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## 2017 CED Funding Opportunity Announcement Questions and Answers – as of 07/24/2017

This document contains frequently asked questions and answers regarding the 2017 CED Funding Opportunity Announcement.

### General

#### CED Program

**Question:** What is the purpose of the Grant Program?

**Answer:** The CED program provides funding for projects aimed at business development opportunities and creating employment for individuals with low incomes 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. Additionally, projects should address the personal and community barriers that must be overcome to help individuals with low incomes become self-sufficient.

CED-funded projects can be non-construction or construction projects that are ready to be implemented at the time of the grant award and completed during the assigned project period.

**Question:** What is the Award Ceiling?

**Answer:** \$800,000

**Question:** When will funding awards be announced?

**Answer:** Awards will be announcement on or before September 30, 2017.

**Question:** Who are the federal points of contact for this grant?

**Answer:**

Program Office Contact  
Gerald Shanklin  
Administration for Children and Families  
Office of Community Services  
OCS Grants Operations Center  
1401 Mercantile Lane, Suite 401  
Largo, MD 20774  
Phone: 855.792.6551  
Email: [ocsgroups@acf.hhs.gov](mailto:ocsgroups@acf.hhs.gov)

Office of Grants Management Contact  
Bridget Shea Westfall  
Administration for Children and Families  
Office of Grants Management  
OCS Grants Operations Center  
1401 Mercantile Lane, Suite 401  
Largo, MD 20774

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Phone: 855.792.6551

Email: [ocsgrants@acf.hhs.gov](mailto:ocsgrants@acf.hhs.gov)

Federal Relay Service:

Hearing-impaired and speech-impaired callers may contact the Federal Relay Service (FedRelay) at [www.gsa.gov/fedrelay](http://www.gsa.gov/fedrelay).

**Question:** Can you please inform us how an applicant is awarded the subject CED grant? How is it allocated? For example, are disbursements made quarterly at the requested of the awarded applicant, disbursed from maybe a SF form on a reimbursement basis or is it disbursed fully at some point after being awarded?

**Answer:** All applicants who are funded will be notified by e-mail no later than September 30, 2017 by GrantSolutions, a comprehensive grants management system provided by the Grants Center of Excellence.

Regarding your question about disbursement of funds, upon receiving a CED award and review and completion of any necessary paperwork and requested modifications, the grantee will have access to all of their grant funds through the Division of Payment Management Services. It is up to the grantee to provide a schedule that provides a plan to in their application indicating when funds will be needed to implement their project. It is important to note that all grant funds must be treated in accordance with all applicable Federal rules and regulations.

### Uses of Funding

**Question:** Can the grantee pay the salary for the business workers from the grant award? If yes, for how long?

**Answer:** CED funds may be used to pay workers' salaries if doing so is a part of a viable business plan that shows the expense is temporary and that salaries will eventually be paid by revenue generated through business operations.

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

**Answer:** Ineligible activities are listed in the FOA under Section I. Program Description. Such activities include:

- Projects that include the reimbursement of pre-award costs.
- Projects that provide subawards/pass-throughs.
- Projects that use funding to capitalize loan loss reserve funds.
- Projects that use funding to provide loan(s) that have balloon payments that will be paid after the end of the project period.
- Projects that create or expand microenterprise business training and technical assistance centers.
- Projects that focus primarily on job training, job placement, and technical assistance. Limited job training and job placement activities can be supported in the context of modest training that

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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.

- Projects that do not create new jobs that did not exist prior to the proposed CED project.

Additionally, Section IV.6. Funding Restrictions notes the following:

Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions are unallowable. Fund raising costs for the purposes of meeting the Federal program objectives are allowable with prior written approval from the Federal awarding agency. (45 CFR §75.442)

Proposal costs are the costs of preparing bids, proposals, or applications on potential Federal and non-Federal awards or projects, including the development of data necessary to support the non-Federal entity's bids or proposals. Proposal costs of the current accounting period of both successful and unsuccessful bids and proposals normally should be treated as indirect (F&A) costs and allocated currently to all activities of the non-Federal entity. No proposal costs of past accounting periods will be allocable to the current period. (45 CFR §75.460)

Grant awards will not allow reimbursement of pre-award costs.

Subawards are not permitted under projects receiving funds under this announcement.

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.

### Application Examples

**Question:** Could you direct me to where I can find successful CED grant proposals from past years? I've searched online and communicated with Grants.gov but have had no luck.

**Answer:** Each applicant must create its own application as outlined in the FOA based on the unique design of their proposed project. To view examples of recent CED projects, please visit the following site: <https://www.acf.hhs.gov/ocs/programs/ced/ced-grantees>. Examples of successful applications can be obtained through a Freedom of Information Act Request (FOIA), see: <https://www.acf.hhs.gov/freedom-of-information-act>

### Match Funding

**Question:** Are matching funds required for award?

**Answer:** No

## Application Submission

**Question:** Where can I find sample grant narratives for this grant?

**Answer:** Sample grant narratives are not available for this grant competition. Each applicant must create narratives as outlined in the FOA based on the unique design of their proposed project. To view examples of recent CED projects, please visit the following site:

<https://www.acf.hhs.gov/ocs/programs/ced/ced-grantees>.

**Question:** When is the application due date?

**Answer:** Monday, July 24, 2017

### Electronic Applications

The deadline for submission of electronic applications via [www.Grants.gov](http://www.Grants.gov) is 11:59 p.m., ET, on the due date. Electronic applications submitted at 12:00 a.m., ET, on the day after the due date will be considered late and will be disqualified from competitive review and from funding under this announcement.

Applicants are required to submit their applications electronically via [www.Grants.gov](http://www.Grants.gov) unless they received an exemption through the process described in *Section IV.2. Request an Exemption from Required Electronic Application Submission*.

ACF does not accommodate transmission of applications by email or facsimile.

Instructions for electronic submission via [www.Grants.gov](http://www.Grants.gov) are available at: [www.grants.gov/web/grants/applicants/apply-for-grants.html](http://www.grants.gov/web/grants/applicants/apply-for-grants.html).

Applications submitted to [www.Grants.gov](http://www.Grants.gov) at any time during the open application period prior to the due date and time that fail the Grants.gov validation check will not be received at ACF. These applications will not be acknowledged.

### Mailed Paper Format Applications

The deadline for receipt of mailed, paper applications is 4:30 p.m., ET, on the due date. Mailed paper applications received after the due date and deadline time will be considered late and will be disqualified from competitive review and from funding under this announcement.

Paper format application submissions will be disqualified if the applicant organization has not received an exemption through the process described in *Section IV.2. Request an Exemption from Required Electronic Application Submission*.

**Question:** On SF-424A, how much detail is sought in Column A? One summary row for the whole project or do you expect applicants to break out the activities into more detail (via multiple rows)? My current draft has just one summary statement: Job creation for low-income individuals through business expansion of socially responsible commercial laundry business. Is that the right direction?

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**Answer:** Instructions for completing the form can be found here:

<https://www.grants.gov/web/grants/form-instructions/sf-424a-instructions.html>.

**Question:** I'm currently filling out the application. However, I am in need of your assistance. I am currently seeking funds to purchase and renovate property to be used as a daycare facility. Do I need to also fill out the Assurance for construction programs form? Also the other attachments form can you explain what other form should go here and the project narrative attachment form as well please?

**Answer:** There are two forms that are required for all applicants when applying for a construction project, SF-424C - Budget Information - Construction Programs and SF-424D - Assurances - Construction Programs.

If you are using CED funds for a construction project, you will need to submit SF-424C – Budget form. By signing and submitting the SF-424D, applicants are making the appropriate certification of their compliance with all Federal statutes relating to nondiscrimination.

Applicants may choose to include both construction and non-construction activities in their project, but please note that construction projects are defined in the FOA as "projects that involve the initial building or large scale modernization or permanent improvement of a facility." If you are submitting an application for a project with both construction and non-construction elements, you will need to fill out all applicable forms identified in the FOA, including SF-424A - Budget Information - Non-Construction Programs and SF-424B - Assurances - Non-Construction Programs as well as SF-424C - Budget Information - Construction Programs and SF-424D - Assurances - Construction Programs. As stated in the FOA, All applicants must submit the SF-424B budget form.

As noted on page 36 of the FOA, applicants proposing a construction project must provide a description that indicates the project implementation activities that will require an expenditure of CED funds. The budget narrative should specify the schedule for dispersing CED funds to pay for construction during the project period. Please keep in mind that both construction and non-construction projects must include written justifications of CED expenditures as described on pages 36-40 of the FOA.

There is no order required of the attachments. However, all items must be labeled, numbered, and organized clearly in the Table of Contents. Each applicant is required to upload ONLY two electronic files, excluding SFs and OMB-approved forms.

- 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.

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. The Standard forms and OMB-approved forms will be uploaded separately.

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**Question:** If I am doing the application on Grants.gov 'Work Space', am I good to go to fill out all SF forms online and the only separate files I need to upload are the Business Plan (Project Description) and the Appendices with all the items listed on page 21 of 90 of the FOA?

**Answer:** Applications are submitted electronically in grants.gov. Each applicant is required to upload ONLY two electronic files, excluding Standard forms and OMB-approved forms.

- 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.

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. The Standard forms and OMB-approved forms will be uploaded separately. The two-file requirement is discussed in more detail in Section IV.2, Page Limitations and Content for All Submission Formats, which begins on page 19 of the FOA.

**Question:** Where do I find the "mandatory grant disclosure form" in its electronic form? I searched on grants.gov and could not find a doc with the title mandatory grant disclosure form. Is it something signed electronically when submitting the application? If so will that form be labeled mandatory grant disclosure so as not to miss it?

**Answer:** There is no standard form for this reporting Mandatory Disclosures. Submission is required for all applicants and recipients that have violations per 45 CFR 75.113, to submit in writing, to the awarding agency and to the HHS Office of the Inspector General (OIG) all information related to violations of federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the federal award. (Mandatory Disclosures, 45 CFR 75.113) Disclosures must be sent in writing to the following two addresses:

The Administration for Children and Families  
U.S. Department of Health and Human Services  
Office of Grants Management  
ATTN: Grants Management Specialist  
330 C Street, SW., Switzer Building, Corridor 3200  
Washington, DC 20201

U.S. Department of Health and Human Services  
Office of Inspector General  
ATTN: Mandatory Grant Disclosures, Intake Coordinator

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330 Independence Avenue, SW., Cohen Building, Room 5527

Washington, DC 20201

Fax: (202) 205-0604 (Include “Mandatory Grant Disclosures” in subject line) or Email:

MandatoryGranteeDisclosures@oig.hhs.gov.

### Formatting

**Question:** What are the formatting requirements for application submission?

**Answer:** Please refer to Section IV.2. Content and Form of Application Submission for information on formatting, font size, page limitations, spacing and other instructions for completing your application.

### Eligibility Requirements

**Question:** Who is eligible to apply for a Grant?

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

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

Faith-based and community organizations that meet the eligibility requirements are eligible to receive awards under this funding opportunity announcement.

Tribal organizations that meet the criteria outlined above are eligible to apply for this grant. If a tribe wishes to apply for funding but is not served by an organization that meets the criteria above, OCS recommends that it considers establishing a CDC or collaborating with an experienced CDC to implement job creation programs and support economic self-sufficiency.

**Question:** Who is ineligible to apply for a Grant?

**Answer:** Any individual or organization that does not meet the criteria outlined above.

**Question:** If an applicant wins this grant to start a business, can the grantee reapply to expand the same business years from now?

**Answer:** An applicant may apply for a CED grant in subsequent years to expand a business or project created with the FY 2017 grant, provided funding is appropriated and available. As noted in the FOA, a current CED grantee that is applying for a new CED grant may apply for another CED grant as long as the funding will be used for a separate project that is different in scope from the your current CED project. An expansion of an existing project would be considered a new project as long as the CED funds are not being used to complete the original CED project.

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**Question:** We understand a group will only be funded for one project under the current FOA. We want to know if the FOA prohibits a nonprofit from submitting two applications in response to the 2017 FOA?

**Answer:** Yes, you may submit applications for multiple CED grants as long as the scopes of the proposed projects are different. However, as noted under Section 4.6. Funding Restrictions, organizations may receive a maximum of one new CED award per year.

**Question:** While we are not a Community Development Corporation (CDC), we do design and implement training and employment programs specifically for people with criminal records. Our population is low-income because of the employment challenges encountered as a result of their criminal background. Can you confirm our eligibility to apply?

**Answer:** By statute, community development corporations (CDCs) are the only entities eligible for CED funding. As noted in the Funding Opportunity Announcement, in Section III. Eligibility Information, to be eligible to received funding from the CED program, CDCs must meet three conditions:

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

Applicants must provide the additional, required documentation, or required credentials, to support eligibility for an award, as described in Section III. Eligibility Information of this announcement.

**Question:** Are co-applicants eligible to submit for the subject grant with a primary and subordinate?

**Answer:** Only one individual grantee organization can submit an application for funding. However, grantees can work with a project partner. A project partner is defined as "any individual, organization, or participating business entity participating in the project that is not the direct recipient of CED grant funds. 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. A third party agreement such as a project partner agreement is defined in the CED FOA as a "written and signed agreement, entered into by the grantee and project partners, such as a more experienced partner, that will directly or indirectly spend CED funds and/or create new full-time, full-year positions." A more experienced partner is a project partner that successfully meets all the following requirements: is a CDC, has completed two or more CED projects; has completed one or more projects involving similar activities similar to the proposed project; and has experience with collaborative programming.

**Question:** On page 14 of the RFP, three criteria are listed for applicants. My organization has a question about the 3rd criteria that the Board of Directors must have presentation from each of the following: community residents, business leaders, and civic leaders. We are a national organization with program offices around the country providing financial and technical support to affordable housing and community economic development projects and activities. Our board of directors is national and does not include community residents. However, in our program office, where this application will focus, we

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have a local advisory board, that does include all three types of representation (business, civic, and resident). This would be clearly articulated in our response to the RFP. Would you please let me know if that would be acceptable for the applicant definition for this RFP?

**Answer:** As you mentioned, to be eligible for CED funding an organization's Board of Directors must have representation from each of the following: community residents, business leaders, and civic leaders. Additionally, applications must include documentation that the Board of Directors has representation from these respective groups. There is no provision in the FOA for a local advisory board as a substitute or proxy for a board of directors. Also, a national organization has no specific geographic area defined by specific boundaries to assure the CED project is locally driven.

## Business Plan

### Project Viability

**Question:** Jobs requirement: How stringent is the requirement if let's say we ended up creating 25 jobs where the formula requires let's say 39 jobs even though the goal is to meet the requirement; is there a payback provision if we don't meet the 39 jobs? Can the individual business owner counts as a job in the case of a business start-up; all of our businesses will be start-ups?

**Answers:** Yes, individual business owners who fill a full-time, full-year position created with CED funds count as a position. As stated in the Funding Opportunity Announcement, CED funding may be used for eligible activities that contribute to the creation of new, permanent, 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. Part time jobs created by a project do not count towards the number of positions created under the CED program. While the focus of the program is on the creation of jobs for individuals with low incomes as defined by the poverty guidelines published annually by HHS, ACF does not expect that 100 percent of the created jobs will necessarily be filled by individuals with low incomes. Often when a business is created or expanded, there is a need to hire high-level managers or other content experts with unique skills and/or experiences that may be more difficult to identify and recruit. For this reason, ACF only requires that a minimum of 75 percent of the newly created jobs be filled by individuals with low incomes. Additionally, the cost per position cannot exceed \$20,000 for non-construction projects and \$25,000 for construction projects.

### Project Implementation

**Question:** If the business can be up and running in one year, what grant requirement is the grantee obligated to do for the remaining 2 years?

**Answer:** If the business is up and running in year one, OCS would expect it to have created all proposed jobs or continue to reflect proposed growth capacity, profit, and jobs by the end of the project period (and at least one year thereafter) to assure the sustainability of the jobs created with CED funds. In the remaining years of the grant after grant funds are spent, the grantee is still required to fulfill all programmatic and financial reporting requirements of the grant.

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**Question:** Can the grantee spend the entire grant amount (for example the max of \$800,000) in the first year?

**Answer:** Yes, grant funds can be expended in the first year or whenever needed to meet project goals and objectives over the project period. Please note that your proposed project plan and budget must demonstrate how your use of grant funds will result in an economically feasible project by the conclusion of the grant period. Also, as noted in Section 4.2 (Budget and Budget Justification), applicants must forecast their cash needs over the project period on the Federal Assistance form.

**Question:** If the grantee decides on a convenience store for their business, can the grantee use some of the grant funds for inventory (for example, potato chips, sodas, candy bars, soap, etc.) to stock the store?

**Answer:** Yes, inventory and other start-up business expenses reflected in a viable business plan are allowable expenses.

**Question:** We are proposing to use funds as an incubator. In that role as an incubator, we have three questions about the businesses that are members of our incubator program:

1. Can an incubator business use program funds that are loaned to them to purchase the raw materials for the goods that they sell?
2. Can someone be a "participating business" without receiving a loan or investment?
3. Each members' P&L, Balance Sheet and other documentation is in a different format, has varying assumptions, has varying levels of completeness, etc. We want to present all of them in the same format, with the same assumptions, etc., and in one set of spreadsheets that roll up to a complete picture of the Incubator. Reviewers will be able to identify each individual business in the sub-tending worksheets. It would be much more efficient, and also clearer if we did it this way. OK?

**Answer:**

1. Yes, start-up business expenses reflected in a viable business plan are allowable expenses.
2. The FOA defines a participating business as a "business that has been identified as a CED project participant, having executed a third-party agreement with the CED applicant to create new, full-time, full-year jobs - at least 75 percent of which will be filled by individuals with low incomes." Participating businesses in your CED project must meet this definition.
3. Applicants may present evidence of project viability in whatever manner they see fit. As noted in the FOA, applications should demonstrate the financial feasibility of the participating business(es) through supporting documentation such as profit and loss statements, forecasts, balance sheets, and sources and uses of funds statements for all funds available to the project must be provided in the application.

**Question:** The NOFA states grant period for non-construction projects is 3 years. Does that mean the proposed project has to base its timeline exactly to a 3 year project? Or can the project conclude after one or 2 years and continue for at least 1 year thereafter?

**Answer:** If the project is up and running in two years, OCS would expect it to have created all proposed jobs or continue to reflect proposed growth capacity, profit, and jobs by the end of the project period

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(and at least one year thereafter) to assure the sustainability of the jobs created with CED funds. In the remaining years of the grant after grant funds are spent, the grantee is still required to fulfill all programmatic and financial reporting requirements of the grant.

**Question:** Does the partner agreement between the NPO and new business have to be an equity stake in the business? OR can the agreement details be an agreement for a percentage of gross profits received by the NPO as donation each quarter?

**Answer:** The specific types of third-party agreements used in implementing a project will vary depending on the project design. The FOA permits applicants to propose a number of arrangements between the grantee and participating businesses, provided that the arrangement does not include an ineligible activity included in the FOA under Section I. Program Description.

**Question:** Aside from regular organization support, must we have a letter of support from local government agency like our area's workforce development and/or community development agency?

**Answer:** Please keep in mind, this is one of several key criteria reviewers will be evaluating as they review applications, including project viability and implementation. If signed letters of support are not provided with the application, independent reviewers will take that into account when scoring the application.

### Past Performance with Similar Job Creation Projects

**Question:** I am asking if newly formed ELIGIBLE organization can apply because of the language found on page 34 as follows: PAST PERFORMANCE WITH SIMILAR JOB CREATION PROJECTS-The application must provide evidence of two business creation or business expansion projects undertaken by the applicant within the last ten 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 one year beyond the project period. For each of the two business creation or business expansion project examples given, the application must provide: a quantitative and qualitative description of the impact of these projects (the number of jobs created for individuals with low incomes, wages, benefits, and position descriptions); and the number of years of project operation and position availability. As a newly formed (less than a year) organization, we do not have two business creation or business expansion projects undertaken.

**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) status;
- Applicant must have articles of incorporation or bylaws demonstrating that the CDC has a principal purpose the planning, the developing, or managing of low-income housing or community economic development activities; and
- 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.

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New applicants should note experience in executing projects similar to that being proposed is a key factor in the review criteria, and points can be lost if the applicant cannot convince independent reviewers they have the capacity (which includes pertinent business experience) to successfully implement the proposed project. However, as a new applicant, please keep in mind, this is one of several key criteria reviewers will be evaluating as they review applications, including project viability and implementation.

In reviewing this section, reviewers will consider the extent to which the application demonstrates that applicant has past experience with similar projects as outlined in Section 4.2 (Business Plan - Past Performance with Similar Job Creation Projects). For applicants that cannot demonstrate substantial experience with economic development projects similar to those proposed in the application, applicants may provide evidence of a viable partnership with a more experienced organization, including evidence of a workable strategy for the more experienced organization to provide the administrative, technical, and/or financial technical assistance needed to ensure the success of the project. Also, for each partnership that will result in the partner directly or indirectly spending CED funds, the application should provide 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.

**Question:** I have questions about the CED Grant, ID HHS-2017-ACF-OCS-EE-1213, as regards the following point: "The application demonstrates that the applicant and all partner organizations have the experience necessary to successfully carry out the proposed project, including evidence of two business creation or business expansion projects undertaken by the applicant that \*Have been executed within the past 10 years \*Are substantially similar to the project for which CED funding is being requested, and \*Were successful in creating sustainable, full-time, full-year positions" (p54) My questions are:

1. Do the two projects need to have been completed by the applicant, or could, for example, the applicant have carried out one project, and the partner organization another, so that they equal two? Could it be the partner organization that has a history of these types of projects, and is the one who has completed two of them?
2. Is this a requirement or would it just help the applicant to earn more points? (That is, if the applicant does not have this experience it does not automatically make them ineligible?)

**Answer:** In reviewing this section, reviewers will consider the extent to which the application demonstrates that applicant has past experience with similar projects as outlined in Section 4.2 (Business Plan - Past Performance with Similar Job Creation Projects). For applicants that cannot demonstrate substantial experience with economic development projects similar to those proposed in the application, applicants may provide evidence of a viable partnership with a more experienced organization, including evidence of a workable strategy for the more experienced organization to provide the administrative, technical, and/or financial technical assistance needed to ensure the success of the project. Also, for each partnership that will result in the partner directly or indirectly spending CED funds, the application should provide 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.

## **Letters of Support**

**Question:** We are working on local banks to be sponsors of the business Incubator, but can we submit the application without 'Letters of Support'? We are working on them however don't have their commitments locked up. We actually will be in a better position to get the sponsorship's after we win the CED award.

**Answer:** Please keep in mind, this is one of several key criteria reviewers will be evaluating as they review applications, including project viability and implementation. If signed letters of support are not provided with the application, independent reviewers will take that into account when scoring the application.

## **Budget and Budget Justification**

**Question:** The Project Budget and Budget Justification section on pages 36-40 removed mention of the Construction item (this used to be after "Contractual" and before "Other"). I see the added language on page 36 referring to construction projects needing to provide a budget narrative describing incremental expenditures of CED funds, but to me it sounded like if you were not doing a construction project then you did not have to explain incremental expenditures of CED funds in the budget narrative.

**Answer:** As noted on page 36 of the FOA, applicants proposing a construction project must provide a description that indicates the project implementation activities that will require an expenditure of CED funds. The budget narrative should specify the schedule for dispersing CED funds to pay for construction during the project period. Please keep in mind that both construction and non-construction projects must include written justifications of CED expenditures as described on pages 36-40 of the FOA.

**Question:** On SF-424a, non-federal funds are being leveraged by the business. If we list them, are there any implications for that down the road in terms of reporting?

**Answer:** As noted in Section VI.3. Reporting, recipients under this FOA will be required to submit performance progress and financial reports semi-annually throughout the project period. Information on reporting requirements is available on the ACF website at [www.acf.hhs.gov/discretionary-post-award-requirements#chapter-2](http://www.acf.hhs.gov/discretionary-post-award-requirements#chapter-2). Specifically, under this grant, recipients will be required to submit CED program-specific Performance Progress Report (PPR) to submit performance progress reports, on a semi-annual basis. The PPR includes several questions related to leveraged funds that grantees are required to report on throughout the course of their grant. Information on PPR reporting requirements is available on the OCS website at <https://www.ACF.hhs.gov/ocs/resource/ced-ppr-forms-and-instructions>.

Keep in mind, it is important to include all necessary funding for a successful project in your application and SF-424. As outlined in Section V.1, when evaluating the Business Plan - Financial Strategies, reviewers will consider the extent to which projects that involve non-CED funding:

- The application provides evidence that all capital requirements have been met through financing, cash resources, or in-kind contributions.

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- The application demonstrates evidence (e.g., signed commitment letters) of unconditional commitments for loans, municipal, federal or state tax credits, equity stock investments, or other supporting grants totaling at least the amount of non-CED funds necessary.
- The application provides evidence (e.g., a financial statement of cash available) of the applicant's ability to contribute any non-CED cash resources that are needed for the project and that the applicant has pledged in support of the project,
- The application provides evidence of in-kind contributions of personal property and a demonstration of how the value of those contributions was established through techniques such as an inventory valuation for equipment and/or a certified appraisal for real property.

**Question:** Are renovations on a bus considered construction? Applicant project is a business expansion to create a mobile learning bus. This bus will be built-out with several educational features. Asking to be sure we fill out the correct budget justification form(s).

**Answer:** Applicants may choose to include both construction and non-construction activities in their project, but please note that construction projects are defined in the FOA as "projects that involve the initial building or large scale modernization or permanent improvement of a facility." If you are submitting an application for a project with both construction and non-construction elements, you will need to fill out all applicable forms identified in the FOA, including SF-424A - Budget Information - Non-Construction Programs and SF-424B - Assurances - Non-Construction Programs as well as SF-424C - Budget Information - Construction Programs and SF-424D - Assurances - Construction Programs. As stated in the FOA, All applicants must submit the SF-424B budget form.

### Loan Projects

**Question:** I think you might have answered this question before but wanted to get additional clarification. Do we (the CDC) have to be the lender, can we have a 3rd party (a CDFI) handle the entire loan process which will include the underwriting, etc?

**Answer:** Projects that provide subawards or pass-throughs are ineligible for CED funding. However, applicants may propose partnering with other organization. As noted under the definition of "project partner," 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.

**Question:** Can a portion of the loan be used to pay off debt?

**Answer:** The FOA does not preclude CED funds from being loaned to a participating business to pay off debt as long as the loan and project are in compliance with Section VI.2 of the FOA which requires compliance with 45 CFR part 75.

**Question:** If a borrower doesn't pay back the loan, is the CDC responsible for return the funds to HHS?

**Answer:** If a borrower defaults on a CED-supported loan, the responsibilities of the CED grantee will vary depending on when the default occurs relative to the project timeline. For the purposes of your

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application, note that the FOA requires that applications provide sample loan agreements that include default and collection procedures among several other items.

**Question:** If awarded, what is the disbursement process and how much can be draw down at a time, etc?

**Answer:** Grant funds can be drawn whenever is needed to meet project goals and objectives over the project period. Grant funds are drawn through the HHS Payment Management System. More information about the disbursement process will be provided to successful applicants upon receipt of their grant award.

**Question:** Once the loan is repaid, can the CDC use the funds for other investment or must return the funds to HHS?

**Answer:** As noted in the FOA, repaid principal loans may continue to be used for the originally authorized purpose of the CED program. If it is not used for the originally authorized purpose the funds will revert to ACF. Any interest accrued on loans must also be used to continue or expand the activities of the originally approved project during the grant period.

**Question:** Is there a timeframe on how long the borrower can repay the loan?

**Answer:** There is no requirement for the length of time the borrower has to repay a loan. However, as noted in the definition of loan in the FOA, 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 FOA, loan projects must report a repayment schedule.

**Question:** For application purposes, can we use a promissory note in lieu of 3rd party agreement? The promissory note will still contain the required information of the 3rd party agreement

**Answer:** As defined in the FOA, third-party agreements are written and signed agreements between grantees and project partners. The specific types of third-party agreements used in implementing a project will vary depending on the project design. For projects in which grantees loan CED funds, the FOA notes that third-party agreements 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.

## Bonus Points

**Question:** On page 66 of the grant application, there is a link to a HUD form we are directed to use to make sure that we receive 2 bonus points for Certification of Consistency with Promise Zone Goals and Implementation. When I follow this link, the form talks about Promise Zones, but does not mention Choice Neighborhoods. The project we are applying for is in a Choice Neighborhood. I just want to

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confirm that the form listed on the application is in fact the correct form to use, despite the fact that the form itself only references Promise Zones, and not Choice Neighborhood Initiatives.

**Answer:** You are correct: there is no specific form for Choice Neighborhoods. For Choice Neighborhoods, in considering the award of bonus points under this criterion, reviewers will take into consideration whether the application demonstrates that the proposed project is located in shared designated target areas that align with and will benefit the Choice Neighborhoods Program. The application must provide a signed letter of support documenting the extent of involvement/collaboration and clearly outlining roles and responsibilities and any support and/or resources to be provided as a result of this partnership.

**Question:** Is the Certification of Consistency with Promise Zone Goals and Implementation filled out by the applicant or the local governing agency which governs promise zones?

**Answer:** Instructions for completing the Certification of Consistency with Promise Zone Goals and Implementation are available at:

[http://portal.hud.gov/hudportal/documents/huddoc?id=HUD\\_Form\\_50153.pdf](http://portal.hud.gov/hudportal/documents/huddoc?id=HUD_Form_50153.pdf).