

113TH CONGRESS
1ST SESSION

S. 821

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

APRIL 25, 2013

Mrs. GILLIBRAND (for herself, Mr. BROWN, Mr. COWAN, Mr. CASEY, Mr. SANDERS, Mr. SCHUMER, Mr. HARKIN, and Mr. FRANKEN) 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) developing high-quality fresh food retail
2 outlets creates jobs, expands markets for agricul-
3 tural producers in the United States, advances
4 health, and supports economic vitality in under-
5 served communities;

6 (B) model programs in several States and cities
7 (including the States of California, Illinois, New
8 York, and Pennsylvania and the city of New Orle-
9 ans) have shown success in creating public/private
10 partnerships that leverage millions in private capital
11 and grant funds to establish successful retail outlets
12 in low-income underserved communities;

13 (C) as a result of those programs, thousands of
14 jobs have been developed, hundreds of thousands of
15 people are gaining access to healthy food, and sus-
16 tainable businesses have been developed;

17 (D) despite those successes, more than
18 25,000,000 people in the United States live in low-
19 income communities with very limited access to su-
20 permarkets, grocery stores, and healthy food;

21 (2)(A) with an increasing demand for fresh
22 local foods, regional food hubs are rapidly expand-
23 ing, with well over 200 food hubs operating in the
24 United States as of the date of enactment of this
25 Act;

1 (B) regional food hubs are part of a growing
2 local food system that strengthens rural economies
3 by lowering entry barriers and improving infrastruc-
4 ture to establish, as well as expand, regional food
5 markets; and

6 (C) many food hubs are designed to move lo-
7 cally produced food into underserved communities;

8 (3)(A) supermarkets and grocery stores often
9 face barriers to opening stores in communities with
10 very limited access to healthy food, also known as
11 food deserts;

12 (B) the supermarket industry operates on a his-
13 torically thin profit margin;

14 (C) according to the 2011 National Grocers As-
15 sociation Independent Grocers Survey, the average
16 net profit margin before taxes for independent gro-
17 cers in 2010 was 1.08 percent;

18 (D) urban operators face barriers, including—

19 (i) increased real estate costs or limited
20 availability of suitable commercial real estate in
21 the community;

22 (ii) increased employee training needs and
23 costs;

24 (iii) elevated security expenses; and

25 (iv) often zoning restrictions; and

1 (E) supermarkets and grocery stores in rural
2 food deserts also face barriers, including increased
3 food delivery costs due to distance from distributors,
4 dispersed customer base, and low volume;

5 (4)(A) the United States faces an obesity epi-
6 demic in which 30.5 percent of children ages 10
7 through 17 are overweight or obese;

8 (B) the obesity epidemic contributes to increas-
9 ing rates of chronic illness, including diabetes, heart
10 disease, and cancer; and

11 (C) the obesity epidemic cost the United States
12 \$147,000,000 in medical expenses in 2008, and this
13 cost is expected to rise in the future;

14 (5) more than 170 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 is linked to lower levels of obesity, diabetes, and
21 other food-related chronic illnesses, leading to
22 better health outcomes;

23 (6)(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 (7) studies show that when healthy foods are
4 available, people will increase consumption of fruits
5 and vegetables;

6 (8) 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 (9) access to affordable capital is a significant
14 problem for rural and urban supermarkets, grocery
15 stores, regional food hubs, farmers markets, and
16 healthy food retail business enterprises;

17 (10) by providing seed capital and technical as-
18 sistance, the Federal Government, through time-lim-
19 ited investments, can—

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

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

1 (11) legislation establishing a national fund
 2 modeled on successful programs in Pennsylvania and
 3 other States and localities will help create much-
 4 needed jobs and economic revitalization, address an
 5 important part of the obesity epidemic, and solve the
 6 healthy food access problem in hundreds of commu-
 7 nities across the United States.

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

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

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

13 “(a) PURPOSE.—The purpose of this section is to es-
 14 tablish a program to improve access to healthy foods in
 15 underserved areas, to create and preserve quality jobs, and
 16 to revitalize low-income communities by providing loans
 17 and grants to eligible healthy food retailers to overcome
 18 the higher costs and initial barriers to entry in under-
 19 served, urban, suburban, and rural areas.

20 “(b) DEFINITIONS.—In this section:

21 “(1) COMMUNITY DEVELOPMENT FINANCIAL IN-
 22 STITUTION.—The term ‘community development fi-
 23 nancial institution’ has the meaning given the term
 24 in section 103 of the Community Development

1 Banking and Financial Institutions Act of 1994 (12
2 U.S.C. 4702).

3 “(2) FARMERS MARKET.—The term ‘farmers
4 market’ means a common facility or area where sev-
5 eral agricultural producers gather on a regular, re-
6 curring basis to sell a variety of fresh fruits and
7 vegetables and other locally grown farm products di-
8 rectly to consumers.

9 “(3) FOOD ACCESS ORGANIZATION.—The term
10 ‘food access organization’ means a nonprofit organi-
11 zation with expertise in improving access to healthy
12 food in underserved communities.

13 “(4) HEALTHY FOOD RETAILER.—The term
14 ‘healthy food retailer’ means a commercial, coopera-
15 tive, and nonprofit seller of fresh or healthy food, in-
16 cluding a grocery store, mobile healthy food retailer,
17 farmers market, cooperative, corner store, bodega, or
18 other store that sells other food and non-food op-
19 tions along with a full range of fresh or healthy
20 foods.

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

24 “(6) LOCAL FUNDS.—The term ‘local funds’
25 means the allocation of national funds and any other

1 forms of financial assistance (including grants,
 2 loans, and equity investments) that are raised by
 3 partnerships to carry out the purposes of this sec-
 4 tion.

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

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

19 “(A) raising private capital;

20 “(B) providing financial and technical as-
 21 sistance to partnerships; and

22 “(C) funding eligible projects directly at
 23 the request of partnerships to attract healthy
 24 food retailers to underserved urban, suburban,
 25 and rural areas, in accordance with this section.

1 “(9) PARTNERSHIP.—

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

8 “(B) INCLUSIONS.—The term ‘partnership’
9 includes—

10 “(i) an unit of State, local, or tribal
11 government or a quasi-public State or local
12 government agency;

13 “(ii) a food access or community
14 health organization committed to improv-
15 ing access to healthy foods;

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

21 “(iv) other organizations interested in
22 improving access to healthy foods in under-
23 served areas.

24 “(10) REGIONAL FOOD HUB.—The term ‘re-
25 gional food hub’ means a business or organization

1 that actively manages the aggregation, distribution,
2 and marketing of source-identified food products pri-
3 marily from local and regional producers to
4 strengthen the ability of the producers to satisfy
5 wholesale, retail, and institutional demand.

6 “(c) ESTABLISHMENT.—

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

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

14 “(3) ELIGIBLE PROJECTS.—

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

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

22 “(i) include a supermarket, grocery
23 store, regional food hub, farmers market,
24 or other 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)(I) agree to accept benefits
18 under the supplemental nutrition assist-
19 ance program established under the Food
20 and Nutrition Act of 2008 (7 U.S.C. 2011
21 et seq.); or

22 “(II) in the case of a regional food
23 hub, serve those retailers that accept sup-
24 plemental nutrition assistance program
25 benefits.

1 “(C) REQUIREMENTS.—

2 “(i) DEFINITIONS.—In this subpara-
3 graph:

4 “(I) PERISHABLE FOOD.—

5 “(aa) IN GENERAL.—The
6 term ‘perishable food’ means food
7 that is fresh, refrigerated, or fro-
8 zen.

9 “(bb) EXCLUSION.—The
10 term ‘perishable food’ does not
11 include canned goods.

12 “(II) STAPLE FOOD.—

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

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

1 “(III) VARIETY.—The term ‘vari-
 2 ety’ means an assortment of different
 3 types of food items.

4 “(ii) AVAILABILITY OF FRESH FRUITS
 5 AND VEGETABLES.—For purposes of sub-
 6 paragraph (B)(vii), to expand or preserve
 7 the availability of fresh fruits and vegeta-
 8 bles in underserved areas shall mean that
 9 the project—

10 “(I) carries a variety of fresh
 11 produce, as defined by the national
 12 fund manager to reflect differences in
 13 project size and type;

14 “(II) sells food for home prepara-
 15 tion and consumption; and

16 “(III) at a minimum—

17 “(aa) offers for sale at least
 18 3 different varieties of food in
 19 each of the 4 staple food groups
 20 (bread and grains, dairy, fruits
 21 and vegetables, and meat, poul-
 22 try, and fish), with perishable
 23 food in at least 2 categories, on
 24 a daily basis; or

1 “(bb) has a store at which
2 at least 50 percent of the total
3 sales of the store (including food
4 and nonfood items or services)
5 are from the sale of eligible sta-
6 ple food.

7 “(iii) REGIONAL FOOD HUBS.—For
8 purposes of subparagraph (B)(vii), to ex-
9 pand or preserve the availability of fresh
10 fruits and vegetables in underserved areas
11 shall mean that the project supplies a vari-
12 ety of fresh produce to a healthy food re-
13 tailer that is—

14 “(I) located in an underserved,
15 low and moderate income area; and

16 “(II) participating in the supple-
17 mental nutrition assistance program
18 established under the Food and Nutri-
19 tion Act of 2008 (7 U.S.C. 2011 et
20 seq.).

21 “(D) INCOME CRITERIA.—Each eligible
22 project shall be located in or, in the case of a
23 regional food hub, serve—

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 or, in the case
 15 of a regional food hub, serve an under-
 16 served area, as determined by the partner-
 17 ships according to criteria established by
 18 the national fund manager.

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

23 “(I) Population density.

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

1 “(III) Car ownership.

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

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

9 “(F) SERVING AN UNDERSERVED AREA.—
10 For the purposes of subparagraphs (D) and
11 (E), to serve an underserved area shall mean
12 that the project to which the regional food hub
13 supplies fresh produce or other healthy foods
14 includes—

15 “(i) healthy food retailers that partici-
16 pate in the supplemental nutrition assist-
17 ance program established under the Food
18 and Nutrition Act of 2008 (7 U.S.C. 2011
19 et seq.);

20 “(ii) healthy food retailers that are lo-
21 cated in low and moderate income areas
22 described in subparagraph (D); and

23 “(iii) institutions such as hospitals,
24 schools, and food banks that largely serve

1 low and moderate income areas as so de-
2 scribed.

3 “(4) PRIORITY PROJECTS.—

4 “(A) IN GENERAL.—Priority shall be given
5 to projects that—

6 “(i) are located in severely distressed
7 low-income communities, as defined by the
8 Community Development Financial Insti-
9 tutions Fund of the Department of the
10 Treasury; and

11 “(ii) include 1 or more of the fol-
12 lowing characteristics:

13 “(I) The project will create or re-
14 tain quality jobs in the community, as
15 determined in accordance with sub-
16 paragraph (B).

17 “(II) The project has community
18 support in terms of store quality, af-
19 fordability, site location, and coordina-
20 tion with local community plans or
21 other programs promoting community
22 and economic development.

23 “(III) The project supports re-
24 gional food systems and locally grown
25 foods, to the extent available.

1 “(IV) In major metropolitan
2 areas, the project is associated with a
3 transit-oriented development project.

4 “(V) In areas with public transit,
5 the project is accessible by public
6 transit.

7 “(VI) The project involves the
8 reuse of a building that is listed in or
9 eligible for the National Register of
10 Historic Places.

11 “(VII) The project involves a
12 brownfield or grayfield (as those
13 terms are used in the Comprehensive
14 Environmental Response, Compensa-
15 tion, and Liability Act of 1980 (42
16 U.S.C. 9601 et seq.)).

17 “(VIII) The estimated energy
18 consumption of the project, calculated
19 using building energy software ap-
20 proved by the Department of Energy,
21 will qualify the project for designation
22 under the Energy Star program estab-
23 lished by section 324A of the Energy
24 Policy and Conservation Act (42
25 U.S.C. 6294a).

1 “(IX) The project involves
2 women- and minority-owned busi-
3 nesses.

4 “(B) QUALITY JOBS.—For purposes of
5 subparagraph (A)(ii)(I), a quality job is a job
6 that—

7 “(i) provides wages that are com-
8 parable to or better than similar positions
9 in existing businesses of similar size in
10 similar local economies;

11 “(ii) offers benefits that are com-
12 parable to or better than what is offered
13 for similar positions in existing local busi-
14 nesses of similar size in similar local econo-
15 mies; and

16 “(iii) is targeted for residents of
17 neighborhoods with a high proportion of
18 persons of low income (as that term is de-
19 fined in section 102(a) of the Housing and
20 Community Development Act of 1974 (42
21 U.S.C. 5302(a))) through local targeted
22 hiring programs.

23 “(d) DUTIES OF THE SECRETARY.—

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

1 “(A) designate a national fund manager to
2 manage national funds;

3 “(B) oversee the Initiative nationally;

4 “(C) work closely with the designated na-
5 tional fund manager—

6 “(i) to ensure that funds are used ap-
7 propriately and in the most effective man-
8 ner practicable; and

9 “(ii) to develop the program strategy
10 into a detailed work plan, program, and
11 operating budget;

12 “(D) review and approve the operating
13 budget for the national fund manager to ensure
14 that the administrative costs are—

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

17 “(ii) connected to the costs of oper-
18 ations; and

19 “(iii) reflect efficient operations by the
20 national fund manager; and

21 “(E) make available to the public an an-
22 nual report, using data obtained from the De-
23 partment of Agriculture, the Department of
24 Health and Human Services, and the Commu-
25 nity Development Financial Institutions, that

describes the impacts of the Initiative, including tracking health and economic development indicators at the local, State, and national levels to determine the impacts of individual projects and the collective impact in local areas and statewide of funded projects and the Initiative overall.

“(2) NATIONAL FUND MANAGER.—The Secretary shall—

“(A) select the national fund manager through a competitive process from among community development financial institutions that have a proven and recent track record of success and effectiveness in—

“(i) attracting private capital;

“(ii) developing and managing programs that provide grants and loans to support supermarkets and other healthy food retailer business enterprises in low- and moderate-income communities, including the development of grocery stores, farmers markets, and other healthy food retailer models;

“(iii) making and servicing loans that are similar to loans proposed in the Initia-

1 tive or having a record of otherwise suc-
2 cessfully investing in healthy food retailer
3 development projects;

4 “(iv) effectively managing multiple
5 contracts and subcontractors;

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

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

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

14 “(3) COORDINATION.—

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

21 “(B) APPROVAL REQUIRED.—The Sec-
22 retary shall review and approve the work plan,
23 program budget, and administrative costs under
24 subsection (e)(4)(C) prior to entering into an

1 agreement with the national fund manager to
2 administer the Initiative.

3 “(4) PERFORMANCE TARGETS.—

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

9 “(B) GEOGRAPHIC SPREAD.—Partnerships
10 funded by the Initiative shall be geographically
11 diverse and representative of the underserved
12 areas across the United States.

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

19 “(D) FINANCIAL EFFECTIVENESS OF THE
20 NATIONAL FUND MANAGER.—The national fund
21 manager and any local financial institution in-
22 volved in a partnership shall demonstrate on-
23 going capacity and timeliness in raising private
24 capital and disbursing funds as required under
25 the Initiative.

1 “(E) TECHNICAL ASSISTANCE EFFECTIVE-
 2 NESS OF THE NATIONAL FUND MANAGER.—The
 3 provision of technical assistance by the national
 4 fund manager shall be evaluated based on—

5 “(i) the responsiveness of the national
 6 fund manager to requests for assistance;
 7 and

8 “(ii) the ability of the national fund
 9 manager to craft programs that develop
 10 needed new capacities in partnerships.

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

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

18 “(1) ALLOCATION OF FUNDS.—

19 “(A) IN GENERAL.—The national fund
 20 manager shall—

21 “(i) allocate at least 70 percent of any
 22 Federal appropriation made to carry out
 23 this section to partnerships that are se-
 24 lected based on the criteria described in
 25 paragraph (3);

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

9 “(iii) use not more than 25 percent of
 10 any Federal appropriation made to carry
 11 out this section to establish regional food
 12 hubs.

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

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

18 “(I) the national funds received
 19 from the national fund manager under
 20 subparagraph (A)(i) to create 1 or
 21 more revolving loan programs or other
 22 revolving pools of capital or other
 23 products to facilitate financing of local
 24 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 healthy food retailers
15 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 healthy food retailers in under-
15 served 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 a limited number of
25 existing partnerships that have demonstrable

1 capacity to implement fresh food financing pro-
2 grams in underserved areas quickly, and for
3 which there is demonstrable, significant need
4 for improved access to healthy food.

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

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

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

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

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

1 “(iv) the lack of supermarkets and
 2 other healthy food retailers in low- and
 3 moderate-income areas that would be
 4 served by the partnership;

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

10 “(vi) the degree of community engage-
 11 ment and support in the development and
 12 retention of supermarkets and other
 13 healthy food retailers; and

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

17 “(4) ADMINISTRATIVE COSTS.—

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

24 “(i) costs for research and evaluation,
 25 technical assistance, and training; and

1 “(ii) program and operating costs.

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

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

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

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

17 “(f) PARTNERSHIPS.—

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

23 “(2) ADMINISTRATION.—Each partnership shall
 24 designate a community development financial insti-

1 tution or other organization that is capable of ad-
2 ministering a loan and grant program—

3 “(A) to execute grant agreements with the
4 national fund manager; and

5 “(B) to serve as the manager of local
6 funds.

7 “(3) RESPONSIBILITIES OF PARTNERSHIPS.—A
8 partnership shall—

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

12 “(B) provide marketing and outreach to
13 communities, the supermarket industry, other
14 healthy food retailers, State and local govern-
15 ment officials, and civic and public interest or-
16 ganizations—

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

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

24 “(C) review and underwrite projects to de-
25 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 healthy food retail operators and de-
9 velopers;

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 healthy food re-
15 tail space created or retained and regional
16 food hub capacity developed; and

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

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

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

1 “(i) the activities of the partnership;

2 “(ii) the expenditure of local funds;

3 and

4 “(iii) success in meeting performance

5 targets and satisfying such other terms

6 and conditions as are specified in the

7 agreement between the partnership and the

8 national fund manager; and

9 “(H) coordinate with the national fund

10 manager for the smooth operation of the Initia-

11 tive.

12 “(4) ADMINISTRATIVE COSTS.—

13 “(A) IN GENERAL.—As a condition on the

14 receipt of assistance under this section, each

15 partnership shall submit to the national fund

16 manager for approval a 3-year budget and plan

17 for all program and operating costs, includ-

18 ing—

19 “(i) costs for research and evaluation,

20 technical assistance, and training; and

21 “(ii) administrative and operating

22 costs.

23 “(B) EARNED REVENUES.—Earned reve-

24 nues from loan fees and interest may be ex-

25 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.—

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

9 “(A) for the conduct of a rigorous per-
 10 formance evaluation to determine the impact of
 11 the Initiative at the end of the initial 5-year pe-
 12 riod, which the Secretary shall submit to Con-
 13 gress;

14 “(B) to establish metrics for evaluating the
 15 effectiveness of the Initiative; and

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

19 “(2) TERMINATION OF CONTRACTS FOR
 20 CAUSE.—The Secretary may promulgate regulations
 21 under which the Secretary may terminate contracts
 22 for cause if the Secretary determines that to be nec-
 23 essary.

24 “(i) AUTHORIZATION OF APPROPRIATIONS.—There is
 25 authorized to be appropriated to the Secretary to carry

1 out this section \$125,000,000, to remain available until
2 expended.”.

3 (b) CONFORMING AMENDMENT.—Section 296(b) of
4 the Department of Agriculture Reorganization Act of
5 1994 (7 U.S.C. 7014(b)) is amended—

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

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

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

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

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