

111TH CONGRESS
2D SESSION

S. 3986

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, 2010

Mrs. GILLIBRAND (for herself, Mr. CASEY, Mr. SANDERS, Mr. HARKIN, Ms. STABENOW, Mr. SPECTER, Mr. BROWN of Ohio, Mr. CARPER, Mr. LAUTENBERG, and Mr. SCHUMER) 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”.

1 **SEC. 2. HEALTHY FOOD FINANCING INITIATIVE.**

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

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

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

13 “(b) DEFINITIONS.—In this section:

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

20 “(2) FOOD ACCESS ORGANIZATION.—The term
21 ‘food access organization’ means a nonprofit organi-
22 zation with expertise in improving access to healthy
23 food in underserved communities.

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

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

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

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

21 “(A) raising private capital;

22 “(B) providing financial and technical as-
 23 sistance to partnerships; and

24 “(C) funding eligible projects directly at
 25 the request of partnerships to attract fresh,

1 healthy food retailers to underserved urban,
2 suburban, and rural areas, in accordance with
3 this section.

4 “(7) PARTNERSHIP.—

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

11 “(B) INCLUSIONS.—The term ‘partnership’
12 includes—

13 “(i) an unit of State, local, or tribal
14 government or a quasi-public State or local
15 government agency;

16 “(ii) a food access or community
17 health organization committed to improv-
18 ing access to healthy foods;

19 “(iii) a community development finan-
20 cial institution or other organization that
21 is capable of administering a loan and
22 grant program in accordance with this sec-
23 tion; and

1 “(iv) other organizations interested in
2 improving access to healthy foods in under-
3 served areas.

4 “(c) ESTABLISHMENT.—

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

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

12 “(3) ELIGIBLE PROJECTS.—

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

17 “(B) REQUIREMENTS.—To be eligible to
18 receive assistance through the Initiative, a
19 project shall—

20 “(i) include a supermarket, grocery
21 store, farmers market, or other fresh,
22 healthy food retailer;

23 “(ii) consist of a for-profit business
24 enterprise, a member- or worker-owned co-
25 operative, or a nonprofit organization;

1 “(iii) meet the eligibility criteria es-
 2 tablished under this section;

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

5 “(v) require an investment of public
 6 funding to move forward and be competi-
 7 tive;

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

9 “(vii) in accordance with subpara-
 10 graph (C), expand or preserve the avail-
 11 ability of healthy, fresh, high-quality un-
 12 prepared and unprocessed foods, particu-
 13 larly fresh fruits and vegetables, in under-
 14 served areas; and

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

20 “(C) REQUIREMENTS.—

21 “(i) DEFINITIONS.—In this subpara-
 22 graph:

23 “(I) PERISHABLE FOOD.—

24 “(aa) IN GENERAL.—The
 25 term ‘perishable food’ means food

1 that is fresh, refrigerated, or fro-
 2 zen.

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

7 “(II) STAPLE FOOD.—

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

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

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

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

mean, with respect to a project, that the project maintains a store that—

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

“(II) sells food for home preparation and consumption; and

“(III) at a minimum—

“(aa) offers for sale at least 3 different varieties of food in each of the 4 staple food groups (bread and grains, dairy, fruits and vegetables, and meat, poultry, and fish), with perishable food in at least 2 categories, on a daily basis; or

“(bb) has a store at which at least 50 percent of the total sales of the store (including food and nonfood items or services) are from the sale of eligible staple food.

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

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

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

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

12 “(E) UNDERSERVED CRITERIA.—

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

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

22 “(I) Population density.

23 “(II) Below average supermarket
24 density or sales.

25 “(III) Car ownership.

1 “(IV) Geographical or physical
 2 barriers, such as highways, moun-
 3 tains, major parks, or bodies of water.

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

8 “(4) PRIORITY PROJECTS.—

9 “(A) IN GENERAL.—Priority shall be given
 10 to projects that—

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

16 “(ii) include 1 or more of the fol-
 17 lowing characteristics:

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

22 “(II) The project has community
 23 support in terms of store quality, af-
 24 fordability, site location, and coordina-
 25 tion with local community plans or

1 other programs promoting community
2 and economic development.

3 “(III) The project supports re-
4 gional food systems and locally grown
5 foods, to the extent available.

6 “(IV) In major metropolitan
7 areas, the project is associated with a
8 transit-oriented development project.

9 “(V) In areas with public transit,
10 the project is accessible by public
11 transit.

12 “(VI) The project involves the
13 reuse of a building that is listed in or
14 eligible for the National Register of
15 Historic Places.

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

22 “(VIII) The estimated energy
23 consumption of the project, calculated
24 using building energy software ap-
25 proved by the Department of Energy,

1 will qualify the project for designation
2 under the Energy Star program estab-
3 lished by section 324A of the Energy
4 Policy and Conservation Act (42
5 U.S.C. 6294a).

6 “(IX) The project involves
7 women- and minority-owned busi-
8 nesses.

9 “(B) QUALITY JOBS.—For purposes of
10 subparagraph (A)(ii)(I), a quality job is a job
11 that—

12 “(i) provides wages that are com-
13 parable to or better than similar positions
14 in existing businesses of similar size in
15 similar local economies;

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

21 “(iii) is targeted for residents of
22 neighborhoods with a high proportion of
23 persons of low income (as that term is de-
24 fined in section 102(a) of the Housing and
25 Community Development Act of 1974 (42

1 U.S.C. 5302(a))) through local targeted
2 hiring programs.

3 “(d) DUTIES OF THE SECRETARY.—

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

5 “(A) designate a national fund manager to
6 manage national funds;

7 “(B) oversee the Initiative nationally;

8 “(C) work closely with the designated na-
9 tional fund manager—

10 “(i) to ensure that funds are used ap-
11 propriately and in the most effective man-
12 ner practicable; and

13 “(ii) to develop the program strategy
14 into a detailed work plan, program, and
15 operating budget;

16 “(D) review and approve the operating
17 budget for the national fund manager to ensure
18 that the administrative costs are—

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

21 “(ii) connected to the costs of oper-
22 ations; and

23 “(iii) reflect efficient operations by the
24 national fund manager; and

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

13 “(2) NATIONAL FUND MANAGER.—The Sec-
14 retary shall—

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

20 “(i) attracting private capital;

21 “(ii) developing and managing pro-
22 grams that provide grants and loans to
23 support supermarkets and other fresh,
24 healthy food retail business enterprises in
25 low- and moderate-income communities, in-

cluding the development of grocery stores,
farmers markets, and other fresh, healthy
food retail models;

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

“(iv) effectively managing multiple
contracts and subcontractors;

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

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

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

“(3) COORDINATION.—

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

1 “(B) APPROVAL REQUIRED.—The Sec-
2 retary shall review and approve the work plan,
3 program budget, and administrative costs under
4 subsection (e)(4)(C) prior to entering into an
5 agreement with the national fund manager to
6 administer the Initiative.

7 “(4) PERFORMANCE TARGETS.—

8 “(A) IN GENERAL.—The Secretary shall
9 conduct financial audits of, and establish per-
10 formance targets for, the national fund man-
11 ager, which shall include, at a minimum, the re-
12 quirements described in this paragraph.

13 “(B) GEOGRAPHIC SPREAD.—Partnerships
14 funded by the Initiative shall be geographically
15 diverse and representative of the underserved
16 areas across the United States.

17 “(C) FOCUS ON LOW-INCOME COMMU-
18 NITIES.—A substantial portion of the projects
19 funded by partnerships shall serve very low-
20 and low-income communities, as defined by the
21 Bureau of the Census of the Department of
22 Commerce.

23 “(D) FINANCIAL EFFECTIVENESS OF THE
24 NATIONAL FUND MANAGER.—The national fund
25 manager and any local financial institution in-

1 volved in a partnership shall demonstrate on-
 2 going capacity and timeliness in raising private
 3 capital and disbursing funds as required under
 4 the Initiative.

5 “(E) TECHNICAL ASSISTANCE EFFECTIVE-
 6 NESS OF THE NATIONAL FUND MANAGER.—The
 7 provision of technical assistance by the national
 8 fund manager shall be evaluated based on—

9 “(i) the responsiveness of the national
 10 fund manager to requests for assistance;
 11 and

12 “(ii) the ability of the national fund
 13 manager to craft programs that develop
 14 needed new capacities in partnerships.

15 “(F) IMPACT.—Performance targets shall
 16 address the allocation of funds by the national
 17 fund manager to partnerships and the tracking
 18 and reporting of the impacts of the funds in im-
 19 proving access to fresh, healthy foods and in
 20 achieving other related impacts.

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

22 “(1) ALLOCATION OF FUNDS.—

23 “(A) IN GENERAL.—The national fund
 24 manager shall—

1 “(i) allocate at least 70 percent of any
 2 Federal appropriation made to carry out
 3 this section to partnerships that are se-
 4 lected based on the criteria described in
 5 paragraph (3); and

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

14 “(B) USE OF THE NATIONAL FUNDS BY
 15 PARTNERSHIP PROGRAMS.—

16 “(i) IN GENERAL.—As a condition on
 17 the receipt of funds, each partnership shall
 18 use—

19 “(I) the national funds received
 20 from the national fund manager under
 21 subparagraph (A)(i) to create 1 or
 22 more revolving loan programs or other
 23 revolving pools of capital or other
 24 products to facilitate financing of local
 25 projects as determined by the agree-

1 ment between the partnership and the
2 national fund manager; and

3 “(II) any remaining funds for
4 grants, or, as approved, for innovative
5 financing mechanisms.

6 “(ii) LIMITATIONS.—

7 “(I) IN GENERAL.—Use of funds
8 for administrative costs and other
9 purposes shall be—

10 “(aa) limited in accordance
11 with the terms of the agreement
12 negotiated between the national
13 fund manager and partnerships;

14 “(bb) based on whether ad-
15 ministrative costs are reasonable,
16 connected to the costs of oper-
17 ation, and reflect efficient oper-
18 ations by the partnership; and

19 “(cc) determined using cri-
20 teria including geographic cov-
21 erage, program duration, and
22 total funding amount.

23 “(II) GOAL.—The goal of this
24 clause to limit administrative costs to
25 the maximum extent practicable, but

1 in no case may the amount used for
2 administrative costs exceed 10 percent
3 of the Federal funds allocated.

4 “(C) USE OF THE NATIONAL FUNDS BY
5 THE NATIONAL FUND MANAGER.—The national
6 fund manager shall use national funds de-
7 scribed in subparagraph (A)(ii) to undertake fi-
8 nancing and other activities to enhance and
9 maximize the effectiveness of the Initiative, as
10 determined by the agreement with the Sec-
11 retary, including—

12 “(i) attracting other forms of financial
13 assistance to match or leverage the na-
14 tional funds;

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

17 “(iii) creating and managing pools of
18 grant or loan capital that blend or leverage
19 national funds with other forms of finan-
20 cial assistance, including capital in the
21 form of tax credits under section 45D of
22 the Internal Revenue Code of 1986, for the
23 benefit of partnerships;

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

the national funds with other forms of financial assistance, including capital in the form of tax credits under section 45D of the Internal Revenue Code of 1986, to finance eligible local projects identified by partnerships or the national fund manager that have special or unique characteristics;

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

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

“(vii) providing technical assistance; and

“(viii) funding reasonable administrative costs approved by the Secretary in accordance with paragraph (4)(C).

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

“(A) raise other forms of financial assistance to match or leverage the national funds;

1 “(B) use administrative funds to develop
2 appropriate training programs and offer tech-
3 nical assistance services to—

4 “(i) partnerships;

5 “(ii) State, local, and tribal govern-
6 ments;

7 “(iii) the food retail industry; and

8 “(iv) food access and health advocacy
9 organizations to augment local capacities;

10 “(C) develop financial products such as
11 loans, grants, and credit enhancement tools
12 that can be used by partnerships to incentivize
13 and support the development and retention of
14 supermarkets and other fresh, healthy food re-
15 tail in underserved areas;

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

19 “(E) contract with a national food access
20 organization to assist in the review of applica-
21 tions from partnerships and to provide technical
22 assistance to local food access organizations in
23 the proposed partnerships;

1 “(F) award and disburse funds to partner-
 2 ships or eligible local projects in a timely man-
 3 ner;

4 “(G) create and meet performance bench-
 5 marks and reporting guidelines, as approved by
 6 the Secretary, including for—

7 “(i) the amount of capital raised and
 8 leveraged from financial institutions, part-
 9 nerships, and other resources;

10 “(ii) the geographic diversity of part-
 11 nerships; and

12 “(iii) the proportion of projects fund-
 13 ed by the partnership that are in severely
 14 distressed low-income communities;

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

17 “(i) maximum grant and loan
 18 amounts for projects;

19 “(ii) eligible uses of funds;

20 “(iii) prudent underwriting criteria;

21 “(iv) performance targets;

22 “(v) reporting guidelines;

23 “(vi) limits on administrative costs;

24 and

25 “(vii) implementation milestones;

1 “(I) monitor the performance of partner-
2 ships; and

3 “(J) collect data, compile information, and
4 conduct such research studies as the national
5 fund manager determines to be relevant to the
6 successful implementation of the Initiative, in-
7 cluding—

8 “(i) to assess national and local mar-
9 ket conditions;

10 “(ii) to determine barriers to market
11 entry; and

12 “(iii) to identify opportunities for the
13 development or retention of supermarkets
14 and other fresh, healthy food retail enter-
15 prises in underserved communities.

16 “(3) CRITERIA FOR AWARDING NATIONAL
17 FUNDS TO PARTNERSHIPS.—

18 “(A) IN GENERAL.—The national fund
19 manager shall award national funds to partner-
20 ships through a competitive process on an an-
21 nual basis.

22 “(B) FIRST ROUND PRIORITY.—In the
23 first round of funding, the national fund man-
24 ager shall give priority to existing partnerships
25 that have demonstrable capacity to implement

1 fresh food financing programs in underserved
2 areas quickly.

3 “(C) ADDITIONAL ROUNDS.—Additional
4 rounds shall be designed to promote geographic
5 diversity.

6 “(D) CRITERIA.—In awarding national
7 funds to partnerships, the national fund man-
8 ager shall consider—

9 “(i) the amount of funds and other
10 resources pledged by a partnership to
11 match or leverage national funds;

12 “(ii) the degree of State, local, or trib-
13 al government support of the partnership
14 as evidenced by matching grant and loan
15 funds or other types of support, such as al-
16 location of tax-exempt bonds, loan guaran-
17 tees, and coordination of resources from
18 other State or local economic development
19 programs;

20 “(iii) the capacity of the partnership
21 to successfully develop and manage loan
22 and grant programs;

23 “(iv) the lack of supermarkets and
24 other fresh, healthy food retail enterprises

1 in low- and moderate-income areas that
 2 would be served by the partnership;

3 “(v) the experience of the food access
 4 or community health organization of the
 5 partnership in outreach about access to
 6 healthy foods and local healthy food access
 7 issues;

8 “(vi) the degree of community engage-
 9 ment and support in the development and
 10 retention of supermarkets and other fresh,
 11 healthy food retail enterprises; and

12 “(vii) the contribution of the program
 13 of the partnership to the overall geographic
 14 diversity of the Initiative.

15 “(4) ADMINISTRATIVE COSTS.—

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

22 “(i) costs for research and evaluation,
 23 technical assistance, and training; and

24 “(ii) program and operating costs.

1 “(B) EARNED REVENUES.—Earned reve-
 2 nues from loan fees and interest may be ex-
 3 pended on program and operating costs in ac-
 4 cordance with the budget approved by the Sec-
 5 retary.

6 “(C) BASIS OF REVIEW.—The Secretary
 7 shall base the review under subparagraph (A)
 8 on—

9 “(i) the likelihood of the plan and ex-
 10 penditures to further the purposes of this
 11 section; and

12 “(ii) whether the administrative costs
 13 are reasonable, connected to the costs of
 14 operation, and reflect efficient operations
 15 by the national fund manager.

16 “(f) PARTNERSHIPS.—

17 “(1) IN GENERAL.—Each partnership that re-
 18 ceives assistance through the Initiative shall provide
 19 financial and technical assistance to eligible fresh,
 20 healthy food retail projects in underserved areas
 21 within the defined communities of the partnership.

22 “(2) ADMINISTRATION.—Each partnership shall
 23 designate a community development financial insti-
 24 tution or other organization that is capable of ad-
 25 ministering a loan and grant program—

1 “(A) to execute grant agreements with the
2 national fund manager; and

3 “(B) to serve as the manager of local
4 funds.

5 “(3) RESPONSIBILITIES OF PARTNERSHIPS.—A
6 partnership shall—

7 “(A) raise other forms of financial assist-
8 ance to match the national funds received by
9 the partnership;

10 “(B) provide marketing and outreach to
11 communities, the supermarket industry, other
12 fresh, healthy food retailers, State and local
13 government officials, and civic and public inter-
14 est organizations—

15 “(i) to solicit applications from under-
16 served areas from across the State or local-
17 ity to be served by the partnership; and

18 “(ii) to inform the communities and
19 other persons about the availability of
20 grants, loans, training, and technical as-
21 sistance;

22 “(C) review and underwrite projects to de-
23 termine whether—

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

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

7 “(D) provide technical assistance services
 8 to eligible fresh, healthy food retail operators
 9 and developers;

10 “(E) track and report outcomes, includ-
 11 ing—

12 “(i) the number of jobs created or re-
 13 tained;

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

16 “(iii) such other health and economic
 17 indicators as are required by the national
 18 fund manager;

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

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

25 “(i) the activities of the partnership;

1 “(ii) the expenditure of local funds;
2 and

3 “(iii) success in meeting performance
4 targets and satisfying such other terms
5 and conditions as are specified in the
6 agreement between the partnership and the
7 national fund manager; and

8 “(H) coordinate with the national fund
9 manager for the smooth operation of the Initia-
10 tive.

11 “(4) ADMINISTRATIVE COSTS.—

12 “(A) IN GENERAL.—As a condition on the
13 receipt of assistance under this section, each
14 partnership shall submit to the national fund
15 manager for approval a 3-year budget and plan
16 for all program and operating costs, includ-
17 ing—

18 “(i) costs for research and evaluation,
19 technical assistance, and training; and

20 “(ii) administrative and operating
21 costs.

22 “(B) EARNED REVENUES.—Earned reve-
23 nues from loan fees and interest may be ex-
24 pended on program and operating costs in ac-

1 cordance with the budget approved by the na-
 2 tional fund manager.

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

7 “(g) EVALUATION AND MONITORING.—

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

11 “(A) national and local funds are used
 12 properly; and

13 “(B) the objectives of the Initiative are
 14 met.

15 “(2) PROGRAM EVALUATION AND FINANCIAL
 16 AUDITS.—

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

18 “(i) conduct periodic program evalua-
 19 tions and financial audits of the national
 20 fund manager, partnerships, and projects
 21 funded by the Initiative; and

22 “(ii) share with the national fund
 23 manager the results of the evaluations and
 24 audits.

1 “(B) FUNDED PROJECTS.—The Secretary
2 or the national fund manager shall evaluate
3 partnerships to assess the health and economic
4 impacts of projects funded by the Initiative.

5 “(C) OTHER IMPACTS.—

6 “(i) SECRETARY OF HEALTH AND
7 HUMAN SERVICES.—The Secretary of
8 Health and Human Services shall conduct
9 research studies and evaluate the health
10 impacts of the Initiative.

11 “(ii) COMMUNITY DEVELOPMENT FI-
12 NANCIAL INSTITUTIONS.—Representatives
13 of the Community Development Financial
14 Institutions shall conduct research studies
15 and evaluate the economic impacts of the
16 Initiative.

17 “(D) PARTNERSHIPS.—

18 “(i) IN GENERAL.—Each partnership
19 shall—

20 “(I) conduct periodic administra-
21 tive and financial audits of projects
22 funded by the Initiative; and

23 “(II) share with the national
24 fund manager the results of the au-
25 dits.

1 “(ii) FAILURE OF PARTNERSHIP.—In
 2 a case in which a partnership fails, the na-
 3 tional fund manager shall take over the
 4 portfolio of the failed partnership.

5 “(h) ADMINISTRATIVE PROVISIONS.—Not later than
 6 180 days after the date of enactment of this section, the
 7 Secretary shall promulgate such regulations as may be
 8 necessary to carry out this section, including regulations—

9 “(1) for the conduct of a performance evalua-
 10 tion at the end of the initial 5-year period;

11 “(2) to terminate the contract for cause; and

12 “(3) to extend the contract for an additional 5-
 13 year period.

14 “(i) AUTHORIZATION OF APPROPRIATIONS.—There is
 15 authorized to be appropriated to the Secretary to carry
 16 out this section \$500,000,000, to remain available until
 17 expended.”.

18 (b) CONFORMING AMENDMENT.—Section 296(b) of
 19 the Department of Agriculture Reorganization Act of
 20 1994 (7 U.S.C. 7014(b)) is amended—

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

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

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

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

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