

Table of Contents

General.....	2
CED and CED-HFFI Programs Overview.....	2
Construction and Non-Construction Projects.....	4
Job Creation	5
Project Start Date	6
Job Cost	7
Match Requirements	8
Exemption from Electronic Submission	8
Awards Announcement.....	8
Funding Restrictions.....	9
Equity Fund Projects	9
Loan Funds.....	11
Food Desert.....	13
Site Control	14
Program Income	15
Application Formatting	16
Spacing/Font Requirements	16
Supporting Documents in Appendices File.....	16
Financial Statements.....	16
Two-file Requirement.....	16
Technical Issues.....	17
Project Description Elements & Program Requirements.....	19
Project Integration.....	19
Third Party Loans.....	19
Loan Repayment.....	20
Project Location.....	20
Project Partners.....	21
Eligibility Requirements	22
Applicant Eligibility.....	22

2014 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 7/18/2014)

Eligible Activities.....	28
Board of Directors.....	30
Applying with a More Experienced Partner.....	30
Applying with a Non-Profit Subsidiary	31
Applying for Multiple Grants.....	31
Application Criteria.....	33
Objectives and Need for Assistance.....	33
Business Plan.....	34

General

CED and CED-HFFI Programs Overview

Question: What is the purpose of the Community Economic Development (CED) Projects program?

Answer: The objective of the program is to support businesses that develop new products, services, and other commercial activities that result in the creation of new positions for low-income individuals that:

- Are ready to implement at the time of award;
- Lead to increased self-sufficiency for low-income individuals and their families;
- Create businesses and jobs in low-income communities that improve the livelihood of not only those who obtain those jobs but the community itself; and
- Attract additional public and private funds to increase investment and quality of life in low-income communities.

Question: What is the purpose of the Community Economic Development Healthy Food Financing Initiative Projects (CED-HFFI) program?

Answer: The CED-HFFI program's objectives are to support businesses and commercial activities that improve the access to healthy foods and the overall health of community residents while creating long-term jobs in the community that:

- Bring healthy food choices to communities that are in food deserts through the establishment of new healthy food retail outlets or by supporting the offering of a significant number of healthy food choices at an existing retail outlet that lack such choices;
- Develop and enhance distribution systems to increase the amount of healthy food going to healthy food retail outlets in food deserts; Develop strategies that promote or encourage the purchase of healthy foods, including outreach and education to consumers in food deserts about healthy food choices and how they can be integrated into their diet; and
- Provide income to low-income individuals so that they can become self-sufficient.

2014 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 7/18/2014)

Question: Who is the federal point-of-contact for this grant?

Answer: The Program Office Contact is Mr. Gerald Shanklin. He can be reached via the following:

Administration for Children and Families
Office of Community Services
OCS Grants Operations Center
9701 Apollo Drive
Largo, MD 20774
Phone: 1-855-792-6551
Email: ocsgrants@acf.hhs.gov

Question: On page 15 it states that "applications that support access to healthy, affordable food in food deserts will be disqualified." What does that mean? Our board understood the CED-Healthy Food program was designed to address that issue.

Answer: Please note the CED and CED-HFFI programs are funded under two separate announcements.

Page 13 of the CED Funding Opportunity Announcement states: "Applications that support improved access to healthy, affordable food in food deserts will be disqualified." This is because you may not submit a HFFI project that support access to healthy, affordable food in food deserts under the CED Funding Opportunity; you must submit it under the CED-HFFI Funding Opportunity.

Page 15 of the CED-HFFI Funding Opportunity Announcement states: "Applications that do not support improved access to healthy, affordable food in food deserts will be disqualified." Projects submitted under the CED-HFFI announcement must be in line with the CED-HFFI program's objectives.

The CED-HFFI program's objectives are to support businesses and commercial activities that improve the access to healthy foods and the overall health of community residents while creating long-term jobs in the community that:

- Bring healthy food choices to communities that are in food deserts through the establishment of new healthy food retail outlets or by supporting the offering of a significant number of healthy food choices at an existing retail outlet that lack such choices;
- Develop and enhance distribution systems to increase the amount of healthy food going to healthy food retail outlets in food deserts; Develop strategies that promote or encourage the purchase of healthy foods, including outreach and education to consumers in food deserts about healthy food choices and how they can be integrated into their diet; and
- Provide income to low-income individuals so that they can become self-sufficient.

Question: The application mentions that the grant funds can be broken down into "smaller projects" as long as they meet 2 CFR Part 230 and can be given out in a variety of ways. What is the overall likelihood of projects such as these being accepted? As long as they meet the program requirements they are

2014 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 7/18/2014)

eligible, but have projects applications with similar structure been accepted in previous years, and if so, how competitive is this type of application?

Answer: CED and CED-HFFI funding opportunities are competitive with approximately 100 applications received annually per funding opportunity. It is expected that approximately 22 CED awards and 13 CED-HFFI awards will be made in FY 2014. While we cannot comment on the strategy of your proposed CED project, please note that funds can be used for a variety of costs associated with business start-up or business expansion activities, as consistent with the cost principles found at 2 CFR Part 230, provided that the expenditures result in the creation of positions in a viable industry that can be filled with low-income individuals. Grantees have implemented a wide range of projects utilizing CED/CED-HFFI funds - to view examples of recent CED/CED-HFFI projects, please view the following links:

CED: www.acf.hhs.gov/programs/ocs/programs/ced/ced-grantees

CED-HFFI: www.acf.hhs.gov/programs/ocs/ced-hffi-grantee-map

Construction and Non-Construction Projects

Question: What is the Award Ceiling?

Answer: CED-funded projects can be non-construction or construction projects. The Award Ceiling for both project types is \$800,000. Non-construction projects will have one 36-month project and budget period. Projects that involve construction will have one 60-month project and budget period.

Question: Grant Period: CED-funded projects can be non-construction or construction projects. The grant period for non-construction projects is 3 years; the grant period for construction projects is 5 years. [page 4]

Is the grant period a maximum period? If the objectives such as job creation and retention are achieved in a shorter period, may the grantee close out the activities related to the grant according to HHS requirements?

Answer: Yes, the grant period is a maximum. In some circumstances, a no-cost extension may be awarded to provide a grantee with additional time to finish grant activities. If business expansion/creation and job creation targets are achieved in a shorter period, then the grantee may close out the grant according to HHS requirements and at the discretion of OCS.

Question: Can an applicant propose a three year project period rather than a five year project period in the following situation:

- 1) A construction related project where only grantee/supermarket operator monies will be used for construction and OCS monies will be used for working capital, inventory, supplies, salaries.
- 2) A construction related project where only grantee/supermarket operator monies will be used for construction and OCS monies will be used for working capital, inventory, supplies, salaries.

2014 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 7/18/2014)

3) Job positions and jobs will be filled by the end of year one. 4) The supermarket is anticipated to be sustainable for at least 10 years

Answer: As stated in the Funding Opportunity Announcement, the grant period for non-construction projects is 3 years; for construction projects, the grant period is 5 years. Keep in mind, the grant period is a maximum. If business expansion/creation and job creation targets are achieved in a shorter period, then the grantee may close out the grant according to HHS requirements at the discretion of OCS.

Question: If a business expansion project (the grant is being used as a loan) that is occurring at 9 different locations (1 company with 9 facilities in 9 different counties), and needs \$10,000 - \$25,000 of facility upgrades/renovations at each facility, would this still be considered a construction project if the total renovations exceeded \$150,000, even if they were minor renovations at each facility?

Answer: No -project renovations are not aggregated across sites. If renovation costs for a site were to exceed \$150,000, then it would be considered a construction project.

Question: Are construction programs required to be a five-year term or can the program be completed in a shorter timeframe?

Answer: Yes, projects can be completed in a shorter timeframe. As stated in the Funding Opportunity Announcement, the grant period for non-construction projects is 3 years; for construction projects, the grant period is 5 years. Keep in mind, the grant period is a maximum. If business expansion/creation and job creation targets are achieved in a shorter period, then the grantee may close out the grant according to HHS requirements at the discretion of OCS.

Job Creation

Question: The grant required creation of jobs for low-income individuals at an average of \$20,000 or \$25,000 based on non-construction or construction. How is the number of jobs added? Is it per year or over the period of grant? For instance if 5 jobs are created in the first year and sustaining them for four years would that amount to 20 jobs - since the payroll has to be met every year.

Answer: The cost per position is calculated by dividing the total CED or CED-HFFI funding requested by the number of new jobs to be created over the course of the grant. Each position created counts as only one position throughout the course of the grant for the purposes of calculating and cannot be recounted in subsequent years - it is the expectation that all new jobs created with CED/CED-HFFI grant funds will be sustained in the long term - and for at least one year beyond the end of the grant. Using the example, provided if 5 new, full-time, full-year jobs are created in the first year, they would only be counted in the first year they are created; they cannot be recounted in subsequent years of the grant. The only jobs to be counted in subsequent years would be any new positions created.

Question: Can you explain who jobs have to go to; do all have to be TANF-eligible?

Answer: No, all jobs created do not have to be filled by TANF-eligible individuals. However, 75% of all new, full-time, full-year jobs created using CED/CED-HFFI funds must be filled by low-income individuals. For purposes of the CED/CED-HFFI funding opportunities, "low-income" is defined as an individual

2014 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 7/18/2014)

whose household income level does not exceed 125 percent of the official poverty guidelines as found in the most recent revision of the HHS Poverty Guidelines published by HHS. These guidelines may be found at <http://aspe.hhs.gov/poverty/index.shtml>.

Question: Does a business project get ANY credit for creating part-time jobs? I realize the goal is full time positions, but might two part time positions equate to one full time position?

Answer: No - part time jobs created by a project do not count towards the number of jobs created under the CED program. As stated in the Funding Opportunity Announcements, CED and CED-HFFI funding may be used for eligible activities that contribute to full-time, full-year positions. A full-time, full-year position is a non-seasonal position requiring at least 30 hours of work per week. An aggregation of part-time positions to a full-time equivalent is not considered a full-time position. While part-time job creation is important, in regards to the CED and CED-HFFI Funding Opportunity Announcements, OCS is only concerned with new, full-time positions that applicants propose to create.

Question: We make loans up to \$250k, but loans of this size do not always create enough full time jobs to meet the \$20k/\$25K per job criteria. If a business creates 8 full time jobs, but we still want to extend a \$250k loan - could CED funds be used for \$200K of the loan to meet the ratio requirement and the balance of \$50k be sourced from other funds that don't carry that job creation criteria?

Answer: Yes, you may source non-CED funds that do not carry the job creation requirement to leverage your CED funds. However, the answer to this question is also dependent on: 1) how many total full-time jobs your project will create; 2) the total amount of CED/CED-HFFI funds requested; and 3) whether it is a construction or non-construction project. When calculating the cost per position, divide the total CED/CED-HFFI grant request by the number of full-time, full-year positions to be created through the project as follows:

[Total Amount of Federal CED-Funds Awarded] divided by [\$25,000 for construction projects or \$20,000 for non-construction projects] = [Minimum Number of Jobs to be Created].

So in this case, let's assume the total CED award amount is \$200,000 for a loan and \$50,000 was sourced from elsewhere. If this is a non-construction project, then at least 10 jobs must be created through the project ($\$200,000/\$20,000 = 10$). If this is a construction project, then at least 8 jobs must be created through the project ($\$200,000/\$25,000 = 8$).

As outlined in the Funding Opportunity Announcements, the cost per job calculations cannot exceed \$20,000 for non-construction projects and \$25,000 for construction projects funded with CED and CED-HFFI funds. If you intend to use CED/CED-HFFI funding to make this loan, the project must meet these cost per job thresholds as outlined in the Funding Opportunity Announcements in order to be eligible for funding.

Project Start Date

Question: The application is due on July 21st, with the award announcement coming by September 30th. The application states that projects should be "ready" to begin, but can the projects begin prior to

2014 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 7/18/2014)

receiving the grant award? If the application is submitted in July, and construction begins in August, can those costs be covered when the grant is received in the months following September?

Answer: Projects applying for CED/CED-HFFI funds may begin prior to September 30th. However, project costs incurred prior to September 30th may not be covered by grant funds.

Job Cost

Question: Please clarify Appendix A: Sample Chart of Cost per Job. If \$100,000 is spent on 4 employees is, the entire amount \$25,000 for each employee?

Answer: The cost per position is calculated by dividing the total grant request by the number of full-time, full-year positions to be created through the project.

[Total Amount of Federal CED-HFFI Funds Awarded] divided by [\$25,000 for construction projects or \$20,000 for non-construction projects] = [Minimum Number of Jobs to be Created].

If the total CED award amount is \$100,000 and it is a construction project, then at least 4 jobs must be created through the project.

$\$100,000 / \$25,000 = 4$. The cost per job is \$25,000 for each of the 4 jobs.

As outlined in the Funding Opportunity Announcement, the cost per job cannot exceed \$20,000 for non-construction projects and \$25,000 for construction projects.

Question: It is my understanding that should we be awarded \$800,000, our program must generate 24 new fulltime permanent jobs. Given our program model, will we be able to count the jobs created by the “operating partner” (child care provider, health clinic operator) toward meeting that requirement?

Answer: If your project model involves expanding or creating businesses (in this case an "operating partner") that will in turn create new, permanent, full-time, full-year jobs (75% of which will be filled by low-income individuals), then this is an acceptable use of grant funds. Keep in mind, as outlined in Section IV.2 under Business Plan - Organizational Profile, if an applicant proposes to partner with organizations that will directly or indirectly spend CED funds and/or create new full-time, full year positions, the application must include a partnership agreement between the applicant and the project partner that includes a description of roles and the relationship between the applicant and project partner. The agreement must be signed by all parties and, at a minimum and contain the items outlined in the Funding Opportunity Announcement.

Question: Although the typical grant amount is around \$800,000 per project, is there any threshold where that amount has to be a certain percentage of the total project costs? For example, if the total project costs amount to \$1,600,000, and the grant amount is \$800,000, will that meet the requirements? And if not, what is the percentage cost structure?

Answer: All CED projects must meet cost per job thresholds as outlined in the Funding Opportunity Announcement. The cost per job cannot exceed \$20,000 for non-construction projects and \$25,000 for

2014 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 7/18/2014)

construction projects. The cost per position is calculated by dividing the total grant request by the number of full-time, full-year positions to be created through the project.

[Total Amount of Federal CED-Funds Awarded] divided by [\$25,000 for construction projects or \$20,000 for non-construction projects] = [Minimum Number of Jobs to be Created].

For example, if the total CED award amount is \$800,000 and it is a construction project, then at least 32 jobs must be created through the project.

$\$800,000/\$25,000 = 32$. The cost per job is \$25,000 for each of the 32 jobs.

Match Requirements

Question: Are matching funds required for award?

Answer: There is no cost match required for CED projects.

Exemption from Electronic Submission

Question: How do we request an exemption from electronic submission?

Answer: Applicants may request and receive the exemption from required electronic application submission by either:

- Submitting an email request to electronicappexemption@acf.hhs.gov, or
- Sending a written request to the Office of Grants Management via

Katrina Morgan

Administration for Children and Families

Office of Grants Management

OCS Grants Operations Center

9701 Apollo Drive

Largo, MD 20774

Exemption requests must be received by ACF no later than two weeks before the application due date, that is, 14 calendar days prior to the application due date or July 7, 2014.

Awards Announcement

Question: When will funding awards be announced?

Answer: Awards will be made no later than September 30, 2014.

2014 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 7/18/2014)

Question: When would grant funds “be available to implement projects for grants” submitted in 2015 and 2016?

Answer: Awards will be made no later than September 30, 2015 and September 30, 2016. The starting date for the project period cannot be negotiated.

Funding Restrictions

Question: Are there any restrictions on how CED funds can be used?

Answer: Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and requests, and similar expenses incurred solely to raise capital or obtain contributions, are considered unallowable costs under grants or cooperative agreements awarded under this FOA. Note: Costs incurred for grant application preparation are not considered allowable costs under an award and may not be included in the project budget or budget justification.

Additionally:

- Grant awards will not allow reimbursement of pre-award costs.
- Subawards are not permitted under projects receiving funds under this announcement.
- Grant awards will not allow reimbursement of pre-award costs.
- Grant awards may not be used to capitalize loan loss reserve funds.
- Grant awards may not be used to make a loan with a balloon payment that will be paid after the end of the project period.
- Organizations may receive a maximum of one new CED award per year.

Equity Fund Projects

Question: It appears that for an equity fund, the applicant is only required to identify the first investment. What if that investment does not expend all of the funds allocated for equity investments? Does the applicant need to identify investments that equal the amount allocated for investments? If the applicant does not need to identify additional investments, then how should the applicant provide details on the positions to be created (salary, benefits, etc.)?

Answer: We cannot provide details on how to address the detail on the positions to be created if your project identifies only the initial equity investment.

Keep in mind, an equity investment is the provision of capital to an identified for-profit business entity for a specified purpose in return for a share of ownership evidenced by a formal equity investment agreement. This may involve the issuance of stock as in an equity stock investment. An equity investment may be either in a subsidiary for-profit corporation of the applicant or in an unaffiliated business. Meanwhile, a loan is money provided to finance an eligible business borrower evidenced by a promissory note and loan agreement for a specified purpose to be repaid, with a stated rate of interest and within a specified period. Loans made to eligible businesses must be at or below market rate (or what commercial lenders would offer). A common use of CED funds is a distinct loan fund established exclusively for CED projects as a resource for loans, to finance eligible business development and

2014 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 7/18/2014)

operational activities that, when the principal is repaid, are used to make new loans that support a similar purpose. In all instances involving a loan, the first borrower must be identified along with the standards used to select the borrower and interest accrued on CED funds must be used to continue or expand the activities of the approved project. Projects don't generally utilize CED funds for an equity investment funds as they do for loan funds.

Regardless of your strategy, your application and related budget must outline the approach that will be used to implement the project. Additionally, your budget should show the need for all funds requested and how funds will be used to implement the project. The application must provide an acceptable financial plan for the project demonstrating that the project is ready to be implemented, will be economically feasible by the conclusion of the grant period, and will continue to be so for at least 1 year thereafter. The financial plan and budget must clearly demonstrate that the proposed costs are reasonable and necessary to carry out the activities proposed in the application. For example, if your project will identify only the first equity investment, then your application should provide details on how the remaining investments will be identified and what budget funds will be used for.

Question: For the purposes of the application, we plan to use the award funds as a portion of an Equity Investment into a joint venture that will be developing a full-service grocery store.

In the FOA under Section I: Definition of Terms under Third-Party Agreement, Equity Investment Agreement is defined as:

A written agreement that documents a capital investment by a grantee in a business to achieve the purposes of the project as defined in the application. The agreement sets forth the grantee's share of ownership in the business, the terms and conditions related to the use of the invested funds, the rights of the grantee as an equity owner, including, if the business is a corporation, representation on the board of directors, and any provisions for liquidation of the investment. The agreement must include the elements outlined in Section IV.2. Content and Form of Application Submission, The Project Description, Business Plan – Project Viability.

The joint venture has an executed Operating Agreement which meets the requirements listed in the definition for an Equity Investment Agreement. Does the provision of the Operating Agreement with the application meet the Equity Investment Agreement requirements?

Answer: While we cannot review or comment on the eligibility of an Equity Investment Agreement prior to submission, please note the following from the FOA:

If the applicant proposes to use any portion of the CED-HFFI funds as an equity stock investment, the application must specify the first investment and demonstrate that any equity stock investment agreement will be in compliance with Chapter 45 of the Code of Federal Regulations (CFR), Part 74.36 (45 CFR Part 74.36) concerning intangible property. An equity stock investment agreement must contain, at a minimum, the following information: the purpose(s) for which the applicant will make the equity stock investment; the type of equity stock transaction (such as stock purchase); the cost-per-share and basis on which the applicant derived the cost-per-share; the number of shares the applicant

2014 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 7/18/2014)

will purchase; the percentage of applicant ownership in the business; and the term or duration of the agreement. If the grantee's equity stock investment equals 25 percent or more of the businesses' assets, the applicant must demonstrate adequate representation on the board.

Loan Funds

Question: If an applicant is applying for a loan fund, do they have to identify every borrower that will be provided a loan from the loan fund?

Answer: If an applicant is applying for a loan fund, they do not have to identify every borrower in the application. In all instances, the first borrower must be identified along with the standards used to select the borrower, and interest accrued on CED funds must be used to continue or expand the activities of the approved project. Additionally, the application must demonstrate that re-payment of all loans funded with CED funds will begin during the course of the funded project period and a balloon payment (if any) must be made before the end of the project period.

Question: If we loan someone money and they pay us back, where does the loan repayment money go?

Answer: As outlined under Project Implementation in the CED and CED-HFFI Funding Opportunity Announcements:

- 1) Loan projects must use any repaid principal or interest accrued on loans to continue or expand the activities of the originally approved project during the grant period
- 2) Any repaid principal on such loans that is no longer needed for the originally authorized purpose of the CED program will revert to ACF (see 45 CFR Part 74.36 for additional information pertaining to the use of intangible property).

Question: How long can a loan be?

Answer: There is no requirement for the length. However, as noted in the definition of loan in the CED and CED-HFFI Funding Opportunity Announcements, repayment of all loans funded with CED funds must begin during the course of the funded project period and a balloon payment (if any) must be made before the end of the project period. As is outlined under Project Implementation in the CED and CED-HFFI FOAs, loan projects must report a repayment schedule.

Question: If a project has a loan architect, is this paid directly from the grant or is it to be paid from newly created business? If it can be paid for by the grant, then it must be a subaward since it will be providing a service?

Answer: As a part of your project design, you must determine whether the loan architect will be paid for from the grant or the newly created business. Paying for salaries and services are an allowable use of grant funds as are other costs related to construction and would not be considered a subaward.

Question: I am working on an application for the HFFI program and I am unclear about the balloon payment requirement. Can we use this money to provide loans that will not have a balloon payment,

2014 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 7/18/2014)

but are repaid over 20 years? Or must all loans made with this money be paid in full by the end of the 3 year non-construction project period?

Answer: Yes, you may use CED/CED-HFFI funds to provide loans that will not have balloon payments and will be repaid over 20 years. In regards to your second question, loans made with CED funds do not have to be paid back in full by the end of the project period. However, in all instances involving a loan, and as outlined under Project Implementation in the CED-HFFI Funding Opportunity Announcement, the application must demonstrate that the re-payment of all loans funded with CED/CED-HFFI funds will begin during the course of the funded project period.

Question: Are pro forma needed for both loan applicants and the loan fund itself?

Answer: This is left to the applicant's discretion - a pro forma should be included in the application if it is needed to demonstrate the financial feasibility of the loan fund and/or loan applicant. As defined in the Funding Opportunity Announcements, financial feasibility/viability is usually demonstrated using the following documentation: profit and loss forecasts or pro forma, cash flow projections, balance sheets, and sources and uses of funds statements. Financially feasible/viable projects identify and explain revenues, fees, or other sources of revenues sufficient to provide for business operation and maintenance, a reasonable reserve, and debt payment for the purpose of job creation.

Question: If CED funds are extended in a loan - is it OK if that loan carried an SBA loan guarantee?

Answer: We do not see any issues with this as long as you meet the criteria and provide the necessary documentation outlined in the funding opportunity in relation to loans.

Question: If we use grant funds to set up a revolving loan fund, does the reversionary interest definition require us to repay to the government at grant close out the full amount of the original fund or the amount the original amount minus any bad debts?

Answer: As outlined in the FOA, reversionary interest is the Federal Government's ongoing interest in certain types of property acquired or improved with federal grant funds expended by grantees that are funded under this announcement. Reversionary Interest is triggered when such property is no longer needed for the original authorized purpose or in an event of grantee default.

Property funded in whole or in part with federal funds will revert to the Federal Government whenever the property is no longer being used for purposes consistent with the federal program. In this case, the term "property" includes real property, intangible property and debt instruments, and equipment.

The federal interest is equal to the percentage of the fair market value of the property, calculated at the start of the project with OCS. The percent factor is calculated by dividing the total federal grant award for acquisition/construction/alteration and renovation by the total project budget. Thus the calculation of federal interest is based on the original amount.

For intangible property such as a revolving loan fund, the federal interest is held as a restricted asset for the project period plus 12 years and is monitored for compliance with the restriction on use of funds for

2014 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 7/18/2014)

12 years after the end of the project period. After 12-years, the intangible property is no longer monitored, and its release from restricted status is subject to OCS approval.

Food Desert

Question: Please direct me, as an individual, committed to opening a grocery store in a food desert, for economic/tax break information.

Answer: Though we do not have information related to economic/tax break information for grocery stores, some helpful resources related to taxes and healthy food financing are available on the following sites:

- www.irs.gov
- <http://healthyfoodaccess.org>
- www.acf.hhs.gov/programs/ocs/programs/community-economic-development/healthy-food-financing
- <http://ocscommunitydevelopment.org> (Follow links to "Resource Library" & "Healthy Food Financing Initiative")

Question: If the a Food Desert is not within a 1 mile radius of the point of access be able to be on the application as a Food Desert since it's out of the radius?

Answer: As outlined in Section 1. Funding Opportunity Description, a food desert is defined as low - income communities where a substantial number or share of residents has low access to affordable and healthy food retailers. Healthy food options in these communities are hard to find or are unaffordable. To qualify as a food desert, a community must either:

- Be a census tract determined to be a food desert by the U.S. Department of Agriculture, as identified in USDA's Food Access Research Atlas; OR
- Be a Geographic Unit (i.e., county (or equivalent area), minor civil division that is a unit of local government, incorporated place, census tract, block numbering area, block group, or American Indian or Alaska Native area), which has unemployment and poverty rates that are at or above the state or national levels, and which has been identified as having low access to a supermarket or grocery store through a methodology that has been adopted for use by another governmental or philanthropic healthy food initiative.

Based on this definition, areas that are not in a USDA-defined food desert may still be eligible for funding through the CED-HFFI program if applicants can point to indicators of need, such as poor access to a healthy food retail outlet, a high percentage of low-income residents, incidence of diet-related health conditions, or high concentrations of persons eligible for food assistance programs (e.g., Supplemental Nutrition Assistance Program - SNAP, Special Supplemental Nutrition Program for Women, Infants, and Children - WIC, school lunch programs).

To determine if the service area of this organization is a qualified food desert or for more information on

2014 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 7/18/2014)

obtaining county-level data relating to food access, food consumption, diet-related health indicators, and participation in food assistance programs, please visit: www.ers.usda.gov/foodatlas.

Site Control

Question: The FOA suggests that the grantee must have site control at the time of award. If it is the organization's intent to acquire 4-5 small properties with the assistance of this grant over the grant period, would all 4-5 properties need to be under the organization's control at the time of award, or would it be sufficient to show this control at some point over the (5-year construction-related) grant period?

Answer: If your application cannot demonstrate control over all of the properties needed to implement the project at the time of award, then your application must demonstrate that site control for any needed property is conditioned only on the receipt of the grant award. Proof of site control includes all of the following documentation: documentation of the specific property location (address, city, state); documentation of a signed and dated deed or lease agreement between the applicant and property owner; and documentation in the agreement of the terms of the agreement, use of premises, and description of the site (prior use or new property, square footage, use of space for the project).

Question: Site Control: the following language appears in the SGA:

"Site Control - Documented proof of the applicant's ownership or control of the property where grant activities will be conducted. Proof of site control includes all of the following documentation: documentation of the specific property location (address, city, state); documentation of a signed and dated deed or lease agreement between the applicant and property owner; and documentation in the agreement of the terms of the agreement, use of premises, and description of the site (prior use or new property, square footage, use of space for the project)". [page 11]

"The applicant must demonstrate control of the site and/or facilities required to operate the project or that site control is conditioned only on the receipt of the grant award." [page 26]

Question: If we plan to acquire and renovate a facility using grant funds for the grant [to house an incubator], is our only requirement to demonstrate that 'site control is conditioned only on the receipt of the grant award,' as stated on page 26 of the SGA?

Answer: If your application cannot demonstrate control over the site at the time of award, then your application must demonstrate that site control is conditioned only on the receipt of the grant award.

Question: Can you clarify the requirements for site control? Our project is a loan fund that makes loans to business operator who in turn creates jobs. If the physical facility is not provided as collateral on the loan (e.g. a lease building) how can we meet the requirement highlighted in red below? Or does this not pertain to existing businesses? Would a lease suffice?

"The applicant must demonstrate control of the site and/or facilities required to operate the project or that site control is conditioned only on the receipt of the grant award. A discussion of the procedures that will be used to acquire any required equipment must be provided in order to demonstrate the

2014 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 7/18/2014)

grantee's readiness to undertake the project in compliance with all program requirements. The application must provide proof that the physical facility will be secured and documented in a third-party agreement. See "site control" in the Definition of Terms available in Section I. Funding Opportunity Description."

Site Control - Documented proof of the applicant's ownership or control of the property where grant activities will be conducted. Proof of site control includes all of the following documentation: documentation of the specific property location (address, city, state); documentation of a signed and dated deed or lease agreement between the applicant and property owner; and documentation in the agreement of the terms of the agreement, use of premises, and description of the site (prior use or new property, square footage, use of space for the project).

Answer: Yes, documentation of a signed and dated deed or lease agreement between the applicant and/or business and property owner would be one way to demonstrate site control assuming it conditioned only on the receipt of the grant award. Site control may not be necessary for a loan fund project - applicants must determine whether or not the criteria is applicable, and provide documentation accordingly.

Program Income

Question: Would funds generated from sale of mortgage products be considered program income? A portion of our project will be construction of workforce housing in proximity to jobs for low-income individuals. Once the housing is constructed, we will sell the mortgage to financial institutions, the revenue from which will support additional construction and employment.

Answer: Yes - as defined in the FOA, program income is defined as income earned by a grantee from federally funded activities

Question: Page 3 of the Community Economic Development Projects FOA states the following:

"However, since CED projects should be ready for implementation at the time of the award, future program income cannot be used to meet the non-CED funding needs for project implementation."

Does this mean that income generated by a business created with non-construction CED funding cannot be utilized in the 3 year budget included in the CED application?

Answer: Yes, this is correct. Program income may be used to demonstrate the long-term sustainability of the project. However, since CED projects should be ready for implementation at the time of the award, future program income cannot be used to meet the non-CED funding needs for project implementation (e.g., it may not be used as equity in the project to demonstrate that the non-CED funding needs for implementation have been met).

Application Formatting

Spacing/Font Requirements

Question: Can font size in tables, such as the projected financials and line-item budget detail, be in Times New Roman 11 or 10?

Answer: The FOA requires all documents be in 12 point, Times New Roman font. However, we recognize that there may be some instances where an applicant might use a smaller/different font and/or single spacing for acceptable normal writing standards (e.g., footnotes, charts, pre-existing documents, etc.). In those instances, applicants should ensure that the font size and formatting on any documents is large enough so that it is readable.

Question: Can you confirm whether Resumes must be in 12 point font? Some resumes are three pages and in order to condense them to two pages, a lower font is necessary.

Answer: The 12-point Times New Roman font requirement applies for resumes. As stated under the Formatting Requirements in the announcements, resumes must be no more than two pages in length. However, resumes are exempt from the double-spacing requirements and may be singled-spaced.

Supporting Documents in Appendices File

Question: Is it OK to include Financial Documentation/Projected Statements in the Project Description vs the Appendices in order to meet the page limitations for a project that already has a lot to fit in the Appendix?

Answer: Applicants may include supporting documents in the "Project Description" file if they prefer as long as they are clearly labeled and organized within the file and meet page limit requirements as outlined in Section IV.2. Content and Form of Application Submission. Remember, the Project Description file is limited to 75 pages, while the Appendices file is limited to 125 pages.

Financial Statements

Question: While Audited Financial statements are listed in the FOA under Section IV.2. Content and Form of Application Submission, the years of the financial statements required are not. Can you please provide the number of years of Audited Financial statements that are required to submit with the application?

Answer: The number of years Audited Financial Statements are required for is not outlined in the Funding Opportunity Announcement - that is left to the discretion of the applicant. However, applicants should provide the most recent Audited Financial Statements available in the application. Remember to also consider page limitations: the "Project Description" file is limited to 75 pages; while the "Appendices" file is limited to 125 pages.

Two-file Requirement

Question: What is the two-file requirement?

2014 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 7/18/2014)

Answer: In FY 2013 ACF implemented a new application upload requirement. All Applicants must adhere to the Two-File Requirement. No more than two files will be accepted for the review. Applications with additional files will be amended and files will be removed from the review. SFs and OMB-approved forms will not be considered additional files.

- File One: Must contain the entire Project Description, and the Budget and Budget Justification (including a line-item budget and a budget narrative).
- File Two: Must contain all documents required in the Appendices.

The deadline for electronic application submission is 11:59 p.m., ET, on July 21, 2014. The deadline for receipt of paper applications is 4:30 p.m., ET on July 21, 2014.

Technical Issues

Question: I was trying to fill out an application for a grant with your organization. I tried several attempts to complete the form online but it gets to the budget form and freeze up. I wanted to know is there something I am doing wrong? Did you receive some information from my organization?

Answer: We regret to hear that you are experiencing technical difficulty with your application submission. Please contact the Grants.Gov Contact Center directly for technical support. They can be reached:

- 24 hours a day, 7 days a week. We are closed on federal holidays (see Office of Personnel Management Federal Holidays).
- By Phone: 1-800-518-4726 (local toll free). For International callers, please dial 606-545-5035 to speak with a Contact Center representative.
- By Email: support@grants.gov

If the problem cannot be resolved please remember to get your Helpdesk Ticket Number and contact the Office of Grants Management.

Applicants that do not have an Internet connection or sufficient computing capacity to upload large documents to the Internet may contact ACF for an exemption that will allow the applicant to submit applications in paper format. Information and the requirements for requesting an exemption from required electronic application submission are found in Section IV.2. Content and Form of Application Submission of the Funding Opportunity Announcement.

Applicants may request and receive the exemption from required electronic application submission by either submitting an email request to electronicappexemption@acf.hhs.gov, or sending a written request to:

Katrina Morgan

Administration for Children and Families

Office of Grants Management

2014 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 7/18/2014)

370 L'Enfant Promenade SW

Washington, DC 20447-0001

Question: While completing the SF-424C, we have encountered an issue with line 17 of the form where we are unable to enter a decimal point and therefore cannot include a partial percentage. Since a partial percentage cannot be entered, we can only enter a Federal assistance requested amount that is either above or below the maximum \$800,000 and not the maximum amount which is the amount that we would like to request.

Please let us know what are the necessary steps to address this issue and if we should include detail about this issue in the Project Description narrative.

Answer: This appears to be an issue with the system and we regret to hear that you are experiencing technical difficulty with your application submission. Please contact the Grants.Gov Contact Center directly for technical support. They can be reached:

- 24 hours a day, 7 days a week. We are closed on federal holidays (see Office of Personnel Management Federal Holidays).
- By Phone: 1-800-518-4726 (local toll free). For International callers, please dial 606-545-5035 to speak with a Contact Center representative.
- By Email: support@grants.gov

If the problem cannot be resolved please remember to get your Helpdesk Ticket Number and contact the Office of Grants Management.

Question: I just completed a call with the Grants.gov Helpdesk and they have informed me that the SF-424C form is designed to not allow a decimal point for the field in Line 17. Since the decimal point entry is not possible, the Helpdesk recommended that we reach out to you to determine the best method for notifying your office that we are applying for the maximum award amount of \$800,000, not \$1,000,000 as the submitted SF-424C form will indicate. We are including detail about this issue in the Project Description narrative, please let us know if this is sufficient for the application purposes or if there is another recommended course of action.

Answer: As outlined in the FOA, the SF-424C forms only need to be filled out if your project includes only construction activities. Your project may be a construction project, but only construction PROGRAMS need to submit the SF-424C. Please instead submit the SF-424A form (Found in Section IV.2. Required Forms, Assurances, and Certifications.).

Also, as outlined in the FOA, the award ceiling for 2014 CED and CED-HFFI funding is \$800,000. Applications requesting an award amount that exceeds the Award Ceiling per budget period or per project period, as stated in this section, will be disqualified from competitive review and from funding under this announcement. Please try to explain/expand in your narrative what is shown at Section IV.2 –

Forms/Assurances/Certifications, which should be stated, in addition to the special instructions in the Checklist in Section VIII and make sure in the project description narrative that it is clear you are not requesting more than \$800,000 in funding.

Project Description Elements & Program Requirements

Project Integration

Question: The section on Project Integration is not listed in the Table of Contents on page 19 of the CED announcement or pages 20-21 of the HFFI announcement. Does this mean that OCS does not expect/want a narrative for this section, and that the criteria will be used to evaluate what is already included in the application?

Answer: You are correct – Project Integration is not included in the Table of Contents. A separate narrative is not necessary for this section, as when scoring this section reviewers will consider how well all the application criteria are aligned, i.e., how effectively the components of the application (Objectives and Need for Assistance, Business Plan, and Budget and Budget Justification) relate to each other to form a cohesive, carefully planned project. Please refer to pages 46-47 of the CED-HFFI announcement and page 44 of the CED announcement for the criteria in which reviewers will evaluate this section.

Project Implementation and Project Viability

Question: In the Table of Contents on page 19 of the CED announcement, Project Implementation is listed before Project Viability. The order is switched in the HFFI Table of Contents. The point sections of both announcements lists Project Viability first, then Project Implementation. Please clarify the correct order of these sections.

Answer: Although "Project Implementation" is listed first in the table of contents in the CED announcement, we recommend the order of the sections follow the order of the points section with "Project Viability" listed first and "Project Implementation" listed second. Keep in mind, however, points will not be deducted for applications that have "Project Implementation" listed first as long as all required components are included and clearly labeled/organized.

Third Party Loans

Question: If the grant is being used as a low-interest amortized loan does OCS require principal payments to begin during the 3 or 5 year grant period? Or is it OK to structure it as interest-only for years 1-7, then starting in year 8 is fully amortized over 20 years, for example.

Answer: As outlined in both funding announcements, repayment of all loans funded with CED or CED-HFFI funds must begin during the course of the funded project period and a balloon payment (if any) must be made before the end of the project period.

2014 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 7/18/2014)

Projects that use funding to provide loan(s) that have balloon payments that will be paid after the end of the project period are ineligible activities under these announcements.

Question: Can you please further clarify the requirements for a third-party agreement covering a loan transaction? Loan documents are not signed until closing. How can we meet the requirement in red below?

A third-party agreement covering a loan transaction must contain, at a minimum, the following information: (1) purpose(s) for which the loan is being made; (2) interest rates and other fees; (3) terms of the loan; (4) repayment schedules; (5) Collateral security; (6) default and collection procedures; (7) signatures of the authorized officials of the lender and the borrower.

Answer: As outlined in Section V.1 under Business Plan - Project Implementation, one of the factors reviewers will consider is the extent to which the application includes draft copies of the loan agreement(s), which may be conditioned upon receipt of CED/CED-HFFI grant. The agreements should include: name of the specific business(es) receiving the loans; the type(s) of business(es); the business development plan(s); the purpose(s) for which the applicant will make a loan; the loan period; the interest rate to be charged that will be at or below market rate; the repayment schedule; the collateral security required; the default and collection procedures; the signatures of the authorized officials of the lender and borrower; and a commitment by the borrower to create new, full-time, full-year jobs - at least 75 percent of which will be filled by low-income individuals. Additionally, as outlined in Section IV.2, copies of executed loan agreements will be submitted to ACF upon establishing such loans with program participants.

Loan Repayment

Question: How does OCS define "repayment" - does it mean loan principal or loan interest or either?

Answer: Repayment can refer to loan principal and/or loan interest reflected in a third party agreement.

Project Location

Question: On the SF for Project/Performance Site Location(s) does OCS only want the grant applicant's address on where the grant project will be managed/implemented, or do they also want the address of the business or project site where the business (or businesses) creating the jobs are located?

Answer: As stated under the Formatting Requirements in the CED Funding Opportunity Announcement, in the SF for Project/Performance Site Location(s) (SF-P/PSL), applicants may cite their primary location and up to 29 additional performance sites. This may include all the businesses where project implementation/job creation is taking place.

Question: Can an applicant have a proposed site for operation without a formal lease of the premises existing at the time of the application?

Answer: Yes - an applicant may have a proposed site for operation without a formal lease at the time of application. However, applicants must demonstrate control of the site and/or facilities required to

2014 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 7/18/2014)

operate the project or that site control is conditioned only on the receipt of the grant award. Proof of site control includes all of the following documentation: documentation of the specific property location (address, city, state); documentation of a signed and dated deed or lease agreement between the applicant and property owner; and documentation in the agreement of the terms of the agreement, use of premises, and description of the site (prior use or new property, square footage, use of space for the project).

Project Partners

Question: We're planning to partner with a city located in another county, as a 'more experienced partner'. The City receives HUD CDBG funding, has completed one or more projects involving activities similar to the proposed project, and has experience with collaborative programming. The City also operates an incubator, similar to one that we plan to initiate in our county. However, they have not previously completed two or more CED projects and they are not technically a CDC but operate in the same manner as a CDC. Will they be able to qualify as our more experienced partner?

Answer: Prior to submission, we cannot comment on the qualifications of your partner. For purposes of this funding opportunity, a "more experienced partner" is defined as "A project partner that successfully meets all of the following requirements: is a CDC, has completed two or more CED projects; has completed one or more projects involving activities similar to the proposed project; and has experience with collaborative programming." Keep in mind, as outlined in Section V.1 under Business Plan - Organizational Profile, for applicants that cannot demonstrate substantial experience with economic development projects similar to those proposed in the application, reviewers will look at the extent to which the application provides evidence of a viable partnership with a more experienced partner.

Question: If we use grant funds to pay for certain business expenses of CED beneficiaries based on the attainment of specific milestones related to the business of the beneficiary, is this payment considered a pass through or a subaward or is it an allowable grant expense?

Answer: While we cannot review or comment on the eligibility of your project prior to submission, please note the following from the FOA: CED grant funds can be used for costs associated with business start-up or business expansion activities, as consistent with the cost principles found at 2 CFR Part 230, provided that the expenditures result in the creation of positions that can be filled with low-income individuals.

The support for a new or expanded business can be accomplished through the CDC exchanging grant funds to become an equity partner or investor. An equity investment may be either in a subsidiary for-profit corporation of the applicant or an unaffiliated business. The eligible activities section of the FOA states, "Regarding the equity/stock investment, grantees can convey grant funds to third parties to help finance businesses creating jobs for eligible program participants." The loan recipient does not have to be a low-income beneficiary, but the loan must result in the creation of jobs for low-income individuals.

Question: Would like clarification on partnerships? If subawards are not permitted, how are awarded funds to spent by organizations that are partnering?

2014 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 7/18/2014)

Answer: As stated in the FOA, projects that provide subawards/passthroughs are not eligible under the CED and CED-HFFI Funding Announcements.

Applicants that do not have prior experience carrying out similar projects as the one proposed, should partner with a more experienced CDC to augment their organizational profile.

As outlined in the FOA, a more experienced partner is a project partner that successfully meets all of the following requirements:

- 1) Is a CDC
- 2) Has completed two or more CED projects
- 3) Has experience with collaborative programming

Typical project partners include the following: equity investors, donors, a more experienced partner, a wholly owned subsidiary, or a business entity to which the grantee makes an equity investment or capitalizes a loan in support of grant purposes. Note: CED grantees must play a substantive role in the project. A grantee working with a project partner must actively monitor the project and ensure compliance with CED program requirements.

Eligibility Requirements

Applicant Eligibility

Question: Who is eligible to apply for a CED grant?

Answer: To be eligible for the CED program, an applicant must meet three conditions:

Applicant must be a private, non-profit CDC with 501(c)(3) or non-501(c)(3) status;

Applicant must have articles of incorporation, bylaws, or other official documents demonstrating that the CDC has as a principal purpose the planning, developing, or managing of low-income housing or community economic development activities; and

The Board of Directors must have representation from each of the following: community residents, business leaders, and civic leaders.

NOTE: The CDC designation does not need to be specified on any official documents as long as the three requirements stated earlier in this section are met.

Question: Can applications for restaurants, grocery stores, and other food-related businesses be submitted for CED grants?

Answer: CED funds may be used for business start-up or business expansion activities, as consistent with the cost principles, as implemented in 2 CFR Part 230, provided that the expenditures result in the creation of positions that can be filled with low-income individuals. Applications for CED funding can be submitted for food related businesses, provided the project is not aimed at addressing food deserts and

2014 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 7/18/2014)

improving access to healthy, affordable foods. Applicants wishing to obtain funding for a project that addresses food deserts through improved access to healthy, affordable food can apply under the CED Healthy Food Financing Initiative Projects Funding Opportunity Announcement (HHS-2014-ACF-OCS-EE-0819).

Question: You mentioned in the webinar on the 2014 CED and CED-HFFI Funding Opportunity Announcements that to be eligible to apply for the CED-HFFI grant you must be a Non-profit or CDC qualified. I work for a federally recognized Indian tribe; does the tribe qualify for this grant?

Answer: As outlined in Section III. Eligibility Information: to be eligible for the CED/CED-HFFI program, an applicant must meet three conditions:

- Applicant must be a private, non-profit CDC with 501(c)(3) or non-501(c)(3) status;
- Applicant must have articles of incorporation, bylaws, or other official documents demonstrating that the CDC has as a principal purpose the planning, developing, or managing of low-income housing or community economic development activities; and
- The Board of Directors must have representation from each of the following: community residents, business leaders, and civic leaders.

Note: The CDC designation does not need to be specified on any official documents as long as the three requirements stated above are met.

Tribes are not eligible to apply. However tribal organizations that meet the criteria outlined AND have a separate and distinct EIN are eligible to apply for this grant. If the organization does not meet the criteria above or does not have its own EIN, OCS recommends that tribes and other entities serving Native American communities consider establishing a CDC or collaborating with an experienced CDC to implement job creation programs and support economic self-sufficiency among Native Americans.

Question: The organization I am working with has been chartered as a nonprofit organization by a Federally recognized Indian Tribe – under Tribal law, but is not registered with the State of Montana. Would they be considered an eligible applicant for the CED program based on their Tribal charter or would they need articles of non-profit incorporation with the State of Montana in order to be an eligible applicant?

Answer: As outlined in Section III. Eligibility Information, to be eligible for the CED/CED-HFFI program, an applicant must meet three conditions:

- Applicant must be a private, non-profit CDC with 501(c)(3) or non-501(c)(3) status;
- Applicant must have articles of incorporation, bylaws, or other official documents demonstrating that the CDC has as a principal purpose the planning, developing, or managing of low-income housing or community economic development activities; and

2014 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 7/18/2014)

- The Board of Directors must have representation from each of the following: community residents, business leaders, and civic leaders.

Note: The CDC designation does not need to be specified on any official documents as long as the three requirements stated above are met.

Tribes are not eligible to apply. However tribal organizations that meet the criteria outlined AND have a separate and distinct EIN are eligible to apply for this grant. If the organization does not meet the criteria above or does not have its own EIN, OCS recommends that tribes and other entities serving Native American communities consider establishing a CDC or collaborating with an experienced CDC to implement job creation programs and support economic self-sufficiency among Native Americans."

Question: In the webinar on the 2014 CED and CED-HFFI Funding Opportunity Announcements, the presenter stated that ineligible projects include those projects that primarily support training and TA centers without directly creating jobs. Are job training and technical assistance programs that do directly create jobs eligible to apply for this funding opportunity?

Answer: You cannot use CED funds to support training and technical assistance activities. However, if your project will use CED and CED-HFFI funds for costs associated with business start-up or business expansion activities that will result in the creation of new, full-time, full-year positions in a viable industry that can be filled with low-income individuals, then it is eligible to apply under the CED program. Keep in mind that CED funds may not be used solely for training and technical assistance as a means to create jobs. Limited job training and job placement activities can be supported only in the context of modest training that may be provided specifically for the new positions created. For example, funds can be used to train a cashier for a specific position that has been created, but cannot be used to operate a general job training and placement program.

Question: Could an organization apply for the Community Economic Development Projects grant with the intent of providing business start-up loans to the businesses with the most viable plans of action?

Answer: CED funds may be used for business start-up or business expansion activities, as consistent with the cost principles, as implemented in 2 CFR Part 230, provided that the expenditures result in the creation of positions that can be filled with low-income individuals.

However, keep in mind, as outlined in Section III. Eligibility Information of the 2014 CED Funding Opportunity Announcement, to be eligible for the CED program, an applicant must meet three conditions:

- Applicant must be a private, non-profit CDC with 501(c)(3) or non-501(c)(3) status;
- Applicant must have articles of incorporation, bylaws, or other official documents demonstrating that the CDC has as a principal purpose the planning, developing, or managing of low-income housing or community economic development activities; and
- The Board of Directors must have representation from each of the following: community residents, business leaders, and civic leaders.

2014 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 7/18/2014)

Note: The CDC designation does not need to be specified on any official documents as long as the three requirements stated earlier in this section are met.

If your organization does not meet these conditions, then it is not eligible to apply for a CED or CED-HFFI grant.

Question: May a United States 501 (c) (3) organization apply for community economic development project grant in which it invests in a foreign company which will locate a plant in the U.S. to conduct shipping and manufacturing operations in the U.S. and hire legally present documented individuals in the U.S. as the basis for the grant funding?

Answer: As long as the organization applying for the CED grant in the U.S. is a qualified Community Development Corporation (CDC) as defined in the Funding Opportunity Announcement and the project will be located in and create new full-time, full-year jobs in the U.S. that will be filled by low-income residents within the U.S., we do not see an issue with this approach.

Keep in mind, CED funds may only be used by a third-party partner in the form of a loan (made at or below market rate) or equity investment awarded by the CED grantee organization. In-kind contributions to a third party are not an allowable use of CED funds. If the applicant proposes to use the CED funds as a loan or revolving loan fund, additional loan agreements are required. Such agreements must demonstrate how the applicant will ensure compliance with all the terms of 45 C.F.R. Part 74.36 concerning intangible property. If the applicant proposes to use the CED funds as an equity stock investment, the application should demonstrate that any equity stock investment agreement will be in compliance with 45 C.F.R. Part 74.36 concerning intangible property. See Section IV.2. Content and Form of Application Submission of the Funding Opportunity Announcement for more specifics about these relationships.

Question: If we support individuals in establishing home-based child care businesses, which then provide viable employment for them and, in some cases, one other staff person, are we eligible? The support includes business start-up activities (licensing, outfitting the space) as well as training and technical assistance.

Answer: In short, your project is eligible to apply if your project is a community development corporation and will use CED funds to create or expand business(es) that will result in the creation of new, full-time, full-year positions in a viable industry that can be filled with low-income individuals.

Question: Are projects that are not located in an area where unemployment and poverty is at or above the state or national levels eligible for CED/CED-HFFI funding?

Answer: Though the CED program aims to create jobs in low-income communities, OCS cannot disqualify applications for projects that are not located in an area where unemployment and poverty is at or above the state or national levels.

2014 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 7/18/2014)

The only applications that can be disqualified are the those that do not meet the eligibility criteria outlined in Section III. Eligibility Information or those that meet one or more of the disqualification factors listed in Section III.3 of the FOA.

Additionally, as outline in Section I, Program Description, “The CED program provides funding for projects aimed at business development opportunities and creating employment for low -income individuals located in geographic areas with a demonstrated need for the proposed project. To accomplish this, the program requires that all businesses and positions created support a service area with unemployment and poverty rates that are at or above the state or national levels.” This can be done in various ways – for example, the project may be located in an area where unemployment level are not above state/national level, but the individuals that will be hired may be from a low -income service area.

Also, outlined in Section V.1, in evaluating this criterion, “reviewers will consider the extent to which the project’s goals and location are aligned with the program’s intent, and the extent to which the application establishes a clear need for the project to achieve these goals.” One of the factors that this criterion will be evaluated for is the extent to which the application provides recent evidence (published within last 5 years) from U.S. Census updates and other statistics published by federal, state, county, city, or other government bodies that both the unemployment rate and the poverty rate within the project's service area are equal to or greater than the state or national level.

Question: What are the CDC qualifications for a 501c; are they HUD or 504 requirements?

Answer: As outlined in Section III. Eligibility Information of the 2014 CED Funding Opportunity Announcement, to be eligible for the CED program, an applicant must meet three conditions:

- Applicant must be a private, non-profit CDC with 501(c)(3) or non-501(c)(3) status;
- Applicant must have articles of incorporation, bylaws, or other official documents demonstrating that the CDC has as a principal purpose the planning, developing, or managing of low -income housing or community economic development activities; and
- The Board of Directors must have representation from each of the following: community residents, business leaders, and civic leaders.

Note: The CDC designation does not need to be specified on any official documents as long as the three requirements stated above are met.

Question: We are a private, non-profit organization with a 501(c)(3) and are possibly interested in applying for the Community Economic Development Healthy Food Financing Initiative Projects grant (HHS-2014-ACF-OCS-EE-0819), if we meet the eligibility requirement.

The FOA states (on page 13) that an applicant must meet three conditions. We believe we meet the first and third conditions, but are unclear as to whether or not we meet the second condition: “the organization must have articles of incorporation, bylaws, or other official documents demonstrating that

2014 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 7/18/2014)

the CDC has as a principal purpose the planning, developing, or managing of low-income housing or CED activities [as defined on p. 6 of the FOA].”

The next paragraph on p. 13 states the following:

“NOTE: The CDC designation does not need to be specified on any official documents as long as the three requirements stated earlier in this section are met.”

I am interpreting this to mean that, while our official documents (e.g., articles of incorporation or bylaws) do not need to label us as a Community Development Corporation, they do need to indicate that community economic development activities (as defined on p. 6 of the FOA) are a principal purpose of our organization (NOTE: we do not plan, develop or manage low-income housing). Do I understand this correctly?

Answer: Yes, you are correct - the CDC designation does not need to be specified on any official documents as long as the following three requirements are met:

- Applicant must be a private, non-profit CDC with 501(c)(3) or non-501(c)(3) status;
- Applicant must have articles of incorporation, bylaws, or other official documents demonstrating that the CDC has as a principal purpose the planning, developing, or managing of low-income housing or community economic development activities; and
- The Board of Directors must have representation from each of the following: community residents, business leaders, and civic leaders.

To expand on the second bullet, an eligible organization’s articles of incorporation and bylaws should be closely aligned with the objectives of the CED or CED-HFFI program and activities. The CED program's objectives are to create and support business development opportunities that create employment for low-income individuals located in geographic areas with a demonstrated need for the proposed project. The CED program also seeks to fund projects that address the personal and community barriers that must be overcome to help low-income individuals become self-sufficient.

Question: We are interested in applying for this grant; however, we are unsure we fit the definition of a Community Development Corporation". Could you define who this is/what organizations? We are a non-profit 501c3 who provides services to persons who are blind and visually impairment, including financial education, job training, placement, and even employment opportunities.

Answer: While we cannot comment on your organization's eligibility prior to submission, as outlined in Section III. Eligibility Information of the 2014 CED Funding Opportunity Announcement, to be eligible for the CED program, an applicant must meet three conditions:

- Applicant must be a private, non-profit CDC with 501(c)(3) or non-501(c)(3) status;

2014 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 7/18/2014)

- Applicant must have articles of incorporation, bylaws, or other official documents demonstrating that the CDC has as a principal purpose the planning, developing, or managing of low-income housing or community economic development activities; and
- The Board of Directors must have representation from each of the following: community residents, business leaders, and civic leaders.

Note: The CDC designation does not need to be specified on any official documents as long as the three requirements stated above are met.

Additionally, to expand on the second bullet, an eligible organization's articles of incorporation and bylaws should be closely aligned with the objectives of the CED or CED-HFFI program and activities. The CED program's objectives are to create and support business development opportunities that create employment for low-income individuals located in geographic areas with a demonstrated need for the proposed project. The CED program also seeks to fund projects that address the personal and community barriers that must be overcome to help low-income individuals become self-sufficient.

Eligible Activities

Question: We are a CDC planning to develop an incubator. The next step is to develop an incubator with a business model of production and sales within the low income community. Does the above fit into the grant eligible requirements?

Answer: While we cannot comment on the idea behind your proposed CED-HFFI project, please note the following from the FOA:

Funds can be used for costs associated with business start-up or business expansion activities, as consistent with the cost principles found at 2 CFR Part 230, provided that the expenditures result in the creation of positions in a viable industry that can be filled with low-income individuals and improve access to healthy, affordable foods.

Additionally, incubator development is allowable as long as the focus of the incubator is healthy food; it demonstrates substantial and specific job creation for low-income individuals; and the incubator is located in a geographic location within the community. Incubators that are established without a geographic location in the community are not supported by this announcement.

Question: If we are planning to start a business incubator program, may CED grant funds be used to purchase and/or improve a building where the incubator will be housed?

May grant funds be used as a down payment to purchase a building for the incubator?

May grant funds be used to make mortgage payments on the building where grant funds were used as a down payment?

Answer: An applicant may use CED funds to purchase a building or for alteration and renovation of an existing building - it is up to applicant to determine the project design and how the funds will be used.

2014 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 7/18/2014)

Keep in mind, CED grant funds can be used for costs associated with business start-up or business expansion activities, as consistent with the cost principles found at 2 CFR Part 230, provided that the expenditures result in the creation of positions that can be filled with low-income individuals.

As outlined in the CED Funding Opportunity Announcement, incubator development is allowable as long as the applicant can demonstrate that the focus of the incubator is substantial and specific job creation for low-income individuals and the incubator is located in a geographic location within the community.

Question: My organization is undergoing a major expansion. This project expands the capacity of the organization to deliver services and builds on existing programming allowing us to more fully address the needs of our target populations. Components of the project include units of transit-oriented, affordable workforce housing, classrooms for our Child Development Center, a 6,000 square foot multi-cultural community center, a public plaza, 3,200 square feet of flexible, neighborhood-serving retail including micro-retail start-up opportunities for local small business owners and aspiring entrepreneurs, office space, A commercial kitchen. The project will generate over 150 construction, engineering, and design jobs during development and will create 40 or more permanent jobs once complete.

We are contemplating applying for CED money for the expansion of our childcare center and the construction of the community center. Obviously, these components are located in a much larger mixed use development. If we were to be awarded this money and used the funds towards construction of the 7 new child development center classrooms and our Multi cultural Community Center (generating most of the permanent non construction jobs) would this award require us to pay wages in line with the Davis Bacon act?

Answer: We cannot answer your question as it is dependent upon your project design. Keep in mind that the objective of the CED program is to support businesses that develop new products, services, and other commercial activities that result in the creation of new positions for low-income individuals that lead to increased self-sufficiency for low-income individuals and their families. As outlined in Section V.1 under Business Plan - Project Viability, one of the factors reviewers will take into consideration when reviewing applications is the extent to which an application includes the number and types of new full-time positions that will be created and demonstrates that they are appropriate for the project and provide starting wages, wage growth opportunities, and employee benefits that will allow families to achieve self-sufficiency. To learn more about the Davis Bacon Act, please visit: <http://www.dol.gov/whd/govcontracts/dbra.htm>.

Question: Currently, we are working with low income community service providers of children's day care centers and community mental health and psychological counseling centers to locate, acquire, renovate/reconfigure, manage, and, in some cases, own or co-own real estate that is appropriate for their operations. Is our program model consistent with the CED's program objectives?

Answer: Prior to submission, we cannot review or comment on your organization's model. The CED program's objectives are to create and support business development opportunities that create employment for low-income individuals located in geographic areas with a demonstrated need for the

2014 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 7/18/2014)

proposed project. The CED program also seeks to fund projects that address the personal and community barriers that must be overcome to help low-income individuals become self-sufficient.

Question: Is a project that will not finance business start-up or expansion eligible? A nonprofit client who has extensive experience in working with federal programs to provide comprehensive services, including employment creation and support, to disadvantaged populations, including the mentally ill, developmentally disabled, homeless, veterans, substance abusers, minorities, and very low income, is interested in HFFI funding. They plan to expand their existing urban farm program which is in start-up to grow and expand healthy foods in neighborhoods where their clients live, primarily in the agency's own supportive housing and residential programs, which are mostly located in food deserts. The client proposes to train and hire their clients/residents to grow, harvest, and assist in distribution of fresh fruits and vegetables in the targeted food deserts. Is this an eligible project?

Answer: Expansion of an existing urban farm would be eligible provided that it would result in the creation of new positions for low-income individuals. However, projects that focus primarily on job training, job placement, and technical assistance are not eligible. Limited job training and job placement activities can be supported in the context of modest training that may be provided specifically for the new positions created. For example, funds can be used to train a cashier for a specific position that has been created, but cannot be used to operate a general job training and placement program.

Question: The application states that funds can be used as "start-up capital" for a project, but does start-up capital include store/food inventory?

Answer: Start-up capital may vary based on your project design. Funds may be used for store/food inventory provided the application presents a well-planned, viable approach to the project that results in the creation of new permanent, full-time, full-year jobs that will be filled by low-income individuals as outlined in the Funding Opportunity Announcement.

Board of Directors

Question: Does the Board of Directors have to be from the 'food desert' location(s) or just representations from community?

Answer: As outlined in the Definition of Terms Sections of the CED and CED-HFFI Funding Opportunity Announcements, the Board of Directors of the organization must have representation from community residents, business leaders, and civic leaders.

If the project is located in a food desert, then the Board of Directors should have representation from residents in that service area.

Applying with a More Experienced Partner

Question: Is there a list of all CED-HFFI awardees within the last five years so that we may choose, ourselves, a more experienced partner who has completed two or more CED-HFFI projects?

2014 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 7/18/2014)

Answer: The first year CED-HFFI funding was awarded was in FY 2011. A complete list of FY 2011, FY 2012, and FY 2013 CED-HFFI grantees can be found on the ACF website at this URL: www.acf.hhs.gov/programs/ocs/programs/community-economic-development/healthy-food-financing.

As outlined in the Funding Opportunity Announcement, the definition of a more experienced partner is one who meets all of the following requirements: is a CDC; has completed two or more CED-HFFI projects; has completed one or more projects involving activities similar to the proposed project; and has experience with collaborative programming.

Applying with a Non-Profit Subsidiary

Question: Can an organization that is for profit, create a subsidiary to apply, and would they need their own DUNS # and create a new SAMS ?

Answer: Yes, a non-profit organization can be created that meets the eligibility criteria in the Funding Opportunity Announcements to apply for a CED or CED-HFFI grant. In order to apply, this organization would need its own: DUNS Number registration; SAM.gov registration formerly the Central Contractor Registry (or CCR); and Grants.gov. Additionally, the organization must show that there is no conflict of interest and it is completely separate and distinct. Applications submitted by an authorized organizational representative (or AOR) that do not have a current registration with the System for Award Management (SAM) or a valid DUNS number will be rejected by Grants.gov.

However, keep in mind, applications are required to demonstrate the applicant has past experience with two business creation or business expansion projects undertaken by the applicant within the past 10 years that are substantially similar to the project for which CED funding is being requested and were successful in creating full-time, full-year positions that lasted for at least 1 year beyond the project period.

Applying for Multiple Grants

Question: As a current grantee currently starting year 2 of 3 of our CED grant, we have another project that we would like to seek funding for that is completely separate from our current project. Are we eligible to apply for another grant while we have an award under this same program?

Answer: Yes, you may apply for another CED/CED-HFFI grant as long as the funding will be used for a separate project that is different in scope from your current CED or CED-HFFI project.

Question: If we are doing the same CED project in a different state, is that considered a “different project (i.e., are we eligible to apply for another grant while we have an award under this same program?)

Answer: Yes, you may apply for another CED or CED-HFFI grant as long as the funding will be used for a separate project that is different in scope from the your current CED or CED-HFFI project, including a different jurisdiction.

2014 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 7/18/2014)

For example, if your current CED-HFFI project opened a farmer's market in California and you would like to create or expand another farmer's market in Texas, that project would be eligible.

Question: My organization is interested in pursuing the Community Economic Development Healthy Food Financing Initiative Projects Grant. Are we eligible to receive this grant while we have an award under the Community Economic Development grant?

Answer: You may submit applications under both CED and CED-HFFI Funding Opportunities in 2014. However, as outlined in Section III. Eligibility Information: applicants will not be eligible for funding under both the CED and CED-Healthy Food Financing Initiative program announcements sponsored by OCS in FY 2014.

Question: I'm looking at the funding opportunities for both the Community Economic Development Projects and Community Economic Development Healthy Food Financing Initiative Projects. These are both listed as eligible for construction or non-construction projects. I am interested in applying for a project that provides a food source and jobs to the community through raising livestock. As best as you can tell, would either/both of these grants be able to fund this type of project?

Answer: As is outlined in CED-HFFI Funding Opportunity Announcement, the CED-HFFI program's objective is to support businesses and commercial activities that improve the access to healthy foods and the overall health of community residents while creating long-term jobs in the community for low-income individuals. The CED-HFFI program represents one of the Federal Government's coordinated efforts to increase healthy food access in low-income urban and rural neighborhoods and communities with limited access to affordable and nutritious food. This includes increasing and distributing agricultural products. If your organization is a qualified Community Development Corporation (CDC) as defined in the Funding Opportunity Announcement and you are addressing access to healthy, affordable foods in areas that currently lack these options and your project will create new full-time, full-year, permanent positions to be filled by low-income individuals, then your organization is eligible to apply for a CED-HFFI grant.

Similarly, as outlined in the CED Funding Opportunity Announcement, the objective of the CED program is to support businesses that develop new products, services, and other commercial activities that result in the creation of new positions for low-income individuals. If your organization is a qualified CDC as defined in the Funding Opportunity Announcement and your project will create new full-time, full-year, permanent positions for low-income individuals, but will not address access to healthy, affordable foods, then your organization is eligible to apply for a CED grant.

If your organization is not a qualified CDC and the project will not create new full-time, full-year, permanent positions for low-income individuals, then your organization is not eligible to apply for either grant.

Question: It appears that the NOFA does not limit a CDC from submitting multiple applications under each program area, but are limited to just one grant award is that correct? Please confirm as we had

2014 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 7/18/2014)

sister organization submit two projects last year neither were funded, but only received review comments on one project application and no feedback on the second submission.

Answer: Yes, you may apply for multiple CED/CED-HFFI grants as long as the scopes of the projects are different.

As outlined in Section III. Eligibility Information: applicants will not be eligible for funding under both the CED and CED-Healthy Food Financing Initiative program announcements. Also, you cannot receive multiple grants under either of the CED and CED-Healthy Food Financing Initiative program announcements. This means that you may apply for multiple grants, but will not receive funding for more than one project.

Question: It appears the only other assistance a grantee cannot receive and also be awarded this CED grant is a grant in your food program. One of our operating partners is a children's day care operator – who is partly funded by ACF funding. Am I correct to assume that would not be a violation?

Answer: This is correct. You cannot receive funding under both the CED and CED-HFFI opportunities in FY 2014. Other ACF funding does not preclude you from applying for or receiving a CED grant.

Application Criteria

Objectives and Need for Assistance

Question: Is there an unemployment rate eligibility requirement, and if so, what is it?

Answer: As outlined in both Funding Opportunity Announcements, the CED and CED-HFFI programs require that all businesses and positions created support a service area with unemployment and poverty rates that are at or above the state or national levels.

NOTE: As stated under the Objectives and Need for Assistance under Application Criteria, projects must provide recent evidence that the project serves an area with an unemployment rate and poverty rate that are at or above state or national levels. This evidence must come from the U.S. Census or federal, state, county, city, or other government bodies and be published within the last 5 years.

You can find unemployment rates by state at this URL: www.bls.gov/web/laus/laumstrk.htm.

Question: We are considering submitting an application for a project that is located in a city that doesn't meet the equal or higher rate of unemployment /poverty of the state or the nation. Even though the sponsoring agency supports those who represent the people in the lowest income brackets in the city and the project would create jobs for low-income people, would our application be deemed ineligible? Or would our application be eligible, but just not scored as high?

Answer: As outlined in V.1: Criteria in the CED and CED-HFFI Funding Opportunity Announcements, the Objectives and Need for Assistance scoring criteria is worth a maximum of 5 points. One sub-criterion under the Objectives and Need for Assistance is that applicants provide recent evidence that both the

2014 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 7/18/2014)

unemployment rate and the poverty rate within the project's service area are equal to or greater than the state or national level.

Applications that do not meet all sub-criteria under the Objectives and Need for Assistance will not be deemed ineligible, but will not be able to score the maximum of 5 points under this scoring criteria.

Question: We are a non-profit agency and we have articles of incorporation and bylaws, but we are unsure if they “demonstrate principal purpose of planning, developing or managing of low-income housing; or other CED activities.” How can we verify this?

Answer: Prior to submission, we cannot review your organization's bylaws or articles of incorporation, an eligible organization's articles of incorporation and bylaws should be closely aligned with the objectives of the CED or CED-HFFI program and activities.

The CED program's objectives are to create and support business development opportunities that create employment for low-income individuals located in geographic areas with a demonstrated need for the proposed project. The CED program also seeks to fund projects that address the personal and community barriers that must be overcome to help low-income individuals become self-sufficient.

Business Plan

Question: Is OCS looking for a business-plan type of submission?

Answer: When federal grant funds will be used to support a business operation, a business plan must be provided. Please review the Business Plan criteria outlined in Section IV.2 and Section V.1 of the Funding Opportunity Announcement carefully to determine what must be included.

Question: My organization is developing a supermarket to serve an identified food desert, providing access to healthy foods and directly creating 125 new ongoing jobs. We will be the (nonprofit) developer and will rent the supermarket space to the supermarket operator. We are currently in the process of recruiting a supermarket operator but we have not yet secured one. The grant funds would be used to construct the supermarket, but the supermarket operator will use its own funds to fit-out the space and start and operate the supermarket business.

On P.26 of the announcement, the requirement for a Business plan is discussed. The document states that “when federal grant funds will be used to support a business operation, provide a business plan”. In this case, the funds will be used by a nonprofit developer to construct a supermarket building. The funds will not be used by the supermarket operator. Given this, I assume that a business plan for the supermarket is not required? We do, however, have a development pro forma and timeline, and can document site control.

The business plan requirements also request financial documents that “show that all necessary financing is in place and not contingent upon other financing sources”. So, if a business plan IS required of us for the supermarket development, here is my question: Our financing commitments cannot be finalized until an operator is secured. Also we have applied for New Markets Tax Credits and are awaiting the

2014 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 7/18/2014)

result of that application. Does this mean that we are unable to apply for this grant until the New Markets Tax Credits are awarded and an operator is secured and all financing is in place for the project?

Answer: Regardless of who will run/build out the supermarket, a business plan is required to show that the project as proposed is viable and positioned to support businesses in developing new products, services, and other commercial activities, which will in turn result in the creation of new positions for low-income individuals. Successful business plans for CED projects must include the following key elements: a realistic project plan with a timeline and key milestones; documentation that demonstrates site control; financial documents that show that all necessary financing is in place and not contingent upon other financing sources; and signed agreements in place with the first identified borrower or investment and other project partners. It is at the applicant's discretion as to when to apply for CED funding. Keep in mind, that it is expected that projects are ready to implement at the time of award.