

DEVELOPING A SUCCESSFUL JOB CREATION PROJECT

A Toolkit



BY THE COMMUNITY ACTION PARTNERSHIP



Table of Contents

Introduction	1
About this Toolkit.....	1
How to Use this Toolkit.....	1
Designing a Successful Project.....	2
Why does our community need this project?	3
What will our project achieve for our agency?	4
What will our project achieve for our community?	4
What approach will our project take?.....	5
What kind of business will we create or expand?	6
Is a social enterprise right for us?.....	7
What kinds of jobs will we create?.....	8
Who will fill them? What wages and benefits do we anticipate providing?.....	8
What is the financial feasibility of the project? What are the financial strategies?	9
Do we have site control?	10
Do we have a solid business plan?	10
Why is our organization the right organization to do this?.....	10
Does our organization, staff, and partners have the skills required to be successful?.....	11
Do we have the necessary commitments in place?	12
Funder Profile: The Community Economic Development Program	13
Other Resources.....	15
Appendix: Profiles of Successful CED Projects.....	16
Fayette County Community Action Agency.....	17
Fresno CDFI.....	21
Garrett County Community Action Committee.....	24
Little Dixie Community Action Agency	27
Total Action for Progress	30
Westmoreland County Community Action	33

Introduction

Raising the necessary funds to get a large economic development project off the ground is difficult. It is rare that one source will provide all of the needed financing, and lining up funding from several different sources is complicated; there are a limited number of funding sources and significant competition.

About this Toolkit

This toolkit poses a series of discussion questions that will help your nonprofit organization think deeply about the elements required to design an economic development project that can successfully secure funding to create full-time, permanent jobs in low-income communities.

While *Community Economic Development* often refers to both housing and economic development projects, this toolkit focuses specifically on **large-scale job creation projects**. Examples of large-scale job creation projects include real estate development (retail, commercial, industrial projects) and business development (social enterprises and business lending programs).

A wide variety of funding sources are covered, and there is a section that details the specific requirements of the Community Economic Development (CED) program at the Office of Community Services (OCS), which provides substantial grants for these kinds of large-scale job creation projects.

This toolkit also includes an appendix with six case studies that provide concrete examples of successful economic development projects that peer nonprofit organizations have completed across the country. These case studies include details on how each of these groups obtained their funding, how many jobs were created, the type of jobs, the lead time needed for planning for the project, what additional services they provided to the people with low incomes who were hired, and other basic information on the structure of the projects.

How to Use this Toolkit

Each funder will likely require you to complete an entirely different process in order to secure funds. It's tempting to just jump in and start responding to each of the different elements of each application. However, you can save significant time by hammering out all of the details of your proposed project before you begin writing.

Use the questions in this toolkit to inform discussions at your organization around project feasibility. Once you can answer each of these questions in detail, you'll be on your way to designing a successful project, and will have a much easier time completing applications for funding.

As your organization is having these conversations, use the embedded checklists to track your progress in designing each area of your project, and to unearth areas where you need to dig deeper as you prepare to apply for funding.

For elements where you're struggling, review the case studies of projects that handled that element well to learn from your peer organizations. While the case studies are all from Community Action Agencies, the projects that they carried out, the information on project design, and the outcomes achieved are applicable to any nonprofit organization interested in community development.

Designing a Successful Project

In many ways, the most difficult part of any major economic development effort is the initial selection of a project. Developing a project that is feasible takes careful thought and deliberation.

Funders are looking for projects that feel fully-formed, with all key elements in place. In order to be competitive for funding, your proposed project needs to include:

- Demonstrable prior experience with similar projects to show that your organization is capable of successfully managing the project,
- A viable plan for a profitable enterprise that will create full-time jobs for people with low incomes,
- Qualified staff,
- Additional funding sources in place,
- Site control,
- The commitment of any necessary partners, and
- A robust business plan that shows profitability and long-term sustainability.

Each of these key elements will be discussed in more detail in this toolkit. Examine them carefully and determine if you'd be able to explain each of these elements in detail in a funding application. If you aren't, focus on the ones that are lacking, and plan to approach funders once you have secured them all, in order to increase your chances of successfully securing funding. Many of the funding sources available for large-scale projects have applications that require a significant investment of time and should not be undertaken unless your project is truly competitive.

DISCUSS EACH OF THE FOLLOWING QUESTIONS WITH YOUR TEAM.
TRACK YOUR PROGRESS USING THE CHECKLISTS.
LEARN FROM YOUR PEERS USING THE CASE STUDIES.
DIG DEEPER INTO THE PROJECT ELEMENTS THAT ARE UNDER-DEVELOPED.

Ask Yourself...

Why does our community need this project?

You know that your community needs this project, but you need evidence! Funders won't be able to take your word for it; you'll need to show the need for your project with recent data.

- Use recent data to develop a thorough description of the current demographics and economic conditions in your area.**
 - Show** where the community is heading, and how it is changing.
 - Highlight** what needs the community might face in the future in terms of economic development and job creation.
 - Demonstrate** how your organization is positioned to address them.

Tip: use U.S. Census Bureau data on poverty, labor market, employment, education, and home ownership to build your case.

Demographic information is particularly important for Federal and State programs, which focus on aiding communities that are low- and moderate-income. Likewise, banks, which must comply with the federal Community Reinvestment Act (CRA), must show regulators that they are investing in projects in economically distressed areas within their service areas.

- Show that the proposed project has grown out of a local planning process that involves the community.** Examples of local planning processes include:
 - ✓ Community needs assessments, like those commonly conducted by local Community Action Agencies,
 - ✓ Comprehensive plans developed for HUD by local governments with community input, and
 - ✓ Local or regional economic development or workforce development strategies.

If your organization has been part of a specific local economic development planning process for the area, this should be highlighted, along with any information on how the proposed project has grown out of that process.

Garrett County Community Action Committee (page 24) did a great job demonstrating that their proposed project filled a community need for both new jobs and specific goods or services. They were involved with a local committee working to create new jobs for county residents who had been laid off by the closing of the county's largest employer.

What will our project achieve for our agency?

In addition to community impact, funders are also interested in building the capacity of local nonprofits to create jobs and develop large projects.

It is important to show how an investment in your organization will not only lead to the completion of the project at hand, but **will also build the capacity of the organization to complete similar projects in the future**, thereby creating more jobs and community assets. This is more attractive to funders than a “one off” project that doesn’t lead to more community benefits in the future.

When approaching potential funders, be ready to:

- Describe previous projects that your organization has successfully implemented.** Be sure to include how your organization and the project team:
 - ✓ Managed the project,
 - ✓ Formed local partnerships, and
 - ✓ Raised additional funding from other sources.

What will our project achieve for our community?

Funders and investors are interested in how your project will benefit not just your agency, but also your wider community. Describe the full breadth of the impact of your proposed project by explicitly connecting your project to community benefits.

- Describe how the jobs that you’re creating will positively impact the community by:**
 - ✓ Paying well,
 - ✓ Providing health care and/or retirement benefits,
 - ✓ Providing support social services for hired workers (describe services),
 - ✓ Building a new business to serve the community,
 - ✓ Increasing the local tax base,
 - ✓ Reducing the need for government support for hired workers, and
 - ✓ Increasing economic independence for hired workers and their families.

Funders are interested in seeing that the people with low incomes that are hired for the jobs also receive needed social services that complement their employment and improve their chances for success and economic independence. These services can be critical to the long-term impact of the project.

- Describe the population from which your proposed business will hire; their barriers to employment and how your organization plans to overcome them.**

Real-life examples of supportive social services are described in the case studies in the Appendix. Some of the services offered include:

- ✓ Transportation to work,
- ✓ Child care,
- ✓ Financial literacy counseling, and
- ✓ Alcohol and drug treatment.

Westmoreland County Community Action's American Architectural Salvage (page 33) described how they purposely hire area residents that few others will hire; including those with a history of substance abuse for whom they provide needed counseling.

What approach will our project take?

Funders will need a lot of details about your proposed project approach. Consider the following questions to build a comprehensive project approach.

- Describe how your project will be structured.** For example, will your organization *operate the project through a subsidiary*? Examples of projects with this structure include:

- Republic Food Enterprise Center (page 17),
- American Architectural Salvage (page 33), and
- Adventure Sports in Garrett County, Maryland (page 24).

Another possible approach is to *make a loan or equity investment in a separate business*. Examples of projects with this structure include:

- Fresno CDFI (page 21), and
- Total Action for Progress (page 30).

For a project in which you will be making a loan, you will want to design in advance and be able to describe all the terms of the loan process from standards for obtaining a loan through ensuring repayment the loan terms. You'll also want to describe any other financing the borrower has in place.

Grant funds or low-interest loans that support the project will expect you to provide any loans at low or below market rates. The description of terms should also include the collateral or other means and processes that will be used to insure repayment of the loan, so that the loan capital can be re-loaned to other businesses in the future and create more impact in the community.

- Describe your organization's track record in lending (if applicable).** If your project structure includes a loan or equity investment, it's important to be able to answer questions such as:

- ✓ Have you been a lender in the past?

- ✓ What is the default rate on your past loans?
- ✓ Is your organization a Community Development Financial Institution (CDFI) or Small Business Administration Microenterprise lender?

CDFI or Small Business Administration Microenterprise lender designations are important, as they show that Federal agencies have confidence in the track record and capacity of your organization. Banks, in particular, look to see if applicants have been certified as a CDFI, as grants or loans to CDFIs give them more credit with their regulators during their Community Reinvestment Act exams. This designation greatly helps when seeking grants or loans from financial institutions.

What kind of business will we create or expand?

Funders will want to see that the business you are proposing:

- ✓ Provides a needed product or service to the community,
- ✓ Has growth potential, and
- ✓ Is part of a sector that is already or has the potential to become a strong sector of the economy.

Think broadly about what is needed in your community. Examples of successful projects created by CAAs and others are available from industries as diverse as agriculture, childcare, health care, and tourism. These were all identified as growth areas of the local economy with significant potential for business growth and job creation.

For example, recognizing there was a need for access to healthy food, **Total Action for Progress** (page 30) created a grocery store.

The market research you conduct will help you make informed decisions. Providing sufficient market research is critical to making the case for financial support. Understanding the market and its risks in advance enables you to mitigate those risks and pivot the project if your original plans don't work out.

Use market research to show a demand for your proposed business.

- ✓ Use industry-specific data to describe how the industry is doing overall, trends, any obstacles that are particular to it, and how these will be addressed in your business.
- ✓ Describe existing competitors to your proposed business.
- ✓ Paint a clear picture of your potential customers.
- ✓ Describe the size and economic conditions of your marketplace.

Describe how and why your proposed business will be a positive addition to the market. This could include information on how it will contribute to the community and the agency in terms of employment, revenue, tax revenue and so forth.

Describe risks and how you will limit them. Describe the assets and limitations of your organization and community in which you work. Develop an action plan to spot problems in the market and lower the risk profile of your organization and the proposed project.

*Several projects profiled in the Appendix also focus on improving existing sectors of the local economy, including **Garrett County Community Action Committee** in Maryland (page 24) and **Little Dixie CAA** in Oklahoma (page 27), which built on their existing tourism sectors and **Fayette County CAA**, in Pennsylvania (page 17) which built on the large local agricultural sector.*

***Westmoreland County Community Action** (page 33) did research on a similar business in nearby Pittsburgh and based on evidence of its success, decided that a deconstruction business would work in Westmoreland County as well.*

***Total Action for Progress** in Roanoke, Virginia (page 30) was approached by an experienced local grocery store owner regarding the opening of a supermarket in an area that qualified as a “food desert,” with no other grocery stores in the immediate area. The owner’s knowledge of the industry and the population density of the neighborhood convinced TAP to make a loan.*

Is a social enterprise right for us?

Social enterprises that are owned by a nonprofit parent organization have a dual role (or double bottom line) of creating economic or other benefits to the community, and generating income for the parent nonprofit. It makes sense financially and benefits the community at the same time. This aspect of a project is also important, as it helps provide for the long-term sustainability of the organization and the project as well as makes the project attractive to potential funders.

Market research will also help you test the viability of your business idea against real world cases, so you can design a project that will not only help the community but also create a sustainable business that provides consistent employment and income to your organization. Some Community Action Agencies have created social enterprises that employ people who have been clients of theirs or who have similar needs as their clients.

For example, through its market research, the **Economic Opportunity Program** (EOP), in Elmira, New York was aware that the catering, culinary and food service industry was the fourth largest in their county. Using this knowledge, EOP created a social enterprise catering and bistro business. Clients received training in food services, supervised by a trained chef. While some clients were placed in jobs with existing caterers and restaurants, EOP also hired local people for their own catering company and in-house bistro that is open for breakfast and lunch to employees and community residents. Catering services are provided to local businesses and for a variety of community events. This social enterprise is now generating discretionary income for the agency.

Another example is the **Community Action Organization of Erie County** (CAO), in Buffalo, New York, which conducted research on food deserts (areas without adequate access to healthy, affordable food) and found that downtown Buffalo qualified. To address this need, create new jobs, and provide a new source of income for the organization, they created the Green Entrepreneurship Center, which focuses on urban organic farming and aquaponics. They sell fruits, vegetables, herbs, and fish grown on six farms to local residents and high-end restaurants in the Buffalo area, generating much of the enterprise’s discretionary income. The products offered to the community were selected based on community input as to what

would be of most interest to area residents. An initial return of 25 percent on their investment led CAO to reinvest in developing more products.

CAO developed their social enterprise as part of their strategic plan and community needs assessment. Before getting started, they also did research on similar projects nationally and hired staff with specific expertise in this area, all of which were critical to the project's success. These are just two examples of social enterprises that meet the needs of the local community while generating a steady income for the organization.

- Discuss whether a social enterprise might be a smart approach for your organization.** Does your market research support your decision?

What kinds of jobs will we create?

Full time positions that employ people with low incomes from the community are the most attractive jobs for funders.

- Describe the kinds of jobs that your project will create.** Positions that offer benefits and the opportunity for advancement are the most desirable. Examples of some of the jobs that have been created by the projects highlighted in the appendix include:
 - ✓ Managers, meat cutters, cashiers and other grocery store employees;
 - ✓ Building deconstruction crew members, crew supervisors, store managers, cashiers;
 - ✓ Facilities managers and maintenance workers at state parks;
 - ✓ Small business owners, restaurant staff, welders, factory workers;
 - ✓ Owners of food products businesses, site managers, staff to help farmers process their crops into value added products; and
 - ✓ Managers of a whitewater rafting facility, office administrative staff, and whitewater guides.

Who will fill them? What wages and benefits do we anticipate providing?

Funders will want to know who will fill your jobs and details about the wages and benefits you will provide. It's also critical to be clear about how these wages and benefits can be supported by the business.

- Describe the wages and benefits that you'll offer,** including:
 - ✓ What they are,
 - ✓ How they compare to local wages,
 - ✓ How they compare to the jobs and wages generally available to the target clientele that you plan to hire for these positions, and
 - ✓ How your business can support these wages and benefits.

*The wages and benefits outlined in the example of **Westmoreland County Community Action** (page 33) are above those that would normally be available to the people they aimed to hire. Many of the employees have a history of substance abuse and have struggled with employment. If it weren't for the social enterprise operated by Westmoreland County Community Action, most of them would be employed at minimum wage jobs with little if any benefits. They receive living wage jobs and benefits and improve their work history through their employment at American Architectural Salvage.*

What is the financial feasibility of the project? What are the financial strategies?

Funders will want to see a detailed description of how the project will be carried out, once all of the funding is in place.

- List the assumptions underlying your proposed business that will affect your financial feasibility and strategies.** These assumptions might include things such as:
 - ✓ Location,
 - ✓ Market size,
 - ✓ Competition,
 - ✓ Growth potential,
 - ✓ Resources needed to operate the project,
 - ✓ Financial needs (including future financial projects and profitability), and
 - ✓ Potential obstacles that may impede success.

- Develop and provide detailed financial statements including projections, impact, and contingency plans.** The financial feasibility of the project is critical. Evidence should be provided to the potential funder through financial documents, such as:
 - ✓ Profit and loss statements,
 - ✓ Cash flow statements, and
 - ✓ Balance sheets.

- Describe your project's additional funding sources.** Funders will want to see the complete financial picture, so you should be prepared to list any other funding sources and what portion of the project each will cover, so that funders can easily see where their money would fit into the overall picture and its importance.

- Develop a quarterly timeline with specific milestones to be achieved.** This will give the funder a clear idea of how the project will be completed.

Do we have site control?

Funders will want to see evidence that you have control of the physical space that will be needed for the project, known as “site control.” Unless site control can be demonstrated, it will be difficult to obtain commitments from all the necessary funders.

- Collect evidence demonstrating site control.** Examples of evidence could include:
 - ✓ A signed deed indicating that your organization has possession of the property,
 - ✓ A commitment letter showing the willingness of the owner to sell the property to your organization upon receipt of a grant, or
 - ✓ A long-term lease that extends at least through the length of the grant or funding arrangement.

Do we have a solid business plan?

The business plan is as important for your organization as it is for any potential funder. It will serve as your strategic road map to guide the project. The plan helps your organization to consider the capacity needs of the project, what barriers may be faced, what staff, funding, and other resources will be needed, as well as how to plan contingencies in case there are problems.

The business plan should set the goals and benchmarks that will show whether a project is moving toward success. Once the project is launched, the plan will provide a way to measure progress.

- Craft a comprehensive business plan that lays out in detail your:**
 - ✓ Underlying assumptions (described above),
 - ✓ Detailed financial projects that prove financial feasibility (described above),
 - ✓ Evidence of site control (described above),
 - ✓ Plans,
 - ✓ Resources,
 - ✓ Experience,
 - ✓ Partnerships,
 - ✓ Timeline, and
 - ✓ Other funding sources.

Why is our organization the right organization to do this?

The capacity of your organization and of the specific employees that will be engaged in planning and carrying out the project is very important to your success and to potential funders. Funders will want to make sure that your organization has the proper fiscal procedures in place, sufficient staff time allocated to monitoring and carrying out the project, and that the skill set of the staff is appropriate.

- Collect evidence of your organization’s history and skill in carrying out similar projects requiring the skills necessary to be successful in your proposed project.** This might include things such as:
 - ✓ Negotiating with contractors, property owners, and funding sources;
 - ✓ An understanding of diverse public and private funding streams and the demands of funders;
 - ✓ Construction supervision (if it is a building project); and

- ✓ Financial management.

Does our organization, staff, and partners have the skills required to be successful?

Showing the quality and experience of your management team is key to making funders comfortable with committing substantial resources to your project.

- Demonstrate the direct experience of the organization with managing other large grants or loans.** Describe your organization's competitive advantage implementing this project:

- ✓ What sets your organization apart from others?
- ✓ What advantage do you have over your competitors?
- ✓ What assets does your organization bring to the table? This can include financial, program and human resources.

Examples would be things like property that you own, access to workers appropriate to the jobs that will be created, or access to consumers near by the project location.

Remember that funders are looking for organizational and staff capacity to successfully carry out large projects, *not necessarily a project identical to the one proposed.*

- Describe the direct experience of staff members in the management and oversight of similar projects.** Include the specific relevant experience of your key staff members. The track record of success and the networks your staff has created through your on-going work are important assets you can use in the new project.
- Detail the organizational and management experience of each of your project partners (if applicable).** Few funders want to take a chance on funding a large, complicated project when the applicant organization does not have prior experience. So, if your organization is lacking in experience, but your community has the need for a large economic development project, *it is critical to identify a partner organization that does have that experience.*

Part of the partnership should include the development of the capacity of your organization and staff to carry out similar projects in the future.

Garrett County Community Action Committee (page 24) and Westmoreland County Community Action (page 33) offer examples of different ways that this requirement can be met through the quality of their management team.

Westmoreland County Community Action partnered with two other southwestern Pennsylvania Community Action Agencies to create a social enterprise. One of these partners had already created a social enterprise and brought that experience to the application.

Do we have the necessary commitments in place?

- Gather evidence of formal support/approval from your board.** A resolution or minutes from a board meeting, which show that the proposed project has the formal approval of the board should be available, so that interested funders can see evidence of formal support by your organization for the project seeking funding.

- Gather evidence of informal community support and/or commitments.** It is important that your organization and/or the people who will be leading your project have positive relationships with the people, agencies, and institutions that can grant or loan you funds and that will provide you with local approvals you may need. This could be demonstrated via letters of support from local government agencies and/or nonprofit organizations that can attest to your organization's experience in job creation projects, and that show support for the proposed project.

- Gather evidence of support/commitments from other funders.** Provide evidence in the form of letters of commitment of other funding that will be used for the project. Commitments should be signed, and they should outline the terms of the funding that will come from other sources.

Funder Profile: The Community Economic Development Program

One of the most important grant programs available for large scale economic development projects is the **Community Economic Development (CED)** grant program at the Office of Community Services, in the U.S. Department of Health and Human Services, and it merits some specific discussion.

The CED program has been in existence since the 1960s and typically offers grants of up to \$800,000 for a wide variety of economic development projects, with an emphasis on creating permanent, full-time jobs for people with low incomes.

In addition to the areas discussed above, OCS also has some very specific requirements that are unique to the CED program, and some of the key requirements are described below, including:

- Cost per job,
- Money to be spent on community economic development, as opposed to training or social services, and
- Bonus points that may change from year to year.

Applications need to be sufficiently detailed to provide a clear sense of the proposed project, how it will be done, whether the proposed resources are adequate for the project, how the proposed outcomes will be met in a timely manner, and most importantly, and how all of the jobs will be created one year prior the end of the project period.

OCS requires that applicants have experience in economic development and want to see evidence of success with **two** similar projects that have been completed in the past ten years, to ensure that your organization has the capacity to successfully pull off a large project. If your organization does not have this level of experience, you can still meet this requirement by partnering with a more experienced community development corporation that does. This partner does not have to be involved in the actual development of the project, but can be retained to provide the applicant with technical assistance. As will be seen in the examples in the Appendix, there are several ways in which this requirement can be met.

The emphasis for the CED program is on the creation of new, full-time, year-round permanent jobs for people with low incomes (seasonal and part-time positions are not allowed to be counted towards the target numbers). Evidence must be presented to show that these requirements will be met, that the project will create a sufficient number of jobs, and that the project described is feasible. Retaining existing jobs is not an allowable activity; for jobs to count toward the requirement, they must be newly-created jobs. Construction jobs must be permanent to count toward the total required.

Garrett County Community Action Committee (page 24) had extensive experience in developing affordable housing, had made microenterprise loans to local businesses, and had worked closely with local governments to develop local entrepreneurship development strategies, all of which showed their capacity to create and manage large projects and highlighted the extensive partnerships that they had in place. These factors were critical to the decision by OCS to award them a grant.

Applicants to OCS must be sure that the cost of the full-time, permanent jobs to be created falls within the program guidelines. If you receive a grant from the CED program, the cost of the jobs created should not exceed \$20,000 per job for non-construction projects and \$25,000 per job for construction projects (cost-per-job numbers are as of 2018). For example, if a project were funded in whole or in part with a grant of \$800,000 from the CED program it would need to create at least 32 jobs if it is a construction project ($\$800,000/\$25,000 = 32$) and at least 40 jobs if it is not a construction project ($\$800,000/\$20,000 = 40$). Further, at least 75 percent of the new jobs created must be filled by people with low incomes.

OCS is interested in not only job creation, but in ensuring that employees have access to the supportive social services that can help them stabilize their living situations, no longer need government financial support, increase their skills, and improve their chances for finding better paying jobs in the future. The agency looks favorably on applications that describe the supportive services that will be provided as part of their work plan, including funding to be used toward the provision of complementary social services.

OCS wants the jobs to be created by at least one year before the end of the grant period and sustained for at least one year beyond the grant period. This is another reason why it is critical to have everything in place and ready to start at the time the grant is awarded.

To successfully recruit employees, you will need to have an outreach strategy and agreements with outside organizations for referrals of people with low incomes for the jobs that will be created. Specific information on the number and types of full-time jobs, wages, and benefits from the business(es) creating the jobs needs to be included. Evidence of the benefits offered must also be included, such as signed agreements with the businesses. Signed, written commitments from businesses pledging to provide competitive wages, paid leave, fringe benefits, career growth, and/or predictable and flexible scheduling practices are required. Financial projections from the business(es) creating the jobs also need to be included and should substantiate that there will be sufficient revenue to cover the costs of the described wages and benefits.

Other necessary resources for the project need to be in place at the time of the application. This includes personnel, sufficient financing, and site control for each business. Supportive documentation, such as a copy of a signed lease agreement is required. Any leases should be good for at least one year beyond the end of the grant period.

Like any investor, OCS wants to mitigate risk that projects will not be successful. For loan-based projects, as a funder, the agency wants to know who will be receiving the loans, on what terms and what will be done to ensure repayment. Applicants should provide information about the number and types of jobs that will be created, the wages and benefits, as well as other details to demonstrate the feasibility of the proposed job creation and the impact for the community.

The best approach would be to limit the number of loans to at most three businesses that will create a substantial number of jobs. These businesses should be identified ahead of time and be clearly described, with corresponding documentation, including: business plans, committed financing (except the OCS grant itself), site control, and the financial capacity to create and sustain the new jobs.

The applicant should also have additional potential loans in the pipeline, so that if one of the projected deals fails to materialize for some reason, another can be easily substituted.

The development of a business incubator is another eligible activity, as long as the applicant can demonstrate that the participating businesses have the financial capacity to expand and create the jobs for individuals with low incomes in the proposed geographic location.

*One example highlighted in the appendix involves a loan to a supermarket that was interested in opening a new location in a low-income neighborhood that was classified as a food desert. **Total Action for Progress** (page 30) lined the deal up ahead of time, as the supermarket owner brought some of his own financing to the deal and was willing to wait until the OCS grant was awarded, due to the much better interest rate he was able to receive.*

OCS has traditionally offered some bonus points for applications that are located in specific geographic areas where they have a particular interest, as well as projects that offer financial literacy services to the individuals with low incomes hired to fill the new jobs created by the project. See the profile of **Fresno CDFI** (page 21) for an example of the latter. These bonus points are subject to change from year to year. Check the notice in the Federal Register when the grant announcement is released each year to see what bonus points are available.

Other aspects of the funding notice may also change from year to year, so be sure and check closely.

Other Resources

The Partnership, with financial support from the Office of Community Services, previously developed a series of toolkits on various aspects of Community Economic Development, including Social Enterprises, Microlending, and Business Lending.

To access these free publications, go to the Partnership's webpage at:

<https://www.communityactionpartnership.com/menus/community-economic-development-ced.html#CEDToolkits>.

Additional information about the CED program, its requirements, its grants, and resources for current and prospective CED grantees can be found on the Community Economic Development page of the OCS website at <https://www.acf.hhs.gov/ocs/programs/ced>.

Appendix: Profiles of Successful CED Projects

Fayette County Community Action Agency

Uniontown, Pennsylvania

Project Description

Fayette County Community Action Agency (FCCAA), has received two grants from OCS, with the second grant building on the original concept. These grants have been to support the growth of a subsidiary of FCCAA, the Republic Food Enterprise Center (RFEC). RFEC is located in the small town of Republic, Pennsylvania, 12 miles from Uniontown, PA where FCCAA is headquartered. The goal of the grants has been to create jobs and generate income by building on the strong agricultural sector of the economy in southwestern Pennsylvania.



Local vendor selling sweets

The first grant FCCAA received for the RFEC project was for \$800,000 of which \$700,000 was loaned to RFEC. OCS funds were used for a combination of initial working capital and the purchase of additional equipment. RFEC purchases food from area farmers, sells the food through farmer's markets, operates bottling/canning facilities to turn raw food into value added products, and provides a venue for area entrepreneurs to come and prepare their food products for sale, including at stores operated by RFEC. Several vans owned by RFEC sell local products at farmer's markets throughout the area, including in Pittsburgh, the closest large urban center. They sell every day of the week, except for Monday.

By owning canning and bottling equipment, RFEC can add efficiencies and bring down prices. They are currently seeking more specialty crops and encouraging local farmers to grow more of them to meet local demand. They are also seeking to increase the production of sheep, lamb, and goats, for which there is increasing demand for their meat from immigrant communities. Locals are also producing goat cheese products from goat's milk. Neighboring Washington County is already a big sheep producer and FCCAA wants to move in that direction as well. Future plans also include expanding the area's meat processing capability and increasing local poultry production.

RFEC formed an agricultural council, to get local farmers more active in policy formulation and in coordinating the production of various crops and products.

RFEC is now increasing their reach to Greene, Somerset, other parts of Fayette, and some of Westmoreland and Beaver counties in southwestern Pennsylvania, and are looking at opportunities in western Maryland and West Virginia as well.

A second OCS grant was used to expand RFEC's presence at farmer's markets, by purchasing a line of products from local farmers. There are now twelve farmer's markets where they sell produce and value-added products. They are currently doing a trial run at area senior centers, where they want to increase the percentage of voucher redemption by seniors who receive vouchers to purchase food.

RFEC buys directly from eight farmers and from another fourteen through a local auction. Products for sale include cabbage, sauerkraut, peppers, pickles, a variety of jellies, jams and sauces, lettuce, green beans, milk, cheese, frozen meat, pork, chicken, lamb, and goat. They sell thirty of their own products. Twenty-five entrepreneurs make food items at the site, including BBQ sauce, granola, protein, and cookies.

RFEC has its own store on-site and will soon open additional stores in nearby Masontown and Uniontown. In addition, it has helped entrepreneurs to sell their products through area restaurants and retail locations.

Adding value to products, through processing adds both longevity and income to the farmers. A markup of 40 percent is common on value-added products. They also have a 2-year shelf life, unlike raw produce, which has a very short shelf life. Turning raw produce into value added foods also allows the farmers to get income for food that is not good enough looking to sell directly to consumers, but can be used to produce sauces and other products. Prior to the creation of Republic Foods, this produce was going to waste, and farmers were losing money.

RFEC also buys, freezes and sells food to area schools throughout the year. This is a new initiative, as more schools are now running their own food service and are looking for sources of local food to purchase.

Local consumers can buy a weekly or bi-weekly share and receive a variety of local produce in exchange. This subscription service provides an on-going income stream to Republic Food.

Number and Type of Jobs Created

There have been 40 full-time positions created, some at Republic and others with the entrepreneurs and farmers that they work with. These include: manager, marketing, sales, and administration positions. In addition, ten part-time jobs (staffing stores and selling at farmers markets) were created, although these don't count toward the target. Three of the full-time employees started part time and moved up to full-time jobs.

Full-time marketing staff members make \$10 per hour, the secretary \$11 per hour, the sales specialist \$15 per hour, and part-time staff receive \$9 per hour. A new value-added staff person who makes \$16 per hour was hired recently. Full-time employees receive health insurance (including dental and vision), paid leave, and after one year, life insurance. 32 of their employees were low income when hired.

Entrepreneurs who use the site's facilities to produce their final products have created another 30 jobs and some farmers have hired additional employees as a result of the value-added work that they have taken on as a result of their partnership with RFEC.

Recruitment for open positions is done through Career Link (local Workforce Investment Board, Goodwill, county), Farm to Table (a buy local organization) in Pittsburgh, social media, through their work ready clients, Craig's List, and the town of Republic's post office.

Other Social Services Provided

FCCA offers a wide variety of social service programs that are available to area residents. Four of RFEC's own hires have made use of these services, including childcare.

Why This Project?

FCCA previously had experience working with a local cheesecake entrepreneur and had space and some of the necessary equipment already in place.

A student from Carnegie Mellon University and consultants did research on the concept. The initial start-up money was from OCS, which got the operation up and running and was later leveraged to bring in other dollars for expansion. They already had a commercial kitchen, but did not have the volume of users needed to make money. FCCA previously had a partnership with an ex-Pittsburgh Steelers player, who used their facility for several years to make cheesecake for his business. He did well until the recession, and then the business folded. FCCA then had to look for new options to use their facility to its capacity and generate income for the organization.

At this time the local food movement started going strong as well, drawing more attention to RFEC's efforts. The goal is to stimulate the local agricultural economy by serving as an intermediary between farmers and farmer's markets. The farmers that were selling were not taking food stamps or WIC and Senior vouchers. RFEC got certified to accept these forms of payment by producing some of their own food and selling a minimum amount of it. They hold an event with food at a local WIC site annually, to promote the use of vouchers to buy locally grown food.

Prior Experience

The most relevant experience was the partnership with the cheesecake business that used their kitchen facility. As a result, FCCA already had a suitable facility in place.

FCCA also owns several buildings, including a medical/dental building, which was run as a social enterprise and showed their ability to operate a large project of a similar nature.

Other Funds/Leveraging

The initial grant to start up the RFEC came from the Benedum Foundation. In addition, RFEC has received several USDA grants, including a community food grant, a local market grant, a farmer's market grant, and farm to school grant. A partner received funds from the Community Development Financial Institutions Fund.

Just recently, the Appalachian Regional Commission provided a grant of \$1.75 million. These funds have all been received because of the OCS grant.

Challenges

The main challenge has been finding reliable employees that have driver's licenses. They need licenses to drive the trucks needed to take the products to the markets to sell. Some employees have had alcohol

and drug issues that FCCAA assisted in connecting to needed services. In order to strengthen reliability and commitment, RFEC is looking at setting sales goals for each farmer's market and giving employees a bonus if they exceed them. They are also looking at paying more to good employees, in order to keep them.

In addition, the tracking of the jobs created by the many different entrepreneurs and farmers and the record keeping that goes with it requires a significant amount of time.

The area also needs a microbusiness lender, as the biggest need for area entrepreneurs is for start-up working capital, and banks don't make loans that small (\$20,000-25,000).

Contact Information

Republic Food Enterprise Center

40 Legion St.

Republic, PA 15475

724-246-1536

www.republicfoodenterprisecenter.org

Fresno CDFI

Fresno, California

Project Description

Fresno CDFI, doing business as (dba) Access Plus Capital, is the business lending arm of Fresno EOC, one of the largest Community Action Agencies in the country.



Restaurant that received a loan from Fresno CDFI, using OCS funds

Fresno CDFI has a significant track record as a lender to small businesses in fourteen counties in the Central Valley of California and applied for an OCS grant to supplement their loan capital and create more jobs for people with low income. They received \$1.6 million from two OCS grants. Of the original \$800,000 grant, \$615,000 was loaned out to local businesses. This grant was the focus of the site visit. In 2016, Fresno CDFI received a second grant from OCS for similar purposes.

Fresno CDFI has full-time technical assistance staff that work with businesses before and after the loan is made. They provide both personal financial and business technical assistance. They offer a 16-week training course (Business Advisory Training Institute), which they also plan to market to other groups. It focuses on budgeting, business financials, credit building, and lending principles.

Fresno CDFI works closely with their local Small Business Development Centers and SCORE chapter (small business support provider). Common areas where they assisted clients includes QuickBooks, how to become a corporation, and how to pay taxes. There is a lot of one-on-one technical assistance on financials and goal setting as well. Some of their borrowers' businesses are seasonal and they need help with cash flow projections and other related management issues.

They work closely with the local Chambers of Commerce, including the African American and Hispanic Chambers, in their service area to get the word out about the loan program.

Sectors of particular focus for the CDFI include charter schools, day care businesses (they give out a letter of guarantee that helps the client obtain approval of their permit), and healthy foods, with a focus on

stores, food distribution, and value added products, rather than on farms. Another area of interest is medical related businesses, such as group homes, doctors, and medical transport. These businesses have a need for working capital, as they have a lot of receivables and need cash while they are waiting for payments to be made. Massage and physical therapy practices need loans for equipment and have received a number of loans as well.

Number and Type of Jobs Created with CED Support

The first OCS grant of \$800,000 led to the creation of 65 full-time jobs that have been in existence for at least six months. The expansion of an ice cream manufacturer created the majority of the jobs. Fresno CDFI financed its relocation, with a loan of \$350,000. The company later received a loan from a bank and paid off the loan from Fresno CDFI, which then relented the money to other businesses.

Additional businesses that received loans from the OCS grant funds include TOFAS Mediterranean Grill, which expanded their first restaurant with a loan from Fresno CDFI and have gone on to open three additional locations, creating 15 full-time jobs with the first loan and another 12 full-time jobs with a second loan.

The average starting pay for the jobs created through this project is \$10.96 per hour. Of those hired, 57 have paid sick leave.

Other Social Services Provided

Fresno EOC provides a large range of social services to area residents. A total of 30 people with low income were trained in skills specific to their new jobs as part of this grant.

One of the services provided to borrowers has been the training and individual technical assistance provided by Fresno CDFI staff, which includes personal financial assistance. For small entrepreneurs, personal and business incomes are closely related, and one can affect the other. For this reason, staff provide individual assistance on personal financial matters as well on business matters.

Why This Project?

This was not a new project, but a means to obtain grant capital for the loan program operated by Fresno CDFI, thereby reducing their cost of funds and allowing them to make loans at a low interest rate to borrowers through this program. Typically, borrowers would not have been able to obtain a bank loan, due to the loan size, newness of the business, and other factors.

Prior Experience

Fresno CDFI was created in 2009. During their history, they have made almost \$25 million in loans, including \$6 million in the year prior to this publication, at an average of \$62,000 per loan. They have 13 staff and are the largest CDFI in the Central Valley of California. In addition to microbusiness loans, Fresno CDFI uses the SBA's Community Advantage program, which provides a loan guarantee on loans from \$50,000 to \$250,000. Their write-off rate is only 1.5 percent. There are 18-19 bankers on the loan review committee, representing each of the banks operating in the area.

Additional offices for the business loan program will open in Modesto and Bakersfield (at each end of the Central Valley) by the end of 2017.

Other Funds/Leveraging

Fresno CDFI has received a total of \$2.5 million from the Community Development Financial Institutions Fund (US Department of Treasury) in the last 5 years. Originally, they received funds from the US Department of Health and Human Services, Office of Refugee Resettlement and have received annual awards through the SBA's Microloan Program. Other sources of funding include nine banks, local governments, the US Department of Agriculture, and foundations.

Challenges

The main obstacle has been deciding which loans to include in the application. Identifying a project that needs the money and can wait until the grant award is made is the biggest challenge. Timing is a problem for many small businesses, as they often need the money more quickly.

Reporting on the jobs created is an issue sometimes as well. Getting required forms signed by employees and turned over to the businesses can be a challenge, given that information about family income is considered by many people to be personal in nature. This is something potential applicants for this type of project should keep in mind.

Contact Information

*Access Plus Capital
1920 Mariposa Mall, #111
Fresno, CA 93721
559-263-1045
<http://www.fresnoeoc.org/CDFI>*

Garrett County Community Action Committee

Oakland, Maryland

Project Description

A world class whitewater rafting facility was built in a rural, Appalachian part of Maryland, whose economy includes a large tourism sector. Garrett County was already the site of a well- known ski resort for winter sports and is the location of several state parks that attract people to the area during the summer months.



Rafters on whitewater course

Adventure Sports was created as a nonprofit entity to operate the rafting facility and received OCS funds in the form of a loan from Garrett County Community Action Committee (GCCAC). GCCAC had previously received a pre-development grant from OCS of \$75,000 to obtain site control, and write a business plan, which was then used to apply for a development grant (this was several years ago when OCS used to offer predevelopment and Incremental Development Program grants, which are no longer available). Adventure Sports used the OCS loan to develop the center, office, and site store.

The Garrett County government served as the lead partner, through their economic development staff person, which enabled them to access grant funds from the Economic Development Administration at the US Department of Commerce, which only provides funds for local governments. In addition, the project received financing from two state bonds and the lead role of the county government gave the state legislature the confidence needed to issue the bonds.

Garrett County had connections with a kayaker who was an Olympic medal winner in the Sydney Olympics, who had experience hosting a national competition for kayaking, so this was a natural next step. Since its construction, Adventure Sports, one of only two controlled what water courses in the nation, has hosted the world kayaking championships, which generated a substantial amount of national and international publicity. Yet the course can be controlled and slowed down for tourists.

The idea for the project grew out of a strategic plan, which was crafted after a Bausch and Lomb plant closed, throwing many area residents out of work. It had been the largest employer in the county. GCCAC was already involved with workforce housing, micro enterprise lending, and working with town governments to develop entrepreneurship plans. As a result, they were involved in the strategic planning process.

Number and Type of Jobs Created

This facility created 35 jobs for raft guides (full-time, seasonal), 1 administrative position, one equipment manager, one scheduling and special events position, and one mechanical job, (all full-time). Most seasonal guides work in winter at the ski resort and in summers at the rafting facility. The original plan was to make this a more formal relationship, but this ultimately did not work out. In practice this is the case for many of the guides and has been for several years.

Guides get paid \$12 per hour, but make much more in tips. The majority were low-income at the time of their initial hire. Some of the original guides are still working there. The full-time employees receive benefits, including health and self-funded retirement. As Adventure Sports is now run by a board made up solely of current Garrett County Commissioners, the employees were offered the same benefits package as county employees.

GCCAC didn't have to recruit for the positions. Word of mouth among area guides brought people. A lot are young. There was some initial concern among existing outfitters about competition, but that has gone away as they realize the publicity has in fact brought more people to the area, benefitting all outfitters. A couple of the local outfitters were micro loan borrowers from GCCAC as well.

Other Social Services Provided

GCCAC later built workforce housing nearby for employees, in order to provide affordable housing close to both the whitewater facility and the ski resort.

Garrett County Community College created an associate's degree program in Adventure Sports, Frostburg State University created a bachelor's degree program, and West Virginia University has some classes in this area of study as well. This has helped attract people to the area and to get employees to take the classes and receive college credit or full degrees. Many of the students that work in the summer at the whitewater course are enrolled in one of these adventure sports programs.

The GCCAC staff sits with each client, including those hired through this project, and helps them set and track goals and outline ways to reach them.

Why This Project?

Half of the population of the county has received services from GCCAC. Many are employed in the tourist industry. This sector is a pillar of the local economy and the idea came out of the strategic plan created by the community to create new jobs to replace those lost by the factory closing.

The ski resort offered to donate land for the whitewater rafting facility, presuming that people that come for rafting in the summer would consider coming back in the winter to ski.

In addition to the whitewater course, the facility includes bike trails, climbing, snow sledding, and some cross-country skiing. The guides for these activities are contracted out through the local community college and their adventure sports program.

Prior Experience

GCCAC has long been engaged in the community wide economic planning process and has been a significant player in discussions. This experience, plus their housing and facilities development track

record, provided the experience that OCS was looking for. They had not done large scale economic development projects before.

GCCAC had already been working with the Bausch and Lomb employees that were laid off. Local relationships are deep and very strong, as they only serve one county and are well known by local residents. There are no other economic development players in the county. They bring the low-income voice to the table. The Executive Director of GCCAC is part of the local executive leadership on economic development.

However, he would not be in this role if it were not for their housing development work and Adventure Sports. It allows GCCAC to raise other issues as economic development strategies. For example, the county has put up scholarship funds for county youth and now adults who come from families in persistent poverty, to attend college without cost, in order to increase the educational level of county residents (second worst education level in the state). This was done as an economic development approach, not as an education strategy. This would not have happened without the OCS grant and the creation of the whitewater rafting facility.

Other Funds/Leveraging

The Economic Development Administration awarded a grant for the construction of the facility, through the county government. State economic development money was also part of the package, and it went through the county government. USDA, CDBG, and Appalachian Regional Commission funds were also part of the package.

The project included a lot of capital from many sources, but OCS was critical by coming in early with the initial planning grant that paid for the business plan. This led to the larger OCS grant for the construction of on-site facilities and additional money from other sources to build the whitewater rafting course.

Challenges

The dependability of water is critical for rafting. Water is pumped up from neighboring Deep Creek Lake, which is in a nearby state park, and then held in a holding pond. It took two years to build the facility and cost \$18-19 million, which was more than expected.

The project is currently making money and putting funds into a capital reserve.

Advice

You must have your key partnerships and funding in place at the outset, and the timing for the project must match the timing of the grant.

Contact Information

Garrett County Community Action Committee

104 E. Center Street

Oakland, MD 21550

(301) 334-9431

<http://www.garrettcac.org/>

Little Dixie Community Action Agency

Hugo, Oklahoma

Project Description

The Little Dixie Community Action Agency operates in three rural counties in southeastern Oklahoma. In order to bring jobs to the area, Little Dixie decided to focus on tourism and projects that would bring tourists to the area from Dallas and other nearby urban areas. They manage the operation of facilities at four Oklahoma State Parks. Little Dixie constructed the cabins and hospitality house at Hugo Lake State Park and handle reservations for cabins and campsites there and at the other parks as well. They added a marina and handicapped accessible marina slips. Two OCS grants were received of \$500,000 each, which paid for the marina and one set of cabins.



Marina and shop at Lake Hugo State Park

In addition to managing the park facilities, Little Dixie works with the state on tourism promotion. At the start, Little Dixie went to trade shows and other events, but now the state does the majority of the promotion. Every 5 years the state sends in someone from a state publication to do a feature article and video, which is then posted on social media.

Lake Hugo is an artificial lake, created by a dam built by the US Army Corps of Engineers. The Corps then leases out the land on one side of the lake for the state park, which is located just outside of the town of Hugo. Little Dixie also manages the facilities at Raymond Gary State Park, which is about 17 miles from Hugo and has cabins that are more basic than those at Lake Hugo State Park. In addition, Little Dixie manages the facilities at two other state parks, Clayton Lake and Beavers Bend, which are farther east, in another part of their service area.

Type of Jobs Created

The project created full-time permanent positions in park operations. All employees hired for this project receive the same benefits as all other employees of Little Dixie, including health and retirement. Previously, Little Dixie also handled the grass mowing for the park, but that has since been contracted out.

For the jobs created through this project, 75% of hires have been people with low incomes. Some AmeriCorps volunteers were hired as regular employees after their AmeriCorps service ended.

Little Dixie knew the former state tourism director and knew he was looking for a job. He was hired and worked for them for 12 years, heading up this project. For other positions, they advertised initially in newspapers and now use social media, on-line and the local workforce office. They found the manager at Hugo Lake State Park after he lost his job at Weyerhaeuser, when their nearby facility was closed and then sold.

Other Social Services Provided

Little Dixie offers a wide range of social services, which employees can access as they need them. Specific benefits used by employees hired for this project include Head Start childcare and rides on Little Dixie's rural transportation system between the town of Hugo and Lake Hugo State Park, to get to and from work.

Why This Project?

It built on their prior work at the state parks and was part of their plan to improve the local economy by bringing outside tourists in to the area. The marina added another service and draws more people to the park. It includes a small store/visitor center and check in point for cabin rentals, and boat slips are available for rental monthly.

Prior Experience

Little Dixie's initial experience with state parks was through a summer youth program at Beaver Bend State Park, where they became concessionaires at the camp. This started back in the 1970s.

In the 1990s, Little Dixie was doing a 10-year strategic plan. The state at that time was considering closing state parks, due to funding shortfalls. Little Dixie decided to focus on tourism as a key component of their economic development strategy and hired an economic developer, who was the former director of tourism for the state.

They made a proposal to the state tourism department that they could do the park management for 60 percent of what it cost the state and it was accepted. A lease agreement with Hugo Lake State Park was negotiated for 10-20 years. Little Dixie handles rentals for the cabins and hospitality house (which has meeting and sleeping rooms) and rents out the boat slips at the marina. After they built the infrastructure, they then went to the state and asked them to make it a state park, and the state agreed to do so.

Other Funds/Leveraging

An AmeriCorps grant was used to hire volunteers to construct the initial cabins and hospitality house at Lake Hugo.

Little Dixie put out a call to local residents to raise money for the construction of the hospitality house and received cash and supplies in response, enabling them to construct the building without any outside funds. This was done prior to the creation of the state park and prior to the application to OCS.

Challenges

The only significant challenges have been with the weather, both during the construction and then again when an abnormal amount of rain flooded many cabins at Lake Hugo and submerged the marina. Little Dixie had to replace paneling and appliances at the park and used a process to dry out the wood in the cabins. Fortunately, they had enough warning of the impending rain to move the cabins' furniture beforehand.

The annual revenue from the park generates enough cash to build up a contingency fund, which was needed to get the park facilities back in usable condition after the flooding.

Advice

Little Dixie's advice is to take the leap, identify the unique aspects about your community, recognize opportunities, innovate, and be a catalyst. Little Dixie had success with this, and this project ended up being an easy fit for them. It brings 100,000 people a year now to Lake Hugo State Park, which is only four miles from the town of Hugo, employing local people and bringing some of the visitors' dollars to businesses in the town.

Contact Information

Little Dixie Community Action Agency

209 N. 4th St.

Hugo, OK 74743

(580) 326-3351

<http://www.littledixie.org/>

Total Action for Progress

Roanoke, Virginia

Project Description

The project featured the creation of a new supermarket (Save-A-Lot) in a low-income urban neighborhood that was formerly a food desert. Total Action for Progress (TAP) partnered with a local supermarket owner to bring a new store into a strip shopping center that had been virtually abandoned (only one business was still located there). The site once was a Winn Dixie supermarket, but it left many years ago, and it then served as a church for a while before finally becoming vacant.



Save-A-Lot grocery store

The project was lined up one year ahead of the application, to determine the gap in funding needed. Of the \$800,000 received from OCS, \$375,000 was loaned to Save-A-Lot, and two other businesses also received loans of \$100,000 each, including another food store and a software company.

Number and Type of Jobs Created

Save-A-Lot created 15 full-time and 14 part-time jobs. This includes the store manager, meat cutter, cashiers, stockers, assistant manager, and an accountant (who splits time with another store). The percentage of jobs for residents with low income exceeded the OCS requirement of 75 percent and is closer to 80 percent. Full-time employees all have benefits. Salaries range from \$8.25 per hour (cashiers) to \$36,000 a year (manager). The second grocery store, created 6 full-time and 4 part-time jobs and the software company created 12 full-time and 1 part-time job, for a total of 37 full-time and 19 part-time jobs.

TAP recruited employees for the new positions through the state employment office, TAP's job training program, and Virginia Cares, which is the state's reentry program for those who have been incarcerated.

There was only one store in the shopping center prior to the grocery store opening. Now two chains (Family Dollar and Auto Zone) and a variety of other smaller stores have moved in to the vacant space. Some vacancies exist in the back part of the center, but at this point it is mostly full. The opening of the

supermarket and the steady stream of customers it brings has led more businesses to locate in the shopping center and has brought more jobs to the area, more services to residents, and more taxes to the city.

Other Social Services Provided

TAP offers a wide range of social services that employees of the supermarket can access.

Why This Project?

The supermarket owner and TAP connected because the owner's child and the child of TAP's Vice President-Director for Financial Services go to the same school. The two dads were talking, and the owner expressed a desire to put a new grocery store at the site but lamented his inability to get enough capital at a workable rate from a bank. That led to a meeting between the two and a decision to pursue a grant from OCS.

Prior Experience

TAP has had a CDFI arm since 1994, is an SBA certified micro-lender, and has made a couple of larger loans with bank funds in the past as well.

TAP included in their application to OCS details about the membership of the loan review committee and the loan review process so that they could see who is making the decision and other details. TAP requires 100 percent collateral from borrowers, which makes the loans safer, and this was also emphasized in the application.

Other Funds/Leveraging

The owner brought \$1.2 million to the deal. Originally a bank was willing to loan some of the needed money, but at 6-7 percent, which was too high for a business with low profit margins. TAP's loan was 2.5 percent, well below Prime (4.5 percent at the time), which provided a low enough rate, for a large enough loan amount to make the deal viable. They had their agreement and financing in place before applying for the grant, as did the other two businesses supported through the grant.

Challenges

Although it had once been a supermarket, some construction needed to be done to get the site in shape and that took longer than expected. The loan was made one year later than was originally planned. It has been repaid and the money has been re-loaned three times.

Advice

Make sure to have other deals in the pipeline, in case the deals that are your first choices fall through, and be sure to let OCS know that you have them available.

The deal was worth the wait for the grocery store owner, given the much better interest rate, which made the difference in making the deal financially viable for him. Entrepreneurs can afford to wait for the OCS grant to come through when the difference in the interest rate is that substantial.

For grant requests that involve making loans, start your planning one year out. OCS gives more points for rural projects, so look closely at rural deals, which TAP is currently doing. The applicant must make sure that the financing is in order and verify the number of jobs that will be created, as that will be the first question the reviewer will ask.

The applicant can partner with banks, if the applicant is willing to take a second position, and thus leverage money to do bigger deals, which will have more impact and create more jobs. There is no penalty from OCS for the applicant taking a second position, so that is not a concern. TAP is looking at a deal of this type right now.

Contact Information

Total Action for Progress

302 2nd Street SW

Roanoke, VA 24011

540-777-HOPE

<https://tapintohope.org/>

Westmoreland County Community Action

Greensburg, Pennsylvania

Project Description

The project, American Architectural Salvage (AAS), a subsidiary of Westmoreland County Community Action (WCCA), takes building materials, fixtures and other items that have been removed from existing buildings and resells them to the public through a store they operate in Mt. Pleasant, Pennsylvania. The items are taken through a “deconstruction” process that uses crews to take useful items from empty buildings, such as windows, fireplace mantels, light fixtures, wood, etc., brings them to the store, and resells them to homeowners looking for items for home repair projects. They also sell donated furniture and on consignment art that has been created from leftover building materials.



Blow up of the check from OCS

WCCA wanted to create a social enterprise, and the idea for the store came up during their planning process. A nonprofit community development corporation was created, in conjunction with the two other neighboring Community Action Agencies in southwestern Pennsylvania.

A very similar nonprofit in Pittsburgh was already in operation and was successful. WCCA took a look at their operation and borrowed ideas from them before starting the store. The AAS store operation was tied into contracts with partners doing the deconstruction work.

WCCA received an initial grant for \$540,000 from OCS and successfully reapplied for funding for another deconstruction crew in 2017, receiving \$780,800.

The property that contains the store, substantial storage space, and parking for the trucks used to bring the donated items to the site, was close to ready for use when they found it. WCCA had to put in a new HVAC system but did not have to do significant reconfiguration of the space itself.

The store uses natural lighting to cut down on costs and to highlight the show room. In addition to the land used by the store, they gave some adjacent land to the county for use as a bike/hiking trail. WCCA makes a point of paying taxes on all its properties to help support the local tax base.

The store includes a mural on one side, created by local youth. It is the first mural in the town of Mt. Pleasant.

The project was started two years before the application was submitted to amass sufficient inventory and build relationships with deconstruction firms and other partners. When a similar store in nearby Uniontown closed, they bought the inventory, giving their own inventory a significant boost at the outset.

A partnership was formed with ReUse People of America, a national leader in deconstruction, which makes contacts for them. For example, in nearby Warren, Ohio, a land bank tears down buildings, and saves usable material but has nowhere to sell the items they save. Due to the connection with ReUse, they will send these items to AAS for resale. ReUse also connected them with a bank that has properties that need to be taken down. There are a lot of blighted properties around the area that need to be removed, which offers the prospect of significant future inventory for AAS.

Plans for the immediate future call for using youth offenders to repair furniture and when the items they repair are sold, the money will go into their account to pay restitution to crime victims.

Space in the store is provided free to the local Chamber of Commerce, in exchange for free publicity. WCCA has contracts with several local planning departments, demolition contractors, and city redevelopment authorities, which helps provide a steady supply of items for resale. The goal from the start was to have this business be self-sustaining by the fifth year, and it is currently on target to reach that goal.

Number and Type of Jobs Created

Twenty-seven jobs were created through this project, and most of them went to individuals with low income. Jobs created include: five warehouse workers, nine deconstruction crew members, three shipping and receiving, two cashiers, two maintenance workers, one retail manager, one assistant retail manager, one deconstruction manager, one assistant deconstruction manager, one marketing specialist, and one administrative assistant. They provide individual medical benefits to employees, and retirement benefits after 1 year (8 percent match). Salary varies, depending on the position and skill level, with \$10.87 per hour as the minimum pay. The Workforce Investment Board matches funds for 3-6 months. The store manager makes almost \$40,000. Workers are trained by ReUse People of America in deconstruction skills.

Other Social Services Provided

WCCA offers 26 different programs that employees can use. For example, they have drug/alcohol programs that AAS employees have participated in. Many of the employees for this enterprise have backgrounds that make it difficult for them to find employment, including alcohol and drug abuse. In fact, unfortunately, two past employees overdosed on drugs and died. WCCA assists with resume writing and interviewing skills, so that their employees are prepared for future job opportunities as well.

Why This Project?

The combination of a sufficient inventory, job creation for hard to employ local residents, and a sufficient demand for reusable items for the home made this a desirable approach. The track record of a similar group in Pittsburgh showed the model's viability. Westmoreland's ability to partner with deconstruction companies, local governments, and ReUse People of America insured a supply of inventory for the store.

Prior Experience

WCCA had created the social enterprise and spent two years collecting inventory prior to the application. They also had a long history of providing a wide range of services to the community. The experience of their two fellow Community Action Agency partners also factored into the equation, with one of them having experience in running a social enterprise.

The management team at WCCA has extensive experience in running large programs. This was important, as OCS looks at the management team closely and whether you have the capacity to carry out a complex project, not just the specific type of project described in the application.

Other Funds/Leveraging

Foundation grants were used to purchase the 6-acre property. Other sources of funding included tax credits, ARRA, and funds from all three participating CAAs, who put up some of their own money for the project.

Challenges

Obstacles include hiring and keeping staff, getting sufficient donations of the right items, and deciding on the best days and times to be open to the public. The store tracks customers and has found it to be very random as to which days and times are the best to be open. The number of hours they remain open has remained the same, but the specific hours have varied, in an effort to match the preferences of their customers. There is a lot of impulse buying by the public, and a lot depends on what the store has available at any given time. At the time this profile was written, the road to the store was undergoing repair, which hurt their business temporarily. Normally there is a lot of traffic on the road and it is located in the downtown area of Mt. Pleasant, near other shopping.

Advice

Their advice is to put in the time necessary to get the grant and not get discouraged if you don't get funded the first time. It sometimes depends on the reader. This program offers a great opportunity, and some interesting and innovative projects are funded each year. Partnerships need to be built into the process.

Contact Information

American Architectural Salvage

23 W. Main St.

Mt. Pleasant, PA 15666

724-552-0491

<http://americanarchitecturalsalvage.com/>
