**CHAPTER** **30**

**COMMUNITY CAPITAL INITIATIVES (CCI)**

30-1 APPLICABILITY. This Chapter outlines monitoring guidelines for the Community Capital Initiatives (CCI) program, a component of the Choice Neighborhoods Program, authorized by the Departments of Veteran's Affairs, Housing and Urban Development and Independent Agencies Appropriations Act of 1999 (Pub. L. 105-276).

The three Community Capital Initiatives - the Appalachia Economic Development Initiative (AEDI), the Border Community Capital Initiative (BCCI), and the Delta Community Capital Initiative (DCCI) - were created as a result of a collaborative effort among three Federal agencies: the Department of Housing and Urban Development (HUD), the Department of the Treasury Community Development Financial Institutions Fund (CDFI Fund), and the Department of Agriculture Rural Development (USDA-RD).

The Office of Rural Housing and Economic Development (ORHED) is responsible for monitoring grants awarded to these three Community Capital Initiatives. The overall goal and objective of monitoring these grants is to ensure that program participants are effectively carrying out project activities within the requirements for each respective grant agreement and program Notice of Funding Availability (NOFA).

30-2 AppalAchia Economic Development Initiative (AEDI). The AEDI's goal is to increase access to capital for business lending and economic development in the chronically underserved and undercapitalized Appalachia Region. Specifically, it provides investment and technical assistance to State community and/or economic development agencies that apply on behalf of local rural nonprofit organizations or community development corporations, which focus on small business development to benefit the residents of the Appalachia Region.

30-3 BORDER COMMUNITY CAPITAL INITIATIVE (BCCI). The objective of BCCI is to increase access to capital for affordable housing, business lending and community facilities in the chronically underserved and undercapitalized Colonias region. Specifically, this program supports local rural nonprofits and Federally-recognized Indian tribes serving Colonias with lending and investing activities in affordable housing, small businesses, and community facilities, and/or in securing additional sources of public and private capital for these activities.

30-4 DELTA COMMUNITY CAPITAL INITIATIVE (DCCI). DCCI’s goal is to increase access to capital for business lending and development in the chronically underserved and undercapitalized Lower Mississippi Delta Region. Specifically, it provides direct investment and technical assistance to community development lending and investing institutions so that funding opportunities will be more effective and economic development services will expand to the underserved residents of the Lower Mississippi Delta Region. DCCI focuses on helping local financial institutions improve their capacity to raise capital, and to lend and invest in local communities. Strengthening local community development lenders and investors also widens the channels through which larger private institutions and Federal agencies can reach small business owners and entrepreneurs who need their support.

30-5 PREPARING FOR MONITORING. Before monitoring, the ORHED reviewer should be familiar with both the CCI program requirements and the design and operation of the CCI program, which is included in the Community Capital Initiative Monitoring Guide. The CCI Monitoring Guide includes monitoring guidelines, procedures, Exhibits, and appendices that are required to facilitate the monitoring process. Prior to monitoring, the ORHED reviewer is encouraged to review the following information and materials included in this Guide:

* executed Grant Agreement(s);
* the Rural Housing and Economic Development Authorization: the Departments of Veteran's Affairs, Housing and Urban Development and Independent Agencies Appropriations Act of 1999 (Pub. L. 105-276);
* the approved CCI grant application;
* all CCI grant application amendments;
* the NOFA for the CCI grant that is applicable to the grant year being monitored;
* Line of Credit Control System (LOCCS) Forms [HUD-27054, LOCCS Voice Response System Access Authorization];
* all prior audit and monitoring reports; and
* Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR part 200).

The ORHED reviewer should also review the approved CCI grant application thoroughly to become familiar with the objectives and activities relating to the specific CCI grant. Reviewing the application is particularly important due to the unique nature of each CCI application.

30-6 Compliance with the Uniform Requirements of 2 CFR part 200. All CCI grants will be monitored under the guidelines of 2 CFR part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The ORHED reviewer should review the Uniform Requirements which are included in Section I., D., pp. 5-6 the CCI Monitoring Guide (see Section I., D., pp.5-6).

In completing monitoring requirements for the CCI grants, the 2 CFR part 200 Exhibits 34-1, 34-2, 34-3, and 34-4 in this Handbook will be completed for each CCI program participant. Program-specific Exhibits 16-1, 16-2, and 16-3 (which are included in Chapter 16 of this Handbook as well as in the CCI Monitoring Guide (pages 25-48)) will also be completed as part of the monitoring process for each CCI grant.

30-7 File Selection and Sampling. All CCI grants will be monitored by the ORHED reviewer. Where it is indicated that a file review is necessary to answer Exhibits questions, the HUD reviewer should consider the following factors when determining the specific files that would comprise the review sample:

1. Where feasible, initial file selection should be made using a random selection method.
2. The reviewer would consider adding more files to this selection in order to:

1. include a file or files from each staff person working in the respective program area being monitored; and

1. expand the sample, if possible, to include additional files with the same characteristics, if indicated by the severity or nature of any problem(s) noted during the initial selection’s review (for example, same problem category, same staff person, same activities, or other characteristics).

This expanded sampling aids in determining whether problems are isolated events or systemic.

1. The reviewer may also add files to the selection from any project that the HUD reviewer has reason to believe may have compliance problems or that substantially differs in terms of size, complexity, or other factors from other projects that the CCI program participant has undertaken.