



## COMMUNITY ECONOMIC DEVELOPMENT (CED)

### **Purpose:**

To improve the economic self-sufficiency of individuals with low-incomes in communities with high unemployment and poverty rates through sustainable business development and new employment opportunities that create resilient communities that address the needs of individuals, families, and children.

### **Legislative Authority:**

Section 680 of the Community Services Block Grant Act (P.L. 105-285), as amended.

### **Appropriations:**

In FY 2022, \$21.38 million.

In FY 2021, \$20.38 million.

In FY 2020, \$20.38 million.

### **Eligible Applicants:**

Private, non-profit organizations that are community development corporations (CDCs), including faith-based organizations, and tribal and Alaskan native organizations that are a private, non-profit CDC, experienced in developing and managing economic development projects. CDCs must be governed by a tripartite board of directors that consists of residents of the community served, and local business and civic leaders. CDCs must have as their principle purpose planning, developing, or managing low-income housing or community development projects.

### **Target Population:**

Individuals with low incomes residing in or near the project service area with high unemployment and poverty rates, particularly recipients of assistance under the Temporary Assistance to Needy Families (TANF).

### **Uses:**

CED projects utilize multiple strategies such as providing start-up capital, loans, and equity investments as well as construction. Projects create and expand businesses that include, but are not limited to:

- Restaurants and commercial kitchens
- Manufacturing businesses
- Distribution centers
- Shopping centers
- Agricultural initiatives
- Environmental enterprises

**Type of Grant:** Competitive Discretionary Grant

### **Program Requirements:**

CED funds may be used for a wide variety of business start-up or business expansion activities, as long as the expenditures result in 75% of the full-time positions created being filled by individuals with low-income that live in communities of high unemployment and poverty rates. Jobs created through the CED program are intended to be high quality positions that provide living wages, paid leave, fringe benefits, opportunities for career growth, and/or predictable and flexible scheduling practices to allow individuals to achieve economic self-sufficiency. In addition to creating these new positions, all funded grant recipients are required to provide critical wraparound support services, such as financial literacy assistance, childcare services, transportation,



substance use disorder treatment, and English language education, to remove barriers to employment and allow individuals to maintain long-term employment. Projects should ensure that the businesses and positions created remain viable for at least one year after the end of the grant period, thereby contributing long-term to the reinvestment in the underserved community.

**Program Highlights:**

CED is the only federal program with a primary focus on creating high quality jobs for individuals with low income in communities with high unemployment and poverty rates. Often, businesses in these distressed communities are not able to get capital from financial institutions due to the high risk. Therefore, federal programs, like the CED program, invest in communities and provide financing to fuel economic revitalization. The versatility of the CED program allows community development corporations to create locally driven solutions that support community investments and/or businesses and provide sustainability economic development opportunities. CDCs build community assets and ensure the profits and subsequent reinvestments remain in the local community. Grants are being used by CDCs across the country, in nearly every state and in both urban and rural communities. Grants that were completed between 2015 and 2020, have created or expanded over 2,100 businesses and over 9,000 new, full-time, full-year jobs for individuals with low income. In addition, CED grants have resulted in over \$1 billion additional dollars committed by other sources and invested into the communities in which CED grantees work. For every \$1 of CED grant funding, \$6.62 in funding from other sources were invested into that community.

**CED Focus on Energy Communities:**

Aligned with President Biden’s [Executive Order 14008: Tackling the Climate Crisis at Home and Abroad](#), the CED program is supporting efforts to empower workers by revitalizing energy communities. As energy communities face changing economies, the CED program has been and will continue to support the creation and expansion of business and employment opportunities to replace fossil fuel industries and jobs in these hard-hit communities.

The FY 2021 CED supported job creation in energy communities by awarding bonus points to applications that proposed projects located in and serving coal, oil, and gas, and/or power plant communities. As of October 2021, there are 14 active CED projects serving coal, oil, and gas, and/or power plant communities, including six (6) new projects that received awards in late September 2021. These grants, totaling over \$10M, are in coal-dependent areas, fossil energy job regions, or are designed to support social and economic recovery in communities that have experienced employment loss and/or economic dislocation events because of declines in the fossil fuel industry. The projects supported by these grants are projected to create over 525 new jobs with 407 jobs for individuals with low income. In FY 2022, there are plans to have a separate funding opportunity dedicated to projects serving these communities.

For more information about CED’s focus on energy communities, including examples of projects, see [Community Economic Development Grants Supporting Energy Communities](#).

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