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1ST SESSION

S. 1926

To amend the Department of Agriculture Reorganization Act of 1994 to establish in the Department of Agriculture a Healthy Food Financing Initiative.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 30, 2011

Mrs. GILLIBRAND (for herself, Ms. STABENOW, Mr. HARKIN, Mr. TESTER, Mr. FRANKEN, Mr. CASEY, Mr. SANDERS, Mr. LAUTENBERG, Mr. SCHUMER, Mr. BROWN of Ohio, and Mr. MERKLEY) introduced the following bill; which was read twice and referred to the Committee on Agriculture, Nutrition, and Forestry

A BILL

To amend the Department of Agriculture Reorganization Act of 1994 to establish in the Department of Agriculture a Healthy Food Financing Initiative.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Healthy Food Financ-

5 ing Initiative”.

6 **SEC. 2. FINDINGS.**

7 Congress finds that—

1 (1)(A) the United States faces an obesity epi-
2 demic in which 30.5 percent of children ages 10
3 through 17 are overweight or obese;

4 (B) the obesity epidemic contributes to increas-
5 ing rates of chronic illness, including diabetes, heart
6 disease, and cancer; and

7 (C) the obesity epidemic cost the United States
8 \$147,000,000 in medical expenses in 2008, and this
9 cost is expected to rise in the future;

10 (2) the Reinvestment Fund estimates that al-
11 most 25,000,000 people in the United States live in
12 low-income communities with limited access to su-
13 permarkets and grocery stores;

14 (3) more than 130 studies show that—

15 (A) access to healthy food is particularly a
16 problem in hundreds of low-income, rural, and
17 urban communities, as well as communities of
18 color in the United States; and

19 (B) the opportunity to access healthy food
20 in is linked to lower levels of obesity, diabetes,
21 and other food-related chronic illnesses, leading
22 to better health outcomes;

23 (4)(A) children from low-income families are
24 twice as likely to be overweight as children from
25 higher income families; and

1 (B) African-American and Hispanic children
2 are more likely than Caucasian children to be obese;

3 (5) studies show that when healthy foods are
4 available, people will increase consumption of fruits
5 and vegetables;

6 (6) leading public health experts, including the
7 Centers for Disease Control and Prevention, the
8 American Heart Association, the Institute of Medi-
9 cine, and the American Public Health Association,
10 agree that providing improved access to super-
11 markets and grocery stores is needed to improve
12 public health and prevent obesity;

13 (7) developing high-quality fresh food retail out-
14 lets creates jobs, expands markets for agricultural
15 producers in the United States, and supports eco-
16 nomic vitality in underserved communities;

17 (8)(A) supermarkets and grocery stores often
18 face barriers to opening stores in food deserts;

19 (B) the supermarket industry operates on an
20 historically thin profit margin;

21 (C) according to the 2011 National Grocers As-
22 sociation Independent Grocers Survey, the average
23 net profit margin before taxes for independent gro-
24 cers in 2010 was 1.08 percent;

25 (D) urban operators face barriers, including—

1 (i) increased real estate costs or limited
2 availability of suitable commercial real estate in
3 the community;

4 (ii) increased employee training needs and
5 costs;

6 (iii) elevated security expenses; and

7 (iv) often zoning restrictions;

8 (E) supermarkets and grocery stores in rural
9 food deserts also face barriers, including increased
10 food delivery costs due to distance from distributors,
11 dispersed customer base, and low volume; and

12 (F) access to affordable capital is a significant
13 problem for both rural and urban projects;

14 (9) by providing seed capital and technical as-
15 sistance, the Federal Government, through time-lim-
16 ited investments, can—

17 (A) attract private sector investment to
18 create and retain much-needed jobs; and

19 (B) provide long-term, sustainable solu-
20 tions to the decades-old problem of limited ac-
21 cess to healthy food in underserved, low-income
22 urban and rural communities; and

23 (10) legislation establishing a national fund
24 modeled on the successful Pennsylvania Fresh Food
25 Financing Initiative will help address the obesity epi-

1 demic while also creating much-needed jobs and eco-
2 nomic revitalization, and solving the healthy food ac-
3 cess problem in hundreds of communities across the
4 United States.

5 **SEC. 3. HEALTHY FOOD FINANCING INITIATIVE.**

6 (a) IN GENERAL.—Subtitle D of the Department of
7 Agriculture Reorganization Act of 1994 (7 U.S.C. 6951)
8 is amended by adding at the end the following:

9 **“SEC. 242. HEALTHY FOOD FINANCING INITIATIVE.**

10 “(a) PURPOSE.—The purpose of this section is to es-
11 tablish a program to improve access to healthy foods in
12 underserved areas, to create and preserve quality jobs, and
13 to revitalize low-income communities by providing loans
14 and grants to eligible fresh, healthy food retailers to over-
15 come the higher costs and initial barriers to entry in un-
16 derserved, urban, suburban, and rural areas.

17 “(b) DEFINITIONS.—In this section:

18 “(1) COMMUNITY DEVELOPMENT FINANCIAL IN-
19 STITUTION.—The term ‘community development fi-
20 nancial institution’ has the meaning given the term
21 in section 103 of the Community Development
22 Banking and Financial Institutions Act of 1994 (12
23 U.S.C. 4702).

24 “(2) FOOD ACCESS ORGANIZATION.—The term
25 ‘food access organization’ means a nonprofit organi-

1 zation with expertise in improving access to healthy
2 food in underserved communities.

3 “(3) INITIATIVE.—The term ‘Initiative’ means
4 the Healthy Food Financing Initiative established in
5 the Department by subsection (c)(1).

6 “(4) LOCAL FUNDS.—The term ‘local funds’
7 means the allocation of national funds and any other
8 forms of financial assistance (including grants,
9 loans, and equity investments) that are raised by
10 partnerships to carry out the purposes of this sec-
11 tion.

12 “(5) NATIONAL FUNDS.—The term ‘national
13 funds’ means any Federal appropriation made to
14 carry out this section and any other forms of finan-
15 cial assistance (including grants, loans, and equity
16 investments) that are raised by the national fund
17 manager to carry out the purposes of this section.

18 “(6) NATIONAL FUND MANAGER.—The term
19 ‘national fund manager’ means a community devel-
20 opment financial institution in existence as of the
21 date of enactment of this section and certified by the
22 Community Development Financial Institutions
23 Fund of the Department of the Treasury that is des-
24 ignated by the Secretary to manage the Initiative for
25 purposes of—

1 “(A) raising private capital;

2 “(B) providing financial and technical as-
3 sistance to partnerships; and

4 “(C) funding eligible projects directly at
5 the request of partnerships to attract fresh,
6 healthy food retailers to underserved urban,
7 suburban, and rural areas, in accordance with
8 this section.

9 “(7) PARTNERSHIP.—

10 “(A) IN GENERAL.—The term ‘partner-
11 ship’ means a regional, State, or local public
12 and private partnership that is organized to im-
13 prove access to fresh, healthy foods by pro-
14 viding financial and technical assistance to eli-
15 gible projects.

16 “(B) INCLUSIONS.—The term ‘partnership’
17 includes—

18 “(i) an unit of State, local, or tribal
19 government or a quasi-public State or local
20 government agency;

21 “(ii) a food access or community
22 health organization committed to improv-
23 ing access to healthy foods;

24 “(iii) a community development finan-
25 cial institution or other organization that

1 is capable of administering a loan and
2 grant program in accordance with this sec-
3 tion; and

4 “(iv) other organizations interested in
5 improving access to healthy foods in under-
6 served areas.

7 “(c) ESTABLISHMENT.—

8 “(1) IN GENERAL.—There is established in the
9 Department a Healthy Food Financing Initiative.

10 “(2) MANAGEMENT.—Not later than 1 year
11 after the date of enactment of this section, the Sec-
12 retary shall select and enter into a grant agreement
13 with a national fund manager who shall be respon-
14 sible for the management of the Initiative nationally.

15 “(3) ELIGIBLE PROJECTS.—

16 “(A) IN GENERAL.—Subject to the re-
17 quirements of this paragraph, the national fund
18 manager shall establish the eligibility criteria
19 for projects to be assisted by the Initiative.

20 “(B) REQUIREMENTS.—To be eligible to
21 receive assistance through the Initiative, a
22 project shall—

23 “(i) include a supermarket, grocery
24 store, farmers market, or other fresh,
25 healthy food retailer;

1 “(ii) consist of a for-profit business
2 enterprise, a member- or worker-owned co-
3 operative, or a nonprofit organization;

4 “(iii) meet the eligibility criteria es-
5 tablished under this section;

6 “(iv) continue to be a viable business
7 enterprise with a financial viability plan;

8 “(v) require an investment of public
9 funding to move forward and be competi-
10 tive;

11 “(vi) operate on a self-service basis;

12 “(vii) in accordance with subpara-
13 graph (C), expand or preserve the avail-
14 ability of healthy, fresh, high quality un-
15 prepared foods, particularly fresh fruits
16 and vegetables, in underserved areas; and

17 “(viii) agree to accept benefits under
18 the supplemental nutrition assistance pro-
19 gram established under the Food and Nu-
20 trition Act of 2008 (7 U.S.C. 2011 et
21 seq.).

22 “(C) REQUIREMENTS.—

23 “(i) DEFINITIONS.—In this subpara-
24 graph:

25 “(I) PERISHABLE FOOD.—

1 “(aa) IN GENERAL.—The
2 term ‘perishable food’ means food
3 that is fresh, refrigerated, or fro-
4 zen.

5 “(bb) EXCLUSION.—The
6 term ‘perishable food’ does not
7 include canned goods.

8 “(II) STAPLE FOOD.—

9 “(aa) IN GENERAL.—The
10 term ‘staple food’ means food
11 that is a basic dietary item, in-
12 cluding bread, flour, fruits, vege-
13 tables, and meat.

14 “(bb) EXCLUSIONS.—The
15 term ‘staple food’ does not in-
16 clude snack or accessory food
17 (such as chips, soda, coffee, con-
18 diments, and spices) or ready-to-
19 eat, prepared food.

20 “(III) VARIETY.—The term ‘vari-
21 ety’ means an assortment of different
22 types of food items.

23 “(ii) IN GENERAL.—For purposes of
24 subparagraph (B)(vii), to expand or pre-
25 serve the availability of fresh fruits and

1 vegetables in underserved areas shall
2 mean, with respect to a project, that the
3 project maintains a store that—

4 “(I) carries a full line of fresh
5 produce, as defined by the national
6 fund manager to reflect differences in
7 project size and overall store size;

8 “(II) sells food for home prepara-
9 tion and consumption; and

10 “(III) at a minimum—

11 “(aa) offers for sale at least
12 3 different varieties of food in
13 each of the 4 staple food groups
14 (bread and grains, dairy, fruits
15 and vegetables, and meat, poul-
16 try, and fish), with perishable
17 food in at least 2 categories, on
18 a daily basis; or

19 “(bb) has a store at which
20 at least 50 percent of the total
21 sales of the store (including food
22 and nonfood items or services)
23 are from the sale of eligible sta-
24 ple food.

1 “(D) INCOME CRITERIA.—Each eligible
2 project shall be located in—

3 “(i) a low- or moderate-income census
4 tract, as determined by the Bureau of the
5 Census of the Department of Commerce;

6 “(ii) a population census tract that is
7 treated as a low-income community under
8 section 45D(e) of the Internal Revenue
9 Code of 1986; or

10 “(iii) an area that significantly serves
11 an adjacent area that meets the criteria
12 described in clause (i) or (ii), as approved
13 by the national fund manager.

14 “(E) UNDERSERVED CRITERIA.—

15 “(i) IN GENERAL.—Each eligible
16 project shall be located in an underserved
17 area, as determined by the partnerships
18 according to criteria established by the na-
19 tional fund manager.

20 “(ii) FACTORS.—In determining
21 whether an area is an underserved area,
22 the following factors shall be taken into
23 consideration:

24 “(I) Population density.

1 “(II) Below average supermarket
2 density or sales.

3 “(III) Car ownership.

4 “(IV) Geographical or physical
5 barriers, such as highways, moun-
6 tains, major parks, or bodies of water.

7 “(iii) LOCATIONS.—On an annual
8 basis, the national fund manager shall col-
9 lect data and publish maps that show the
10 location of underserved areas.

11 “(4) PRIORITY PROJECTS.—

12 “(A) IN GENERAL.—Priority shall be given
13 to projects that—

14 “(i) are located in severely distressed
15 low-income communities, as defined by the
16 Community Development Financial Insti-
17 tutions Fund of the Department of the
18 Treasury; and

19 “(ii) include 1 or more of the fol-
20 lowing characteristics:

21 “(I) The project will create or re-
22 tain quality jobs in the community, as
23 determined in accordance with sub-
24 paragraph (B).

1 “(II) The project has community
2 support in terms of store quality, af-
3 fordability, site location, and coordina-
4 tion with local community plans or
5 other programs promoting community
6 and economic development.

7 “(III) The project supports re-
8 gional food systems and locally grown
9 foods, to the extent available.

10 “(IV) In major metropolitan
11 areas, the project is associated with a
12 transit-oriented development project.

13 “(V) In areas with public transit,
14 the project is accessible by public
15 transit.

16 “(VI) The project involves the
17 reuse of a building that is listed in or
18 eligible for the National Register of
19 Historic Places.

20 “(VII) The project involves a
21 brownfield or grayfield (as those
22 terms are used in the Comprehensive
23 Environmental Response, Compensa-
24 tion, and Liability Act of 1980 (42
25 U.S.C. 9601 et seq.)).

1 “(VIII) The estimated energy
2 consumption of the project, calculated
3 using building energy software ap-
4 proved by the Department of Energy,
5 will qualify the project for designation
6 under the Energy Star program estab-
7 lished by section 324A of the Energy
8 Policy and Conservation Act (42
9 U.S.C. 6294a).

10 “(IX) The project involves
11 women- and minority-owned busi-
12 nesses.

13 “(B) QUALITY JOBS.—For purposes of
14 subparagraph (A)(ii)(I), a quality job is a job
15 that—

16 “(i) provides wages that are com-
17 parable to or better than similar positions
18 in existing businesses of similar size in
19 similar local economies;

20 “(ii) offers benefits that are com-
21 parable to or better than what is offered
22 for similar positions in existing local busi-
23 nesses of similar size in similar local econo-
24 mies; and

1 “(iii) is targeted for residents of
2 neighborhoods with a high proportion of
3 persons of low income (as that term is de-
4 fined in section 102(a) of the Housing and
5 Community Development Act of 1974 (42
6 U.S.C. 5302(a))) through local targeted
7 hiring programs.

8 “(d) DUTIES OF THE SECRETARY.—

9 “(1) IN GENERAL.—The Secretary shall—

10 “(A) designate a national fund manager to
11 manage national funds;

12 “(B) oversee the Initiative nationally;

13 “(C) work closely with the designated na-
14 tional fund manager—

15 “(i) to ensure that funds are used ap-
16 propriately and in the most effective man-
17 ner practicable; and

18 “(ii) to develop the program strategy
19 into a detailed work plan, program, and
20 operating budget;

21 “(D) review and approve the operating
22 budget for the national fund manager to ensure
23 that the administrative costs are—

24 “(i) reasonable (not more than 5 per-
25 cent of the total budget);

1 “(ii) connected to the costs of oper-
2 ations; and

3 “(iii) reflect efficient operations by the
4 national fund manager; and

5 “(E) make available to the public an an-
6 nual report, using data obtained from the De-
7 partment of Agriculture, the Department of
8 Health and Human Services, and the Commu-
9 nity Development Financial Institutions, that
10 describes the impacts of the Initiative, including
11 tracking health and economic development indi-
12 cators at the local, State, and national levels to
13 determine the impacts of individual projects
14 and the collective impact in local areas and
15 statewide of funded projects and the Initiative
16 overall.

17 “(2) NATIONAL FUND MANAGER.—The Sec-
18 retary shall—

19 “(A) select the national fund manager
20 through a competitive process from among com-
21 munity development financial institutions that
22 have a proven and recent track record of suc-
23 cess and effectiveness in—

24 “(i) attracting private capital;

1 “(ii) developing and managing pro-
2 grams that provide grants and loans to
3 support supermarkets and other fresh,
4 healthy food retail business enterprises in
5 low- and moderate-income communities, in-
6 cluding the development of grocery stores,
7 farmers markets, and other fresh, healthy
8 food retail models;

9 “(iii) making and servicing loans that
10 are similar to loans proposed in the Initia-
11 tive or having a record of otherwise suc-
12 cessfully investing in fresh, healthy food
13 retail development projects;

14 “(iv) effectively managing multiple
15 contracts and subcontractors;

16 “(v) effectively managing large capital
17 pools, of at least \$100,000,000; and

18 “(vi) providing or contracting for the
19 provision of technical assistance; and

20 “(B) administer the Initiative by approving
21 the disbursement of funds to the national fund
22 manager in a manner that facilitates the imple-
23 mentation of the overall Initiative.

24 “(3) COORDINATION.—

1 “(A) IN GENERAL.—Not later than 45
2 days after the date of receipt of an award, the
3 national fund manager shall develop, with guid-
4 ance from and in consultation with the Sec-
5 retary, and submit to the Secretary, a detailed
6 work plan.

7 “(B) APPROVAL REQUIRED.—The Sec-
8 retary shall review and approve the work plan,
9 program budget, and administrative costs under
10 subsection (e)(4)(C) prior to entering into an
11 agreement with the national fund manager to
12 administer the Initiative.

13 “(4) PERFORMANCE TARGETS.—

14 “(A) IN GENERAL.—The Secretary shall
15 conduct financial audits of, and establish per-
16 formance targets for, the national fund man-
17 ager, which shall include, at a minimum, the re-
18 quirements described in this paragraph.

19 “(B) GEOGRAPHIC SPREAD.—Partnerships
20 funded by the Initiative shall be geographically
21 diverse and representative of the underserved
22 areas across the United States.

23 “(C) FOCUS ON LOW-INCOME COMMU-
24 NITIES.—A substantial portion of the projects
25 funded by partnerships shall serve very low-

1 and low-income communities, as defined by the
2 Bureau of the Census of the Department of
3 Commerce.

4 “(D) FINANCIAL EFFECTIVENESS OF THE
5 NATIONAL FUND MANAGER.—The national fund
6 manager and any local financial institution in-
7 volved in a partnership shall demonstrate on-
8 going capacity and timeliness in raising private
9 capital and disbursing funds as required under
10 the Initiative.

11 “(E) TECHNICAL ASSISTANCE EFFECTIVE-
12 NESS OF THE NATIONAL FUND MANAGER.—The
13 provision of technical assistance by the national
14 fund manager shall be evaluated based on—

15 “(i) the responsiveness of the national
16 fund manager to requests for assistance;
17 and

18 “(ii) the ability of the national fund
19 manager to craft programs that develop
20 needed new capacities in partnerships.

21 “(F) IMPACT.—Performance targets shall
22 address the allocation of funds by the national
23 fund manager to partnerships and the tracking
24 and reporting of the impacts of the funds in im-

1 proving access to fresh, healthy foods and in
2 achieving other related impacts.

3 “(e) DUTIES OF THE NATIONAL FUND MANAGER.—

4 “(1) ALLOCATION OF FUNDS.—

5 “(A) IN GENERAL.—The national fund
6 manager shall—

7 “(i) allocate at least 70 percent of any
8 Federal appropriation made to carry out
9 this section to partnerships that are se-
10 lected based on the criteria described in
11 paragraph (3); and

12 “(ii) retain not more than 30 percent
13 of any Federal appropriation made to
14 carry out this section to undertake financ-
15 ing activities described in subparagraph
16 (C), including a reasonable amount for ad-
17 ministrative costs (not to exceed 5 percent)
18 approved by the Secretary in accordance
19 with paragraph (4)(C).

20 “(B) USE OF THE NATIONAL FUNDS BY
21 PARTNERSHIP PROGRAMS.—

22 “(i) IN GENERAL.—As a condition on
23 the receipt of funds, each partnership shall
24 use—

1 “(I) the national funds received
2 from the national fund manager under
3 subparagraph (A)(i) to create 1 or
4 more revolving loan programs or other
5 revolving pools of capital or other
6 products to facilitate financing of local
7 projects as determined by the agree-
8 ment between the partnership and the
9 national fund manager; and

10 “(II) any remaining funds for
11 grants, or, as approved, for innovative
12 financing mechanisms.

13 “(ii) LIMITATIONS.—

14 “(I) IN GENERAL.—Use of funds
15 for administrative costs and other
16 purposes shall be—

17 “(aa) limited in accordance
18 with the terms of the agreement
19 negotiated between the national
20 fund manager and partnerships;

21 “(bb) based on whether ad-
22 ministrative costs are reasonable,
23 connected to the costs of oper-
24 ation, and reflect efficient oper-
25 ations by the partnership; and

1 “(cc) determined using cri-
2 teria including geographic cov-
3 erage, program duration, and
4 total funding amount.

5 “(II) GOAL.—The goal of this
6 clause to limit administrative costs to
7 the maximum extent practicable, but
8 in no case may the amount used for
9 administrative costs exceed 10 percent
10 of the Federal funds allocated.

11 “(C) USE OF THE NATIONAL FUNDS BY
12 THE NATIONAL FUND MANAGER.—The national
13 fund manager shall use national funds de-
14 scribed in subparagraph (A)(ii) to undertake fi-
15 nancing and other activities to enhance and
16 maximize the effectiveness of the Initiative, as
17 determined by the agreement with the Sec-
18 retary, including—

19 “(i) attracting other forms of financial
20 assistance to match or leverage the na-
21 tional funds;

22 “(ii) awarding national funds to part-
23 nerships in accordance with paragraph (3);

24 “(iii) creating and managing pools of
25 grant or loan capital that blend or leverage

1 national funds with other forms of finan-
2 cial assistance, including capital in the
3 form of tax credits under section 45D of
4 the Internal Revenue Code of 1986, for the
5 benefit of partnerships;

6 “(iv) creating and managing pools of
7 grant or loan capital that blend or leverage
8 the national funds with other forms of fi-
9 nancial assistance, including capital in the
10 form of tax credits under section 45D of
11 the Internal Revenue Code of 1986, to fi-
12 nance eligible local projects identified by
13 partnerships or the national fund manager
14 that have special or unique characteristics;

15 “(v) providing loans or grants directly
16 to eligible local projects as matching funds
17 if requested by a partnership;

18 “(vi) providing credit enhancement or
19 other financial products and instruments
20 for the benefit of partnerships or eligible
21 local projects;

22 “(vii) providing technical assistance;
23 and

1 “(viii) funding reasonable administra-
2 tive costs approved by the Secretary in ac-
3 cordance with paragraph (4)(C).

4 “(2) RESPONSIBILITIES OF THE NATIONAL
5 FUND MANAGER.—The designated national fund
6 manager shall—

7 “(A) raise other forms of financial assist-
8 ance to match or leverage the national funds;

9 “(B) use administrative funds to develop
10 appropriate training programs and offer tech-
11 nical assistance services to—

12 “(i) partnerships;

13 “(ii) State, local, and tribal govern-
14 ments;

15 “(iii) the food retail industry; and

16 “(iv) food access and health advocacy
17 organizations to augment local capacities;

18 “(C) develop financial products such as
19 loans, grants, and credit enhancement tools
20 that can be used by partnerships to incentivize
21 and support the development and retention of
22 supermarkets and other fresh, healthy food re-
23 tail in underserved areas;

1 “(D) award Initiative funds to eligible
2 partnerships through an annual competitive
3 process in accordance with paragraph (3);

4 “(E) contract with a national food access
5 organization to assist in the review of applica-
6 tions from partnerships and to provide technical
7 assistance to local food access organizations in
8 the proposed partnerships;

9 “(F) award and disburse funds to partner-
10 ships or eligible local projects in a timely man-
11 ner;

12 “(G) create and meet performance bench-
13 marks and reporting guidelines, as approved by
14 the Secretary, including for—

15 “(i) the amount of capital raised and
16 leveraged from financial institutions, part-
17 nerships, and other resources;

18 “(ii) the geographic diversity of part-
19 nerships; and

20 “(iii) the proportion of projects fund-
21 ed by the partnership that are in severely
22 distressed low-income communities;

23 “(H) develop program guidelines and oper-
24 ating procedures for the Initiative, including—

- 1 “(i) maximum grant and loan
2 amounts for projects;
3 “(ii) eligible uses of funds;
4 “(iii) prudent underwriting criteria;
5 “(iv) performance targets;
6 “(v) reporting guidelines;
7 “(vi) limits on administrative costs;
8 and
9 “(vii) implementation milestones;
10 “(I) monitor the performance of partner-
11 ships; and
12 “(J) collect data, compile information, and
13 conduct such research studies as the national
14 fund manager determines to be relevant to the
15 successful implementation of the Initiative, in-
16 cluding—
17 “(i) to assess national and local mar-
18 ket conditions;
19 “(ii) to determine barriers to market
20 entry; and
21 “(iii) to identify opportunities for the
22 development or retention of supermarkets
23 and other fresh, healthy food retail enter-
24 prises in underserved communities.

1 “(3) CRITERIA FOR AWARDING NATIONAL
2 FUNDS TO PARTNERSHIPS.—

3 “(A) IN GENERAL.—The national fund
4 manager shall award national funds to partner-
5 ships through a competitive process on an an-
6 nual basis.

7 “(B) FIRST ROUND PRIORITY.—In the
8 first round of funding, the national fund man-
9 ager shall give priority to a limited number of
10 existing partnerships that have demonstrable
11 capacity to implement fresh food financing pro-
12 grams in underserved areas quickly, and for
13 which there is demonstrable, significant need
14 for improved access to healthy food.

15 “(C) ADDITIONAL ROUNDS.—Additional
16 rounds shall be designed to promote geographic
17 diversity.

18 “(D) CRITERIA.—In awarding national
19 funds to partnerships, the national fund man-
20 ager shall consider—

21 “(i) the amount of funds and other
22 resources pledged by a partnership to
23 match or leverage national funds;

24 “(ii) the degree of State, local, or trib-
25 al government support of the partnership

1 as evidenced by matching grant and loan
2 funds or other types of support, such as al-
3 location of tax-exempt bonds, loan guaran-
4 tees, and coordination of resources from
5 other State or local economic development
6 programs;

7 “(iii) the capacity of the partnership
8 to successfully develop and manage loan
9 and grant programs;

10 “(iv) the lack of supermarkets and
11 other fresh, healthy food retail enterprises
12 in low- and moderate-income areas that
13 would be served by the partnership;

14 “(v) the experience of the food access
15 or community health organization of the
16 partnership in outreach about access to
17 healthy foods and local healthy food access
18 issues;

19 “(vi) the degree of community engage-
20 ment and support in the development and
21 retention of supermarkets and other fresh,
22 healthy food retail enterprises; and

23 “(vii) the contribution of the program
24 of the partnership to the overall geographic
25 diversity of the Initiative.

1 “(4) ADMINISTRATIVE COSTS.—

2 “(A) IN GENERAL.—Not later than 45
3 days after the date of receipt of an award, the
4 national fund manager shall submit to the Sec-
5 retary for approval a 3-year program and oper-
6 ating budget and detailed work plan that shall
7 include—

8 “(i) costs for research and evaluation,
9 technical assistance, and training; and

10 “(ii) program and operating costs.

11 “(B) EARNED REVENUES.—Earned reve-
12 nues from loan fees and interest may be ex-
13 pended on program and operating costs in ac-
14 cordance with the budget approved by the Sec-
15 retary.

16 “(C) BASIS OF REVIEW.—The Secretary
17 shall base the review under subparagraph (A)
18 on—

19 “(i) the likelihood of the plan and ex-
20 penditures to further the purposes of this
21 section; and

22 “(ii) whether the administrative costs
23 are reasonable, connected to the costs of
24 operation, and reflect efficient operations
25 by the national fund manager.

1 “(f) PARTNERSHIPS.—

2 “(1) IN GENERAL.—Each partnership that re-
3 ceives assistance through the Initiative shall provide
4 financial and technical assistance to eligible fresh,
5 healthy food retail projects in underserved areas
6 within the defined communities of the partnership.

7 “(2) ADMINISTRATION.—Each partnership shall
8 designate a community development financial insti-
9 tution or other organization that is capable of ad-
10 ministering a loan and grant program—

11 “(A) to execute grant agreements with the
12 national fund manager; and

13 “(B) to serve as the manager of local
14 funds.

15 “(3) RESPONSIBILITIES OF PARTNERSHIPS.—A
16 partnership shall—

17 “(A) raise other forms of financial assist-
18 ance to match the national funds received by
19 the partnership;

20 “(B) provide marketing and outreach to
21 communities, the supermarket industry, other
22 fresh, healthy food retailers, State and local
23 government officials, and civic and public inter-
24 est organizations—

1 “(i) to solicit applications from under-
2 served areas from across the State or local-
3 ity to be served by the partnership; and

4 “(ii) to inform the communities and
5 other persons about the availability of
6 grants, loans, training, and technical as-
7 sistance;

8 “(C) review and underwrite projects to de-
9 termine whether—

10 “(i) a proposed project meets the cri-
11 teria for eligible projects under subsection
12 (c)(3); and

13 “(ii) a proposed project meets the cri-
14 teria for priority projects under subsection
15 (c)(4);

16 “(D) provide technical assistance services
17 to eligible fresh, healthy food retail operators
18 and developers;

19 “(E) track and report outcomes, includ-
20 ing—

21 “(i) the number of jobs created or re-
22 tained;

23 “(ii) the quantity of fresh, healthy
24 food retail space created or retained; and

1 “(iii) such other health and economic
2 indicators as are required by the national
3 fund manager;

4 “(F) monitor and audit funded projects to
5 ensure compliance with the Initiative, the na-
6 tional fund manager, and partnership program
7 requirements for a period of at least 3 years;

8 “(G) submit an annual report to the na-
9 tional fund manager that describes—

10 “(i) the activities of the partnership;

11 “(ii) the expenditure of local funds;

12 and

13 “(iii) success in meeting performance
14 targets and satisfying such other terms
15 and conditions as are specified in the
16 agreement between the partnership and the
17 national fund manager; and

18 “(H) coordinate with the national fund
19 manager for the smooth operation of the Initia-
20 tive.

21 “(4) ADMINISTRATIVE COSTS.—

22 “(A) IN GENERAL.—As a condition on the
23 receipt of assistance under this section, each
24 partnership shall submit to the national fund
25 manager for approval a 3-year budget and plan

1 for all program and operating costs, includ-
2 ing—

3 “(i) costs for research and evaluation,
4 technical assistance, and training; and

5 “(ii) administrative and operating
6 costs.

7 “(B) EARNED REVENUES.—Earned reve-
8 nues from loan fees and interest may be ex-
9 pended on program and operating costs in ac-
10 cordance with the budget approved by the na-
11 tional fund manager.

12 “(C) BASIS OF REVIEW.—The national
13 fund manager shall base the review under sub-
14 paragraph (A) on the likelihood of the budget
15 and plan to further the purposes of this section.

16 “(g) EVALUATION AND MONITORING.—

17 “(1) IN GENERAL.—Program evaluation and fi-
18 nancial audits shall occur at all levels of the Initia-
19 tive to ensure that—

20 “(A) national and local funds are used
21 properly; and

22 “(B) the objectives of the Initiative are
23 met.

24 “(2) PROGRAM EVALUATION AND FINANCIAL
25 AUDITS.—

1 “(A) IN GENERAL.—The Secretary shall—

2 “ (i) conduct periodic program evalua-
3 tions and financial audits of the national
4 fund manager, partnerships, and projects
5 funded by the Initiative; and

6 “ (ii) share with the national fund
7 manager the results of the evaluations and
8 audits.

9 “(B) FUNDED PROJECTS.—The Secretary
10 or the national fund manager shall evaluate
11 partnerships to assess the health and economic
12 impacts of projects funded by the Initiative.

13 “(C) OTHER IMPACTS.—

14 “ (i) SECRETARY OF HEALTH AND
15 HUMAN SERVICES.—The Secretary of
16 Health and Human Services shall conduct
17 research studies and evaluate the health
18 impacts of the Initiative.

19 “ (ii) COMMUNITY DEVELOPMENT FI-
20 NANCIAL INSTITUTIONS.—Representatives
21 of the Community Development Financial
22 Institutions shall conduct research studies
23 and evaluate the economic impacts of the
24 Initiative.

25 “(D) PARTNERSHIPS.—

1 “(i) IN GENERAL.—Each partnership
2 shall—

3 “(I) conduct periodic administra-
4 tive and financial audits of projects
5 funded by the Initiative; and

6 “(II) share with the national
7 fund manager the results of the au-
8 dits.

9 “(ii) FAILURE OF PARTNERSHIP.—In
10 a case in which a partnership fails, the na-
11 tional fund manager shall take over the
12 portfolio of the failed partnership.

13 “(h) ADMINISTRATIVE PROVISIONS.—

14 “(1) IN GENERAL.—Not later than 180 days
15 after the date of enactment of this section, the Sec-
16 retary shall promulgate regulations—

17 “(A) for the conduct of a rigorous per-
18 formance evaluation to determine the impact of
19 the Initiative at the end of the initial 5-year pe-
20 riod, which the Secretary shall submit to Con-
21 gress;

22 “(B) to establish metrics for evaluating the
23 effectiveness of the Initiative; and

1 “(C) under which the Secretary shall as-
2 sess whether the Initiative should be extended
3 at the end of the initial 5-year period.

4 “(2) TERMINATION OF CONTRACTS FOR
5 CAUSE.—The Secretary may promulgate regulations
6 under which the Secretary may terminate contracts
7 for cause if the Secretary determines that to be nec-
8 essary.

9 “(i) AUTHORIZATION OF APPROPRIATIONS.—There is
10 authorized to be appropriated to the Secretary to carry
11 out this section \$125,000,000, to remain available until
12 expended.”.

13 (b) CONFORMING AMENDMENT.—Section 296(b) of
14 the Department of Agriculture Reorganization Act of
15 1994 (7 U.S.C. 7014(b)) is amended—

16 (1) in paragraph (6)(C), by striking “or” at the
17 end;

18 (2) in paragraph (7), by striking the period at
19 the end and inserting “; or”; and

20 (3) by adding at the end the following:

21 “(8) the authority of the Secretary to establish
22 in the Department the Healthy Food Financing Ini-
23 tiative in accordance with section 242.”.

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