

Community Economic Development Program (CED) Overview Webinar

January 29, 2015

Operator: Please stand by we're about to begin. Good day and welcome to the Community Economic Development Program Overview conference call. Today's conference is being recorded. At this time I would like to turn the conference over to Andrew Kolly. Please go ahead.

Andrew Kolly: Thank you. Hello everyone my name is Andrew Kolly I work on the Community Economic Development Program and I'm joined here by another Program Specialist from the Office of Community Services Gerald Shanklin.

Today's Webinar hopefully will provide you with just a quick overview of the Community Economic Development Program. As the Operator said just as a reminder this Webinar is being recorded and you'll be able to access the recording presentation slides and transcript on the Community Development Web site which is www.ocsccommunitydevelopment.org. More information on accessing these materials will be provided in an email following the presentation.

I'm going to turn it over to Gerald to get us started and provide a brief introduction. Gerald.

Gerald Shanklin: Good afternoon everybody. Hello. Again thanks again for joining us. My name is Gerald Shanklin as Andrew said and I am with the Office of Community Services. This Webinar kicks off the application process for the 2015 Community Economic Development or CED and Community Economic Development Healthy Food Initiative or CED-HFFI grants. For those of you who have

never applied for or received a CED grant before this Webinar will introduce you to the - what the CED program is all about.

And for those of you who have received a CED grant in the past will provide a refresher about the overall goals and objectives of the program and also update you on the requirements for 2015. In general the CED Program is a federal program as you know that exclusively funds Community Developed Corporations or CDC's that address the economic needs of low income individuals or individuals with low incomes and families through the creation of sustainable business development and employment opportunities.

CDC funds a variety of programs for the creation and expansion of legitimate businesses business incubators shopping centers agricultural business development initiatives and healthy food endeavors that create employment opportunities that lead to self-sufficiency for individuals with low income. Please note that the 2015 funding opportunity announcement is available for both the CD and CED-HFFI program.

So we look forward to introducing you to the program on this call and a subsequent Webinar will take place in February and you'll hear about that which will outline the announcement and the guidelines for application submission in more detail. So I'll turn - with that I'll turn it back over to Andrew to continue the presentation.

Andrew Kolly: Thanks Gerald. First things first I think we'll start out with just outlining the mission and objectives of the CED Program. So Community Economic Development is a process that helps a community secure and use resources to attract capital in order to increase commercial and business development as well as employment opportunities for its residents. OCS supports projects that build and expand local enterprises create career opportunities with upward mobility for low income individuals and facilitate economic growth in communities that need it most.

Community Economic Development is crucial for helping low income families succeed in their communities. Unlike programs that support families by providing cash assistance or program services Community Economic Developments strengthens families and communities by creating jobs that employ local low income individuals and strengthen the community by growing local revenue. The versatility of the CED Program allows communities to drive the type of investment and/or businesses to that which is most needed in their specific community.

It does this by funding Community Development Corporations or what we call CDCs. These CDCs are more invested in their communities than outside private developers because they have a community based ownership stake in the success of projects and businesses. CDCs are building community assets and sharing the profits and subsequent reinvestments remain in the local community. The subsequent reinvestments by CDCs continue revitalization of targeted neighborhoods and the promotion of social change within the community.

This has been critical in reversing the disinvestment in these communities. Due to the recent economic distress particularly in the CED targeted communities the CED Program has become even more important. Obtainment of project equity funding has become even tougher in this economy. Banks and other lenders are demanding even more equity on the part of borrowers which adds to the decline of additional funding streams for the CDCs such as funding from foundations and private donors and this has placed a heavier burden on project equity fundraising.

In addition state and government local government dollars have been more difficult to obtain than in the past this is primarily due to lower revenues in this economic downturn. Conventional financing markets have depleted greatly since the 2007 and 2008 global financial crisis. Support from CED for development projects reduces the risks for other investors and thereby attracts additional investment. The CED Program provides reliable financing that enables conventional

lenders to have enough confidence to invest in projects and communities that have been historically been avoided.

So how does CED achieve all of these things that we just talked about? Basically projects are funded through the CED Program are expected to further the Department of Health and Human Services goals of strengthening families and promoting self-sufficiency. The CED Program achieves this by providing grants to local private non-profit Community Development Corporations or as we keep saying CDCs.

The CDCs support the creation and expansion of businesses that develop new products services and other commercial activities that result in the creation of new positions for low income individuals. CED funds may be used for a wide variety of business startup or business expansion activities. As long as the expenditures result in the creation of positions that can be filled with low income individuals pretty much any business or business expansion activity is allowable.

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 or profit corporation of the applicant or a completely unaffiliated business. The CDC may also provide loans to create or expand businesses and in some cases the CDC may wish to establish a revolving loan fund program for lending to small businesses. As CED funding is used for this lending the CDC must identify the first business to receive the loan and ensure that the businesses will be viable.

All loans must also be at or below market rate. Finally CED funds may also be used for the purchase of land completing construction or renovation of a property. As long as these activities contribute to the creation of new fulltime jobs properties that are constructed or renovated can use CED funding towards both hard or soft costs of the related development of the property.

Regardless of whatever type of project or how the funds are used all projects must create new fulltime permanent jobs for low income individuals.

Of these jobs 75% of them should be filled by low income individuals. So who's eligible for this? The eligible organizations we're going to talk about right now have to be qualified Community Development Corporations or CDCs and this means that the organization must be a private non-profit organization with a principle purpose and experience in planning developing or managing low income housing or community development activities.

Additionally the Board of Directors must have three part representation from community residence business leaders and civic leaders. Just as a caveat to this please note that there isn't a specific certifying body so to speak that designates whether an organization is a CDC or not. To be qualified as a CDC an applicant must demonstrate that they meet the requirements that we just went over which were the private and non-profit organization the principle purpose of planning developing or managing low income housing or community development activities and having a tripartite board.

Community or faith based organizations that meet these same requirements are also eligible to apply. The same statute applies to organizations regardless of whether they are faith based. The premise of the program is that non-profit CDCs know their community. They're poised to efficiently and effectively create new Community Economic Development projects with input from their communities. So who are these projects hoping to help?

The target population for projects funded by CED funds are low income individuals and the CDC Program defines individuals having low income with an income that does not exceed 125% of the federal poverty level. There's a link on the screen that you can go to to see more specific details on what those actual income levels are. The specific target populations that we're trying to serve

are (TANF) recipients non-custodial parents residents of public housing formerly incarcerated individuals homeless and other individuals with low income.

The CD Program though is not just a job creation program it also seeks to fund projects that address the personal and community barriers that must be overcome in order to help individuals with low income become more self-sufficient.

This next slide outlines some of the different projects that we've had received CED funding. Some of the most common perhaps are commercial kitchens manufacturing businesses shopping centers grocery stores distribution centers restaurants business incubators farmer's markets and agricultural initiatives. But certainly this list is not comprehensive that's just a brief snapshot of some of the projects that we've funded here at CED. To get a better idea of what types of projects our grantees implement please go to the URL at the bottom of the slide there.

It'll actually give you a map of all of our different projects and the things they're trying to do for low income communities. One piece of the CED Program that started in 2011 actually is the Healthy Food Financing initiative and that originally came out of a part of First Lady Michelle Obama's Let's Move Campaign which is her initiative to help solve the epidemic of childhood obesity within a generation.

The Healthy Food Financing initiative promotes a range of interventions that expand access to - or expand access to nutritious foods including developing and equipping grocery stores and other small businesses and retailers selling healthy food and communities that currently lack these options. HFFI brings together the expertise and resources of USDA which is the US Department of Agriculture the treasury and Health and Human Service which is where Community Economic Development comes in.

And all of these agencies gives stakeholders a full range of tools to hopefully increase access to healthy foods. These three federal partners have made funding available through a shared set of goals and objectives through the program CED specifically funds have been awarded to organizations every year since 2011 to fund CED projects that have a healthy food focus and work to improve access to healthy affordable foods. I believe we've given out 43 HFFI awards since we began.

Additionally bonus points will be awarded to projects that partner with the identified agencies that we had just talked about specifically USDA and treasury. The 2015 CED funding announcements or actually there's two separate funding announcements there's the CED announcements which is for the general or multi-purpose Community Economic Development projects and the CED-HFFI announcement which we had just talked about is for projects that have a healthy food component.

Both of these announcements are currently available at the links on the slide. Please keep in mind and it's highlighted in Red on the slide that the due date for applications is April 24, 2015 and as Gerald alluded to in the beginning of this presentation remember to stay tuned for an upcoming Webinar which will take place on February 19, 2015 and this Webinar will provide details about all of the requirements and criteria that are in these funding announcements.

These details will help you ensure your application is as comprehensive as possible. So please stay tuned for that. As in the past all awards will be made by September 30, 2015 and similar to last year applicants may now receive awards under both announcements. Through the CED opportunity OCS supports businesses that develop new product services and other commercial activities that result in the creation of new positions for low income individuals.

But for this year we anticipate providing \$17.9 million in CED funding which will we estimate will be spread across 22 awards. The maximum ceiling or the most amount of money that you could

apply for in one application is \$800,000 and the smallest amount you could ask for will be \$100,000. Projects with a healthy food focus that seek to address access to healthy affordable food will not be funded under the CED announcement. Those projects are going to have to apply for the CED-HFFI funding opportunity announcement which I'm going to talk about right now.

The CED-HFFI funding announcements will provide technical and financial assistance for healthy food ventures designed to improve access to and purchase and consumption of healthy affordable foods as well as address the economic needs of low income individuals and families through the creation of employment and business opportunities in low income communities. This year we estimate providing \$9.5 million in CED-HFFI funding which will be spread across 13 awards.

And the maximum ceiling and floor is the exact same as CED in that the most you could ask for is \$800,000 the most or the least amount being \$100,000.

Only projects with a healthy food focus and projects that address access to healthy affordable foods will be funded under this announcement. So the two announcements are independent so to speak. This year OCS will be providing bonus points to applicants that come in under the following criteria. They are located in states or territories without a current CED or CED-HFFI project. They're located in rural areas or they align with the promise zones initiative or choice neighborhoods program.

Additionally this is specific for the CED-HFFI funding opportunity announcement points will be awarded to projects collaborating with selected HFFI programs with the USDA and treasury. Please keep in mind all proposed projects whether they're CED or whether they're the CED-HFFI should and must actually have the following elements. They must be ready to implement at the time of award or what we call show already 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 the jobs but the actual community itself. And finally they must attract additional public and private funds to increase investment and quality of life in low income communities.

So the next slide actually has some helpful resources on it for you and you can learn a little bit more information about the CED Program on the ACF which is the Administration for Children and Families OCS which is the Office for Community Services and CED or Community Economic Development all of their Web sites. The funding announcements both of them both the CED and CED-HFFI are located at the link on the screen and any questions you might have about the program about the announcements please send them to ocsregistrar@icfi.com.

Interested applicants can send an email to this address to receive more information regarding the upcoming opportunities as well as Webinars.

So to wrap up the CED Program it's a flexible program that allows local communities to drive revitalization efforts in their communities and create much needed jobs for low income individuals. Also the program funds a range of projects that traditional banks and financial institutions wouldn't fund. Those CED funds may be a small piece of the overall project cost. It allows CDCs to leverage additional private and public funds to undertake large scale revitalization in their communities.

Once again the basic premise or the thinking behind the CED Program is that jobs lead to increased self-sufficiency for low income individuals and their families that community economic development can create businesses and jobs and low income communities which improve the livelihood of not only those who obtain the jobs but the community itself that non-profit CDCs know their communities and their poised to efficiently and effectively create new economic development projects in those communities.

Finally that CED funding attracts additional public and private funds to increase investment and quality of life in low income communities.

Really quickly here just a quick plug for the next Webinar. Before we open it up for questions I just want to remind you that we have this Webinar that we've tried to promote throughout this presentation coming up it's a Webinar that will specifically focus on the 2015 CED Grant competition it's going to provide further details about the grant application process and kind of outlined in more detail the elements and requirements of the CED and CED-HFFI funding opportunity announcements.

So if you are interested in that which hopefully you will be it's going to take place Thursday February 19 from 2 to 3 pm Eastern. And remember that if you have already registered for today's or any of the Webinars for current grantees that took place in December and January you will automatically receive information about this upcoming Webinar.

So with that that's going to conclude our presentation. We're going to open up the floor to questions and try and do our best to answer them for you. But if we're unable to answer your questions we'll be glad to give you a follow up call and speak with you directly. There's two ways to ask questions you can ask your question by pressing Star 1 on your phone and if your question is answered while you're waiting please remove yourself from the queue by pressing Star 2.

You can also submit a written question via Live Meeting. And one last time you can access the 2015 CED and CED-HFFI funding opportunity announcements on the ACF Web site under Grants and Funding on the OCS Community Development Web site or by emailing ocsregistrar@icfi.com. We will also be putting a recording of this Webinar as well as a PDF of the slides onto the OCS Community Development Web site. More information on how to access

these and the link you need to go to will be provided to everyone via email following this presentation.

So thank you for joining us today. We're going to open it up for questions now.

Operator: Again as a reminder ladies and gentlemen if you do have a question please signal by pressing Star 1 on your telephone keypad. If you are using a speakerphone please make sure your Mute function is turned off to allow your signal to reach our equipment. A voice prompt on the phone line will indicate when your line is open. Please state your name before posing your question. Again press Star 1 to ask a question. And we'll pause for just a moment to allow everyone an opportunity to signal for questions.

And it appears that we have no questions from the phones at this time.

Lara Malakoff: Okay and this is Lara Malakoff from ICF it looks like we also do not have any questions that has come in in writing. So with that I'll ask Andrew or Gerald if they have any final words and if you do think of a question later on you can certainly email us again at ocsregistrar@icfi.com.

Anything else from you Andrew or Gerald?

Andrew Kolly: No again we want to thank everybody for their participation and we look forward for receiving their applications or questions down the road. Thank you.

Operator: Ladies and gentlemen this does conclude today's conference. We thank you for your participation.

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