will publish information regarding Census changes on program websites by October 1, 2012.

DATA IS PRELIMINARY, DRAFT AND SUBJECT TO CHANGE

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1 A Metropolitan Statistical Area (MSA) is a geographic entity defined by the Office of Management and Budget (OMB) for use by Federal statistical agencies in collecting, tabulating, and publishing Federal statistics. This area includes an urban core with a population of at least 50,000 and the county in which the core area is located, as well as any adjacent counties that have a high degree of social and economic integration (as measured by commuting to work) with the urban core. MSA standards do not equate to an urban-rural classification; many counties included in MSA contain both urban and rural territory and populations.