

OFFICE OF THE GOVERNOR

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GOVERNOR



ALABAMA DEPARTMENT OF ECONOMIC  
AND COMMUNITY AFFAIRS

**KENNETH W. BOSWELL**  
DIRECTOR

**STATE OF ALABAMA**

October 12, 2018

TO: All Interested Parties

FROM: Kenneth W. Boswell  
Director

A handwritten signature in blue ink, appearing to read "KW Boswell".

SUBJECT: Healthy Food Financing Program

The Alabama Legislature has provided the Alabama Department of Economic and Community Development (ADECA) with \$200,000 in the second round of Healthy Food Financing Program funds for the program year 2019. ADECA has fully obligated \$300,000 made available in the first round during the program year 2018. ADECA will distribute the second round of funds through a one-time statewide competition to projects that meet legislative intent to increase availability of fresh and nutritious food in underserved communities. This Memorandum serves to inform the interested parties to apply or assist potential or eligible vendors and nonprofits to apply to ADECA by the application deadline of January 10, 2019. The attached policies and procedures explain the specific qualifying requirements and provides an application form to be completed along with a list of attachments to be submitted with the application.

For elected officials, nonprofits, and other interested parties familiar with the existence of food deserts in their communities, this program offers an excellent opportunity to address those needs. Potential projects may comprise of grocery stores, expansion or renovation of grocery stores, installation of cold/freezer equipment in existing stores, mobile grocery vans and delivery, food banks, farmers markets, and other venues that will help to bring healthy foods to families in food desert areas. The financial feasibility and long-term sustainability of the project will drive the funding decision.

ADECA will hold an application workshop to discuss the program on October 29, 2018, at 10:30 AM in room #312, Alabama Center for Commerce, 401 Adams Avenue, Montgomery, Alabama 36104. The parking code for the garage is 4910#, and the attendees are advised to enter from Decatur Street.

If there are any questions about this program, please call Tammy Perdew at (334)353-3266 or Shabbir Olia at (334)242-5468.

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# Healthy Food Financing Program Alabama



**Alabama Department of Economic and Community Affairs**

**401 Adams Avenue Suite 592**

**Post Office Box 5690**

**Montgomery, Alabama 36104**

**Telephone (334) 242-0492**

**[www.adeca.alabama.gov](http://www.adeca.alabama.gov)**

**Applications are due January 10, 2019, at 5:00 pm.**

## **Policies and Procedures**

### **HEALTHY FOOD FINANCING PROGRAM**

#### Purpose

The Healthy Food Financing Act of 2015 provided for the establishment of a statewide program to provide financing to retailers to open, renovate, or expand grocery stores in low and moderate-income areas to increase the availability of fresh and nutritious food, including fruits and vegetables, in underserved communities. The Act further required the Alabama Department of Economic and Community Affairs (ADECA) to administer the Healthy Food Financing Program.

#### Definitions

“ADECA” means the Alabama Department of Economic and Community Affairs, a state agency designated by the Act to administer the Healthy Food Financing Program.

“Financing” means loans or grants.

“Grocery Store” means a for-profit or nonprofit self-service retail establishment that primarily sells meat, seafood, fruits, vegetables, dairy products, dry groceries and household products and includes other healthy or fresh food retailers/vendors.

“Low Income Area” means a census tract, as reported in the most recent decennial census, that has a poverty rate of at least 20 percent or in which the median family income does not exceed 80 percent of the greater of statewide or metropolitan median family income.

“Moderate Income Area” means a census tract in which the median family income is greater than 80 percent but less than 95 percent of the median family income for the state or metropolitan area.

“Underserved Community” means a census tract determined to be an area with low supermarket access by either the U.S. Department of Agriculture’s Food Access Research Atlas or through a methodology adopted by another governmental or philanthropic healthy food initiative.

“Healthy Food Financing Fund” means the Fund comprised of federal, state, or private grants or loans, federal tax credits, or other type of financial assistance for the

construction or expansion of grocery stores to expand access to fresh produce and other nutritious foods in underserved communities.

### Healthy Food Financing Fund

The Healthy Food Financing Fund (hereafter referred to as the Fund) is established to assist retailers with the construction or expansion of grocery stores to expand access to fresh produce and other nutritious foods in underserved communities. At least 25 percent of the monies in the Fund will be expended in the form of grants or forgivable loans. Also, up to 10 percent of the monies in the Fund may be used for administrative and operational costs.

The Healthy Food Financing Fund will be capitalized with an initial allocation of \$300,000 from the Governor and the Legislature. In addition, ADECA will reach out to foundations and other governmental, nonprofit and philanthropic organizations for grants, contributions and donations as well as leverage, as much as possible, private investment.

### Administration and Guidelines

As soon as the program is in place, ADECA will start receiving applications for assistance. ADECA through websites and other means will reach out to nonprofits, CDFIs, local governments and other interested parties to work with existing or potential grocery vendors to identify the needs for healthy foods in underserved communities (<http://adecagis.alabama.gov/cmvmaster/viewer/index.html>) and develop projects to serve those needs. Depending upon the size and nature of the projects, multiple sources of funds may be necessary. The Small Business Development Centers may also become useful in assisting and developing viable projects.

ADECA's assistance will be in the form of grants or forgivable loans and will be in the amount and for the purposes necessary to carry out the project. ADECA's assistance will be up to 50 percent of the project cost, not to exceed \$50,000 per project.

The projects will be submitted through a formal application process and must meet eligibility requirements as follows:

1. Financing request must be for construction of new grocery stores, renovation or expansion of stores, or infrastructure upgrades that improve the availability and quality of fresh produce and other healthy foods.
2. An applicant may be a for-profit, non-profit, or governmental entity.

3. The project must be in a low or moderate-income area and must serve an underserved community.
4. The applicant must demonstrate the capacity to successfully implement the project and further demonstrate that the project will be economically self-sustaining.
5. The proforma shall demonstrate ability to repay debt.
6. At least for a period of five years, applicant agrees to allocate no less than 30 percent of retail space for the sale of perishable foods including fresh or frozen dairy, fresh produce, whole grains, fresh meats, poultry and fish.

As much as possible, the project must hire local residents.

Healthy Food Financing Funds can be used for following purposes:

1. Site acquisition and preparation
2. Construction and build-out costs
3. Equipment and furnishing
4. Workforce training and security
5. Pre-development costs such as market studies and appraisals
6. Energy efficiency measures
7. Working capital for first-time inventory and startup costs

The project financing decision will include the following considerations:

1. Level of need in the area
2. Degree to which the project requires an investment of public financing
3. Degree to which the project will have a positive economic impact including new or retained jobs for local residents
4. Degree to which the project will participate in state and local health department initiatives to educate consumers on nutrition and healthy eating habits

ADECA Director may provide a waiver from any requirements or ceilings when so warranted to impact the program's effectiveness and sustainability.

The applicant for ADECA assistance must complete the attached application form and enclose the following information:

1. Business Plan
2. Financial statements for last 3 years
3. Tax returns for the last 3 years
4. Personal financial statements
5. Evidence of commitment for other sources of funds
6. Articles of Incorporation, if applicable

All projects receiving assistance from ADECA will be subject to monitoring and accountability requirements. Simultaneously, ADECA will report annually to the Legislature on the projects funded, the geographic distribution of the projects, the costs of the program, the administrative cost of the program, and the outcomes including the number and types of jobs created and health impacts associated with the program.



## Healthy Food Financing Program Business Loan/Grant Application

**(Applications are due January 10, 2019, at 5:00 pm)**

Date of Application:	Date Business Started/New Business:	Form of Business (check one):	
Name of Business:		<input type="checkbox"/> For-Profit Corporation <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Partnership <input type="checkbox"/> Non-Profit Corporation <input type="checkbox"/> Other: _____	
Street Address:			
City:	County:		
State: <p style="text-align: center;">AL</p>	Zip Code:	Federal Tax ID or SSN:	
CEO:		Phone No.:	Email Address:
CEO Address (if different from above):			
Contact Person and Title:		Phone No.:	Email Address:
Contact Person Address (if different from above):			
Briefly Describe Business:			
Business Owner(s):			Ownership Interest (%)
Name	Address		
Total Cost of Project: \$	Amount Requested ( <i>Not to Exceed 50% of Total Cost</i> ): \$	Other Funds: \$	
Source of Other Funds:			
# of Employees Before Loan/Grant:		Projected # of Employees 1 Year After Loan/Grant:	

The undersigned hereby certifies that the information contained in this application and attached materials are true and correct. The undersigned affirms that ADECA is authorized to request credit information on business(es), principal(s) and others associated with this application.

\_\_\_\_\_  
Signature    Printed Name    Title    Date

**Project Summary:**

*Please describe in detail the full scope of the project including the proposed use of grant funds.  
Attach additional pages as necessary.*

**Please include the following list of attachments with the application:**

- 1. Business Plan**
- 2. Financial Statements for last 3 years**
- 3. Tax Returns for last 3 years**
- 4. Personal Financial Statements**
- 5. Evidence of Commitment for Other Sources of Funds**
- 6. Articles of Incorporation, if Applicable**

**Please send this application with attachments to:**

Kenneth Boswell, Director  
Alabama Department of Economic & Community Affairs  
Healthy Food Financing Program  
Post Office Box 5690  
Montgomery, Alabama 36103