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# Introduction

The impetus for this guide and the work it reflects originated with the establishment of USDA's "Know Your Farmer, Know Your Food" (KYF2) Initiative. Launched in 2009, the mission of KYF2 is to strengthen the critical connection between farmers and consumers and support local and regional food systems. As such, it is closely aligned with the broader mission of USDA to support agriculture, rural development, and healthy nutrition. While there is no office, staff, or budget dedicated to KYF2, Deputy Secretary Kathleen Merrigan chairs a task force of USDA employees representing every agency within the Department in order to break down bureaucratic silos, develop commonsense solutions for communities and farmers, and foster new partnerships inside USDA and across the country.

The KYF2 task force recognized early that one of the recurring challenges faced by producers is the lack of distribution infrastructure and services that, if made available, would allow them to take greater advantage of the growing demand for locally and regionally grown food in larger volume markets (such as grocery stores, restaurants, schools, hospitals, and universities). As one response to this challenge, KYF2 established a regional food hub subcommittee to examine the role of regional food hubs in improving market access for producers along with their potential for expanding the availability of healthy, fresh food in communities, including underserved communities.

In order to engage a diverse group of informed and motivated stakeholders in this endeavor, USDA partnered with the Wallace Center<sup>1</sup> at Winrock International to establish the National Food Hub Collaboration in October 2010. Along with USDA and the Wallace Center, founding members of the Collaboration include the National Good Food Network,<sup>2</sup> the National Association of Produce Market

Managers,<sup>3</sup> and the New York City-based nonprofit Project for Public Spaces.<sup>4</sup> Since its establishment, the National Food Hub Collaboration has worked to identify and profile regional food hubs across the country and collect and analyze data on the scope and scale of food hub operations in order to more clearly understand their potential role and impact in the U.S. food system as well as the ongoing challenges and impediments they face.

Research to date has included developing a database of regional food hub operations (see Appendix 1); conducting a focus group with key leaders in the wholesale market industry; carrying out an online national survey of food hubs and public markets; conducting follow-up phone interviews with a subsample of surveyed food hubs; and most recently, conducting an online survey of wholesale markets to determine the availability of infrastructure and services that could be used by regional food hubs (see Appendix 4 for more background on research methods and results).

This document is a direct outgrowth of the Collaboration's work and accomplishments over the past year. By compiling relevant and practical information, the Collaboration hopes to share lessons learned, promote the continued success of active food hubs, and spur the development of new food hub operations.

## The Role of Regional Food Hubs

Having surveyed and interviewed many of the currently operating regional food hubs in the United States, the Collaboration has formed a much clearer picture of the role of food hubs in our evolving food system:

- **Regional food hubs are increasing market access for local and regional producers:** Many farmers and ranchers—especially smaller operations—are challenged by the lack of distribution and processing infrastructure of appropriate scale that would give them wider access to retail, institutional, and commercial foodservice markets, where demand for local and regional foods continues to rise. Food hubs offer a combination of production, distribution, and marketing services that allows them to gain entry into new and additional markets that would be difficult or impossible to access on their own.
- **Regional food hubs complement and add considerable value to the current food distribution system:** For institutional and retail buyers that would like to "buy local," food hubs can reduce transaction costs by providing a single point of purchase for consistent and reliable supplies of source-identified products from local and regional producers. Furthermore, by fulfilling small farm aggregation functions, regional food hubs can add significant value to the more traditional distribution channels by partnering with regional food distributors—along with their national food distribution clients and partners—enabling them to offer a broader and more diverse selection of local or regional products than they would be able to source otherwise.
- **Regional food hubs are having significant economic, social, and environmental impacts within their communities:** Even though many food hubs are relatively new, they demonstrate innovative business models that can be financially viable and also make a difference in their respective communities. Economically, they are showing

1 [wallacecenter.org](http://wallacecenter.org)

2 [www.ngfn.org](http://www.ngfn.org)

3 [www.napmm.org](http://www.napmm.org)

4 [www.pps.org](http://www.pps.org)

impressive sales performance and helping to retain and create new jobs in the food and agricultural sectors. Socially, food hubs are providing significant production-related, marketing, and enterprise development support to new and existing producers in an effort to build the next generation of farmers and ranchers. In addition, many food hubs make a concerted effort to expand their market reach into underserved areas where there is lack of healthy, fresh food. Environmentally, food hubs are helping to build producers' capacity to develop more reliable supplies of sustainably grown local and regional products and are reducing energy use and waste in the distribution process.

- **The success of regional food hubs is fueled by entrepreneurial thinking and sound business practices coupled with a desire for social impact:** Food hub operators are skilled business people who have identified a challenge—how to satisfy retail and institutional market demand to source from small and midsize producers—and have deftly come up with regionally appropriate solutions that not only result in positive economic outcomes but also provide valuable services to producers and their wider community. Food hub operators represent a new kind of food entrepreneur, one that is increasingly demonstrating a financially sound business model that can be both market *and* mission driven.

USDA and its partners in the National Food Hub Collaboration readily recognize that regional food hubs on their own will not be able to solve the myriad of distribution challenges—not to mention production and processing challenges—that hinder producers' abilities to take full advantage of the growing consumer demand for locally grown food. This will require greater

engagement with the existing food distribution and wholesale industry (such as grower-shippers, specialty and broadline distributors, wholesalers, brokers, produce wholesale markets, and terminal markets) to determine how food hubs can complement and add value to the already critical role that these operations are providing in moving food to markets.

The good news is that this engagement is already occurring, as regional food hubs partner with produce distributors to offer such services as producer training and coordination, source verification, aggregation, and marketing that enable distributors and their customers greater access to the local and regional products. Furthermore, because food hubs are largely defined by a set of business practices and not by any one legal structure, several produce distributors and wholesale markets are adjusting their operations to meet their customers' demand for source-identified local and regional products—essentially turning their businesses into regional food hubs. It is within the context of these shifts in the formation of strategic partnerships and the transformation of business practices that the greatest potential for systems to change in local and regional food economies can and will occur.

## Purpose and Content of the Guide

The target audiences for this guide are food entrepreneurs and their supporters who are interested in starting food hubs and operators of food hubs who are interested in expanding. This guide will also help philanthropic foundations, public agencies, lending institutions, and economic development organizations understand the nature, function, and operating models of food hubs, helping them to engage hubs in their areas. Both newly established and more seasoned regional food hubs have

expressed certain needs as they start or grow their business. This guide addresses some of those needs by answering a number of frequently asked questions, including:

- What is a regional food hub?
- What kind of impacts are regional food hubs having in their communities?
- What are some of the barriers impeding regional food hub growth and how might they be addressed?
- What financial resources are available to support regional food hub development?

In order to answer these and other relevant questions, this guide is organized into four main sections:

### Clarifying the Regional Food Hub Concept

With the growing interest in regional food hubs from a wide array of food systems funders, planners, businesses, researchers, and service providers, there is a need to clarify exactly what a regional food hub is and what it is not. The first section of this guide provides the answers to some of the most frequently asked questions about the food hub concept and its role in regional food systems development.

### Regional Food Hub Impacts

An increasingly important set of questions that have been posed to the Collaboration is what kind of economic, social, and environmental impacts are regional food hubs having in their communities. Although there is still much work to be done in this area, this section illustrates the myriad of ways that food hubs are exerting positive impacts on local community development and quality of life.



# Clarifying the Regional Food Hub Concept

The regional food hub concept has sparked interest from a wide array of food systems funders, planners, businesses, researchers, and service providers. Along with this interest has come some confusion on what a regional food hub is and what it is not. The first section of this guide provides the answers to some of the most frequently asked questions about the food hub concept and its role in regional food systems development.

## What Is a Regional Food Hub?

With the growing interest in regional food hubs, several definitions are emerging, from those that narrowly define food hubs in terms of market efficiency functions to more expansive definitions that incorporate food hubs into wider visions of building a more sustainable food system. For example, the concept of “healthy food hubs”—community spaces anchored by a food store where other social and financial services are co-located—has gained currency in some

public health and urban planning circles. The concept is attractive for its consumer-centric focus and goal of increasing healthy food access, but the regional food hub concept has a quite different focus and function.

Having engaged and learned from a great number of food hub stakeholders, the National Food Hub Collaboration has refined its working definition to more adequately reflect the full range of food hub enterprises operating in the United States. The Collaboration proposes the following definition:

A regional food hub is a business or organization that actively manages the aggregation, distribution, and marketing of source-identified food products primarily from local and regional producers to strengthen their ability to satisfy wholesale, retail, and institutional demand.

Regional food hubs are key mechanisms for creating large, consistent, reliable supplies of mostly locally or regionally produced foods. At the core of food hubs is a business management team

that actively coordinates supply chain logistics. Food hubs work on the supply side with producers in areas such as sustainable production practices, production planning, season extension, packaging, branding, certification, and food safety—all of which is done to enable these producers to access wholesale customers, such as buyers for foodservice institutions and retail stores. Simultaneously, food hubs also work on the demand side by coordinating efforts with other distributors, processors, wholesale buyers, and even consumers to ensure they can meet the growing market demand for source-identified, sustainably produced, locally or regionally grown products.

A good example of a regional food hub is Eastern Carolina Organics (ECO), a privately held limited liability company (LLC) based in Pittsboro, NC, that was started by a group of farmers in 2004 through a local nonprofit called the Carolina Farm Stewardship Association (CFSA). ECO markets and distributes local organic produce from 40 farmers to more than 150 customers, including grocery stores, food cooperatives, buying clubs, restaurants, school foodservice providers,

## Defining Characteristics of a Regional Food Hub

Regional food hubs are defined less by a particular business or legal structure, and more by how their functions and outcomes affect producers and the wider communities they serve. Defining characteristics of a regional food hub include:

- **Carries out or coordinates the aggregation, distribution, and marketing of primarily locally/regionally produced foods from multiple producers to multiple markets.**
- **Considers producers as valued business partners** instead of interchangeable suppliers and is committed to buying from small to mid-sized local producers whenever possible.
- **Works closely with producers**, particularly small-scale operations, to ensure they can meet buyer requirements by either providing technical assistance or findings partners that can provide this technical assistance.
- **Uses product differentiation strategies to ensure that producers get a good price for their products.** Examples of product differentiation strategies include identity preservation (knowing who produced it and where it comes from), group branding, specialty product attributes (such as heirloom or unusual varieties), and sustainable production practices (such as certified organic, minimum pesticides, or “naturally” grown or raised).
- **Aims to be financially viable while also having positive economic, social, and environmental impacts within their communities**, as demonstrated by carrying out certain production, community, or environmental services and activities.



Farmers and staff of Eastern Carolina Organics.

## How Do Regional Food Hubs Help Farmers and Ranchers?

Many farmers and ranchers are challenged by the lack of distribution and processing infrastructure of appropriate scale that would give them wider access to retail, institutional, and commercial foodservice markets, where demand for local and regional foods continues to rise.<sup>6</sup> There are three primary reasons why this lack of infrastructure stifles the development of regionally based food systems:

### Limited Market Options and Revenue Opportunities

Although many smaller farmer and rancher operations have taken advantage of direct-to-consumer marketing outlets (such as farmers markets, farm stands, and community supported agriculture) to sell their products, they often lack the volume and consistent supply necessary to attract retail and foodservice customers. This problem is particularly acute for operators of mid-sized farms, who are too large to rely on direct marketing channels as their sole market outlet but too small to compete effectively in traditional wholesale supply chains.

and colleges and universities. By pooling diverse harvests from farmers in several regions of North Carolina, they are able to meet the demand for a steady stream of high-quality local, organic, seasonal food choices throughout the year.

Along with coordinating supply chain logistics, many food hubs have made investments in food distribution infrastructure. They often own or lease a warehouse that functions as a drop-off point for producers and a pickup point for distribution firms and other customers. Food hub activities at a warehouse may include dry and cold storage, grading, packing, labeling, and light processing (trimming, cutting, and freezing), all of which are done to ensure that food hubs can meet their wholesale customers' purchasing standards. Many food hubs own or lease trucks that are used for on-farm pickup or for delivery to retail stores or institutional foodservice establishments.

There are, however, some food hubs that have not invested in distribution infrastructure but have opted to develop strategic partnerships with other supply chain actors who can provide warehousing, processing, and

transportation services. A good example of this is Red Tomato, a nonprofit marketing and distribution organization based in Canton, MA. Founded in 1996, Red Tomato arranges the aggregation, transportation, and sale of a wide variety of produce supplied by 35–40 farmers to grocery stores and distributors in the Northeast. It never physically handles the product sold under its name but instead relies on farmers and contract trucking firms to provide aggregation and transportation services.



Boxes of heirloom tomatoes with the Red Tomato brand.

<sup>6</sup> See Market Demand for Local Food on page 10 of this document for more information on the current market demand for local and regional foods.

### Limited Distribution and Marketing Capacity

Producers often don't have the available capital or access to facilities to store, process, and distribute their products. Furthermore, due to limited staff or lack of experience, they are not always able to devote the attention necessary to develop successful business relationships with key wholesale buyers or have the resources to develop an effective marketing strategy by themselves.

### High Transaction Costs

Wholesale buyers often find it too costly to purchase products directly from numerous farms and prefer to reduce transaction costs by buying product from distributors.

Consequently, regional food hubs have emerged as an effective way to overcome these infrastructural and market barriers. For those smaller and mid-sized producers who wish to scale up their operations or diversify their market channels, food hubs offer a combination of production, distribution, and marketing services that allows them to gain entry into new and additional markets that would be difficult or impossible to access on their own. For larger producers, food hubs can provide the product-differentiation strategies and marketing services to ensure the best possible price in the market place. Moreover, for wholesalers, distributors, retailers, and foodservice buyers who would like to purchase larger volumes of locally and regionally grown products, food hubs lower the procurement costs by providing a single point of purchase for consistent and reliable supplies of source-identified products from local and regional producers.

## How Do Regional Food Hubs Differ From Other Local Food Distributors?

While many regional food hubs are local food distributors, they are much more than this. Food hubs are examples of innovative, value chain-based business models that strive to achieve

triple bottom line (economic, social, and environmental) impacts within their communities. They do this by offering a suite of services to producers, buyers, and the wider community.

First and foremost, regional food hubs actively seek to provide new market outlets for small and mid-sized local and regional producers. As such, food hubs often provide, or find partners to provide, technical assistance to producers in such areas as production planning, season extension, sustainable production practices, food safety, and post-harvest handling—all of which increases the capacity of these producers to meet wholesale buyer requirements (such as quality, volume, consistency, packaging, liability, and food safety). Food hubs also work with producers to add value to their products through a number of product differentiation strategies, which include identity preservation (knowing who produced it and where it comes from), group branding, traceability, provenance, product attributes (e.g., heirloom, unusual varieties), and sustainable production practices (such as certified organic, minimum pesticides, and “naturally” grown or raised). Depending on their physical infrastructure capacity, some food hubs also offer others services, such as bulk purchasing of inputs, light processing, and product storage.

Because most food hubs are firmly rooted in their community, they often carry out a number of community services. These include donating to food banks, increasing consumer awareness of the benefits of buying local food, organizing educational farm tours, offering farm apprenticeships, increasing healthy food access by establishing delivery mechanisms into underserved areas, and—for food hubs with a retail component—carrying out activities such as SNAP redemption, nutrition and cooking education, and health screenings.

All of this is not to say that a local produce distributor cannot be a regional food hub. Many local produce distributors operate as food hubs, and they all share the following attributes:

## Types of Services/Activities Offered by Regional Food Hubs

### Operational Services

- Distribution
- Aggregation
- Brokering
- Branding and market promotion
- Packaging and repacking
- Light processing (trimming, cutting, and freezing)
- Product storage

### Producer Services

- Actively linking producers and buyers
- Transportation, on-farm pick up
- Production and post-harvest handling training
- Business management services and guidance
- Value-added product development
- Food safety and good agricultural practices (GAP) training
- Liability insurance

### Community/ Environmental Services

- Increasing community awareness of “buy local” benefits
- Distributing to nearby food deserts<sup>7</sup>
- Food bank donations
- Youth and community employment opportunities
- SNAP<sup>8</sup> redemption
- Health screenings, cooking demonstrations
- Transportation for consumers
- Recycling and composting programs

<sup>7</sup> For food desert definition, refer to [www.ers.usda.gov/data/fooddesert/documentation.html](http://www.ers.usda.gov/data/fooddesert/documentation.html)

<sup>8</sup> Supplemental Nutrition Assistance Program, also known as “food stamps”

- At the core of their business model is the commitment to buy from small to mid-sized local growers whenever possible.
- They work closely with their producers to build their capacity to meet wholesale buyer requirements.
- They ensure a good price for their growers' products by using product differentiation strategies to command a premium in the marketplace.
- They ultimately they see their producers as valued partners rather than interchangeable suppliers.

A good example is Walsma and Lyons, a privately held fresh produce distribution company that has operated near Grand Rapids, MI, since 1949. The company has long-established relationships with more than 15 small and mid-size growers. Walsma and Lyons connects growers with food safety information and ensures they meet buyers' GAP requirements, repacks to make orders smaller and more manageable for foodservice customers, provides liability insurance, and preserves the regional identity of products so growers can earn a higher premium.

## How Are Different Types of Regional Food Hubs Classified?

Regional food hubs are generally classified by either their structure or their function. One way to classify food hubs by structure is by their legal business structure, which includes: nonprofit organizations (which often develop out of community-based initiatives), privately held food hubs (a limited liability corporation or other corporate structure), cooperatives (owned either by producers and/or consumers), and publicly held food hubs (often the case where a city-owned public market or farmers market is carrying out food hub activities).

The legal structure of a food hub often influences its operation and function, particularly in such areas as capital investment, risk management, and liability exposure. For example, nonprofit food hubs have greater access to grant programs and donations than privately held food hubs because nonprofits are eligible for more Federal and State assistance programs than private entities. On the other hand, nonprofit food hubs have greater difficulty accessing loans, revolving lines of credit, and



**At the Oklahoma Food Cooperative's warehouse on delivery day — local products are dropped off by farmers and then sorted and delivered to a number of sites for consumers to pick up.**

other forms of private investment than for-profit business entities. As another example, producer cooperatives have the advantage of tapping member equity and taking advantage of business services offered by cooperative extension programs, but find fewer grants and loan programs available to them than nonprofit organizations.

Food hubs can be functionally categorized by the primary market they serve. These markets can be delineated as:

- Farm-to-business/institution model
- Farm-to-consumer model
- Hybrid model

Under the farm-to-business or -institution model, food hubs sell to wholesale market buyers, such as food cooperatives, grocery stores, institutional foodservice companies, and restaurants. Under this model, food hubs provide new wholesale market outlets for local growers that would be difficult or impossible for them to access individually.



**Staging area at Walsma and Lyons' warehouse.**

While this is one of the primary purposes of a food hub, some food hubs focus on the farm-to-consumer model. In this case, the food hub is responsible for marketing, aggregating, packaging, and distributing products directly to consumers. This includes multi-farm community supported agriculture (CSA) enterprises such as Beneficial Farms, online buying clubs such as Oklahoma Food Cooperative, food delivery companies such as Green B.E.A.N. Delivery, and mobile markets such as Gorge Grown Mobile Farmers' Market.

Under the hybrid model, the food hub sells to wholesale market buyers and also directly to consumers. A good example of the hybrid food hub model is the Intervale Food Hub, a 22-member farmer collaborative managed by the Intervale Center in Burlington, VT. The Intervale Food Hub sells its farmers' products directly to consumers through a CSA with more than 300 members, and it sells wholesale to 12 restaurants and caterers, two schools, and a local hospital.

## Are Farmers Markets or Public Markets Regional Food Hubs?

Farmers markets and public markets are excellent places for household consumers to buy locally and regionally grown products directly from producers, but one of the main purposes of a regional food hub is to provide producers with access to larger volume markets as an alternative to direct-to-consumer marketing options. Regional food hubs do this by actively coordinating supply chain activities, seeking new markets for producers, and building strategic partnerships with processors and other distributors so that the producer members of the food hub can meet the quality and quantity requirements demanded by commercial and institutional buyers. By contrast, in most cases, managers of farmers markets or public markets are not involved in such activities and therefore would not be considered

regional food hubs. Nevertheless, some farmers markets and public markets have begun to take on these aggregation and strategic marketing roles and, as such, could be classified as a food hub.



**A wholesale buyer picking up an order at the Santa Monica Farmers Market.**

A good example of this is the Santa Monica Farmers Markets, a group of four publicly operated farmers markets that opened in Santa Monica, CA, between 1981 and 1995. In addition to the 185 producers selling directly to consumers, the market provides fresh produce to the local Santa Monica Malibu Unified school district for a year-round "farmers market salad bar." Fresh produce is ordered in advance from farmer vendors, and produce is packed and ready to be picked up by the schools before the markets open.

The same circumstance is true of other retail outlets that sell locally grown food, such as food cooperatives or grocery stores. Most of these retail outlets do not work directly with local and regional producers to help them secure multiple wholesale market channels for their products. They may procure food products from several local producers to sell in their own stores, but they are only classified as regional food hubs if they also offer a variety of services (such as aggregation, distribution, processing, brokering, market development, or branding) that enable producers to access new wholesale markets beyond their own stores. Consequently, most food retail outlets are not regional food hubs; instead, they are crucial markets that purchase local and regional

### Types of Regional Food Hubs

Food Hub Legal Status	Number	Percentage
Privately held	67	40%
Nonprofit	54	32%
Cooperative	36	21%
Publicly held	8	5%
Informal	3	2%

Market Model	Number	Percentage
Farm to business/institution (F2B)	70	42%
Farm to consumer (F2C)	60	36%
Hybrid (both F2B and F2C)	38	22%

\* Based on a working list of 168 regional food hubs identified by the National Food Hub Collaboration (last updated Dec. 1, 2011).

products from food hubs. That said, there are some exceptions to the rule: a handful of food retail outlets have developed subsidiaries that offer a variety of production, distribution, and marketing services for local and regional producers that extend beyond the immediate needs of their stores.

Two good examples of this are La Montanita Food Cooperative in New Mexico and the Wedge's Co-op Partners in St. Paul, MN. La Montanita established the Regional Foodshed Initiative in 2007 to expand purchasing and distribution of sustainably grown regional products from small and mid-size producers for the co-op's four stores, and to assist regional producers in accessing other wholesale market channels for their products. The Co-op Partners Warehouse, started in 1999 by the Wedge Food Cooperative, uses its own fleet of trucks as well as contract trucking companies to sell primarily organic produce supplied by a network of 30 or so farmers in Minnesota and Wisconsin to other consumer cooperatives, health food stores, buying clubs, and restaurants in the Upper Midwest.

## Are Traditional Wholesale Markets and Terminal Markets Regional Food Hubs?

If the managers of a wholesale or terminal market function mostly as property managers, and are primarily in the business of leasing space to wholesalers and other tenants, they would not be considered a regional food hub. However, as is the case with some farmers markets, several wholesale and hybrid wholesale-farmers markets function as food hubs because the market's management has taken an active role in engaging in a number of food-hub-related activities.

A good example of this is the Central New York Regional Market in Syracuse, NY, which operates both a wholesale market and a farmers market. Along with the market's participation in electronic benefits transfer (EBT), SNAP (USDA's



Products being unloaded at La Montanita's Cooperative Distribution Center.

Supplemental Nutrition Assistance Program, once called food stamps) and other supplemental nutrition programs, the market operates the "Farm Fresh" Mobile Market, which acts as an effective delivery mechanism to increase access of healthy foods in underserved communities.

Even if these traditional wholesale and terminal markets are not classified as food hubs, they can still play a vital role in supporting the development of robust regional food systems. Many wholesale market sites already have distribution infrastructure in

place (such as warehouse space, variable temperature storage units, and processing equipment) that is suitable for food hub activities. Existing wholesale and terminal market facilities with excess capacity, along with other large-scale food warehouses (such as those managed by food banks), are often among the most cost-effective locations available to food hub operators and planners, who can take advantage of the existing infrastructure and renovate it as needed to fit their business needs (see Appendix 3 for locations of wholesale and terminal market facilities in the United States).



The Central New York Regional Market during their Saturday farmers market.

## Market Demand for Local Food

“A much higher proportion of people eat locally grown foods than organic foods. When they think local, they think fresh and want to support local growers/packers.”

- National Grocers Association's 2011 Consumer Survey Report

According to a recent study by USDA's Economic Research Service, local food sales through all marketing channels in the United States were estimated to be \$4.8 billion in 2008 and are projected to climb to \$7 billion in 2011.<sup>9</sup>

A critical factor often overlooked in the assessment of local and regional food systems is the fact that most demand for local and regional food occurs outside of direct-to-consumer marketing channels (such as farmers markets, CSAs, and farm stands). The majority of local and regional food sales in the United States occur in the retail and foodservice sector, among establishments appealing to consumers at all levels of income.

Restaurants, retail grocery establishments, and schools continue to embrace the local and regional food trend in an attempt to appeal to the taste buds and interests of their patrons, who increasingly make food purchases at establishments that feature local and regional food options:

- In a 2011 consumer survey, 86 percent of respondents called the presence of local foods “very important” or “somewhat important” to their choice of food store, up from 79 percent in 2009.<sup>10</sup>
- In a 2011 survey of nearly 1,800 chefs, locally grown foods was picked as the top restaurant trend for 2012, which is the fourth year in a row as the top trend.<sup>11</sup>
- In January 2011, Bon Appetit Management Company, which runs more than 400 corporate and university cafes in 30 different States, reached its goal of contracting with 1,000 small farmers, fishers, and food artisans through its Farm to Fork program.<sup>12</sup>
- The number of farm to school programs, which use local farms as food suppliers for school meal programs, totaled more than 2,000 in 2011, a five-fold increase since 2004.<sup>13</sup>

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9 Low, Sarah A., and Stephen Vogel. Direct and Intermediated Marketing of Local Foods in the United States, ERR-128, USDA, Economic Research Service, November 2011. [www.ers.usda.gov/Publications/ERR128](http://www.ers.usda.gov/Publications/ERR128)

10 National Grocers Association's 2011 Consumer Report. [www.supermarketguru.com/public/pdf/Consumer-Panel-Survey-2011.pdf](http://www.supermarketguru.com/public/pdf/Consumer-Panel-Survey-2011.pdf)

11 National Restaurant Association's Chef Survey: What's Hot in 2012.

[www.restaurant.org/pressroom/social-media-releases/images/whatshot2012/What's\\_Hot\\_2012.pdf](http://www.restaurant.org/pressroom/social-media-releases/images/whatshot2012/What's_Hot_2012.pdf)

12 Bon Appetit's Farm to Fork Program. [www.bamco.com/sustainable-food-service/farm-to-fork-folks](http://www.bamco.com/sustainable-food-service/farm-to-fork-folks)

13 National Farm to School Network. Farm to School Programs in the US (Estimated). [www.farmtoschool.org/index.php](http://www.farmtoschool.org/index.php)

## Do Regional Food Hubs Sell Only Local and Regional Food Products?

Many regional food hubs buy outside their region during the off-season, especially if their primary product is fresh produce. For business reasons, they need to operate on a year-round basis unless their infrastructure and other assets can be used for other purposes to generate revenue in the off-season. Furthermore, wholesale buyers need products throughout the year; food hubs that offer similar quality non-local products during the off-season are better positioned to keep the buyers engaged and committed to their business relationship. Nevertheless, with continued improvements in season extension and food preservation techniques; diversification of product lines to year-round products such as meat, dairy, and value-added products; and the overall increase of local supply, it may become increasingly financially viable over time for food hubs to deal exclusively in local and regional food products.

## What Is the Role of Food Hubs in Regional Food System Development?

In many parts of the country, wide gaps exist in local distribution and processing infrastructure, making it difficult for small and mid-sized growers to gain access to markets where there is unmet demand for source-identified, sustainably produced products from local and regional producers. Regional food hubs are increasingly filling a market niche that the current food distribution system is not adequately addressing—the aggregation and distribution of food products from small

and mid-sized producers into local and regional wholesale market channels (retail, restaurant, and institutional markets). Additionally, because food hubs provide a number of additional services that build the capacity of local producers and also engage buyers and consumers to rethink their purchasing options and habits, food hubs are emerging as critical pillars for building viable local and regional food systems.

Although regional food hubs are filling a market niche of small farm distribution, this does not mean they do not engage with conventional supply chains. In fact, many food hubs complement and add value to these more traditional distribution channels by enabling regional food distributors—and their national food distribution clients and partners—to offer a broader and more diverse selection of local or regional products than they would otherwise be able to source. In addition, they often add significant value to conventional supply chains by providing a reliable supply of source-identified (and often branded) local products that conform to buyer specifications and volume requirements and still enable their clients to “tell the story” behind the product. For

this reason, regional distributors—and even broadline, full-service national distribution companies like Sysco—are beginning to view food hubs as critical partners instead of competitors to ensure they can meet the market demand for locally and regionally grown food.<sup>14</sup>

A good example of this mutually beneficial collaboration is the business relationship between the Local Food Hub in Charlottesville, VA, and Keany Produce Company—a regional produce distributor based in Landover, MD, that services restaurants, hotels, and corporate and Federal cafeterias—including USDA’s cafeteria—in the greater Washington, DC, area. While the Local Food Hub’s primary business is as a local distributor of fresh produce, moving products from 50 local farmers to more than 100 businesses and institutions in Central Virginia, it is also serves as an aggregation hub for a number of broadline and specialty food distributors, like Keany Produce. By working with the Local Food Hub, Keany sources a greater volume of high quality, locally grown products from small and mid-sized family farms than it could otherwise and better meets the growing demands of its customer base.



**The Local Food Hub is both a local food distributor and an aggregation hub for other distributors and wholesalers.**

<sup>14</sup> For a case study of Sysco’s partnership with food hubs in Michigan, see Sysco’s Journey from Supply Chain to Value Chain at the National Good Food Network’s Web site: [ngfn.org/resources/research-1/innovative-models/](http://ngfn.org/resources/research-1/innovative-models/)

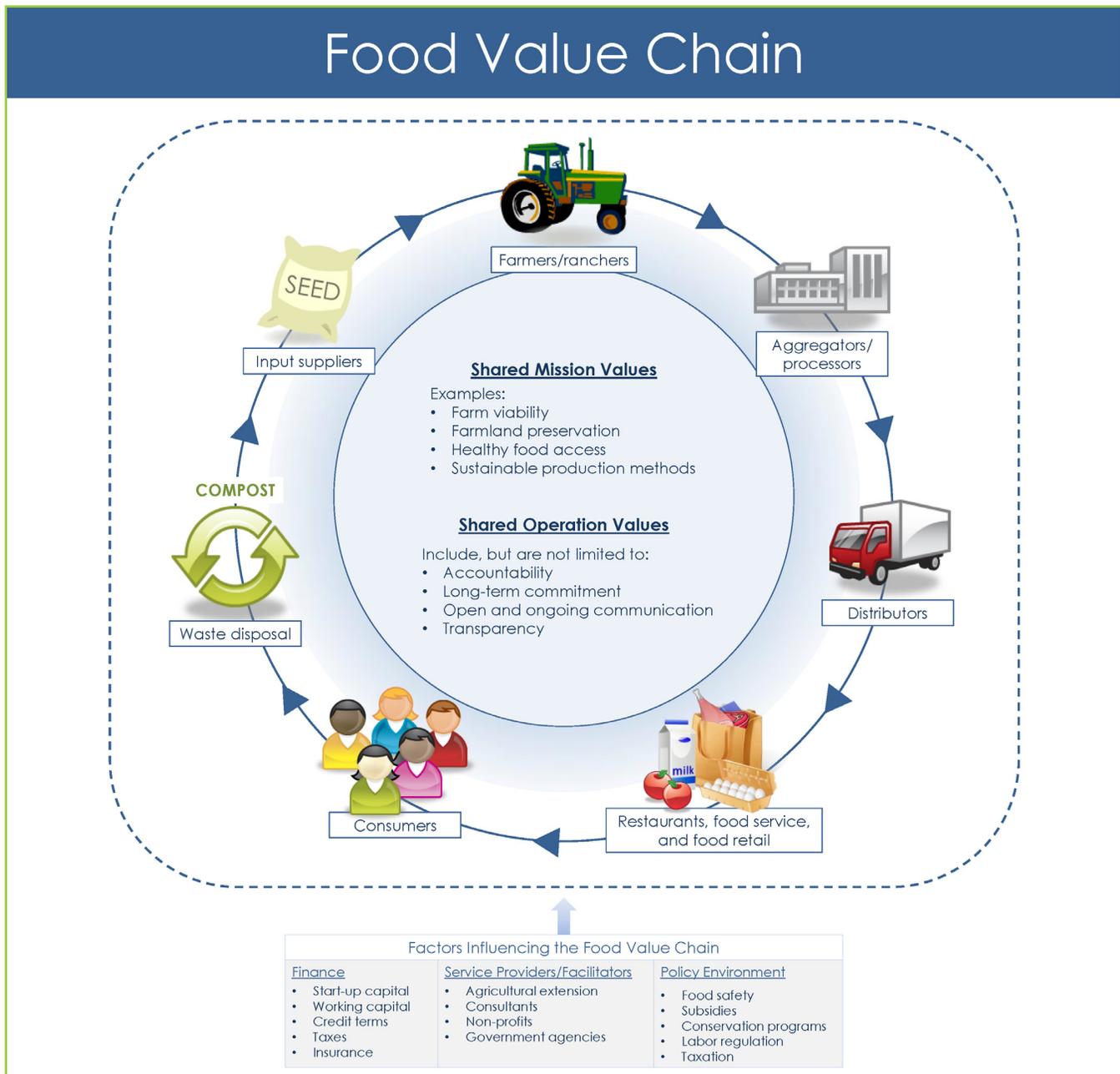
## What Is the Relationship Between Regional Food Hubs and Food Value Chains?

Food value chains are collaborative business networks comprising food producers, processors, distributors, marketers, and buyers who jointly plan and coordinate their activities to achieve common financial goals while advancing an agreed-upon set of social or environmental values, such

as farmland preservation, sustainable agriculture, small farm viability, or healthy food access. They attempt to enhance efficiency and profitability among all segments of the chain by improving information flows and transparency along the chain, embedding jointly held values in their business plans, and using product differentiation strategies to increase the economic value of the products sold.

Food hubs are often at the heart of value chains. By working closely with producers and other supply chain actors (distributors, processors, and

buyers), food hubs can provide the distribution infrastructure and logistical support needed to develop value-added products and find the local and regional markets where there is demand for such products. Just as critically, food hubs also play an essential role in building effective information flows and transparency among the value chain partners, enabling every partner in the supply network to fully understand the operating costs of production, processing, transportation, and marketing, all of which helps to ensure that value chain partners can negotiate acceptable returns.





# Regional Food Hub Impacts

Although the primary focus of the National Food Hub Collaboration research to date has been to understand the characteristics, successes, and challenges of food hub operations, the Collaboration has started to document some of the economic, social, and environmental impacts that food hubs are having in their communities. The evidence of the impacts of food hubs highlighted in this section comes from several sources, including the National Food Hub Collaboration's online survey of regional food hubs (hereinafter called "2011 NFHC survey"), follow-up phone interviews with food hub operators, and from other primary and secondary sources such as annual reports, news articles, and presentations.<sup>21</sup> The section begins by showcasing the variety of ways that food hubs are impacting their local economies and then continues by highlighting how food hubs create social and environmental benefits in their communities.

1 in 8 unemployed residents, as well as increase annual regional output by \$4.2 billion and increase State and local tax collections by \$126 million.<sup>22</sup> More specifically, a food hub feasibility study recently conducted in southern Wisconsin estimates that a food hub operation running at full capacity could create 400 jobs and inject an additional \$60 million into the local economy. Furthermore, it would be able to serve as many as 50 family farm businesses in the southern Wisconsin region with the potential to increase their overall farm revenue by \$900,000 to \$1.8 million.<sup>23</sup>

Although many food hubs are at the beginning stages of their business development, they have already proven to be considerable revenue generators in their local and regional economies. Based on the 2011 NFHC survey, food hubs gross nearly \$1 million in annual sales on average, with many showing double- and even triple-digit

annual sales growth. For example, the Oklahoma Food Cooperative, which started in 2003 with 36 consumers and \$3,500 in sales in its first month of operation, now generates about \$70,000 in monthly sales of products from approximately 200 producers.<sup>24</sup> In addition, from 2007 to 2008, it saw a 52 percent increase in gross revenues; in some months it saw annual increases in sales revenue of as much as 80 percent.<sup>25</sup> The Local Food Hub (LFH) in Charlottesville, VA, opened in July 2009 and ended that year with \$75,000 in sales. In 2010, LFH grossed \$365,000 and is on track to nearly double this in 2011 with \$675,000 in annual gross sales.<sup>26</sup> Vermont's Intervale Food Hub has grown from \$93,000 in gross revenue in 2008 to an expected \$400,000 by the end of 2011. Intervale is currently implementing plans to expand its warehouse facility to accommodate this market, with the expectation of surpassing \$1 million in sales by 2015.<sup>27</sup>

## Economic Impacts

Food hubs provide opportunities for more local food procurement at a larger scale, which can create jobs, generate business taxes, and increase earnings throughout the region as production increases locally. Various studies have examined the local economic impacts of shifting food purchases to local food. A study conducted in Northeast Ohio found that if the 16-county Northeast Ohio Region were to meet 25 percent of its need for food with local production, it would result in 27,664 new jobs, providing jobs for



The Intervale Food Hub has witnessed remarkable sales growth due to high demand for locally grown food.

21 See Appendix 4 for more information on research conducted by the National Food Hub Collaboration.

22 Masi, B., L. Shaller, and M. Shuman (December 2010). The 25% Shift: The Benefits of Food Localization for Northeast Ohio and How to Realize Them. [www.neofoodweb.org/sites/default/files/resources/the25shift-foodlocalizationintheNEOregion.pdf](http://www.neofoodweb.org/sites/default/files/resources/the25shift-foodlocalizationintheNEOregion.pdf)

23 Dane County Planning and Development Department (September 2011). Southern Wisconsin Food Hub Feasibility Study. [pdf.countyofdane.com/Purchasing/RFI\\_111101\\_Packing\\_House\\_Study.pdf](http://pdf.countyofdane.com/Purchasing/RFI_111101_Packing_House_Study.pdf)

24 [blogs.usda.gov/2010/12/16/oklahoma-food-co-op-from-buying-club-to-food-hub](http://blogs.usda.gov/2010/12/16/oklahoma-food-co-op-from-buying-club-to-food-hub)

25 Community Food Enterprise: Local Success in a Global Marketplace. (2009) The Wallace Center at Winrock International and Business Alliance for Local Living Economies. [www.communityfoodenterprise.org/download-the-book](http://www.communityfoodenterprise.org/download-the-book)

26 Barham, James (2012). *Regional Food Hubs: One Solution for Overcoming Barriers for Local Producers*. Presentation at the Agricultural Outlook Forum. February 24, Washington, D.C. [www.ams.usda.gov/AMSv1.0/getfile?dDocName=STELPRDC5097265](http://www.ams.usda.gov/AMSv1.0/getfile?dDocName=STELPRDC5097265)

27 Correspondence with Sona Desai, Food Hub Manager, Intervale Center, August 24, 2011

As food hubs become more successful at scaling up the production and delivery of local food, economic gains have been realized in some communities where the food hubs operate. More money is generated within the local economy, within the food hub business itself, with the producers who sell through the food hub, and with the businesses who buy their products. The following questions answer some of the more pertinent issues related to how food hubs contribute to job creation, producers' income, and the longer term viability of farms and other agriculture-related businesses.

## What Impacts Are Regional Food Hubs Having on Job Creation?

Regional food hubs create jobs directly, for the operation of the hub, and also indirectly, as a supportive environment for job opportunities for the region—including agricultural jobs and other jobs along the supply chain. Here are some ways in which food hubs foster jobs within the food hub and the agriculture sector:

### Job Creation Within the Regional Food Hub

According to the 2011 NFHC survey, food hubs themselves create an average of seven full-time jobs and five part-time jobs. Although the majority of food hubs have been in operation for less than 5 years, food hubs have an immediate impact on job creation. For example, the Local Food Hub, which began operations in 2009, has already created 15 paid jobs at its distribution and farm operations.

As food hubs grow and reach more producers and buyers, job opportunities within the food hub will continue to increase. For example, Farm to Family Naturally, will be expanding its operation and opening the St. Louis Farm Fresh Food Hub. The expansion will increase its reach into school systems, corner stores, human service networks, and institutional foodservice operations, all in areas with low access to fruits and vegetables. With this expansion, Farm to Family Naturally will increase its number of employees from 50 to 100–125 full-time employees.<sup>28</sup>

CROPP Cooperative is a clear demonstration of the impact regional food hubs can have on job creation. CROPP currently has more than 530 full-time employees. It buys from and promotes its 1,650 producers nationwide. Despite its national presence, its business model has a strong emphasis on linking regional supply to regional markets. For example, CROPP works with producer pools from specific geographic regions to produce and distribute Organic Valley Brand© milk regionally as much as possible and identifies the region in which the milk was produced on each milk carton.<sup>29</sup>

### Retaining and Creating Other Agricultural Jobs and Businesses

Food hubs can also help retain local agricultural jobs through their efforts to make farming more profitable. For example, a study of the economic impact of Green B.E.A.N. Delivery—a food delivery service company with operations in Indiana, Ohio, and Kentucky—estimates that since its start in 2007, the company has invested more than \$2 million in local food economies and created more than 100 jobs throughout the Midwest.<sup>30</sup> Similarly, the Local Food Hub has reinvested



Green B.E.A.N. Delivery food bin getting packed for delivery.

more than \$850,000 in the local farming community by purchasing from local producers. Its purchasing, distribution, sales and accounting services have increased sales by area family farms helping to support these local business owners and their 200 plus employees. Furthermore, the 120 active buyers of product from Local Food Hub report increasing their local food purchases by an average of 30 percent as a result of working with Local Food Hub.<sup>31</sup>

Food hubs can also exert a positive influence on the creation and success of new businesses that sell local and regional products. For example, Eastern Carolina Organics (ECO) notes that many food enterprises, such as CSAs and buying clubs, formed in the past few years rely heavily on Eastern Carolina Organics distribution services.<sup>32</sup> Likewise, the Intervale Food Hub recently partnered with One Revolution,<sup>33</sup> a delivery enterprise that delivers half of Intervale's 300-plus CSA shares by bicycle. One Revolution has relied on Intervale, who is its largest customer, to build its business and garner additional support from the community.<sup>34</sup>

28 Interview with Nancy Smith, Farm to Family Naturally, LLC Principal, and Carol Coren, Cornerstone Ventures January 18, 2011. Follow-up with Jeffrey Randol, advisor, August 23, 2011

29 Correspondence with Katie Peterman, Cooperative Affairs, Organic Valley Family of Farms, September 13

30 [www.insideindianabusiness.com/newsitem.asp?ID=49316](http://www.insideindianabusiness.com/newsitem.asp?ID=49316)

31 Barham, James (2012). *Regional Food Hubs: One Solution for Overcoming Barriers for Local Producers*. Presentation at the Agricultural Outlook Forum. February 24, Washington, D.C. [www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5097265](http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5097265)

32 Interview with Sandi Kronick, CEO, Eastern Carolina Organics, January 26, 2011

33 [www.onevt.com](http://www.onevt.com)

34 Correspondence with Sona Desai, Food Hub Manager, Intervale Center, August 24, 2011



**A greenhouse managed by ALBA farmers.**

## **Increasing Market Access and Reliability**

One notable aspect of food hubs is that many of them work with their producers and buyers in advance of the season to coordinate production planning and pricing with anticipated demand. This helps farmers to plan what they should grow for the coming season with greater confidence that their product will find a ready market outlet at an acceptable price point, which ultimately provides them with more economic security.

Local Food Hub, Tuscarora Organic Growers Cooperative, and Intervale Food Hub are just a few examples of food hubs that have adopted this model of collaborative planning. By working with buyers to make projections on product demand and target pricing ranges, Local Food Hub is able to pre-order specific crops from producers in November and December for the following growing season. This gives producers an opportunity to make bulk

In some instances, food hubs are actively creating job opportunities for producers by helping them establish their farming business. For example, the Agriculture and Land-Based Training Association<sup>35</sup> (ALBA), located in Salinas, CA, provided land and equipment to 39 small farm businesses in 2009 and 2010 through its Small Farm Incubator Program and its ALBA Organics distribution business, resulting in \$2.5 million in combined gross sales and creating more than 100 full-time and part-time jobs through these farms.<sup>36</sup>

providing more reliable sources of locally and regionally produced foods for commercial clients, and developing a steadier and more diversified source of farm-based revenue for local producers.

## **How Are Regional Food Hubs Affecting Producers' Bottom Lines?**

Based on the 2011 NFHC survey, food hubs work with a median of 40 suppliers and, even within their relatively short time span, have been able to improve producer profitability by enhancing their access to commercial markets,



**A Tuscarora Organic Growers Cooperative's truck on its way to make a delivery.**

<sup>35</sup> [www.albafarmers.org](http://www.albafarmers.org)

<sup>36</sup> ALBA Biennial Report (2009-2010). [albafarmers.org/2011-06/alba-Biennial-Report-2009-2010.pdf](http://albafarmers.org/2011-06/alba-Biennial-Report-2009-2010.pdf)

seed purchases, schedule planting, and estimate their projected sales for the season. These weekly volume demand figures and pricing data help producers develop a strong business plan.

Similarly, Tuscarora Organic Growers Cooperative (TOG) coordinates crop planning with all its growers to meet weekly market demand based on a historical database for each produce item sold. As TOG's general manager stated, "Our growers make a good faith commitment to provide a weekly quantity of each produce item, and the co-op commits to a good faith effort to sell them."<sup>37</sup> Along with production planning, the Intervale Food Hub provides the producers who sell through their modified CSA program 25 percent of gross CSA sales at the beginning of the season, providing revenue at a time when cash flow is limited.<sup>38</sup>

### Offering Producers an Opportunity To Capture Higher Value for Their Products

Many food hubs try to—and generally do—pay higher prices to producers than they would receive in non-differentiated wholesale markets. A recent USDA Economic Research Service report that studied five local food supply chains found that producers in the local food supply chain received a greater share of the retail price than they did from a mainstream food supply chain, with producer net revenue per unit in local chains ranging from roughly equal to more than seven times the price received in mainstream chains.<sup>39</sup> Here are some of the ways that food hubs are helping producers get better prices for their products:

Tuscarora Organic Growers (TOG) uses a cooperative business model; it directs 75 percent of its revenue to participating growers and 25 percent to food hub operations. It also surveys



Heirloom tomatoes being packed at the Local Food Hub's warehouse.

its producers every year to make sure they are satisfied with the prices that TOG pays and it evaluates market pricing twice a week to determine a competitive and fair price for its producers.

Jim Crawford, owner of New Morning Farm in Pennsylvania and Board President and current and founding member of TOG, described the benefits of a food hub to producers best by saying:

Our co-op is our food hub. We built it, we're very proud of it, and it certainly enhances the profitability of our farms. We—the grower members—own the business, set its policies, and share in the profits. By planning our crops together, by pooling our produce, and by sharing the use of the co-op's staff and services, we can get economies of scale and far better access to the market. It's our co-op that gives us the competitive edge in the "dog-eat-dog" wholesale produce world.<sup>40</sup>

Intervale Food Hub works collaboratively with its producers to determine prices for their products based on actual production costs for the producers and what the market can realistically bear. As a result, Intervale producers generally net about 60 to 70 percent of the income obtained from CSA sales and 85 percent of the income from wholesale distribution through the hub.<sup>41</sup>

In a similar vein, the Local Food Hub ensures that 80 percent of the price paid by buyers goes back to the farmer.<sup>42</sup> They survey their producers annually to make sure they are satisfied with the prices they receive. Through the 2010 survey, where producers were asked to rate the prices from poor to excellent, Local Food Hub found that 100 percent of its producers rated the prices they received from fair to excellent.<sup>43</sup>

### Increased Producer Profitability and Viability

By offering producers larger sales volumes, more stable sources of income, and higher returns, food hubs provide opportunities for producers to expand and diversify production, which often translates into increased profitability

37 Interview with Jeff Taylor, General Manager, Tuscarora Organic Growers Cooperative, January 19, 2011

38 Schmidt, M.C., J.M. Kolodonisky, T.P. DeSito, F.C. Conte. (August 25, 2011) "Increasing farm income and local food access: A case study of a collaborative aggregation, marketing, and distribution strategy that links farmers to markets," *Journal of Agriculture, Food Systems and Community Development*

39 King, R.P., M.S. Hand, G.D. DiGiacomo, K. Clancy, M.J. Gómez, S.D. Hardesty, L. Lev, E.W. McLaughlin (June 2010) *Comparing the Structure, Size, and Performance of Local and Mainstream Food Supply Chains*. U.S. Department of Agriculture, Economic Research Service. [www.ers.usda.gov/Publications/ERR99/ERR99.pdf](http://www.ers.usda.gov/Publications/ERR99/ERR99.pdf)

40 Correspondence with Jim Crawford, Owner of New Morning Farm, September 22, 2011

41 Schmidt, et al. (2011)

42 Barham, James (2012). *Regional Food Hubs: One Solution for Overcoming Barriers for Local Producers*. Presentation at the Agricultural Outlook Forum. February 24, Washington, D.C. [www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5097265](http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5097265)

43 Ibid

and the longer term viability of farm operations. For example, Eastern Carolina Organics (ECO) notes many of its member producers indicated that they had intended to retire or move into conventional cotton production before working with ECO. Since the establishment of ECO, one of the farmers who used to produce hundreds of acres of conventional cotton has begun to diversify into organic vegetable production, beginning with 5 acres in year 1 and increasing to 30 acres by the 3rd year.<sup>44</sup>

Intervale Food Hub producers reported average gross sales of \$85,085 in 2007 prior to selling to the food hub. After producers began using Intervale Food Hub, their average gross sales increased to \$132,237 by the end of 2009.<sup>45</sup>

Local Food Hub's producers have reported that they increased their farm sales by an average of 25 percent since working with the food hub, and 60 percent reported that they plan to increase production. One of Local Food Hub's producers, Whitney Critzer of Critzer Family Farm, who is now able to sell to local hospitals and universities, said that Local Food Hub provided a "good opportunity to open up a market that was not available to us otherwise, and as a result, we have expanded production of our crops considerably and hired more folks due to increased demand."<sup>46</sup>

## Social and Environmental Impacts

Along with having considerable impact on their local economies, food hubs provide a number of services and activities that drive social and environmental improvements within the communities in which they reside. These include training and professional development for those interested in pursuing or expanding agricultural careers, increasing the

availability of fresh healthy food sold in retail and institutional markets, and promoting the adoption or use of sustainable or environmentally sound agricultural production practices.

## How Do Regional Food Hubs Support Rural Workforce Development?

An important amenity provided by many food hubs is free access to formal and informal training and mentoring opportunities designed to help producers at all scale levels, from beginning, transitioning, and limited-resource farmers, to mid-scale commercial farm enterprises looking

to increase their retail and foodservice revenue streams. By virtue of the active and dedicated coordination usually provided by food hub management teams, they can provide local growers and ranchers with directly relevant technical training and assistance that they might well have difficulty discovering on their own. In the 2011 NFHC survey, more than 50 percent of the food hubs reported providing production and post-harvest handling training or agriculture and crop planning training to producers. Almost 40 percent indicated that they provide both. Here are just a few specific examples:

**Appalachian Sustainable Development**, in Abington, VA, offers its Appalachian Harvest producers training, mentoring, consultations, and farm visits on a variety of subjects, enabling them to



ALBA supports new farmers through their Farmer Education and Small Farm Incubator Programs.

44 Interview with Sandi Kronick, CEO, Eastern Carolina Organics, January 26, 2011

45 Schmidt, M.C., A. Matthews, D. Farrell, G. Mattessich, J. Kolodinsky. Evaluation of the Intervale Food Basket: Perspectives from Participating Farmers. (December 2009). [mysare.sare.org/mySARE/assocfiles/9022865.%20Food%20Hub%20Farmer%20Evaluation%20\(2010\).pdf](http://mysare.sare.org/mySARE/assocfiles/9022865.%20Food%20Hub%20Farmer%20Evaluation%20(2010).pdf)

46 [flavormagazinevirginia.com/localfoodhub](http://flavormagazinevirginia.com/localfoodhub)

expand and improve their production and handling methods, increase sales, and strengthen their ties to local supply networks. In the past 3 years, Appalachian Harvest staff have conducted 326 farm visits and organized 75 training workshops and producer meetings.<sup>47</sup> They have also created a peer network for growers to provide mutual support and assistance to one another and matched more experienced growers with newer growers to provide one-on-one mentoring sessions. This gives new farmers, or those new to organic production methods, opportunities to receive customized practical training in an unfamiliar field.

**Agricultural Land Based Training Association (ALBA)**, in Salinas, CA, supports new farmers through its Farmer Education Program and Small Farm Incubator Program, which provides graduates of the Farmer Education Program with land leases and access to equipment so that they can launch their own farm businesses. It also offers food safety training, a growing need for producers who seek access to commercial market channels. In 2010, it provided 40 small farmers with a "turn-key" food safety plan with standard operating procedures appropriate to the scale of their operation.<sup>48</sup> ALBA has also helped 25 farmers conduct self-assessments of their farm operations for US GAP and GLOBALG.A.P certification requirements. ALBA has also had a strong track record of success helping small-scale minority farmers, particularly Latino farmers, in the Salinas valley make the transition from agricultural worker to farm entrepreneur and pursue agriculture as an economically viable career. In 2009 and 2010, ALBA graduated 44 growers from its farmer education program and helped establish 25 new farm businesses, providing farmers with access to information, operating capital, and opportunities to access land.<sup>49</sup>



Produce being sorted and packed for delivery at Appalachian Harvest's warehouse in Duffield, VA.

**Intervale Center's Farm Program**, in Burlington, VT, leases land, equipment, greenhouses, irrigation, and storage facilities to small independent farmers. Each year, between one and three new farm businesses join the program as incubators, receiving subsidized rental rates, business planning support, and mentoring from established growers. Through their "Success on Farms" program, Intervale offers a 2-year business planning program to 10 to 15 farmers throughout Vermont every year, working one-on-one with farmers to provide specialized support and training in business planning and management designed to help growers better understand their real costs of production, manage their cash flow, set prices, and gauge their expected revenues. The Intervale Center has also partnered with New Farms for New Americans to help refugees create their own successful farm- and food-based businesses by developing training curricula and working with farmers one-on-one to help them improve their business and marketing skills.

## How Do Regional Food Hubs Increase Healthy Food Access?

Many regional food hubs are seeking ways to increase access to healthy and affordable local foods in their communities, especially in low-income "food desert" neighborhoods, where food shopping choices and access to high-quality fresh fruits and vegetables are limited. By providing services such as insurance, quality control, distribution, and processing and establishing relationships among buyers, food hubs help eliminate the barriers along the supply chain that make it difficult for producers to meet the requirements of wholesale buyers that operate in food desert neighborhoods, such as schools, hospitals, and neighborhood stores. Of the 72 food hub managers surveyed by the National Food Collaboration in 2011, 47 percent reported that they were actively distributing products to nearby food deserts, thereby increasing access to fresh locally grown foods in areas that

<sup>47</sup> Appalachian Sustainable Development Final Narrative Report to W.K. Kellogg Foundation Food and Society Grant Program, June 2011

<sup>48</sup> ALBA. Healthy Urban Food Enterprise Development Center Quarterly Report submitted to the Wallace Center, April 27, 2011

<sup>49</sup> ALBA Biennial Report (2009-2010). [albfarmers.org/2011-06/alba-Biennial-Report-2009-2010.pdf](http://albfarmers.org/2011-06/alba-Biennial-Report-2009-2010.pdf)



**Eastern Market makes Michigan-grown fresh products more readily available through its Double Up Food Bucks Voucher Program.**

otherwise might not receive them. In addition, even in cases where food hubs might not be actively supplying fresh local food to underserved communities, they often partner with organizations that are working to increase food access.

Where food hubs sell directly to consumers, many food hubs accept SNAP (USDA's Supplemental Nutrition Assistance Program) benefits (formally known as food stamps), making their products even more accessible to consumers. The 2011 NFHC survey shows that approximately 25 percent of food hubs indicated that they accept SNAP or FMNP (Farmers Market Nutrition Program) benefits.

Many food hubs also have initiatives that support food assistance programs, such as those operated by food banks and hunger relief organizations, by supplying these organizations with

"seconds." Seconds are wholesome fruits and vegetables that do not conform to standard retail or foodservice cosmetic or size requirements, and therefore are hard to sell in most fresh market channels. Food hubs (and growers in general) benefit from such transactions by receiving a better price from food banks and hunger organizations than they would from selling these products to a processor, and food banks and hunger organizations benefit by receiving more and fresher food than they would normally receive through standard donations, which they can then offer to their clients. Here are some examples of how food hubs are increasing access to healthy foods in various ways:

Detroit's Eastern Market is currently partnering with the Detroit Public Schools to help them meet their goal of converting 30 percent of their \$16 million annual food purchases from

highly processed foods to Michigan-grown and minimally processed foods by overcoming supply chain barriers.<sup>50</sup> Eastern Market also works with partner organizations to bring food from its wholesale market into underserved communities. For example, through a partnership with Gleaners Community Food Bank and the Greening of Detroit, Eastern Market helps offer the Fresh Food Share Food Box Program which purchases food at wholesale prices to provide food boxes at affordable prices to residents in the Near East side of Detroit. In addition, Eastern Market works with community groups to build a sustainable network of neighborhood markets and to operate farm stands at places that cannot support a farmers market. Through partnerships with 14 community groups, healthcare organizations, and neighborhood markets, the Farm Stands Program seeks to increase resident and participant engagement around healthy eating choices to enhance the culture of wellness in the City of Detroit and throughout Southeast Michigan.<sup>51</sup> As a major gathering place for consumer-direct retail purchases as well as wholesale transactions, Eastern Market also processes up to \$30,000 in SNAP transactions each month and participates in the Double Up Food Bucks Voucher Program<sup>52</sup> which matches up to \$20 of consumers' SNAP benefits when they purchase Michigan-grown fruits and vegetables at Eastern Market, increasing their purchasing power.<sup>53</sup>

Local Food Hub sells products to area hospitals to increase healthy options in cafeterias and on patient trays, including fresh tomatoes, salad mix, summer squash, strawberries, and apples.<sup>54</sup> It also provides more than 45 public and private schools with access to fruits, vegetables, and educational materials for snack programs, home economics classes, and special events. In addition, it partners with the local Boys and Girls Club to

50 Food Hubs: Viable Regional Distribution Solutions. Presented at the Sustainable Agriculture and Food Systems Funders Forum, June 22, 2011, [www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5091774](http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5091774)

51 Detroit Eastern Market Web site. [www.detroiteasternmarket.com/page.php?p=1ands=24](http://www.detroiteasternmarket.com/page.php?p=1ands=24)

52 [www.doubleupfoodbucks.org](http://www.doubleupfoodbucks.org)

53 Food Hubs: Viable Regional Distribution Solutions. Presented at the Sustainable Agriculture and Food Systems Funders Forum, June 22, 2011, [www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5091774](http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5091774)

54 Ibid

organize “pop-up” local food markets in low-income neighborhoods and with Parks and Recreation to provide a summer food program. Local Food Hub has donated more than 100,000 pounds of produce to area food banks, soup kitchens, and homeless shelters, and 25 percent of the organic produce from its own 6 cultivated acres at the educational farm is donated to area food banks.<sup>55</sup>

Agricultural Land Based Training Association (ALBA) just recently started a new Fruit and Veggie Prescription program in partnership with the Health Clinic of the Salinas Valley, where residents receive prescriptions from doctors along with vouchers to purchase fruits and vegetables from ALBA Organics. ALBA is also testing selected products with a company that owns 50 WIC-only stores<sup>56</sup> in an effort to increase WIC participants’ access to fresh produce options.<sup>57</sup>

Farm Fresh Rhode Island offers a Healthy Food, Healthy Families Program which provides Nutrition Education at Farmers Markets and \$25 in Fresh Bucks that can be used at the farmers market. In a survey of program participants, Farm Fresh Rhode Island found that 40 percent of respondents (66 participants) reported increasing their fruit and vegetable intake by at least 1 serving.<sup>58</sup>

Appalachian Sustainable Development runs a Healthy Families-Family Farms initiative that raises money through fundraising programs to purchase seconds from Appalachian Harvest farmers at a discounted price. These seconds are then donated to Feeding America, which distributes the produce to area food pantries. Since its inception in 2004, the initiative has donated nearly 500,000 pounds of fresh produce to local food pantries.



Appalachian Sustainable Development staff dropping off produce at a local food bank.

## How Do Regional Food Hubs Support the Use of Environmentally Sustainable Production Practices?

Many food hubs source product from growers and ranchers who employ some form of sustainable agricultural practices, such as integrated pest management or organic production methods and, in some cases, restrict producer members to growers and ranchers who conform to a set of practices. They also work closely with producers to provide training and technical assistance directly or, by partnering with other service providers, to encourage the use of sustainable production practices.

Red Tomato supports sustainable production practices with its Eco Apple™ program. Through this program, Red Tomato certifies producers who follow Red Tomato’s protocol and includes them in its marketing program under the Eco Apple™ brand. To establish this brand identity, Red Tomato worked with the Integrated Pest Management (IPM) Institute of North America, as well as scientists and growers, to set standards based on the latest IPM techniques. It developed an “Advanced IPM” protocol that relies on a minimally toxic method of pest control.<sup>59</sup> In addition to this strict protocol, Red Tomato helps facilitate a network of learning among its member producers, keeping them up to date on the latest research and practices through monthly calls with Red Tomato’s science advisors and the IPM Institute and an annual meeting with producers featuring

55 Correspondence with Kate Collier, Founder and Co-Director, Local Food Hub, September 13, 2011 and the Local Food Hub Web site: [localfoodhub.org/about/mission](http://localfoodhub.org/about/mission)

56 WIC-only stores sell only food items listed on the WIC program (USDA’s Special Supplemental Nutrition Program for Women, Infants, and Children), and cater to WIC participants

57 ALBA, Healthy Urban Food Enterprise Development Center Quarterly Report, submitted to the Wallace Center, April 27, 2011

58 Farm Fresh Rhode Island’s Healthy Food, Healthy Families Program 2010 Survey Results

59 Red Tomato Web site, Eco Apple Program [redtomato.org/ecoapple.php](http://redtomato.org/ecoapple.php) and [fruitgrowersnews.com/index.php/magazine/article/7599](http://fruitgrowersnews.com/index.php/magazine/article/7599)

experts in the field of pest management. Starting in 2005 with 6 participating orchards totaling approximately 400 acres, the program now consists of 22 orchards on more than 1,000 acres.<sup>60</sup>

Other examples of food hubs offering training and support in sustainable production practices include Local Food Hub, which offers IPM workshops to its producers. It also surveys its producers each year to find out what types of workshops their producers are interested in and it seeks experts in the field to provide these workshops to its producers. In its most recent survey, many producers indicated they were interested in learning about high-tunnel season extension (68%), organic and no-till vegetable production (58%), and Integrated Pest Management (64%).<sup>61</sup>

Meanwhile, in Vermont, the Intervale Center's Farm Program leases land, equipment, greenhouses, irrigation, and storage facilities to small independent farmers that follow organic standards, helping them establish farm businesses. The result has been the conversion of more than 120 acres of land into organic agriculture.<sup>62</sup>

### How Do Regional Food Hubs Help Reduce Energy Use and Waste in Their Operations?

Many regional food hubs are concerned with their environmental impact and look towards ways to reduce waste, energy use, and their

associated costs. The 2011 NFHC survey shows that half the food hubs have recycling programs, 44 percent have composting programs, and 22 percent have energy-saving programs.

In addition, because food hubs serve as intermediaries between producers and wholesale markets, they reduce the number of trips producers take to deliver products to buyers, saving fuel and money for their producers. A study sponsored by USDA's Economic Research Service in 2010 found that the most fuel-efficient supply chain for four out of five different food products was the intermediated local supply chain.<sup>63</sup> This study compared mainstream, intermediated local (through a food hub), and direct (farmers market) supply chains of five foods: apples in New York, blueberries in Oregon, spring mix



**eco apples™**  
BORN AND RAISED HERE™

Crown on Northeast family farms, by stewards of land, water and wildlife, using natural methods and minimal spray, closing the distance from farm to table.

**Trust the Farmer. Know the Orchard. LOVE the Fruit.**

**red tomato**  
Fresh produce. Fresh thinking.

Red Tomato's Eco Apple™ brand emphasizes sustainable production practices.

60 Correspondence with Sue Futrell, Communications Manager, Red Tomato, October 4, 2011

61 Correspondence with Kate Collier, Founder and Co-Director, Local Food Hub, September 13, 2011

62 Correspondence with Sona Desai, Food Hub Manager, Intervale Center, August 24, 2011

63 King, R.P., M.S. Hand, G.D. DiGiacomo, K. Clancy, M.J. Gómez, S.D. Hardesty, L. Lev, E.W. McLaughlin (June 2010) Comparing the Structure, Size, and Performance of Local and Mainstream Food Supply Chains. U.S. Department of Agriculture, Economic Research Service. [www.ers.usda.gov/Publications/ERR99/ERR99.pdf](http://www.ers.usda.gov/Publications/ERR99/ERR99.pdf)

in California, beef in Minnesota, and fluid milk in the Washington, DC, area. Though the mainstream supply chain tended to use fuller, larger trucks, the greater number of food miles traveled resulted in more fuel usage per 100 pounds of product moved, which did not offset the efficiency gained by transporting larger loads. Similarly, though the direct chain tended to have fewer total food miles traveled than the intermediated supply chain, the greater number of very small loads carried by the direct marketers led to higher fuel use per 100 pounds of product transported, which did not offset the efficiency gained by traveling less miles.

Here are a few examples of how specific food hubs are reducing waste and energy use in their operations:

The CROPP Cooperative, based in La Farge, WI, reduces waste and uses alternative energy sources in several ways. It carries out on-site composting at its headquarters and recycling programs at all its facilities.<sup>64</sup> It is also in the process of getting its headquarters certified as a LEED-EBOM building, which is the LEED<sup>65</sup> rating system for existing buildings that “maximize operational efficiency while minimizing environmental impacts.”<sup>66</sup> In addition, CROPP oversees renewable energy projects at several locations, including solar trackers, solar thermal collectors, wind turbines, and solar photovoltaic panels.

Central New York Regional Market in Syracuse, NY, has employed several methods to save on its electric costs. It replaced its aging high-intensity discharge (HID) lights with light-emitting diode (LED) lights, which are more energy-efficient and durable and provide better color rendition. The market also installed solar energy panels on the roofs of its market sheds and connected them to special, deep-cycle storage batteries. Electricity produced by solar panels during the day is stored in the batteries and then used to power lights and equipment for the farmers market during early morning hours.



**Central New York Regional Market has replaced these HID lights (shown) in their market sheds with more energy efficient LED lights.**

Tuscarora Organic Growers (TOG) Cooperative in southeastern Pennsylvania reduces the amount of waste the cooperative generates by maintaining a consistent quality product. This reduces the level of waste the cooperative generates and minimizes the volume of product returns it must handle. Because of its high quality standards and excellent production coordination, it has managed to achieve an impressive product shrink rate of 1–2 percent.<sup>67</sup> The small amount of food waste TOG generates is composted and used by TOG’s member farmers.

Local Food Hub in Charlottesville, VA, offers a composting program at its warehouse; compost is picked up there and used by its producers.<sup>68</sup> Local Food Hub sells products that can be discounted and sold or donated to area food banks and composts the remainder. It also reduces waste by picking up empty produce cartons from its buyers for re-use by its producers, reducing waste and expenses.

64 Correspondence with Evan Roberts, Sustainability Department, Organic Valley Family of Farms, September 12, 2011

65 Leadership in Energy and Environmental Design, a “green” rating system developed by the U.S. Green Building Council

66 U.S. Green Building Council Web site, Existing Buildings: Operations and Maintenance. [www.usgbc.org/DisplayPage.aspx?CMSPageID=221](http://www.usgbc.org/DisplayPage.aspx?CMSPageID=221)

67 Interview with Jeff Taylor, General Manager, Tuscarora Organic Growers Cooperative, January 19, 2011

68 Correspondence with Kate Collier, Founder and Co-Director, Local Food Hub, September 13, 2011

# Economic Viability of Regional Food Hubs, Barriers to Growth, and Strategies To Address Them

As part of the National Food Hub Collaboration's baseline assessment of regional food hubs, a subset of food hubs that participated in the online survey was selected for follow-up telephone interviews (see Appendix 4 for more background on research methods and results). Twenty food hub operators were interviewed in January and February of 2011. They were asked questions about the economic viability of their businesses, the challenges they were facing, and the opportunities they saw emerging for business growth and market expansion. The section begins by exploring one of the most frequently asked questions about regional food hubs: Can these value chain enterprises operate both economically viable business and address desired social and environmental objectives? This section continues by highlighting some of the more persistent growth barriers as well emerging market opportunities, and concludes by offering a number of strategies for ensuring the future growth and success of regional food hubs.

## Are Regional Food Hubs Economically Viable Business Ventures?

Of the 20 food hub operators that participated in follow-up telephone interviews, 17 indicated that they were already economically viable businesses, meaning that revenue generated from sales covers the core operational costs of aggregating, distributing, and marketing food products, or were well on their way to achieving this. Ten of these food hubs identified themselves as economically viable businesses at the

time of the interview, five estimated that they would likely break even financially within 1 to 3 years, and two others stated more generally that they were "very close" to break-even status or "on track" to get there in a short period of time.

Based on the profiles of the food hub interviewed, the viability of a food hub was not based on geographic location or type of legal structure (such as privately held company, cooperative, or nonprofit). However—and not surprisingly—food hubs that had been in business for a longer time were more likely to say that they were already economically viable. The median years of operation for economically viable food hubs was 9.5 years, compared to only 5 years for food hubs that are not yet economically viable. It is also worth noting that all the economically viable food hubs reported minimum gross sales of \$1 million per year and median gross sales of \$6 million per year, compared to a median of \$500,000 in gross sales for food hubs that had not yet achieved economic viability (see Appendix 4 for more results).

While most food hub operators are optimistic about their future economic viability, they are still concerned about how they will manage their future business growth. Several food hub operators cited the need to invest in additional infrastructure, such as larger warehouse space, more trucks, more sophisticated IT platforms for transactions and logistics, and additional cooler and freezer units. They didn't foresee being able to make these investments without relying on external support.

Several food hub operators also stated that their reliance on in-kind contributions, such as free warehouse space and labor, will need to be addressed in order to achieve long-term viability. As one food hub operator

stated: "We're getting space that we can use—1,500 square feet—and we have it free . . . We're not bouncing checks, we have money in the bank, but we are not exactly economically viable because we are not paying for the full cost of our business." Another food hub expressed its need for growth like this: "We need to increase sales and provide more revenue to cover costs. That includes the cost of salaries. There will always be an element of volunteer contributions, but we need to get a workforce that is paid."

Another challenge for many food hubs is investing in growth while supporting their broader social missions, such as supporting small and mid-sized producers and helping to improve food access to the underserved. As one food hub operator stated, the business will "probably still seek funding to be able to offer other services such as technical assistance [to producers]," even though it expects soon to break even in covering their basic operational



Vans from Green B.E.A.N. Delivery ready to deliver produce boxes directly to customers' homes or workplaces. Green B.E.A.N. Delivery operates in Indianapolis, Cincinnati, Columbus, and Louisville.

expenses. Many other food hubs share this sentiment. While many food hubs are well positioned to be economically viable businesses that can carry out the core aggregation and distribution functions without external subsidies, they recognize that they need further support/partnerships if they are to offer a variety of complementary producer and community services.

Furthermore, it should be noted that operators from even the most well-established food hubs expressed caution about the precarious nature of the food distribution business, where products are highly perishable, margins are razor-thin, and the vagaries of the weather can have a decisive impact on the success or failure of the business. The operator of one of the longest standing producer-owned food hubs in the United States stated that, even though the business is generating enough revenue to meet its expenses, it still feels as if it is “teetering on the edge.” The manager of another food hub that has been in operation for more than 30 years called her business “viable, but certainly vulnerable.”

## What Are Some of the Most Persistent Challenges Facing Regional Food Hubs?

### Balancing Supply and Demand

The challenge cited most often by the interviewed food hub operators was the difficulty of balancing supply and demand. Most of these food hubs are finding that the demand for locally produced food is simply greater than their regions can supply, especially within certain product categories. One food hub operator, whose organization handles exclusively organic foods, finds that there are too few organic farmers operating in



A driver from Common Market, a food hub based in Philadelphia, picking up peaches from one of their farmers.

his region to satisfy the demand for locally produced organic food items. Another operator identified seasonal fluctuations in supply as a particularly difficult challenge to overcome, noting that “there is not enough product to buy, especially in the winter months. Growers are not interested in ‘switch seasons’ farming,” which would require reducing production in the summer and increasing production in the winter with season-extension practices. Other operators found the challenge of managing supply and demand to vary by product. As one food hub Midwest operator stated, “We have an oversupply of meat and an undersupply of fresh produce and value-added products.”

### Price Sensitivity

Despite abundant indications of firm and growing demand for locally and regionally produced foods among consumers, many wholesale buyers still resist paying more for food items from a food hub than they would from another distribution entity, regardless of the food hub’s comparative advantage in supplying fresh, source-identified food straight from local small and mid-scale farms. This buyer resistance to paying a premium for local and regionally grown food can discourage wholesale buyers from making long-term purchasing commitments. As stated by one of the

interviewed food hub managers, “the businesses have to care about buying a higher priced product,” and not all of them do. To overcome this challenge, several food hubs noted that they have been obliged to dedicate resources to customer-oriented education and advocacy around the issue of the “true costs” of production in order to improve customers’ (and commercial buyers’) willingness to pay for food hub merchandise. Accentuating the problem is the fact that the distance from rural production areas to urban markets can be quite extensive, making it even more difficult for food hub managers to deliver merchandise at a mutually satisfactory price.

### Managing Growth

Another challenge cited by many of the food hub operators interviewed was the difficulty in effectively managing their growth to keep pace with market demand. As one food hub operator stated: “We’ve grown to an extent where we have outgrown capacity in terms of our physical infrastructure and business system. We are faced with the need to expand our cooling facility and to implement more sophisticated accounting and management systems. [We] didn’t invest adequately in infrastructure as we were going along, we just didn’t know what the potential



**Co-op Partners' warehouse in St. Paul, MN. Co-op Partners sells primarily organic produce supplied by a network of 30 or so farmers in Minnesota and Wisconsin during the growing season and from West Coast sources the rest of the year.**

was." This sentiment was echoed by another food hub operator who said: "trying to grow the business means more sales, more members, and additional distribution sites." They see the challenge as "doing this work in a measured way, growing the business at the right pace."

### **Access to Capital**

Another challenge closely tied to growth management is the difficulty food hubs are having in accessing capital. Many of the interview participants identified access to capital as a primary limiting factor to growth. The lack of capital access was linked not only to infrastructural investments, but also to the difficulty of securing short-term revolving credit lines to maintain an adequate cash flow for payments. As described by one food hub operator, "We aim to pay farmers in 2 weeks, while many of our customers take 6 to 8 weeks to pay us, so we need to finance these receivables." Beyond the food hubs themselves, problems pertaining to capital access were also cited as a persistent challenge for producers. Several food hub managers noted that the growers they work with also suffer from inadequate access to capital, which affects their ability to produce larger volumes of high quality products.

### **Other Notable Challenges**

Other challenges cited by food hub operators included: dependence on volunteer labor, finding reliable seasonal and part-time staff, meeting buyer specifications for product quality and consistency, inventory management, and maintaining farm identity all along the supply chain. Several food hub operators also noted the challenge their smaller scale producers face in meeting the food safety requirements of some of their buyers, as well as the potential challenge their producers will face in complying with upcoming food-safety regulations.

### **What Opportunities Exist for Regional Food Hub Expansion and Market Growth?**

Almost all the food hub operators who participated in the 2011 NFHC survey and follow-up interviews indicated that opportunities exist to expand their operations. They cited tapping new markets and increasing their product offerings as the two clearest paths for expansion. As part of the 2011 survey, respondents were asked to list their primary and secondary market outlets;

primary markets are those market channels that comprise a majority of their sales, and secondary markets are other market channels in which they participate but which comprise a smaller portion of their overall sales. Including both primary and secondary markets, the top market outlets for food hubs include: restaurants (84%), grocery stores (69%), colleges and universities (62%), food cooperatives (53%), other distributors (53%), and school foodservice providers (53%). It is worth noting that colleges and universities remain more of a secondary rather than a primary market for food hubs, a trend reflected in other institutional markets as well. For example, only 16 percent of the surveyed food hubs listed hospitals as a primary market, but 27 percent listed them as a secondary market. These findings were reinforced during the follow-up interviews with food hub operators; many respondents mentioned that demand was beginning to emerge from institutional market channels, such as universities and hospitals, and from certain price-sensitive market channels, such as public school systems, Federally funded senior meal programs, and food banks, but that the volume of food purchased by these entities was not equivalent to that purchased by non-institutional customers.

In terms of the types of products that food hubs offer to their clientele, the 2011 NFHC survey shows that almost all food hubs (96%) sell fresh produce, and the majority of food hubs also sell a variety of other products, including eggs (76%), dairy (64%), meat (62%), poultry (62%), and grains (56%), along with a number of value-added products. While fresh produce is central to most of the food hubs' overall sales, many food hub operators indicated in the follow-up interviews that they intend to increase their product offering to include more proteins, grains, and value-added products as a way to keep pace with customer demand and to ensure that they can offer products year round.

Several food hubs see processing as a potential way to use "seconds,"<sup>69</sup> reducing waste and increasing revenue for producers. They also see

<sup>69</sup> Seconds are wholesome fruits and vegetables that do not conform to standard retail or foodservice cosmetic or size requirements, so are hard to sell in most fresh-market channels.

processing as a way to increase the number of shelf-stable products the hub distributes, which would enable them to offer a greater variety of off-season products and keep buyers engaged on a year-round basis. A few of the food hubs interviewed intend to obtain processing equipment to develop value-added products; others said they are actively pursuing new business partnerships with existing processors to perform this function for them.

## What Support Needs for the Further Development of Regional Food Hubs Have Been Identified?

Based on the 2011 NFHC survey, many food hubs are currently in start-up or an early development phase. Most are under 5 years old, generate an average of nearly \$1 million in gross sales annually, are operated by seven full-time staff (on average), and rely a good deal on volunteer labor (five people on average). Given their early stage of development, many food hubs still rely

on grant money to provide services and carry out essential operational activities. To help food hub operators increase their economic viability and help them contribute to job creation and market development, the following areas of assistance need to be addressed:

### Financial Support

The development and expansion of food hubs usually require significant upfront investment in fixed assets such as warehouses, pallet jacks, forklifts, coolers, trucks, packing crates, sorting lines, and other handling equipment. This type of infrastructure usually needs to be financed, but food hubs often find it hard to access capital. Grant funds to support start-ups and expansions are needed to invest in these fixed assets, and also to position hubs as better candidates for loans. Hubs could also benefit from the innovative and creative loan options that are beginning to emerge from social enterprise organizations, Community Development Financial Institutions, and even some USDA loan programs. These low-interest loans could be (and often are) accompanied by hands-on technical assistance to support the sustained success of the hub.

Beyond loan capital, food hubs would benefit from the establishment of less traditional sources of equity investments or gift capital, such as those that could be sourced at acceptable terms from cooperative membership, local community investing programs, crowd-funding, and social venture capital investments.

### Innovative and Flexible Business Strategies

Greater creativity and innovation are needed to position food hubs so they can more quickly adapt to an ever-changing marketplace. Innovation is needed in areas such as financing, securing land and facilities, producer coordination, handling and delivery logistics, business management tools and IT platforms, and marketing techniques—all of which will help food hubs better manage and achieve their stated goals. Private foundations and government entities both have a role to play by providing seed money to “on the ground” pilot projects, which would allow for more experimental approaches in food hub development and explore how economic, social, and environmental goals could be better intertwined in food hub activities.

### Business Development Services

Many food hub operators need training in aspects of business development. Because food hub businesses try to be fiscally sound and attain certain social and environmental goals, balancing these demands in a single business plan can be a very complex and daunting endeavor. The success of food hubs could also be enhanced by the availability of examples of food hub business models at different stages of development, from start-up to mature phases, which provide insight into potential markets and products, anticipated volumes of product handled over time and their revenue, and the operating and investment costs associated with various stages of growth. A food hub “community of practice”<sup>70</sup> could help facilitate the exchange of helpful business intelligence.



In the process of unloading a farmer delivery of produce at the Appalachian Harvest warehouse in Duffield, VA.

70 Communities of practice are groups of people in organizations who come together to share what they know, to learn from one another regarding some aspects of their work, and to provide a social context for that work. For more information, see [www.leopold.iastate.edu/sites/default/files/copresourceguide.pdf](http://www.leopold.iastate.edu/sites/default/files/copresourceguide.pdf)



# Resources Available To Support Regional Food Hub Development

As food hubs continue to gain momentum and expand their operations, one of the primary needs is accessing capital and support for business development. A variety of funding options is available from both Federal and non-Federal sources to finance different stages of food hub development, from business planning and technical assistance to working capital and physical infrastructure improvements. This section is dedicated to helping food hub operators and supporters understand and navigate through the variety of financial and human resources available to them.

## What Funds Are Available From the Federal Government To Support Food Hubs?

Many Federal grant and loan programs could potentially finance various aspects of food hub operations. The National Food Hub Collaboration has identified more than 30 of these Federal programs (20 programs from USDA alone) that either have a proven track record or have the greatest potential to fund food hub work. Table 1 on page 35 lists each program's eligible applicants and funding activities.

It is important to keep in mind that many Federal funding opportunities are administered through State or regional agency offices. For example, many of

the funding opportunities available at USDA's Farm Service Agency, Natural Resources Conservation Service, and Rural Development agencies are administered at the State level, and the personnel responsible for these programs are usually housed at USDA Service Centers. For the location of a USDA Service Center in your State, see the Service Center Locator.<sup>71</sup>

Food hub operators and their partners are also strongly encouraged to contact grant program personnel to ensure their eligibility prior to applying for any program; grant focal areas and eligible entities can change from time to time. Also, because application submission deadlines can vary from year to year, it is important to check with program personnel and their respective Web sites for any updates on application deadlines and other pertinent information. A list of Federal grant programs may be found at Sources of Funding Within the Federal Government.

Other resources available at the State and local level, such as USDA Service Centers, the Cooperative Extension System<sup>72</sup> and Small Business Administration offices,<sup>73</sup> and Cooperative Development Centers,<sup>74</sup> can all provide a wealth of information in researching and preparing government grant applications.

While it is important to pay attention to program eligibility requirements, don't be overly restrictive in determining whether or not a particular grant program is suitable. It's also important to take an expansive approach to funding opportunities—be creative and

resourceful! For example, some of the grant programs listed in this guide may best be used by food hub operators through partnerships with an eligible organization that can supply such core activities as production or marketing training or technical assistance for growers and suppliers. Finally, in addition to this resource guide, food hub operators and their partners should review several other excellent guides and Web sites when investigating funding for food-related enterprises (see Appendix 5). Particularly useful is USDA's Know Your Farmer, Know Your Food<sup>75</sup> Web site, which provides a comprehensive list of funding programs that support local and regional food systems.

### Preparing for Federal Funding

When preparing to apply for Federal funding, it is important to note that many Federal grant programs will only accept electronic applications submitted through Grants.gov,<sup>76</sup> a centralized Governmentwide portal. Registering with Grants.gov is an essential first step in the application submission process. Organizations applying for a Federal Government grant will usually be required to have a Data Universal Numbering System (DUNS) number,<sup>77</sup> an Employer Identification Number (EIN),<sup>78</sup> and be enrolled with the Central Contractor Registration.<sup>79</sup>

71 [offices.sc.egov.usda.gov/locator/app](http://offices.sc.egov.usda.gov/locator/app)

72 [www.csrees.usda.gov/Extension](http://www.csrees.usda.gov/Extension)

73 [www.sba.gov/about-offices-list/2](http://www.sba.gov/about-offices-list/2)

74 [www.cooperationworks.coop/](http://www.cooperationworks.coop/)

75 [www.usda.gov/knowyourfarmer](http://www.usda.gov/knowyourfarmer)

76 [www.grants.gov](http://www.grants.gov)

77 [fedgov.dnb.com/webform](http://fedgov.dnb.com/webform)

78 [www.irs.gov/businesses/small/article/0,,id=98350,00.html](http://www.irs.gov/businesses/small/article/0,,id=98350,00.html)

79 [www.bpn.gov/ccr/default.aspx](http://www.bpn.gov/ccr/default.aspx)

## Are Funds Available From Philanthropic Foundations?

Philanthropic foundations have a growing interest in local and regional food systems and their relationship to health, economic development, the environment, and a number of other underlying aspects. However, food hubs have only just begun to receive the attention of many philanthropic organizations, so not many—with some notable exceptions discussed below—explicitly support food hub projects in their program descriptions.

Philanthropic foundations tend to place a priority on funding a body of work that will lead to particular set of desired outcomes or impacts rather than awarding grants to particular types of activities. Consequently, when preparing grant proposals for philanthropic organizations, it is important to emphasize the expected impact of the project and demonstrate how the project will contribute to the fulfillment of the foundation's goals. Nevertheless, because of the diverse

range of activities food hubs engage in and their corresponding objectives—from highly localized, geographically concentrated impacts, such as improving access to healthier food in a specific neighborhood, to those of a regional scope, such as preserving farmland and farm-related jobs, and those of global scope, such as reducing greenhouse gas and other pollutants—food hub operators and their partners have substantial latitude in developing grant proposals that could potentially attract the interest of a range of philanthropic organizations with distinctly different missions. For more information about the relationship between food systems work and impacts that are likely to be of interest to foundation grant makers, see *A Grant Maker's Guide to Food Systems for the Good of the Community*.<sup>80</sup>

Table 1 offers a list of foundations that fund activities in the areas of food systems, health, food access, economic development and environmental sustainability. The examples provided in this section of the guide and in Table 1 do not mean these foundations will fund food hubs, only that they have funded food systems or at least have an

interest in some of the economic, social, or environmental impacts that food hubs can offer. It is not intended to be an exhaustive list. More information about these foundations and others can be found at Sustainable Agriculture and Food Systems Funders.<sup>81</sup>

## What Are Some Examples of Philanthropic Foundations That Fund Regional Food Hubs?

Many private philanthropic foundations fund projects related to food systems in the United States, and many of these are interested in what food hubs have to offer. The examples below will give you some ideas for the types of private funders to research and pursue.

Some foundations have local food systems directly “in their sights.” The Blue Moon Fund<sup>82</sup> is interested in building human and natural resilience to a changing and warming world. They use natural, social, and financial capital to implement new models in high-biodiversity regions around the world, including the Chesapeake/Appalachia region. On their Web site they list several “jewels”—ideas they feel are promising for reaching their goals. Among the jewels is “Building Healthy Local Food Systems.” The Blue Moon Fund is clearly interested in the promise of food hubs. In 2009, Local Food Hub received a grant “to support the availability and affordability of locally grown foods by improving efficiency in the local food system and supporting existing farms and incubating new ones.”

The W.K. Kellogg Foundation is one of the Nation's largest foundations; its mission is to “support children, families, and communities as they Strengthen and create conditions that propel



At the Local Food Hub's educational farm in Scottsville, VA – a certified organic farm that serves as a community based learning center, providing farm education classes, workshops, and community events.

80 [bit.ly/grantmakers-guide](http://bit.ly/grantmakers-guide)

81 [www.safsf.org/who/directory.asp](http://www.safsf.org/who/directory.asp)

82 [bluemoonfund.org](http://bluemoonfund.org)

vulnerable children to achieve success as individuals and as contributors to the larger community and society.” Common Market in Philadelphia was awarded a \$1.1 million grant from the Kellogg Foundation to expand the impact of its food hub. Among the activities funded, the grant paid for critical physical infrastructure to scale up operations and reduce costs. The Common Market won the award because its work increases the quality and quantity of fresh, healthy, and affordable food available to vulnerable communities and it was clear to the Kellogg Foundation that these outcomes would not happen as fast or as well without the food hub activities to support them.

The Ford Foundation, another of the larger philanthropies in the United States, has been a supporter of food systems for many years. Its areas of focus are diverse, several of them overlapping with food hub interests. The Detroit Eastern Market was awarded a \$500,000 grant from the Ford Foundation under its “Promoting Metropolitan Land-Use Innovation” initiative. Three other Ford Foundation initiatives that might fund food hub work are “Climate Change Responses That Strengthen Rural Communities,” “Expanding Community Rights over Natural Resources” and “Ensuring Good Jobs and Access to Services.”

A list of philanthropic organizations that might help fund food hubs can be found at Sources of Funding from Foundations and Nonprofits.

As one might imagine, there are many more small foundations than large, national-scale foundations. Smaller foundations and family trusts often have a specific regional focus and might be interested in funding food hub activities within their targeted geographic area. Learn more about small foundations at Association of Small Foundations.<sup>83</sup>

## Can Regional Food Hubs Secure Funding Support From a Variety of Sources That Have Different Interests?

Starting or expanding a food hub is capital intensive, and individual funders are not always able to cover all the costs associated with the full realization of a food hub operation. Therefore, many enterprising food hub managers have sought funding from a variety of public and private sources. One example of this is Detroit’s Eastern Market.

A public market for more than a hundred years located in the center of Detroit, Eastern Market is transforming itself so it serves as a true hub of fresh, healthy food, running programs that are intended to increase producer access to markets and retail access to fresh, locally grown food in underserved communities. Eastern Market Corporation (EMC), the nonprofit organization that manages the market, has developed a comprehensive vision; it has found that different pieces of its

vision are attractive to different funders. Capital improvements to the market have been funded partly by the City of Detroit and partly from funds that EMC has secured from a variety of foundations and corporations. Three philanthropic organizations that have national scopes, but are particularly focused on Detroit—the Kresge Foundation, the Ford Foundation, and the W.K. Kellogg Foundation—have been key supporters. EMC has also received modest financial support through a USDA cooperative research agreement. Each funder has a slightly different reason for wanting to improve the market:

Kresge Foundation’s Community Development program aims to create opportunities and improve the quality of life for underserved and marginalized populations. The program has a primary focus on Detroit, making the Eastern Market an excellent candidate because the Market’s vision includes several programs that target underserved populations in the vicinity of the market site. This foundation also has a health program, which has objectives similar to Eastern Market’s objectives. This allows the foundation to meet multiple goals with one grant.



**Detroit’s Eastern Market, established in 1891, is one of the nation’s oldest publicly owned wholesale-retail markets.**

83 [www.smallfoundations.org](http://www.smallfoundations.org)



Detroit's Eastern Market on "Flower Day."

## What Are Some Other Sources of Capital To Support Regional Food Hubs?

Many businesses dip into personal assets, borrow money from family, or tap their credit cards when starting up. If the business is a cooperative, it raises capital from members who invest at the inception and own part of the business. At some point, businesses often look outside these immediate sources to secure a loan, a line of credit, or an equity investment of some type. Food hubs are essentially small businesses and follow this pattern, but also have options not available to many small businesses. Because most food hubs are social enterprises, they may be an attractive investment to social enterprise investors. A variety of organizations are looking for investments that have social or environmental benefits along with financial returns. However, to qualify for a social enterprise loan or equity investment, the food hub management must be able to reassure the investors it will pay it back. Taking out a loan (debt capital) to start or expand a food hub may seem logical, yet there are some important questions to answer.

- Do you expect enough revenue growth to feel confident you can repay a loan?
- Do you have documentation that will instill confidence that you are a reasonable investment risk?
  - Significant equity (enough of your assets paid for) in the hub
  - A written business plan
  - Buyer contracts or commitments that support your loan application
  - Financial records showing your income, expenses, and assets for several years
- Are the terms competitive, reasonable, and within your means?

The Ford Foundation's Promoting Metropolitan Land-Use Innovation program seeks to develop concurrent innovative land use, community planning, and infrastructure development strategies that drive regional development efforts. The Eastern Market's physical infrastructure supports regional commerce in an integrated way that it is attractive to Ford's Land-Use program.

The Kellogg Foundation has supported capital improvements and operations of the market with multiple grants. A recent grant fits squarely into two of the Kellogg Foundation's focus areas: Healthy Kids (with Eastern Market's emphasis on healthy, locally grown food) and Civic Engagement (since Eastern Market is knitted into the fabric of city life in Detroit).

USDA's Agricultural Marketing Service entered into a cooperative research agreement with EMC in 2010 as part of its general mandate to identify emerging market opportunities for

agricultural producers that promise to offer improved returns to growers. The 2-year agreement seeks to expand access to fresh fruits and vegetables at inner-city retail outlets through increased market operations and to improve the coordination of deliveries between producers and wholesale vendors through logistical services such as joint purchasing and refrigerated storage.

Another grant of note secured by Eastern Market is from the Herrick Foundation. Herrick is smaller than the other grantors, but also has a special interest in Detroit and is interested in technological solutions to problems. Herrick's funding is being used to incorporate Local Orbit's software into Eastern Market's operations. Local Orbit provides Eastern Market with an online platform to facilitate the buying and selling of Michigan-grown products. This meets the foundation's goal of applying technology for social impact, and it helps more producers gain direct market access to Detroit customers.

Food hubs and other local food enterprises often find it difficult to secure a loan from traditional lenders. Many lenders see these enterprises as too risky or not fitting a mold which with they are familiar. It is true, many food hubs do not fit conventional models, their assets may not be as secure, and their markets can be less developed. However, there are a growing number of options for accessing loans, and the field is changing quickly.

Several types of entities make loans to local food businesses, each with their own goals, reasons, and terms. A growing number of them focus on financing social enterprises and want to support businesses that seek social and or environmental outcomes in addition to financial outcomes. Some examples include the following:

RSF Social Finance<sup>84</sup> offers several loan and equity investment options, with food and agriculture being one of three focus areas. For example, through the RSF Program Related Investment Fund, loans of \$50,000 or greater are available to nonprofit and for-profit social enterprises involved in “food production, food access, value-added processing, distribution, retail, and waste management.” The first program-related investment (PRI) through this program was made to Common Market, a Philadelphia food hub with more than 60 customers and 100 farmer suppliers. PRIs are investments made by foundations—or organizations they choose to make those investments for them (such as RSF)—that support the foundation’s mission. They usually are repaid with interest and within an established timeframe. Even though a growing number of foundations are establishing PRI options, they remain difficult to access. However, the work of organizations like RSF and others is

making it easier to secure a PRI, and we expect to see more activity in this sector in the near future. To learn more about PRIs, see the PRI Makers Network.<sup>85</sup>

Whole Foods Market has a Local Producer Loan Program<sup>86</sup> that makes low-interest loans between \$10,000 and \$100,000. The loan cannot exceed 80 percent of the total project costs. The program attempts to minimize the fees, interest rates, and paperwork that usually accompany a loan. Whole Foods wants to “make it easier for them [farmers and producers] to grow their businesses and bring more local products to market. That’s good for us and good for you.” Many of the loans fund small businesses that make and sell products that meet Whole Food standards; many food hubs could be a good fit for this program.

Food hubs are also, of course, eligible for more conventional funding, and should consider loans from the Farm Credit System (FCS).<sup>87</sup> FCS is a network of financial cooperatives that is the leading provider of credit to young, beginning, and small farmers in the country. Under the current structure, only farmers can receive an FCS loan. Each independent lender in FCS has its own level of understanding of food hubs. The Farm Credit Council (FCC), a sister organization to FCS, is working hard to build understanding among lenders. For example, FCC has worked with partners to develop the Field Guide to a New American Foodshed,<sup>88</sup> which provides case studies and financial information to show what these new food enterprises look like and how they operate.



Common Market products displayed at Philadelphia grocery store.

84 [rsfsocialfinance.org](http://rsfsocialfinance.org)

85 [www.primakers.net](http://www.primakers.net)

86 [www.wholefoodsmarket.com/values/local-producer-loan-program.php](http://www.wholefoodsmarket.com/values/local-producer-loan-program.php)

87 [www.farmcreditnetwork.com/about/locations](http://www.farmcreditnetwork.com/about/locations)

88 [www.foodshedguide.org](http://www.foodshedguide.org)



**Table 1. Uses of funds available from the Federal Government**

This table describes uses to which funds from various grants can be put. For more details about grants, look up the program in the section following table 2.

Program	Planning <sup>97</sup>	Construction	Land <sup>98</sup>	Equipment	Marketing	Working Capital	Training <sup>99</sup>
<b>USDA, Rural Development</b>							
Community Facilities Grants and Loans		X	X	X			
Business & Industry Guaranteed Loan Programs		X	X	X		X	
Rural Business Enterprise Grant (RBEG)	X	X	X	X		X	X
Rural Business Opportunity Grant (RBOG)	X						X
Value-Added Producer Grant (VAPG)	X				X	X	
Intermediary Relending Program	X	X	X	X		X	
Rural Microentrepreneur Assistance Program	X		X	X	X	X	X
Rural Economic Development Loan and Grant Program (REDLG)	X	X					X
Rural Energy for America Program Grants/Renewable Energy Systems/Energy Efficiency Improvement Program	X			X			X

97 Includes research, feasibility studies, business planning

98 Land for lease or purchase

99 Includes technical assistance

Program	Planning	Construction	Land	Equipment	Marketing	Working Capital	Training
<b>USDA, National Institute of Food and Agriculture</b>							
Sustainable Agriculture Research and Education Program (SARE)							X
Community Food Projects Competitive Grant Program	X	X			X	X	
Beginning Farmers and Rancher Development Program				X (non-fixed)			X
Agriculture and Food Research Initiative - Global Food Security	X						
<b>USDA, Risk Management Agency</b>							
Risk Management Education and Outreach Partnership Cooperative Agreements Program							X

Program	Planning	Construction	Land	Equipment	Marketing	Working Capital	Training
<b>USDA, Agricultural Marketing Service</b>							
Farmers Market Promotion Program (FMPP)	X			X	X		X
Specialty Crop Block Grant Program	X				X		X
Federal-State Marketing Improvement Program (FSMIP)	X				X		X
<b>USDA, Farm Service Agency</b>							
Farm Storage Facility Loan Program	X	X		X			
<b>USDA, Natural Resources Conservation Service</b>							
Environmental Quality Incentives Program (EQIIP)	X	X		X			X
Conservation Innovation Grants (CIG)	X (feasibility studies only)				X		X

Program	Planning	Construction	Land	Equipment	Marketing	Working Capital	Training
<b>U.S. Department of Commerce</b>							
Public Works and Economic Development Program		X		X			
Economic Adjustment Assistance Program	X	X		X	X	X	X
<b>U.S. Department of Health and Human Services (HHS)</b>							
Communities Putting Prevention to Work							X
Community Transformation Grants	X (Evaluation studies only)						X
Community Economic Development Grants		X	X	X	X	X	X

Program	Planning	Construction	Land	Equipment	Marketing	Working Capital	Training
<b>U.S. Department of Housing and Urban Development (HUD)</b>							
Sustainable Community Regional Planning Grant	X		X				X
Community Challenge Grant	X		X				X
Community Development Block Grant Program		X	X	X		X	X
Rural Housing and Economic Development Program		X	X	X		X	X
<b>U.S. Department of Treasury</b>							
Community Development Financial Institutions (CDFI) Program (apply to a CDFI)	X	X	X	X	X	X	X
New Market Tax Credit (apply to Community Development Entity)						X	

**Table 2. Entities eligible for Federal grant funds**

This table describes the organizations eligible to receive grant funds. For more details about grants, look up the program in the section following this table.

Program	Nonprofit	For profit	Co-op	Public	Tribal	Individual	Research
<b>USDA, Rural Development</b>							
Community Facilities Grants and Loans	X			X	X		
Business & Industry Guaranteed Loan Programs	X	X	X	X	X	X	
Rural Business Enterprise Grant (RBEG)	X			X	X		
Rural Business Opportunity Grant (RBOG)	X		X	X	X		
Value-Added Producer Grant (VAPG)			X			X	
Intermediary Relending Program	X		X	X	X		
Rural Microentrepreneur Assistance Program	X				X		X
Rural Economic Development Loan and Grant Program (REDLG)	X	X	X	X	X	X	X
Rural Energy for America Program Grants/Renewable Energy Systems/Energy Efficiency Improvement Program		X	X			X	

Program	Nonprofit	For profit	Co-op	Public	Tribal	Individual	Research
<b>USDA, National Institute of Food and Agriculture</b>							
Sustainable Agriculture Research and Education Program (SARE)	X					X	X
Community Food Projects Competitive Grant Program	X						
Beginning Farmers and Rancher Development Program	X	X	X	X			X
Agriculture and Food Research Initiative - Global Food Security							X
<b>USDA, Risk Management Agency</b>							
Risk Management Education and Outreach Partnership Cooperative Agreements Program	X	X	X	X	X		X

Program	Nonprofit	For profit	Co-op	Public	Tribal	Individual	Research
<b>USDA, Agricultural Marketing Service</b>							
Farmers Market Promotion Program (FMPP)	X	X	X	X	X		
Specialty Crop Block Grant Program				X			
Federal-State Marketing Improvement Program (FSMIP)				X			X
<b>USDA, Farm Service Agency</b>							
Farm Storage Facility Loan Program							
<b>USDA, Natural Resources Conservation Service</b>							
Environmental Quality Incentives Program (EQIIP)			X		X	X	
Conservation Innovation Grants (CIG)	X			X	X	X	

Program	Nonprofit	For profit	Co-op	Public	Tribal	Individual	Research
<b>U.S. Department of Commerce</b>							
Public Works and Economic Development Program	X			X	X		X
Economic Adjustment Assistance Program	X			X	X		X
<b>U.S. Department of Health and Human Services (HHS)</b>							
Communities Putting Prevention to Work				X			
Community Transformation Grants	X			X	X		
Community Economic Development Grants	X						

Program	Nonprofit	For profit	Co-op	Public	Tribal	Individual	Research
<b>U.S. Department of Housing and Urban Development (HUD)</b>							
Sustainable Community Regional Planning Grant	X			X			
Community Challenge Grant				X	X		
Community Development Block Grant Program				X			
Rural Housing and Economic Development Program	X			X	X		
<b>U.S. Department of Treasury</b>							
Community Development Financial Institutions (CDFI) Program (apply to a CDFI)	X						
New Market Tax Credit (apply to Community Development Entity)	X						

## USDA, Rural Development

### Rural Business Enterprise Grant (RBEG)

Administered by Rural Business—Cooperative Service.

Supports the development of physical infrastructure and facilities, including food processing, marketing, and distribution business ventures for locally grown agricultural products. Examples of eligible fund use include: Acquisition or development of land, easements, or rights of way; construction, conversion, or renovation of buildings, plants, machinery, equipment, access streets and roads, parking areas, and utilities; pollution control and abatement; capitalization of revolving loan funds, including loans for start-ups and working capital; training and technical assistance; distance adult learning for job training and advancement; rural transportation improvement; and project planning.

**Authorized activities:** Research and feasibility studies, business planning, construction, land lease or purchase, equipment purchase, working capital, and training and technical assistance.

**Funding:** There is no maximum, but grants generally range from \$10,000 up to \$500,000. Smaller projects are given higher priority.

**Eligible applicants:** Rural public entities, Indian tribes, and rural nonprofit organizations.

**Example project:** Coast Grown in San Luis Obispo, CA, received an \$88,000 RBEG grant in 2007 to form the Coast Grown Cooperative of 18 independent farms and ranches along California's Central Coast and to build the first mobile harvest unit in California. The grant helped pay for a producer survey, cooperative feasibility report, mobile unit feasibility report, business plan, articles of incorporation, by-

laws, quality standards, ranch facility requirements, hazard analysis plan, standard sanitation operation plan, all mobile unit permits and guidelines, Web site, logo and brochures, new member application packet, and helped to seat a board of directors and hire a CEO.

**For more information:** RBEG Program.<sup>100</sup>

**Contact:** Information and grants are disbursed on the state level. Find your local Rural Development office at Agencies and Offices.<sup>101</sup>

### Rural Business Opportunity Grant (RBOG)

Administered by Rural Business—Cooperative Service.

Supports training and technical assistance for business development, including food processing, marketing, and distribution business development for locally grown agricultural products. Emphasizes activities that promote “best practices” in sustainable economic development for rural communities. RBOG funds may not be used for real estate acquisition or development, grant application costs, costs incurred prior to the grant award, or political activities. This is not a working capital grant; money cannot be used for operation expenses.

**Authorized activities:** Research and feasibility studies, business planning, training, and technical assistance.

**Funding:** Varies annually. In 2011 funding was up to \$50,000 per application for single-State projects. For multi-State projects, funds of up to \$150,000 were available. Each applicant must compete nationally for funds. Funds may be used for a project period not to exceed 2 years.

These programs are administered by the States' offices of the U.S. Department of Agriculture's Rural Development agency. Find your State office at Rural Development Agencies and Offices.<sup>102</sup>

[www.rurdev.usda.gov/recd\\_map.html](http://www.rurdev.usda.gov/recd_map.html)

**Eligible applicants:** Public bodies, nonprofit corporations, tribes, and rural cooperatives with primarily rural-resident members. The focus is on communities that have experienced long-term population decline or job deterioration, trauma due to natural disasters or fundamental structural changes, or are persistently poor. This is not a grant for individuals or businesses.

**Example project:** The Ecotrust FoodHub in Portland, OR, received nearly \$250,000 to build up food-hub.org, an online directory and marketplace to help wholesale food buyers and sellers connect and do business. RBOG funding is being used to increase recruitment of producers and buyers in rural communities throughout the Pacific Northwest and to provide the training and assistance necessary to ensure FoodHub meets its business, procurement, and marketing goals.

**For more information:** RBOG.<sup>103</sup>

**Contact:** Find your local Rural Development office.<sup>104</sup>

### Value-Added Producer Grant (VAPG)

Administered by Rural Business—Cooperative Service.

Supports the production of value-added agricultural products from commodities. Grants may be used for planning activities and for working capital for

100 [www.rurdev.usda.gov/rbs/busp/rbeg.htm](http://www.rurdev.usda.gov/rbs/busp/rbeg.htm)

101 [www.rurdev.usda.gov/recd\\_map.html](http://www.rurdev.usda.gov/recd_map.html)

102 [www.rurdev.usda.gov/recd\\_map.html](http://www.rurdev.usda.gov/recd_map.html)

103 [www.rurdev.usda.gov/rbs/coops/rbog.htm](http://www.rurdev.usda.gov/rbs/coops/rbog.htm)

104 [www.rurdev.usda.gov/recd\\_map.html](http://www.rurdev.usda.gov/recd_map.html)

marketing value-added agricultural products and for farm-based renewable energy. Ineligible uses include: planning, repairing, rehabilitating, acquiring, or constructing a building or facility; purchasing, renting, or installing fixed equipment, including processing equipment; paying for the preparation of the grant application; and paying costs incurred prior to receiving the grant. Eligible valued-added activities include commodity processing, market differentiation, commodity segregation, on-farm renewable energy, local food, and mid-tier value chain.

**Authorized activities:** Research and feasibility studies, business planning, and working capital.

**Funding:** Up to \$100,000 for planning or \$300,000 for working capital. A typical award is \$130,000.

**Eligible applicants:** Independent producers, farmer and rancher cooperatives, agricultural producer groups, and majority-controlled producer-based ventures. Priority will be given to applications from beginning farmers or ranchers, socially disadvantaged farmers or ranchers, or operators of small or medium-sized farms or ranches that are structured as family farms. Ten percent of funds is reserved for beginning farmers or ranchers and socially disadvantaged farmers or ranchers; an additional 10 percent of funds is reserved for mid-tier value chain projects. Local and regional supply networks are eligible to apply only for funds reserved for mid-tier value chain projects.

**Example project:** Grasshoppers Distribution of Louisville, KY, received a VAPG of \$85,480 in 2006 to assist its work with small-scale family agriculture producers in Kentucky and southern Indiana. It operates a community supported agriculture program and facilitates wholesale distribution to

restaurants, groceries, and special events. It also helps producers to become “KY Proud” certified, a label that promotes Kentucky agricultural products and encourages buying and eating locally.

**For more information:** VAPG.

**Contact:** Grant applications are first screened through each State’s USDA Rural Development Office.

### **Business and Industry Guaranteed Loan Program (B&I)**

Administered by Rural Business—Cooperative Service

The B&I Guaranteed Loan Program improves, develops, or finances business, industry, and employment and improves the economic and environmental climate in rural communities by bolstering the existing private-credit structure through guarantees of high-quality loans that will provide lasting community benefits. Private lenders are provided loan guarantees by USDA to ensure better terms. Loans may be used to prevent businesses from closing or provide expanded job opportunities; to convert, enlarge, repair, modernize, or otherwise develop a rural business; to purchase and develop land, easements, rights-of-way, buildings, or facilities; and to purchase equipment, leasehold improvements, machinery, supplies, or inventory.

**Authorized activities:** Construction, land lease or purchase, equipment purchase, and working capital.

**Funding:** The total amount of Agency loans to one borrower must not exceed \$10 million. The Administrator may, at the Administrator’s discretion, grant an exception to the \$10 million limit for loans of \$25 million under certain circumstances. The Secretary of Agriculture may approve guaranteed loans in excess of \$25 million, up to \$40 million, for rural cooperative organizations that process value-added agricultural commodities.

**Eligible applicants:** Cooperative organizations, corporations, partnerships, or other legal entities organized and operated on a profit or nonprofit basis; Indian tribes on Federal or State reservations or other Federally recognized tribal groups; public bodies; or individuals. A borrower must be engaged in or proposing to engage in a business that will provide employment; improve the economic or environmental climate; promote the conservation, development, and use of water for aquaculture; or reduce reliance on nonrenewable energy resources by encouraging the development and construction of solar energy systems and other renewable energy systems.

**Example project:** Organic Renaissance, LLC, in Athol, MA, helps connect local growers to restaurants and retailers by assisting with transportation, aggregation, and distribution while preserving direct relationships between buyers and sellers. In 2010, it received a \$450,000 B&I guaranteed loan from GFA Federal Credit Union to expand its operations; build a 100-percent hydro-powered aggregation facility; build up its online ordering system and educational programs that focus on local agriculture; and for food education in the community, especially to children.

**For more information:** B&I.<sup>105</sup>

**Contact:** Contact your local Rural Development office.<sup>106</sup>

### **Community Facilities Grants and Loans Programs**

Administered by Rural Housing and Community Facilities

The Community Facilities Program has the authority to provide direct and guaranteed loans and grants for the development of essential community facilities in rural areas and towns of up to 20,000 in population.

105 [www.rurdev.usda.gov/rbs/busp/b&i\\_gar.htm](http://www.rurdev.usda.gov/rbs/busp/b&i_gar.htm)

106 [www.rurdev.usda.gov/recd\\_map.html](http://www.rurdev.usda.gov/recd_map.html)

**Authorized activities:** Funds may be used to construct, enlarge, extend, or otherwise improve essential community facilities providing an essential service primarily to rural residents and rural businesses. Community facilities are limited to those providing or supporting overall community development such as healthcare facilities, public safety, and public service. All facilities financed in whole or in part with Rural Housing Service funds shall be for public use.

**Funding:** The average direct loan in fiscal year (FY) 2011 was \$1,140,319 and the average grant in fiscal year (FY) 2011 was \$29,825. Grant funds can be used for up to 75 percent of the cost to develop the facility. Funding for the balance of the project may consist of other CF financial assistance, applicant contributions, or loans and grants from other sources. Grant assistance will be provided on a graduated scale with smaller communities with the lowest median household incomes being eligible for projects with a higher proportion of grant funds.

**Eligible applicants:** Grants are available to public bodies, non-profits, and tribal governments. In addition, applicants must have the legal authority necessary for construction, operation, and maintenance of the proposed facility. Applicants must be unable to obtain needed funds from commercial sources at reasonable rates and terms.

**Example project:** In 2010, Polson Loaves and Fish Pantry in Montana received a \$20,000 grant to purchase a walk-in freezer to supplement its storage capacity, and a forklift to move the donations it receives from the community.

**For more information:** Community Facilities Loans and Grants.<sup>107</sup>

**Contact:** Contact your local Rural Development office.<sup>108</sup>

### Rural Economic Development Loan and Grant Program (REDLG)

Administered by Rural Business—Cooperative Service

Promotes rural economic development and job creation projects in rural areas. Assistance may include business startup costs; business expansion; business incubators; technical assistance; feasibility studies; advanced telecommunications services; computer networks for medical, educational, and job training services; and community facilities projects for economic development.

**Authorized activities:** Research and feasibility studies, business planning, construction, and training and technical assistance.

**Funding:** Depending on appropriations, but likely to be a \$740,000 loan maximum and \$300,000 grant maximum.

**Eligible applicants:** Local utilities which, in turn, pass through to local businesses (ultimate recipients) for projects that will create and retain employment in rural areas (including business ventures for producers of locally-grown agricultural products).

**Example project:** Examples of funded projects include capitalization of revolving loan funds, technical assistance in conjunction with projects funded under a zero interest REDLoan (to include financing of food processing, marketing and distribution business ventures and business incubators).

**For more information:** Funds are not distributed to States; all funds are retained in the National Office. Selections are made quarterly based on a National competition. See REDLG.<sup>109</sup>

**Contact:** Contact your local Rural Development office.<sup>110</sup>

### Intermediary Relending Program (IRP)

Administered by Rural Business—Cooperative Service

Finances business facilities and community development projects that alleviate poverty and increase economic activity and employment in rural communities. Examples of projects include the acquisition, construction, conversion, enlargement, or repair of a business or business facility, particularly when jobs will be created or retained; the purchase or development of land (easements, rights of way, buildings, facilities, leases, materials); the purchase of equipment, leasehold improvements, machinery, supplies start-up costs and working capital; pollution control and abatement; transportation services; and feasibility studies.

**Authorized activities:** Research and feasibility studies, business planning, construction, land lease or purchase, equipment purchase, and training and technical assistance.

**Funding:** An intermediary may borrow up to \$2 million for its first financing and up to \$1 million at a time thereafter. Total debt is capped at \$15 million. In recent years, loans to intermediaries have been capped at \$750,000. Ultimate recipients may borrow up to \$250,000.

**Eligible applicants:** Local governments, nonprofits, Indian tribes, and cooperatives with at least 51 percent rural membership<sup>111</sup> are eligible to apply.

**For more information:** IRP.<sup>112</sup>

**Contact:** Contact your local Rural Development office.<sup>113</sup>

107 [www.rurdev.usda.gov/HCF\\_CF.html](http://www.rurdev.usda.gov/HCF_CF.html)

108 [www.rurdev.usda.gov/recd\\_map.html](http://www.rurdev.usda.gov/recd_map.html)

109 [www.rurdev.usda.gov/rbs/busp/redlg.htm](http://www.rurdev.usda.gov/rbs/busp/redlg.htm)

110 [www.rurdev.usda.gov/recd\\_map.html](http://www.rurdev.usda.gov/recd_map.html)

111 The definition of "rural" includes a population limit of 25,000

112 [www.rurdev.usda.gov/rbs/busp/irp.htm](http://www.rurdev.usda.gov/rbs/busp/irp.htm)

113 [www.rurdev.usda.gov/recd\\_map.html](http://www.rurdev.usda.gov/recd_map.html)



## USDA, Agricultural Marketing Service

### Farmers Market Promotion Program (FMPP)

Administered by Marketing Grants and Technical Services Branch

Grant program designed to facilitate and promote farmers markets and other direct-to-consumer market channels for agricultural products. The emphasis is on direct-to-consumer marketing, including multi-farm CSAs and online buying clubs.

**Authorized activities:** Research and feasibility studies, business planning, equipment purchase, and training and technical assistance.

**Funding:** The maximum amount awarded for a proposal cannot exceed \$100,000. Approximately \$10 million each year is allocated for Fiscal Years 2011 and 2012.

**Eligible applicants:** Agricultural cooperatives, producer networks, producer associations, local governments, nonprofit corporations, public benefit corporations, economic development corporations, farmers market authorities, and tribal governments.

**Example project:** The Oklahoma Food Cooperative received \$66,200 in 2007 to enhance its distribution system with better transportation and computerized recordkeeping equipment so it could expedite the delivery of produce using a Web-based marketing and ordering system for regional producers. The cooperative is a producer- and consumer-owned cooperative based in Oklahoma City, OK. More than 200 producer members sell 6,000 individual items to co-op members using an Internet ordering portal. They run 48 member-operated distribution routes that reach cities,

towns, and hamlets across Oklahoma. All products sold through the cooperative must be produced in Oklahoma.

**For more information:** Competitive grants are awarded annually. For more information see FMPP.<sup>118</sup>

**Contact:** Carmen Humphrey, Program Manager: 202-720-8317 or Carmen.Humphrey@ams.usda.gov.

### Federal-State Marketing Improvement Program (FSMIP)

Administered by Agricultural Marketing Service

Provides matching funds to States to explore barriers, challenges, and opportunities in marketing, transporting, and distributing food and agricultural products. Because of the program's broad flexibility, many types of projects are possible, such as determining market demand for local products, evaluating online marketing tools such as MarketMaker,<sup>119</sup> developing protocols for harvesting excess crops for food banks, and developing food hub business plans.

**Authorized activities:** Research and feasibility studies, business planning, marketing and promotion, equipment rental, building or room rental, and training and technical assistance

**Funding:** Grants average \$50,000 and generally range from \$25,000 to \$135,000.

**Eligible applicants:** State departments of agriculture, which often partner with local organizations. See State department of agriculture Web sites for more information. Also State universities and other appropriate State agencies. This is not a grant program for individuals or individual businesses.

[www.ams.usda.gov](http://www.ams.usda.gov)

**Example project:** In 2010, the Ohio Department of Agriculture, in partnership with the Appalachian Center for Economic Networks, was awarded \$54,375 to foster development of new local food processing, aggregation, and distribution infrastructure in Ohio.

**For more information:** FSMIP.<sup>120</sup>

**Contact:** Janise Zygmunt, Staff Officer: 202-720-5024 or Janise.Zygmunt@ams.usda.gov.

### Specialty Crop Block Grant Program (SCBGP)

Administered by Agricultural Marketing Service

Enhances the competitiveness of specialty crops (fruits, vegetables, tree nuts, dried fruits, horticulture, nursery crops, and floriculture), including locally grown and consumed specialty crops. Supports a State's specialty crop funding priorities, including Statewide and local food systems, all of which must solely support specialty crops, including school and community gardens; farm-to-school programs; good agricultural practices and good handling practices certification and training for farmers; development of cooperatives and local or regional e-commerce that support the processing, aggregation, and distribution of locally grown specialty crops; and improving access to specialty crops in underserved communities.

**Authorized activities:** Research and feasibility studies, business planning, marketing and promotion, and training and technical assistance.

<sup>118</sup> [www.ams.usda.gov/FMPP](http://www.ams.usda.gov/FMPP)

<sup>119</sup> [national.marketmaker.uiuc.edu](http://national.marketmaker.uiuc.edu)

<sup>120</sup> [www.ams.usda.gov/FSMIP](http://www.ams.usda.gov/FSMIP)

**Funding:** Varies by State.  
Eligible applicants: Block grants are awarded directly to State departments of agriculture.

**Example project:** In 2010, the California Department of Food and Agriculture was awarded \$150,000 to partner with the Brentwood Agricultural Land Trust to develop a business plan to expand the Brentwood-Richmond Farm 2 Table Community Supported Agriculture (CSA),

identify efficient ways to aggregate and transport source-identified specialty crops from local producers, and provide nutrition programs to CSA families.

**For more information:** SCBGP.<sup>121</sup>

**Contact:** Trista Etzig: 202-690-4942 or trista.etzig@usda.gov; John Miklozek: 202-720-1403 or john.miklozek@usda.gov; or Jenny Greer, 202-205-3941 or jenny.greer@usda.gov.



## USDA, National Institute of Food and Agriculture

### Community Food Projects Competitive Grant Program (CFP)

Administered by National Institute of Food and Agriculture

Designed to increase food security in low-income communities by developing linkages between sectors of the food system, supporting the development of entrepreneurial projects, and encouraging communities' long-term planning.

**Authorized activities:** Research and feasibility studies, business planning, construction, working capital, and marketing and promotion.

**Funding:** \$10,000 to \$300,000 (lasting 1 to 3 years).

**Eligible applicants:** Nonprofit entities that need a one-time infusion of Federal assistance to establish and carry out multipurpose community food projects.

**Example project:** The American Friends Service Committee in Albuquerque received a \$300,000 grant in 2009 for 3 years of funding to develop the New Mexico Agri-Cultura Network, a local foodshed that works with

small growers, procurement agents, institutional buyers, and policymakers to bring farm-fresh produce into Albuquerque public schools. Economic revitalization of the South Valley is a priority, with the project emphasizing training of low-income community members to be agricultural producers, helping to meet local food needs, and incorporating innovative marketing strategies that benefit both agricultural producers and low-income consumers.

**For more information:** CFP.<sup>122</sup>

**Contact:** Jane Clary, National Program Leader, Nutrition/Extension: 202-720-3891 or jclary@nifa.usda.gov.

### Sustainable Agriculture Research and Education (SARE)

Administered by NIFA through cooperative agreements with regional offices in Northeast, North Central, Southern, and Western regions.

Advances sustainable innovations in American agriculture. Supports research on topics such as on-farm renewable energy, pest and weed management, sustainable communities, agro-forestry, marketing, and more.

[www.nifa.usda.gov](http://www.nifa.usda.gov)

**Authorized activities:** Research and feasibility studies (but no business planning), training, and technical assistance.

**Funding:** Research and Education

**Grants:** \$10,000 to \$200,000 or more.

**Professional Development Grants:** from \$20,000 to \$120,000. Producer

**Grants:** between \$1,000 and \$15,000. Other grant types in some regions.

**Eligible applicants:** Nonprofit organizations, researchers, and individual producers.

**Example project:** Great Falls Food Hub, in the Central Connecticut River Valley bioregion of Vermont, received a \$15,000 Sustainable Community grant from Northeast SARE to research and assess new distribution models, increase access to value-added infrastructure, and develop programs to deliver local foods to low-income families. The facility includes dry, cold,

<sup>121</sup> [www.ams.usda.gov/scbgrp](http://www.ams.usda.gov/scbgrp)

<sup>122</sup> [www.nifa.usda.gov/funding/rfas/pdfs/11\\_community\\_foods.pdf](http://www.nifa.usda.gov/funding/rfas/pdfs/11_community_foods.pdf)

and frozen storage facilities; a licensed, commercial-sized food processing kitchen to do value-added, incubator, commercial, and educational activities; and a wholesale/retail distribution outlet for fresh, stored, and processed local food. It also conducts community workshops (on gardening, cooking, preserving, storing, and season extension) and holds community celebrations and cultural events.

**For more information:** You can find links to regional Web sites at SARE.<sup>123</sup>

**Contact:** Rob Hedberg:  
rhedberg@nifa.usda.gov

### **Beginning Farmer and Rancher Development Program (BFRDP)**

Administered by National Institute of Food and Agriculture

For costs associated with education, training, outreach, and mentoring beginning farmers and ranchers, as long as the costs are normally allowable and reasonable. Funds can be used to pay beginning farmers to participate in the program; paid internships are allowed. May be used for acquisition of non-fixed equipment for use on the project, including high tunnels. It may not be used for the planning, repair, rehabilitation, acquisition, or construction of buildings or facilities or to buy land, match International Development Association funds, purchase equipment for starting farm or ranch businesses, or for research activities.

**Authorized activities:** Training and technical assistance, and equipment purchase (non-fixed).

**Funding:** No minimum; maximum award \$250,000 for up to 3 years (\$750,000 total).

**Eligible applicants:** Collaborative, State, tribal, local, or regionally based networks or partnerships of public or private entities, which may include the

State cooperative extension service, community-based and nongovernmental organizations, colleges or universities (including institutions awarding associate degrees), or any other appropriate partner. Others may be eligible to apply.

**Example project:** The Gorge Grown Food Network, a food hub in the rural Columbia River Gorge region of Oregon and Washington, received \$246,533 in 2010 to develop self-sustaining producer working groups for key production niches and communities that equip farmers with the knowledge, skills, and tools they need to be successful and increase farmer-to-farmer mentoring and resource sharing. See *Growing Gorge Farmers Through Producer Working Groups*.<sup>124</sup>

**For more information:** BFRDP.<sup>125</sup>

**Contact:** Siva Sureshwaran, National Program Leader, Division of Agricultural Systems: 202-720-7536 or ssureshwaran@nifa.usda.gov.

### **Agriculture and Food Research Initiative (AFRI): Global Food Security**

Administered by National Institute of Food and Agriculture

AFRI has seven “challenge” areas; this challenge area focuses on global food security. The long-term outcomes for this program are to increase food availability through increased sustainable food production and to decrease the number of food-insecure individuals, families, and communities by addressing key constraints to food accessibility and implementing solutions that enhance sustainable food systems. One program area relevant to food hubs is “Sustainable Food Systems to Reduce Hunger and Food Insecurity.” This program supports integrated research, education, and extension projects that increase food security by having access to improved sustainable local and regional food systems. Projects could include components such as, sustainable food production, processing, distribution,

marketing, addressing policy and consumer issues, healthy food choices, farmer prosperity, and natural resource issues, such as increased biodiversity, clean water, and healthy soils.

**Authorized activities:** Research, education, and extension integrated projects, conference, and strengthening grants.

**Funding:** In FY 2010, approximately \$19 million, and \$15 million for FY 2012, was available to support the Global Food Security Challenge Area within AFRI. In 2010 for the Food Systems program, five projects up to \$1 million per year (\$5 million total) for up to 5 years were available.

**Eligible applicants:** Colleges and universities, 1994 Land-Grant Institutions, and Hispanic-serving agricultural colleges and universities.

**Example project:** AFRI provided funding for the “Making Good Food Work” Conference in Detroit (April 2011). This action-oriented conference brought together more than 200 participants with food systems and business expertise from across the United States to help catalyze 13 local and regional food distribution and marketing initiatives and to advance related research, policy, and community and economic development goals. Visit Making Good Food Work<sup>126</sup> for more information.

**For more information:** AFRI.<sup>127</sup>

**Contact:** Diana Jerkins, National Program Leader, Institute of Bioenergy, Climate and the Environment: 202-401-6996 or djerkins@nifa.usda.gov.

123 [www.sare.org](http://www.sare.org)

124 [www.reeis.usda.gov/web/crisprojectpages/223598.html](http://www.reeis.usda.gov/web/crisprojectpages/223598.html)

125 [www.nifa.usda.gov/fo/beginningfarmerandrancher.cfm](http://www.nifa.usda.gov/fo/beginningfarmerandrancher.cfm)

126 [www.makinggoodfoodwork.com](http://www.makinggoodfoodwork.com)

127 [www.nifa.usda.gov/funding/rfas/afri.html](http://www.nifa.usda.gov/funding/rfas/afri.html)

## USDA, Farm Service Agency

### Farm Storage Facility Loan Program

Administered by Deputy Administrator for Farm Programs, Price Support Division

Provides low-interest financing for producers to build or upgrade on-farm storage and handling facilities.

Finances the purchase, construction, or refurbishment of farm storage facilities including on-site storage, cooling, cribs, bins, safety equipment, and cooling and monitoring devices, including off-farm labor and materials. Examples of funding include building grain, hay, and storage facilities; permanently affixed cooling, circulating, and monitoring equipment; new concrete foundations, aprons, pits, and pads, including site preparation, labor and material; and new conventional cribs or bins designed for whole grain storage. This is a loan program, not a grant program.

**Authorized activities:** Research and feasibility studies, business planning (attorney or archeological fees permitted), construction, and equipment purchase.

**Funding:** Up to \$500,000.

**Eligible applicants:** Awardees must produce an eligible facility loan commodity. The producer can be any person who is a landowner, landlord, leaseholder, or tenant. Must have a satisfactory credit rating and demonstrate the ability to repay the facility loan. The facility must be used solely by the borrower(s) and not for commercial purposes.

**Example project:** Growers who sell to food hubs could follow the example of one farmer awardee from Washington State, who grows blackberries,

[www.fsa.usda.gov](http://www.fsa.usda.gov)

strawberries, blueberries, raspberries, cucumbers, and potatoes. Prior to receiving a Farm Storage Facility Loan, he had to pay for off-site cold storage in order to meet supermarket requirements that product be cooled immediately after harvest. Now he owns a 90- by 160-foot refrigerated facility that lowers his transportation costs and improves his product quality.

**For more information:** FSA.<sup>128</sup>

**Contact:** For more information on this or other FSA farm programs, contact your local FSA county office or Toni Williams, Program Manager: 202-720-2270 or [Toni.Williams@wdc.usda.gov](mailto:Toni.Williams@wdc.usda.gov).

## USDA, Natural Resources Conservation Service

### Environmental Quality Incentives Program (EQIP)

Administered by Natural Resources Conservation Service

Provides financial and technical assistance for planning and implementing conservation practices that address threats to soil, water, air, and other natural resources on farm and ranch lands. Could be used to improve irrigation systems to conserve water, install an anaerobic digester or composting pad to manage animal waste, or install buffers to reduce erosion and protect wildlife. Conservation practices established through EQIP help producers comply with Federal, State, and local environmental regulations. The 2008 Farm Bill includes provisions to assist certified organic producers and those who are transitioning to organic to

comply with provisions of the National Organic Program. In 2010, EQIP began offering support for a new conservation practice, "Seasonal High Tunnels," to address soil quality resource concerns and to extend the growing season for fresh market vegetable producers.

**Authorized activities:** Technical help to develop conservation plans and financial assistance to help implement conservation practices. Under certain circumstances, payments may include training assistance and other services from Technical Service Providers.

**Funding:** Participants may not receive, directly or indirectly, payments that, in the aggregate, exceed \$300,000 for all EQIP contracts entered into during any 6-year period.

[www.nrcs.usda.gov](http://www.nrcs.usda.gov)

**Eligible applicants:** Owners of land in agricultural or forest production or persons who are engaged in livestock, agricultural, or forest production on eligible land and who have a natural resource concern. Tribal lands are also eligible.

**Example project:** In 2010, Local Food Hub in Charlottesville, VA, received funding for a seasonal high tunnel to extend their growing season and to offer crops that are in high demand for a longer period of time. The seasonal high tunnel is also used as a teaching tool for producers to learn about conservation and organic production.

**For more information:** NRCS.<sup>129</sup>

**Contact:** Contacts are available by State: NRCS State Offices Directory.<sup>130</sup>

128 [www.fsa.usda.gov](http://www.fsa.usda.gov)

129 [www.nrcs.usda.gov](http://www.nrcs.usda.gov)

130 [www.nrcs.usda.gov/wps/portal/nrcs/main/national/contact/states](http://www.nrcs.usda.gov/wps/portal/nrcs/main/national/contact/states)

## The Conservation Innovation Grant

Administered by Natural Resources Conservation Service

Stimulates the development and adoption of innovative conservation approaches and technologies. Benefits agricultural producers by providing more options for environmental enhancement and compliance with Federal, State, and local regulations. Does not fund research studies or business planning.

**Authorized activities:** Feasibility studies, marketing and promotion, and training and technical assistance.

**Funding:** Funding is announced annually. Funds for single- or multi-year (not to exceed 3 years) projects are awarded through a nationwide competitive grants process. State competition up to \$75,000 and National competition up to \$1 million. At least 50 percent of the total cost of the project must come from non-Federal matching funds.

**Eligible applicants:** Non-Federal governmental or non-governmental organizations, tribes, or individuals.

**Example project:** In Red Tomato's EcoApple project, participating growers follow a sustainable agriculture production protocol developed by EcoApple and revised annually to reflect new conservation practices, products, and information. Red Tomato strives to build stronger conservation measures and quality control and safety criteria into the protocol, and will innovate further, joining environmental benefits with other marketable benefits (locally grown, highest quality, packaging, brand, and simple messaging).

**For more information:** Conservation Innovation Grants.<sup>131</sup>

**Contact:** Gregorio Cruz: 202-720-8071 or gregorio.cruz@wdc.usda.gov.



## USDA, Risk Management Agency

### Risk Management Education and Outreach Partnership Cooperative Agreements Program

Administered by Risk Management Agency

Funds risk management strategies related to production (including crop insurance), marketing, legal, human, and financial issues. Possible projects could address risk management training related to production practices, including on-farm food safety; insurance; business planning and accounting; marketing and branding; and legal and succession planning. Funds may also be used to train and assist disadvantaged producers as well to create producer awareness (through community outreach) of crop insurance programs and other risk management tools and strategies.

**Authorized activities:** Producer training in the five areas of risk (production, marketing, legal, human, and financial).

**Funding:** Ranges from \$20,000 to \$100,000.

**Eligible applicants:** For profit and nonprofit organizations, tribal organizations, community faith based organizations, producer groups, State agencies, and colleges or universities.

**Example Project:** In 2011, Women Veterans in Agriculture project established training programs in crop insurance and other risk management strategies for women recently separated from military service who wanted to agriculture. The project consisted of a conference in Davis, California that provided training on and placement

[www.rma.usda.gov](http://www.rma.usda.gov)

in incubator farms and technical training in farm management. Topics included information on the five areas of risks (including crop insurance) as well as good farming practices, value-added enterprises, farm health and business planning. This unique project focused on assisting women veterans in employment opportunities in agriculture while also providing technical skill development and risk management training.

**For more information:** Partnerships and Cooperative Agreements.<sup>132</sup>

**Contact:** Lana Cusick: 202-720-3325 or lana.cusick@rma.usda.gov.

<sup>131</sup> [www.nrcs.usda.gov/technical/cig/index.html](http://www.nrcs.usda.gov/technical/cig/index.html)

<sup>132</sup> [www.rma.usda.gov/aboutrma/agreements](http://www.rma.usda.gov/aboutrma/agreements)

### Community Economic Development Grants (CED)

Administered by Administration for Children and Families, Office of Community Services

Provides technical and financial assistance for the creation of employment and business opportunities in low-income communities. Serves the dual purposes of facilitating access to healthy food options and creating job and business development opportunities in low-income communities. Includes projects addressing the elimination of food deserts and that finance grocery stores, farmers markets, and other retail sources that provide access to fresh nutritious food. Includes projects that collaborate in the Healthy Food Financing Initiative through New Market Tax Credits; Community Development Financial Institution Funds; or loans, grants, or promotions through the U.S. Department of Agriculture. Uses for funding include startup or expansion of businesses or commercial activities; capital expenditures such as the purchase of equipment or real property; allowable operating expenses; and loans or equity investments. Types of projects funded include business incubators, shopping centers, manufacturing businesses, and agriculture initiatives. Finances grocery stores, farmers markets, and other sources of fresh food.

**Authorized activities:** Construction, marketing and promotion, working capital, training, technical assistance, equipment purchase, and land lease or purchase.

**Funding:** Up to \$20 million for the program; 20 to 25 grants are awarded. The maximum grant award is \$800,000. Funds may cover project costs for business start-up or expansion and the development of new products and services that focus on the elimination of food deserts or that provide communities with access to healthy foods.

**Eligible applicants:** Private, nonprofit community development corporations (CDCs) having a 501 (c)(3) status and experienced in developing and managing economic development projects. For purposes of this grant program, the CDCs must be governed by a board of directors consisting of residents of the community and business and civic leaders. The principal purpose of the CDCs must be planning, developing, or managing low-income housing or community development activities. Faith-based and community organizations are also eligible to apply.

**Example projects:** Grocery stores, farmers markets, business incubators, and healthy food access initiatives. Encourages grantees to focus on environmental industries, such as green products, recycling, renewable or alternative energy, or urban agriculture and horticulture.

**For more information:** CED.<sup>133</sup>

**Contact:** Thom Campbell, Office of Community Services, Administration for Children and Families: 370 L'Enfant Promenade SW, Washington, DC, 20447 or 202-401-5483 or thom.campbell@acf.hhs.gov.

### Communities Putting Prevention To Work

Administered by Centers for Disease Control and Prevention

Funds 50 communities through 2-year cooperative agreements to implement obesity, nutrition, physical activity, and tobacco-control strategies. Funds are for policy, environmental, and systems change initiatives. Recipients may only expend funds for reasonable program purposes, including personnel, travel, supplies, and contractual services to reduce members' risk. Funds must be used to prevent and delay chronic disease, promote wellness, or better manage chronic conditions in the following areas: to increase

levels of physical activity, to improve nutrition (such as increasing fruit and vegetable consumption or reducing salt and trans fats), to decreasing smoking prevalence and teen smoking initiation, and to decrease exposure to secondhand smoke. Funds cannot be used for research, clinical care, or to purchase furniture or equipment.

**Authorized activities:** Training and technical assistance.

**Funding:** Feb 2010: \$119 million to States and territories. March 2010: \$372.8 million in American Recovery and Reinvestment Act funding. September 2010: \$30.1 million in Affordable Care Act funding to 50 communities as part of one-time infusion. Most awards are \$1 million to \$16 million for obesity and tobacco prevention.

**Eligible applicants:** Programs in State and territorial health departments (including the District of Columbia, Puerto Rico, and the Virgin Islands) and their bona fide agents. Funding is specifically directed to State and local health departments for evidenced-based clinical and community-based prevention and wellness activities.

**Example project:** The County of San Diego Health and Human Services Agency in California received \$16.1 million to promote improved nutrition. The County of San Diego will address regional food systems and the establishment of a San Diego-based food distribution center, link local food demand to supply, and increase access to healthy foods, especially in high-need areas. To increase physical activity, interventions will improve the environment through integrating public health in transportation and land-use planning policies. To promote healthy school environments, the county will enhance and implement school wellness

and before- and after-school physical activity policies to create environments that promote nutrition, physical activity, and overall student wellness. For more information, see Communities Putting Prevention to Work.<sup>134</sup>

**For more information:** Communities Putting Prevention to Work Grant Information<sup>135</sup> and Affordable Care Act.<sup>136</sup>

**Contact:** Technical Information Management Section, Department of Health and Human Services, CDC Procurement and Grants Office, 2920 Brandywine Road, MS E-14, Atlanta, GA 30341 or 770-488-2700.

### Community Transformation Grants

Administered by Centers for Disease Control and Prevention

Creates healthier communities by building capacity to implement policy, environmental, programmatic, and infrastructure changes. Supports implementation of interventions in five strategic areas:

- Changes in weight
- Changes in proper nutrition
- Changes in physical activity
- Changes in tobacco use prevalence
- Changes in emotional well-being and overall mental health.

*Capacity-building awards* help build coalitions, train staff, conduct needs assessment, and develop action plans. For example, they might create social and physical environments that support healthy living and ensure that healthy choices are the easy choice by increasing the availability of and access to healthy and affordable food options such as fresh fruits and vegetables. They might increase consumer choice and eliminate food deserts.

*Implementation awards* help communities operate programs that improve health and wellness. Note that these grants do not permit research, but recipients may carry out evaluation activities to document the impact of their funded programs.

**Authorized activities:** Training, technical assistance, and evaluation studies.

**Funding:** In 2011, Capacity-building awards were between \$50,000 and \$500,000. Implementation awards were between \$500,000 and \$10 million for States, local governments, and nonprofit organizations; between \$50,000 and \$150,000 for territories; and between \$100,000 and \$500,000 for tribal and American Indian/Alaska Native consortia.

**Eligible applicants:** State and local jurisdictions, national networks of community based organizations, State or local nonprofits, and Native American tribes

**Example project:** Sixty-one awards were made on September 30, 2011. Recipients will be finalizing their work plans by the end of 2011.

**For more information:** CDC Awards Community Transformation Grants<sup>137</sup> and Community Transformation Grants.<sup>138</sup>

**Contact:** John R. Lehnerr: ctg@cdc.gov or jrl5@cdc.gov.

## U.S. Department of the Treasury

### Community Development Financial Institutions (CDFI) Program

Administered by Community Development Financial Institutions Fund

The CDFI Program has two distinct components: financial assistance (FA) and technical assistance (TA). In both cases, funding goes to financial intermediaries (CDFIs) who provide finance to third parties. This program does not provide direct funding to specific projects, but CDFIs can choose to fund almost any aspect of a project. FA awards can be used for financing capital, loan loss reserves, capital reserves, and operations. TA awards can be used for personnel (salary and fringe benefits), training, travel, professional services,

materials and supplies, equipment and other capital expenditures, and other service delivery-related costs.

**Authorized activities:** Must be funded through a CDFI: Research, feasibility studies, business planning, construction, land lease or purchase, marketing and promotion, working capital, equipment purchase, training, and technical assistance.

**Funding:** FA awards are up to \$2 million. TA awards are usually awarded up to \$100,000.

**Eligible applicants:** Certified CDFIs (financial institutions: banks, thrifts, credit unions, loan funds, and venture

Each of the programs offered by the U.S. Department of Treasury is intended for financial institutions or Community Development Entities. Food hubs may apply for funding from entities awarded by these programs, but they cannot apply directly to these programs for funds.

[www.treasury.gov](http://www.treasury.gov)

capital funds) with a principal mission of serving underserved populations or distressed communities. Food hubs should contact a local CDFI to learn about funding opportunities.

134 [www.sdcounty.ca.gov/hhsa/programs/phs/chronic\\_disease\\_health\\_disparities/CPW.html](http://www.sdcounty.ca.gov/hhsa/programs/phs/chronic_disease_health_disparities/CPW.html)

135 [www.hhs.gov/recovery/programs/cppw/grantees.html](http://www.hhs.gov/recovery/programs/cppw/grantees.html)

136 [www.cfda.gov/?s=programandmode=formandtab=step1andid=d67e9bb88f5750a983f448646d4df647](http://www.cfda.gov/?s=programandmode=formandtab=step1andid=d67e9bb88f5750a983f448646d4df647)

137 [www.cdc.gov/Features/CommunityGrants/](http://www.cdc.gov/Features/CommunityGrants/)

138 [www.cdc.gov/communitytransformation/index.htm](http://www.cdc.gov/communitytransformation/index.htm)

**Example project:** In 2011, Coastal Enterprises Inc. (CEI), a certified CDFI in Maine, was awarded a \$3 million Healthy Food Financing Initiative CDFI award to support its Rural Healthy Food Access initiative, a program designed to increase the availability and affordability of fresh, healthy, local foods for residents of low-income communities. CEI works with a variety of agricultural enterprises along the supply chain—farms, slaughterhouses, grist mills, food processing firms, seed companies, custom processing facilities, farmers markets, restaurants, community markets, and co-ops—that serve as centralized outlets for agricultural products and facilitate access to wider markets.

**For more information:** CDFI Programs.<sup>139</sup> The 2011 Healthy Food Financing Initiative CDFI awardees are listed at List of Award Recipients.<sup>140</sup>

**Contact:** Ruth Jaure, CDFI Program Manager: 202-622-9156 or [jaurer@cdfi.treas.gov](mailto:jaurer@cdfi.treas.gov).

### New Market Tax Credit (NMTC)

Administered by Community Development Financial Institutions (CDFI) Fund

Similar to the CDFI Program, the New Markets Tax Credit program makes allocations to financial entities called Community Development Entities (CDEs). CDEs use the tax credits to raise capital, which is then invested in projects as debt or equity. Individuals trying to fund specific projects should work with CDEs that received allocations, rather than apply directly to the CDFI Fund.

**Authorized activities:** Working capital.

**Funding:** \$250 million in authority for the NMTC and \$25 million for financial assistance to CDFIs devoted to helping finance healthy food options. The NMTC credit is taken over a 7-year period and equals 39 percent of the amount of original investment. The credit rate is 5 percent of the original investment amount in each of the first 3 years and 6 percent of the original investment amount in each of the final 4 years.

**Eligible applicants:** Certified community development entities (CDEs), or entities that have CDE certification applications pending with the CDFI Fund. Food hubs are advised to contact a local CDE to learn more about funding opportunities.

**Example project:** Carver Community Development Corporation in New York was allocated \$25 million in 2010 to provide capital for the development, renovation, or acquisition of commercial real estate that will create or maintain jobs and increase wages for low-income persons or residents of low-income communities. Carver finances businesses that provide child care, community facilities, fresh food, health care, education, or other benefits to low-income persons or residents of low-income communities.

**For more information:** NMTC Programs.<sup>141</sup>

**Contact:** Robert Ibanez, NMTC Program Manager: 202-927-6232 or [cdfihelp@cdfi.treas.gov](mailto:cdfihelp@cdfi.treas.gov).

## U.S. Department of Housing and Urban Development

### Rural Housing and Economic Development Program (RHED)

Administered by Office of Community Planning and Development

Provides for capacity building at the State and local level for rural housing and economic development and to support innovative housing and economic development activities in rural areas. Possible activities include: preparation of plans, architectural drawings, acquisition of land and buildings, demolition, provision of infrastructure, purchase of materials and construction costs, use of local labor markets, job training and counseling for beneficiaries, and financial services. Other possible activities include financial counseling; application of innovative construction methods;

provision of financial assistance to businesses and developers; and the establishment of CDFIs, lines of credit, revolving loan funds, microenterprises, and small business incubators.

**Authorized activities:** Construction, land lease or purchase, equipment purchase, working capital, and training and technical assistance.

**Funding:** No fiscal year 2012 appropriation is requested for the Rural Housing and Economic Development (RHED) program. Instead, the fiscal year 2012 budget, like 2010, proposes a \$25 million Rural Innovation Fund initiative in the Community Development Fund account.

[www.hud.gov](http://www.hud.gov)

**Eligible applicants:** Eligible applicants are local rural nonprofits, community development corporations, federally recognized Indian tribes, State housing finance agencies, and State community and economic development agencies.

**For more information:** RHED.<sup>142</sup>

**Contact:** Thann Young, Community Planning and Development Specialist, 451 7th Street, SW, Washington, DC, 20410 or 877-787-2526 or 202-708-2290.

<sup>139</sup> [www.cdfifund.gov/what\\_we\\_do/programs\\_id.asp?programID=7](http://www.cdfifund.gov/what_we_do/programs_id.asp?programID=7)

<sup>140</sup> [www.cdfifund.gov/docs/2011/hffi/2011%20HFFI%20Award%20List.pdf](http://www.cdfifund.gov/docs/2011/hffi/2011%20HFFI%20Award%20List.pdf)

<sup>141</sup> [www.cdfifund.gov/what\\_we\\_do/programs\\_id.asp?programID=5](http://www.cdfifund.gov/what_we_do/programs_id.asp?programID=5)

<sup>142</sup> [www.hud.gov/offices/cpd/economicdevelopment/programs/rhed](http://www.hud.gov/offices/cpd/economicdevelopment/programs/rhed)

### Community Development Block Grant Program (CDBG)

Administered by Office of Community Planning and Development

Works to ensure decent affordable housing, to provide services to the most vulnerable in our communities, and to create jobs through the expansion and retention of businesses. The CDBG program contains many program areas: Entitlement Communities, State Administered CDBG, Section 108 Loan Guarantee Program, Insular Areas, Disaster Recovery Assistance, and the Neighborhood Stabilization Program. Activities must be CDBG-eligible and meet one of the following three national objectives of the CDBG program: benefit low- or moderate-income persons, prevent or eliminate slums or blighted areas, or address an urgent community development need.

**Authorized activities:** Land lease or purchase, construction, equipment purchase, working capital, and training and technical assistance.

**Funding:** Approximately \$4.5 billion was available in 2011. Provides annual grants on a formula basis to local government and States.

**Eligible applicants:** Metropolitan cities and urban counties and non-entitlement communities.

**Example project:** In 2009, the State of Louisiana approved \$7 million for the Fresh Food Retailers Initiative program, allowing the City of New Orleans to access Federal Disaster Community Development Block Grant funds needed to implement the project. The Fresh Food Retail Initiative is a 3-year program of forgivable and low-interest loans made to supermarkets, grocery stores, and other fresh food retailers that provide healthy food at affordable prices in underserved neighborhoods in New Orleans.

**For more information:** CDBG.<sup>143</sup>

**Contact:** Stan Gimont, Director, Office of Block Grant Assistance: 202-708-3587

### Sustainable Communities Regional Planning Grants

Administered by Office of Sustainable Housing and Communities

Supports planning efforts that integrate housing, land use, economic and workforce development, transportation, and infrastructure investments. Places a priority on partnerships, including nontraditional partnerships such as arts and culture, recreation, public health, food systems, regional planning agencies, and public education entities. There are two funding categories:

*Group 1 Funds* can be used to support the preparation of regional plans for sustainable development. Funds will support stakeholder-driven visioning- and scenario-planning exercises that address and harmonize critical land use and investment decisions, support cost-effective and sustainable transportation and water infrastructure investments, designate lands for conservation and ongoing agricultural use, proactively consider risks from disasters and climate change, and develop sophisticated mapping resources that communities can access to address these and other regional planning issues.

*Group 2 Funds* can be used to support efforts to modify existing regional plans. Eligible activities include tasks necessary to develop a regional plan for sustainable development and align investments with this plan; to improve management capability to implement the plan; and to develop relevant policy, planning, and evaluation capacity.

**Authorized activities:** Research and feasibility studies, business planning, land lease or purchase, training and technical assistance.

**Funding:** In FY 2011, \$67 million was available, including \$17.5 million committed to regions with a population of less than 500,000. Grants range from \$400,000 to \$5 million.

**Eligible applicants:** Multi-jurisdictional and multi-sector partnership consisting of a consortium of government entities and nonprofit partners.

**Example project:** The Capital Area Regional Planning Commission won a \$2 million Sustainable Community Regional Planning Grant. One project identified in the grant is preparing a business plan for "an aggregation, storage, and distribution facility that connects growers in the Capitol Region with wholesale buyers in southern Wisconsin and northern Illinois for the purpose of preserving, strengthening and promoting local Wisconsin agriculture and improving food access in underserved communities."

**For more information:** Sustainable Communities<sup>144</sup> and Notice of Funding Availability.<sup>145</sup>

**Contact:** Dwayne S. Marsh: 202-402-6316 or SustainableCommunities@hud.gov.

### Community Challenge Grants

Administered by Office of Sustainable Housing and Communities

Fosters reform and reduces barriers to achieving affordable, economically vital, and sustainable communities. Can be used for efforts such as amending or replacing local master plans, zoning and building codes to promote mixed-use development, and the rehabilitation of older buildings and structures with the goal of promoting sustainability at the local and neighborhood levels. Eligible activities include: development and implementation of local, corridor, or district plans and strategies that promote livability and sustainability while avoiding residential and small business

143 [portal.hud.gov/hudportal/HUD?src=/program\\_offices/comm\\_planning/communitydevelopment/programs](http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/programs)

144 [www.sustainablecommunities.gov](http://www.sustainablecommunities.gov)

145 [portal.hud.gov/hudportal/documents/huddoc?id=2011scrgpreappnofa.pdf](http://portal.hud.gov/hudportal/documents/huddoc?id=2011scrgpreappnofa.pdf)

displacement; comprehensive reviews to develop and prioritize revisions to zoning codes, ordinances, building standards, administrative regulations or actions, or other laws to remove barriers and promote sustainable and mixed-use development; develop building codes that balance energy-efficient rehabilitation of older structures and the creation affordable and healthy housing; and development of community-scale energy strategies and implementation plans and climate adaptation plans.

**Authorized activities:** Research and feasibility studies, business planning, land lease or purchase, training and technical assistance.

**Funding:** In FY 2011, \$28,000,000 was available, including \$3 million set aside for jurisdictions with populations under 50,000. The minimum award size is \$100,000 and the maximum award is \$3 million.

**Eligible applicants:** State and local governments, including U.S. territories, tribal governments, political subdivisions of State or local governments, and multi-State or multi-jurisdictional groupings.

**Example project:** In October 2010, HUD awarded a \$2.25 million grant to the Community Redevelopment Agency of the City of Los Angeles (CRA/LA). The Northeast Los Angeles (NELA) Collaborative will involve CRA/LA, the Department of City Planning and the

City's Department of Transportation, plus planning consultants and the community. With technical assistance from the Urban and Environmental Policy Institute at Occidental College, the NELA Collaborative will work to create a Los Angeles regional food hub (RFH). An RFH works with farmers to gather, store, process, distribute, and market locally or regionally produced food, providing green jobs and access to fresh foods for the community and institutions.

**For more information:** Sustainable Communities<sup>146</sup> and Notice of Funding Availability.<sup>147</sup>

**Contact:** Sunaree K. Marshall: 202-402-6011 or SustainableCommunities@hud.gov.

## U.S. Department of Commerce

### Public Works and Economic Development Program

Administered by Economic Development Administration (EDA)

Supports the construction or rehabilitation of essential public infrastructure and facilities to help communities and regions leverage their resources and strengths to create new and better jobs, drive innovation, become centers of competition in the global economy, and ensure resilient economies. Projects include investments in water and sewer systems, broadband, industrial access roads, industrial and business parks, port facilities, rail spurs, skill-training facilities, business incubator facilities, and brownfield redevelopment.

**Authorized activities:** Construction and equipment purchase.

**Funding:** In 2010, the average investment was \$1.7 million; investments ranged from \$500,000 to \$2 million. This average is informational only and is not intended to restrict the size of future awards.

**Eligible applicants:** District organizations; Indian tribes or a consortium of Indian tribes; State, city, or other political subdivision of a State, including a special purpose unit of a State or local government engaged in economic or infrastructure development activities, and consortiums of political subdivisions; institutions of higher education or consortiums of institutions of higher education; and public or private nonprofit organizations or associations acting in cooperation with officials of a political subdivision of a State. See section 3 of PWEDA (42 U.S.C. § 3122) and 13 C.F.R. § 300.3.<sup>148</sup>

**Example project:** In FY 2009, EDA invested \$4 million (a portion of which was public works funding) to fund the construction of the Central Wisconsin Agricultural Innovation Center, a multi-purpose building to promote collaboration between governmental, institutional, and private-sector agribusiness stakeholders and to provide space for incubator tenants to test agricultural product innovations.

The Economic Development Administration (EDA) administers seven economic development programs<sup>149</sup> and awards funds on a competitive basis. Of these programs, the Public Works and Economic Development and Economic Adjustment Assistance may be most relevant to support food hubs.

[www.commerce.gov](http://www.commerce.gov)

**For more information:** EDA Programs.<sup>150</sup>

**Contact:** Phil Saputo: 202-482-6331 or psaputo@eda.dopc.gov.

### Economic Adjustment Assistance Program (EAA)

Administered by Economic Development Administration

Provides a wide range of construction and non-construction assistance, including public works, technical assistance, strategies, and revolving loan fund projects, in regions experiencing severe economic dislocations that may

146 [www.sustainablecommunities.gov](http://www.sustainablecommunities.gov)

147 [portal.hud.gov/hudportal/documents/huddoc?id=2011scccnpofa.pdf](http://portal.hud.gov/hudportal/documents/huddoc?id=2011scccnpofa.pdf)

148 [www.csrrdc.org/docs/econdev/Draft\\_CEDS\\_08-18-2011.pdf](http://www.csrrdc.org/docs/econdev/Draft_CEDS_08-18-2011.pdf)

149 [www.eda.gov](http://www.eda.gov)

150 [www.eda.gov/contact.htm](http://www.eda.gov/contact.htm)



## Sources of Funding From Foundations and Nonprofits

These foundations and nonprofits have funded activities in the areas of food systems, health, food access, economic development, and environmental sustainability. This does not mean these foundations or nonprofits will fund food hubs, only that they have funded food systems or at least have

an interest in some of the economic, social, or environmental impacts that food hubs can offer. The list is not intended to be exhaustive. More information about these foundations and others can be found at Sustainable Agriculture and Food Systems Funders.<sup>153</sup>

**Table 3. Funding sources from foundations and grants**

<b>Organization</b>	Ben and Jerry's Foundation
<b>Program name</b>	National Grassroots Grant Program
<b>Funding interests</b>	Broad interests in social justice, environmental protection, and sustainable food systemsprotection, and sustainable food systems
<b>Grant size</b>	Up to \$15,000 for a 1-year period
<b>Geographic focus</b>	National
<b>Website</b>	<a href="http://www.benandjerrysfoundation.org/what-we-do">www.benandjerrysfoundation.org/what-we-do</a>
<b>Eligibility</b>	Nonprofits, generally organizations with budgets of \$500,000 or less, specifically grassroots, constituent-led organizations that are using community-organizing strategies to accomplish their goals and organizations that provide technical support and/or capacity-building resources to such groups.
<b>Submission Info</b>	The process starts with the Letter of Interest (LOI). LOIs are considered on a rolling basis and are reviewed within 30 days of submission.
<b>Organization</b>	Ben and Jerry's Foundation
<b>Program name</b>	Vermont Capacity Building Grant Program
<b>Funding interests</b>	Broad interests in social justice, environmental protection, and sustainable food systems
<b>Grant size</b>	Multi-year grant of up to \$25,000 per year
<b>Geographic focus</b>	Vermont
<b>Website</b>	<a href="http://www.benandjerrysfoundation.org/what-we-do">www.benandjerrysfoundation.org/what-we-do</a>
<b>Eligibility</b>	Vermont statewide organizations
<b>Submission Info</b>	Filing deadline is April 30

153 [www.safsf.org/who/directory.asp](http://www.safsf.org/who/directory.asp)

<b>Organization</b>	Cedar Tree Foundation
<b>Program name</b>	Sustainable Agriculture; Environmental Education; Environmental Health
<b>Funding interests</b>	Focus on environmental justice, and conservation, with a particular interest in urban agriculture
<b>Grant size</b>	Generally \$10,000–\$100,000
<b>Geographic focus</b>	
<b>Website</b>	<a href="http://www.cedartreefound.org">www.cedartreefound.org</a>
<b>Eligibility</b>	
<b>Submission Info</b>	Process begins with a Letter of inquiry. The fund managers will request full proposals for those projects whose letters indicate a good fit with the philanthropy.

<b>Organization</b>	Claneil
<b>Program name</b>	Community Grants
<b>Funding interests</b>	Hunger and nutrition, food systems; health and human services; education; environment
<b>Grant size</b>	\$5,000–\$15,000 (per year)
<b>Geographic focus</b>	Emphasis is placed on organizations located and serving communities in Chester, Delaware, Montgomery and Philadelphia counties
<b>Website</b>	<a href="http://www.claneilfoundation.org">www.claneilfoundation.org</a>
<b>Eligibility</b>	
<b>Submission Info</b>	

<b>Organization</b>	Claneil
<b>Program name</b>	Special Project Fund
<b>Funding interests</b>	Hunger and nutrition, food systems; health and human services; education; environment. Particularly interested in cutting-edge approaches that are timely, demonstrate potential for significant impact, and can serve as a model for others.
<b>Grant size</b>	\$30,000–\$100,000
<b>Geographic focus</b>	National
<b>Website</b>	<a href="http://www.claneilfoundation.org">www.claneilfoundation.org</a>
<b>Eligibility</b>	Emerging nonprofits, or new projects of established organizations that have the potential for transformative change
<b>Submission Info</b>	

<b>Organization</b>	Clarence E. Heller Charitable Foundation
<b>Program name</b>	Environment and Health
<b>Funding interests</b>	To promote the long-term good health and viability of communities and regions by supporting programs to prevent harm to human health from toxic substances and other environmental hazards; by encouraging planning and development at the regional level, aimed at integrating economic and social goals with sound environmental policies; and by supporting initiatives for sustainability in agriculture and food systems.
<b>Grant size</b>	\$5,000– \$600,000
<b>Geographic focus</b>	Priority is given to proposals from California organizations
<b>Website</b>	<a href="http://www.cehcf.org/env_health.html">www.cehcf.org/env_health.html</a>
<b>Eligibility</b>	Nonprofit organizations
<b>Submission Info</b>	Begin the process with a short letter of inquiry

<b>Organization</b>	First Nations Development Institute
<b>Program name</b>	Native Agriculture and Food Systems Initiative (NAFSI)
<b>Funding interests</b>	Addresses issues confronting tribes and Native communities as they seek to strengthen the food system in their communities, improve health and nutrition, and build food security. Through an integrated program approach, this initiative seeks to increase the control over Native agriculture and food systems.
<b>Grant size</b>	
<b>Geographic focus</b>	
<b>Website</b>	<a href="http://www.firstnations.org">www.firstnations.org</a>
<b>Eligibility</b>	Tribes and Native nonprofit organizations
<b>Submission Info</b>	

<b>Organization</b>	Geraldine R. Dodge Foundation
<b>Program name</b>	Ecosystem resilience and sustainable community solutions
<b>Funding interests</b>	Watersheds and wetlands, land preservation and acquisition, stewardship, and integrative land and resource management strategies that address the effects of urbanization, suburban expansion, and unsustainable agricultural practices; urban greening and regional food systems, particularly through community design, land use innovations, and working land strategies.
<b>Grant size</b>	\$5,000–\$350,000 (most 2011 grants were less than \$100,000)
<b>Geographic focus</b>	Focus on Morristown and Newark, NJ
<b>Website</b>	<a href="http://www.grdodge.org">www.grdodge.org</a>
<b>Eligibility</b>	501(c)3 organizations
<b>Submission Info</b>	Letter of inquiry to request an invitation for a full proposal

<b>Organization</b>	GRACE Communications Foundation
<b>Program name</b>	
<b>Funding interests</b>	The development of sustainable, community-based food production and regional food distribution networks; Public awareness of how sustainable agriculture contributes to social, environmental, economic and personal health; Policies that promote sustainable use of water resources for energy and food production; Policies that protect and promote clean drinking water; The development of small-scale distributed renewable energy systems; Increased public awareness of how individuals can improve their physical and emotional health.
<b>Grant size</b>	
<b>Geographic focus</b>	
<b>Website</b>	<a href="http://gracelinks.com">gracelinks.com</a>
<b>Eligibility</b>	
<b>Submission Info</b>	

<b>Organization</b>	John Merck Fund
<b>Program name</b>	Rural New England
<b>Funding interests</b>	Creating more jobs, job training, and higher education opportunities for older youth (ages 16–25); expanding employment and career development options, including entrepreneurial ventures, for low-income women; and preserving and nurturing small-scale, economically viable and environmentally sustainable agricultural operations.
<b>Grant size</b>	\$20,000–\$200,000 (2011 grants)
<b>Geographic focus</b>	Focus on Maine, New Hampshire and Vermont
<b>Website</b>	<a href="http://www.jmfund.org/ruralnewengland.php">www.jmfund.org/ruralnewengland.php</a>
<b>Eligibility</b>	501(c)(3) and tax classification under Section 509(a), confirming that the organization is publicly supported
<b>Submission Info</b>	

<b>Organization</b>	Kresge
<b>Program name</b>	Community Development
<b>Funding interests</b>	Replicable, innovative models and exemplary financial vehicles for equitable reinvestment.
<b>Grant size</b>	Highlighted grants are \$700,000–\$3 million
<b>Geographic focus</b>	Detroit, and National
<b>Website</b>	<a href="http://www.kresge.org/programs/community-development">www.kresge.org/programs/community-development</a>
<b>Eligibility</b>	Nonprofits and government entities
<b>Submission Info</b>	Proposals by invitation only

<b>Organization</b>	Kresge
<b>Program name</b>	Environment: Fostering the development of place-based adaptation strategies
<b>Funding interests</b>	Place-based initiatives to develop innovative approaches to preparing for an uncertain climatic future.
<b>Grant size</b>	Previous grants are between \$60,000 and \$1.2 million
<b>Geographic focus</b>	National
<b>Website</b>	<a href="http://www.kresge.org/programs/environment/adaptation-climate-change/fostering-development-place-based-adaptation-strategi">www.kresge.org/programs/environment/adaptation-climate-change/fostering-development-place-based-adaptation-strategi</a>
<b>Eligibility</b>	Nonprofits and government entities
<b>Submission Info</b>	Proposals by invitation only, though there is a preliminary application form to let the funder know about your initiative

<b>Organization</b>	Kresge
<b>Program name</b>	Health
<b>Funding interests</b>	Reducing health disparities among children and adults living in the United States
<b>Grant size</b>	Previous grants between \$250,000 and \$750,000
<b>Geographic focus</b>	National
<b>Website</b>	<a href="http://www.kresge.org/programs/health">www.kresge.org/programs/health</a>
<b>Eligibility</b>	Nonprofits and government entities at the local, State and national levels
<b>Submission Info</b>	Varies, depending on the program – visit website for more information

<b>Organization</b>	Leopold Center for Sustainable Agriculture
<b>Program name</b>	Marketing and Food Systems
<b>Funding interests</b>	Marketing strategies and business structures that allow Iowa's farmers and communities to retain more of the value for energy, food, or fiber produced; education, research, and partnerships to increase investment and support of local and regional food, fiber, and energy enterprises; and strategies to address challenges that impede farmers and farmer networks from being equal partners in energy, food, or fiber-based value chains.
<b>Grant size</b>	About \$5,000–\$60,000
<b>Geographic focus</b>	Iowa
<b>Website</b>	<a href="http://www.leopold.iastate.edu">www.leopold.iastate.edu</a>
<b>Eligibility</b>	Iowa colleges and universities and private nonprofit agencies and foundations
<b>Submission Info</b>	A request for pre-proposals is the first step in applying for a competitive grant

<b>Organization</b>	Organic Valley's Farmers Advocating for Organics (FAFO) fund
<b>Program name</b>	
<b>Funding interests</b>	Programs dedicated to furthering organic education, organic farming or product research, and organic advocacy.
<b>Grant size</b>	\$5,000–\$50,000 per year, plus small grants less than \$5,000
<b>Geographic focus</b>	National
<b>Website</b>	<a href="http://www.organicvalley.coop/about-us/donations/fafo-fund">www.organicvalley.coop/about-us/donations/fafo-fund</a>
<b>Eligibility</b>	Individuals, universities, public/private schools, NGOs, farmers, and consumers
<b>Submission Info</b>	Proposal should be 2–8 pages, due twice a year, in February and September (Small grants are accepted any time)

<b>Organization</b>	RSF Social Finance
<b>Program name</b>	Shared Gifting Funds (Food and Agriculture Focus Area)
<b>Funding interests</b>	An unusual program where the grantees have a say in fund allocation.
<b>Grant size</b>	6–8 grants from a pool of \$50,000
<b>Geographic focus</b>	San Francisco Bay Area
<b>Website</b>	rsfsocialfinance.org
<b>Eligibility</b>	
<b>Submission Info</b>	No unsolicited proposals

<b>Organization</b>	Schmidt Family Foundation
<b>Program name</b>	Environment; sustainable development; 11th hour project
<b>Funding interests</b>	The Schmidt Family Foundation supports efforts, using best expert information, to help transform the world's environmental and energy practices in the 21st century.
<b>Grant size</b>	\$15,000–\$1.25 million (in 2008)
<b>Geographic focus</b>	National
<b>Website</b>	theschmidt.org
<b>Eligibility</b>	
<b>Submission Info</b>	No unsolicited proposals

<b>Organization</b>	Surdna Foundation
<b>Program name</b>	Sustainable Environments Strong Local Economies
<b>Funding interests</b>	Reducing greenhouse gasses, creating green businesses that are pathways out of poverty for underserved communities. Creating jobs and job training in sustainable businesses.
<b>Grant size</b>	
<b>Geographic focus</b>	
<b>Website</b>	<a href="http://www.surdna.org">www.surdna.org</a>
<b>Eligibility</b>	
<b>Submission Info</b>	

<b>Organization</b>	The 1772 Foundation
<b>Program name</b>	Revolving funds and land trusts in the Northeast
<b>Funding interests</b>	Revolving funds for endangered properties; African-American history; historic preservation in New Jersey, Connecticut, and Rhode Island; agriculture and sustainable food systems.
<b>Grant size</b>	\$6,400–\$125,000 (In 2010)
<b>Geographic focus</b>	Many grants go to the Northeast
<b>Website</b>	<a href="http://www.1772foundation.org">www.1772foundation.org</a>
<b>Eligibility</b>	501(c)3 for revolving fund; land trusts in the Boston or New York City area with certain restrictions
<b>Submission Info</b>	Letter of Inquiry to begin

<b>Organization</b>	The Columbia Foundation
<b>Program name</b>	All three programs are potential candidates
<b>Funding interests</b>	The Columbia Foundation supports organizations that contribute to the quality of life in Howard County in the areas of human services, arts, culture, education, environment and community affairs. Proposals should demonstrate practical solutions and efforts at prevention, collaboration and volunteer support.
<b>Grant size</b>	Up to \$15,000
<b>Geographic focus</b>	Howard County, MD
<b>Website</b>	<a href="http://www.columbiafoundation.org/receive/grants">www.columbiafoundation.org/receive/grants</a>
<b>Eligibility</b>	501(c)3 or Internal Revenue Service charitable organizations
<b>Submission Info</b>	Each type of grant has different deadlines

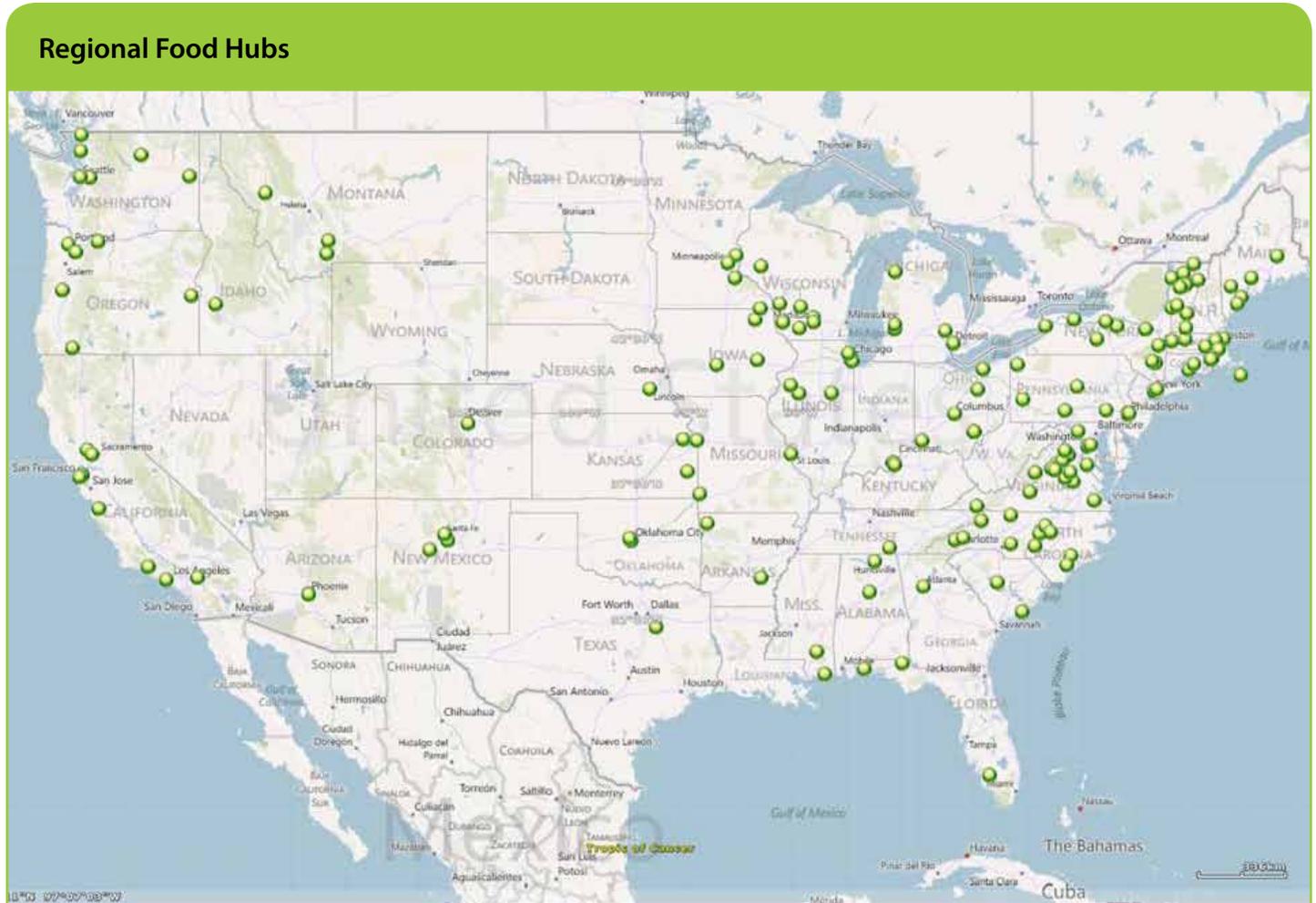
<b>Organization</b>	W.K. Kellogg Foundation
<b>Program name</b>	Healthy Kids
<b>Funding interests</b>	Improve food systems by engaging local leaders in communities and schools (parents and other stakeholders) to deliver healthier foods to all children and achieve related policy changes. Transform food deserts into food oases by increasing engagement of local communities in all aspects of food production and delivery, including related research and policy changes.
<b>Grant size</b>	\$5,000–\$3 million
<b>Geographic focus</b>	National
<b>Website</b>	<a href="http://www.wkkf.org/what-we-support/healthy-kids.aspx">www.wkkf.org/what-we-support/healthy-kids.aspx</a>
<b>Eligibility</b>	No individuals
<b>Submission Info</b>	Rolling submission

<b>Organization</b>	Wholesome Wave Foundation
<b>Program name</b>	Healthy Food Commerce Initiative (HFCI)
<b>Funding interests</b>	Using a combination of grassroots food systems experience and elite business strategy training, the HFCI business team will begin by helping 15 food hub enterprises become investment-ready.
<b>Grant size</b>	
<b>Geographic focus</b>	
<b>Website</b>	<a href="http://wholesomewave.org/hfci">wholesomewave.org/hfci</a>
<b>Eligibility</b>	Food hubs
<b>Submission Info</b>	

<b>Organization</b>	William Penn Foundation
<b>Program name</b>	Environment and Communities
<b>Funding interests</b>	Regional landscapes; water resources; regional prosperity and competitiveness; revitalization of greater Philadelphia's urban core.
<b>Grant size</b>	Previous grants are \$30,000–\$10 million
<b>Geographic focus</b>	Greater Philadelphia region
<b>Website</b>	<a href="http://www.william penn foundation.org">www.william penn foundation.org</a>
<b>Eligibility</b>	501(c) (3) or 509(a) organizations nonprofit agencies and foundations
<b>Submission Info</b>	Letter of Inquiry to begin

## 1. Map of Regional Food Hubs

This map includes 168 regional food hubs identified by the Collaboration at the time of writing this document. A current list of food hubs can be found at [www.ams.usda.gov/foodhubs](http://www.ams.usda.gov/foodhubs).



## 2. Regional Breakdown of Food Hubs

Regional food hubs are most heavily concentrated in the Northeast and North Central regions of the United States; a quarter of all food hubs identified to date are located in the Northeast. The Southeast, Far West, and Mid-Atlantic regions have roughly an equal number of food hubs. The Rocky Mountain and Southwest regions have the fewest.

Region	Number	Percentage
Northeast	41	24%
North Central	40	24%
Southeast	26	16%
Mid-Atlantic	24	14%
Far West	22	13%
Rocky Mountain	10	6%
Southwest	5	3%

**Far West:** Alaska, California, Hawaii, Nevada, Oregon, and Washington

**Rocky Mountain:** Arizona, Colorado, Idaho, New Mexico, Montana, Utah, and Wyoming

**Southwest:** Arkansas, Louisiana, Oklahoma, and Texas

**North Central:** Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin

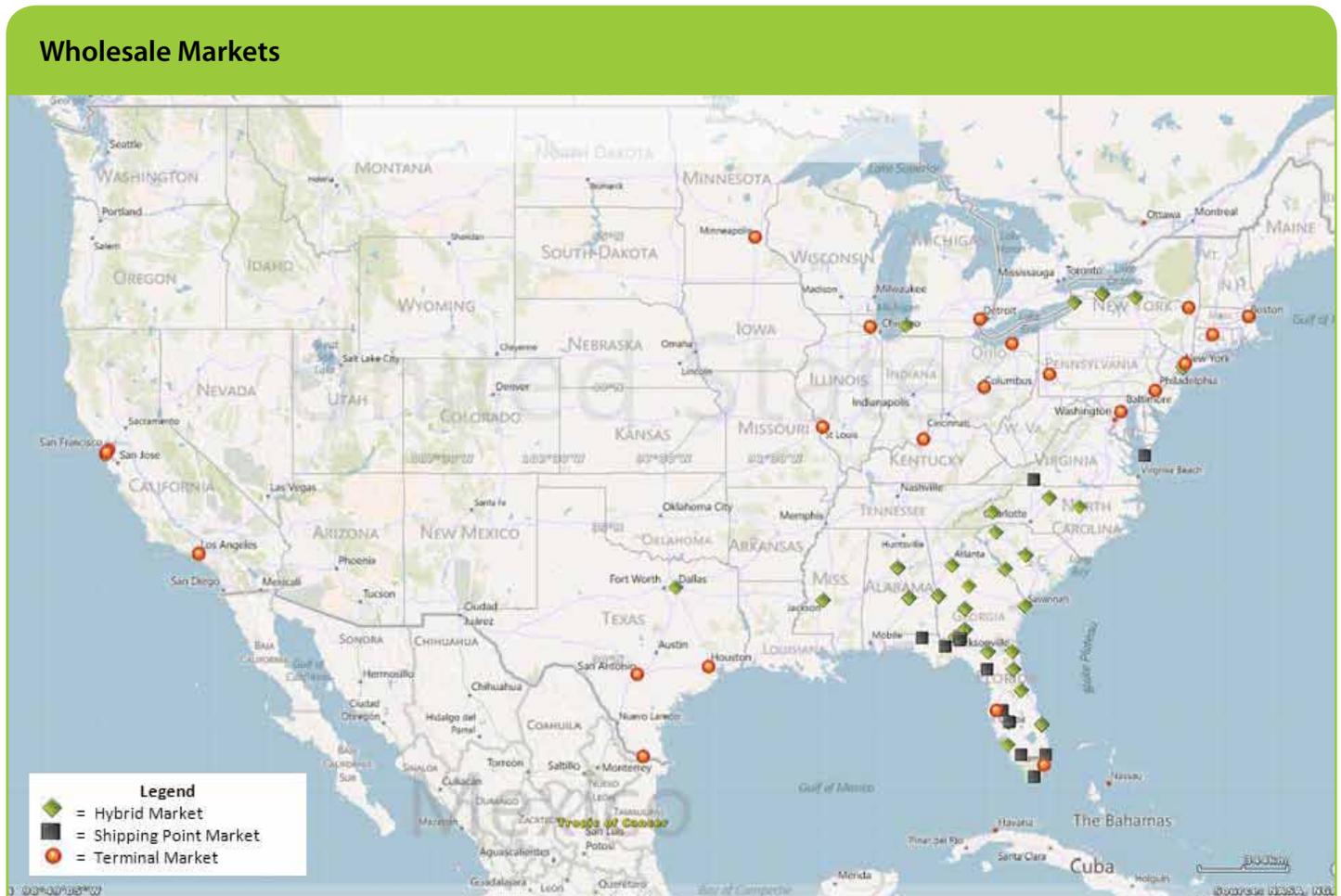
**Southeast:** Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee

**Mid-Atlantic:** Delaware, District of Columbia, Maryland, New Jersey, Pennsylvania, Virginia, and West Virginia

**Northeast:** Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont

### 3. Map of Wholesale Markets

This map includes the majority of wholesale markets in the United States. Wholesale markets can be divided into three major categories: traditional wholesale markets and terminal markets; shipping point or collection markets; and hybrid markets, which are markets that have both wholesale and retail components. There is strong potential for regional food hubs to take advantage of the distribution infrastructure found at these market facilities.



## 4. Background on the National Food Hub Collaboration’s Research and Results to Date

The National Food Hub Collaboration—a partnership between USDA, Wallace Center at Winrock International, National Good Food Network, National Association of Produce Market Managers, and Project for Public Spaces—has worked to identify and profile regional food hubs across the country and collect and analyze data on the scope and scale of food hub operations. Key research activities, methods used, and results to date include:

### Stakeholder Focus Group With Wholesale Market Industry Leaders

Members of the Food Hub Collaboration team conducted a stakeholder focus group with approximately 30 members of the National Association of Produce Market Managers (NAPMM) on November 3, 2010, in Philadelphia, PA. The objective was to understand what food hub-related activities these markets are engaged in and the opportunities and challenges they see for operating as food hubs. Several opportunities and related challenges were identified for wholesale markets’ emerging role as food hubs. The most prominent opportunities included:

- Utilizing public markets for aggregation and distribution of regional and local product
- Raising the visibility of, and rehabilitating the image of, public markets as key players in a robust regional food system

- Using public markets to increase healthy food access in neighborhoods of need

For further findings from the NAPMM focus group, see *Preliminary Findings from Public Market Survey*.<sup>154</sup>

### National Survey of Regional Food Hubs

In January 2011, the National Food Hub Collaboration conducted an online survey of food hub operations and public markets to assess the scope and scale of food hub operations. The survey was sent to 72 food hubs (all the food hubs the Collaboration had identified at that time) and 36 public markets. The public markets that were sent surveys included a cross section of traditional wholesale markets, hybrid wholesale-retail markets, and retail vendor markets, which included several-year round farmers markets. The public market portion of the survey was used to assess whether or not these markets could be classified as food hubs. As such, preliminary survey results reported in this guide only reflect the responses from the food hubs. For findings from the public market portion of the survey, see *Preliminary Findings from Public Market Survey*.<sup>155</sup>

Surveys completed by February 7, 2011, were included in the analysis. Forty-five food hubs completed the survey—a response rate of 63 percent. Table 4 provides a regional breakdown of surveys sent and responses. Based on the location

of food hubs and survey responses, there was fairly good geographic representation of food hub operations, with slight under-representation in the South and a slight over-representation in the East and North.

Here are some of the key findings from the online survey of food hubs:

- Entrepreneurs took the organizing lead in establishing 40 percent of the food hubs.
- It is a nascent industry: 60 percent of the food hubs have been in operation for 5 years or less.
- Average food hub sales are nearly \$1 million annually.
- Food hubs employ, on average, seven full-time and five part-time employees, with an average of five regular volunteers.
- The median number of suppliers to a food hub is 40, many of whom are small and mid-sized farmers and ranchers.
- Food hubs offer a wide range of food products—fresh produce is their primary product category—and sell through many market channels; restaurants are an important entry market.

**Table 4: Regional Breakdown of Regional Food Hub Locations and Survey Responses**

	West	Southwest	Midwest	South	Northeast	TOTAL
<b>Sent Survey</b>	11 (15%)	5 (7%)	22 (31%)	15 (21%)	19 (26%)	72
<b>Completed Survey</b>	7 (16%)	2 (4%)	13 (30%)	8 (17%)	15 (33%)	45

<sup>154</sup> [www.ams.usda.gov/AMSv1.0/getfile?dDocName=STELPRDC5091432](http://www.ams.usda.gov/AMSv1.0/getfile?dDocName=STELPRDC5091432)

<sup>155</sup> [www.ams.usda.gov/AMSv1.0/getfile?dDocName=STELPRDC5091432](http://www.ams.usda.gov/AMSv1.0/getfile?dDocName=STELPRDC5091432)

- Food hubs are socially driven business enterprises with a strong emphasis on “good prices” for producers and “good food” for consumers.
- Food hubs are actively involved in their communities, offering a wide range of services to both producers and consumers.
- Over 40 percent of food hubs are working in food deserts to increase access to fresh, healthy, local food products in communities underserved by full-service food retail outlets.

For further findings on the national survey of regional food hubs, see *Preliminary Findings from Food Hub Survey*.<sup>156</sup>

#### Indepth Interviews With Food Hub Operators

As part of the National Food Hub Collaboration’s baseline assessment of food hubs, some of the food hubs that participated in the online survey were selected for follow-up telephone interviews. Twenty food hub operators were interviewed in January and February 2011 and were asked questions concerning the economic viability of their businesses, the challenges they faced, and the opportunities they saw for business growth and market expansion.

Food hubs for phone interviews were selected for their geographic diversity (food hubs in different regions of the United States) and diversity in legal structure (such as nonprofit, for-profit, and cooperatives). The research team purposely selected more established food hubs to capture a long-term perspective of food hub business trajectories. Therefore, this sample should not be treated as representative of all food hubs. Information from these interviews gives an understanding of established food hubs and some of the challenges and opportunities they have encountered.

Of the 20 food hub operators that participated in follow-up telephone interviews, 10 identified themselves as economically viable businesses (the revenue generated from sales covers the core costs of aggregating, distributing, and marketing) at the time of the interview, 5 estimated that they would break even financially within 1 to 3 years, and 2 others stated more generally that they were “very close” to break-even status or on track to get there soon. Table 5 compares food hubs

that are economically viable to those that have yet to achieve this, across a number of different variables, including their location, legal structure, age of operation, and annual gross sales.

Further findings from the interviews with food hub operators, including challenges faced and emerging opportunities, are described in *Economic Viability of Regional Food Hubs, Barriers to Growth, and Strategies To Address Them*.

**Table 5: Characteristics of regional food hubs based on economic viability**

	Currenty viable	Not yet viable
<b>Region</b>	<ul style="list-style-type: none"> <li>• 4 hubs in the Midwest</li> <li>• 2 hubs in the South</li> <li>• 2 hubs in the Northwest</li> <li>• 2 hubs in the West</li> </ul>	<ul style="list-style-type: none"> <li>• 5 hubs in the Northeast</li> <li>• 3 hubs in the Midwest</li> <li>• 1 hub in the Southwest</li> <li>• 1 hub in the West</li> </ul>
<b>Legal structure</b>	<ul style="list-style-type: none"> <li>• 4 hubs are LLCs*</li> <li>• 3 hubs are nonprofit</li> <li>• 2 hubs are cooperatives</li> <li>• 1 hub is a C corporation</li> </ul>	<ul style="list-style-type: none"> <li>• 4 hubs are nonprofit</li> <li>• 3 hubs are LLCs</li> <li>• 2 hubs are cooperatives</li> <li>• 1 hub is S corporation</li> </ul>
<b>Age of hub</b>	<ul style="list-style-type: none"> <li>• Median: 9.5 years</li> <li>• Mean: 13.4 years</li> <li>• Range: 34</li> <li>• 8 of 10 hubs are at least 5 years old</li> </ul>	<ul style="list-style-type: none"> <li>• Median: 5 years</li> <li>• Mean: 7.1 years</li> <li>• Range: 23</li> <li>• 6 of 10 hubs are at least 5 years old</li> </ul>
<b>Annual gross sales</b>	<ul style="list-style-type: none"> <li>• Median: \$6 million</li> <li>• Mean: \$12.6 million</li> <li>• Range: \$1 million to \$40 million</li> </ul>	<ul style="list-style-type: none"> <li>• Median: \$500,000</li> <li>• Mean: \$950,000</li> <li>• Range: \$102,000 to \$5.5 million</li> </ul>

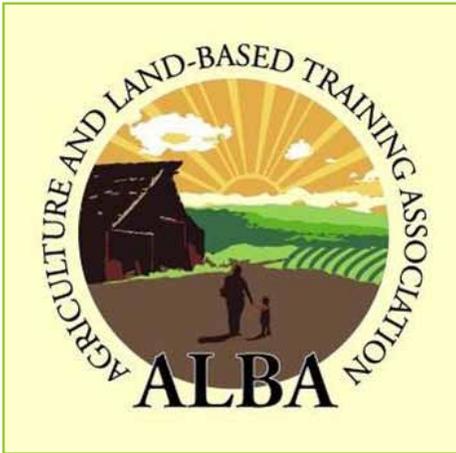
\* Limited liability company



## 6. Featured Regional Food Hubs

The regional food hubs described here were used as examples in the body of the guide. For a complete list of regional food hubs, see the next section.

### Agriculture and Land-Based Training Association (ALBA)



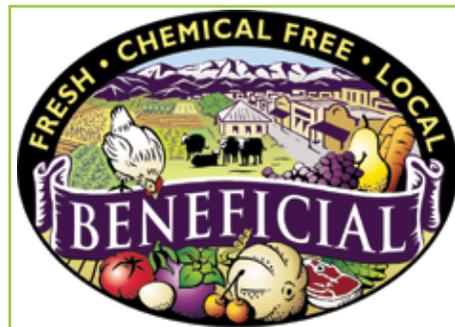
ALBA is a nonprofit that owns and operates ALBA Organics, a licensed produce distributor established in 2002 in Salinas, CA. ALBA Organics sells fresh organic produce from 50 limited-resource, primarily Latino, farmers; it offers storage and cooler space, delivery infrastructure, sales support, and sales training to its producers. ALBA Organics products are sold to more than 80 customers, including wholesale distributors, corporate food services, restaurants, hospitals, universities, and retail stores in the San Francisco Bay Area and Monterey Bay Area. ALBA seeks to generate opportunities for farm workers and limited-resource, aspiring farmers through its Farmer Education and Small Farm Incubator Programs, which provide graduates with land leases and access to equipment to establish their own farm business. ALBA offers its producers training opportunities in areas such as production and post-harvest handling, business management, crop planning, and food safety. In 2010, ALBA Organics' annual sales were more than \$2 million. See ALBA.<sup>167</sup>

### Appalachian Sustainable Development (ASD)



ASD is a nonprofit in Abingdon, VA. In 1999, ASD established Appalachian Harvest (AH), a network of approximately 50 certified-organic family farmers producing organic vegetables and free-range eggs in Southwest Virginia and Northeast Tennessee. Appalachian Harvest grades, washes, labels, and packages products in its packaging and grading facility and distributes them to 30 food brokers and supermarkets, representing more than 900 individual supermarkets throughout Virginia, Tennessee, North Carolina, South Carolina, Georgia, Maryland, and Washington, DC. ASD also offers training and technical assistance by organizing hands-on trainings for producers and by coordinating a peer network for producers to learn from one another. Annual sales are approximately \$500,000. See ASD.<sup>168</sup>

### Beneficial Farm CSA



Beneficial Farm was founded in 1994 as a traditional one-farm biodynamic CSA. In 2009, it became organized as an LLC and operates as year-round multi-farm CSA from its home base at Kitchen Angels, a nonprofit organization that delivers hot, healthy meals to home-bound clients in Santa Fe, NM. The CSA offers a variety

of shares for fresh produce, meat, eggs, and cheese; other products such as grains, meat, poultry, and value-added products are also available through an online "marketplace." Beneficial Farm CSA aggregates from more than 40 small and mid-size farms located within 250 miles of the central distribution area, and delivers shares and preordered items to CSA members at several pick-up sites in Santa Fe and Albuquerque. Annual sales for the CSA are about \$150,000. It also provides marketing and promotional services for producers, as well as production and post-harvest handling training. See Beneficial Farms CSA.<sup>169</sup>

### Central New York Regional Market



Managed by the State of New York as a not-for-profit public benefit corporation, this public market in Syracuse, NY, has operated continuously on its 60-acre site since the 1930s. The market is a hybrid food hub with both a wholesale market (for businesses) and a farmers market (for the public). More than 300 vendors sell at indoor and outdoor booths. They include small and large farms, food distributors, prepared food vendors, and artisans. Public market days attract up to 26,000 people, and annual sales are \$15.6 million in retail and \$600 million in wholesale. The market enjoys strong communal support, in part because it offers amenities such as EBT<sup>170</sup> service; cooking demonstrations; and participation in the New York State Farmers' Market Nutrition Program, which provides financial support to low-income families enrolled in Special Supplemental Nutrition Programs for Women, Infants and Children (WIC) and Senior Nutrition Programs. The market also operates the "Farm Fresh" Mobile Market, an effective delivery mechanism to increase access of healthy foods in underserved communities. See CNY Regional Market.<sup>171</sup>

167 [www.albafarmers.org](http://www.albafarmers.org)

168 [www.asdevelop.org/](http://www.asdevelop.org/)

169 [www.beneficialfarm.com](http://www.beneficialfarm.com)

170 Electronic benefits transfer

171 [cnyrma.com](http://cnyrma.com)

## Common Market



A nonprofit wholesale consolidator and distributor of local food in Philadelphia, PA, Common Market began operations in 2008. It has 75 producers, located mostly within a 90-mile radius of Philadelphia, who supply fresh produce in addition to meat, poultry, and eggs. A farm-to-institution model, Common Market distributes to 60 to 75 customers, including schools, colleges, universities, hospitals, food cooperatives, and restaurants. Their aim is to support local agriculture and make food affordable and accessible on the wholesale level by working with institutions and retailers that serve low-income populations and with nonprofits that offer low-cost buying clubs. Common Market had \$580,000 in sales in 2010. See Common Market.<sup>172</sup>

## Co-op Partners Warehouse



Co-op Partners was started in 1999 by the Wedge Cooperative, a consumer co-op with 14,000 member households in Saint Paul, MN. Using its own fleet of trucks as well as contract trucking companies, it sells primarily organic produce from about 30 farmers in Minnesota and Wisconsin during the growing season—and from West Coast sources the rest of the year—to 200 consumer cooperatives, health food stores, buying clubs, and restaurants in the Upper Midwest. Annual sales for Co-op Partners are \$16.8 million, with about one-quarter of its sales accounted for by the Wedge. This organization is unique in its focus on selling primarily to retail cooperatives and in its commitment to being a full-service organic produce distributor with a regional focus. See Co-op Partners Warehouse.<sup>173</sup>

## CROPP Cooperative (Cooperative Regions of Organic Producer Pools)



Founded in 1988, this producer co-op markets products nationwide under the Organic Valley<sup>®</sup> and Organic Prairie<sup>®</sup> labels; its mission is to promote regional farm diversity and economic stability by organic agricultural methods and the sale of certified organic products. CROPP has 1,650 producer members in more than 35 States. It offers fresh produce, meat, dairy products, eggs, orange juice, soy products, and grains, which are sold in more than 10,000 retail outlets. Despite its national presence, CROPP's business model has a strong emphasis on linking regional supply to regional markets. For example, CROPP works with producer pools from specific geographic regions to produce and distribute Organic Valley

Brand milk regionally as much as possible, and identifies the region in which the milk was produced on milk cartons. Annual sales in 2010 were \$618 million. See CROPP Cooperative.<sup>174</sup>

## Eastern Carolina Organics (ECO)



This privately held company, established in 2004 in Pittsboro, NC, markets and distributes organic farm produce to retailers, restaurants, and buying clubs. Eastern Carolina Organics has more than 40 producers selling to more than 150 customers throughout the Southeast. It sells primarily to grocery stores, food cooperatives, buying clubs, and distributors, but also to restaurants, caterers, school foodservice providers, colleges, and universities. It offers producer services such as production planning, post-harvest handling training, food safety training, and liability insurance. See ECO.<sup>175</sup>

## Eastern Market



Established in 1891 in Detroit, MI, Eastern Market is one of the Nation's oldest publicly owned wholesale-retail markets. The market consists

172 [www.commonmarketphila.org](http://www.commonmarketphila.org)

173 [www.cooppartners.coop/index.php](http://www.cooppartners.coop/index.php)

174 [www.farmers.coop/](http://www.farmers.coop/)

175 [www.easterncarolinaorganics.com/](http://www.easterncarolinaorganics.com/)

of four individual markets: retail (for consumers), wholesale (for grocery stores, distributors, restaurants, farm stands), flowers, and special events. As many as 40,000 people visit the market's hundreds of open-air stalls, which feature fresh produce, meat, poultry, fish, flowers and plants, and many other local products. More than 250 vendors and merchants from Michigan, Ohio, and Ontario process wholesale and retail food. Eastern Market coordinates aggregation, distribution, processing, and commercial market outlets for many of the region's small and mid-size farmers. The market plans to redevelop an economic development district to bring in additional business incubators, restaurants, retailers, wholesale services, and a distribution center. See Eastern Market.<sup>176</sup>

#### Farm Fresh Rhode Island



A nonprofit located in Pawtucket, RI, Farm Fresh Rhode Island aims to grow a local food system through many initiatives, including distributing products to wholesale customers through its Market Mobile Program, retail farmers markets, and culinary and nutrition education. Market Mobile, started in 2009, consists of 42 small farmers and processors that supply products to more than 100 customers,

including retail outlets, a multi-farm CSA, buying clubs, restaurants, caterers, and college and universities throughout Rhode Island and Massachusetts. Products include produce, meat, dairy, eggs, grains, and prepared foods, as well as some frozen and canned produce and value-added products. Sales for Market Mobile were \$684,000 in 2010. Farm Fresh Rhode Island also provides services to food processors, such as knowledge and training, connecting food processors to certified kitchens and farmers markets, and offering matching programs and nutrition education. See Market Mobile.<sup>177</sup>

#### Farm to Family Naturally, LLC



Established in 2007, this privately held company aggregates and sells produce from more than 200 family farms within 250 miles of St. Louis, MO. The company offers a wide range of products through its own retail outlet, the Sappington Farmers Market, which has more than 5,000 customers a week and delivers products to daycare centers, buying clubs, schools, and a food-processing center. Farm to Family Naturally offers a variety of producer and consumer services, including accepting SNAP benefits and offering nutrition education. It plans to establish a 60,000-square-foot Farm Fresh Food Hub, expanding its reach into the St. Louis area, especially in areas with limited access to healthy fresh food. Plans include distribution to corner stores, human service networks, and institutional foodservice operations, as well as selling directly to consumers. See Sappington Farmers Market.<sup>178</sup>

#### Gorge Grown Food Network



Established in 2008 in Hood River, OR, this nonprofit directly serves consumers in the Columbia River Gorge regions in Oregon and Washington through its Mobile Farmers' Market. Sixteen small farmers and producers in rural Gorge communities provide fresh produce, coffee, bread, and other products, all of which are loaded into a 14-foot box truck outfitted with coolers, shelves, and a stand-up freezer and are sold in four rural communities that have limited access to fresh produce. The Mobile Market has helped two communities develop additional markets for fresh produce: in Stevenson, WA, the weekly Mobile visit evolved into a small farmer's market, and in Mosier, OR, the Mobile Market's success inspired a grower to start a produce stand. The nonprofit also runs a farmers market and works with institutions in the region to help them source fresh, local produce for their kitchens. Gorge Grown Food Network has annual revenue of about \$62,000. See Gorge Grown Food Network.<sup>179</sup>

#### Green B.E.A.N. Delivery



<sup>176</sup> [www.detroiteasternmarket.com](http://www.detroiteasternmarket.com)

<sup>177</sup> [www.farmfresh.org/hub](http://www.farmfresh.org/hub)

<sup>178</sup> [www.sappingtonfarmersmkt.com](http://www.sappingtonfarmersmkt.com)

<sup>179</sup> [www.gorgegrown.com](http://www.gorgegrown.com)

This for-profit company operates as a hybrid food hub, delivering fresh produce, local eggs, dairy, meat, breads, and other artisan foods from 56 regional producers directly to consumers at home or at work. It also delivers to retailers through its wholesale arm, Tiny Footprint Distribution. Green B.E.A.N. Delivery (an acronym for its core initiatives: Biodynamic, Education, Agriculture, and Nutrition) has more than 400 products online and serves the markets of Indianapolis, Cincinnati, Columbus, and Louisville. Each market has its own warehouse that serves as a drop-off point for local farmers. It also manages a 60-acre certified organic farm near Indianapolis, which grows crops for its “delivery bins.” One of the company’s newest programs, Cool School Lunch, provides schools with an online ordering platform for wholesale produce that will soon be able to deliver school lunches. Since its founding in 2007, Green B.E.A.N. Delivery has invested more than \$2 million in local food economies and has created more than 100 jobs throughout the Midwest. See Green B.E.A.N. Delivery.<sup>180</sup>

#### Intervale Center



This nonprofit in Burlington, VT, began the Intervale Food Hub in 2007 to aggregate, distribute, and market products from farmers—mainly in Chittenden County—to the greater Burlington area. The Intervale Food Hub works with 22 farmers who produce primarily fruits, vegetables, meat, and eggs, as well as some dairy, grains, plants, baked goods, prepared foods, and canned and frozen produce. These products are sold year-round to CSA

members. The food hub also supplies products to restaurants, schools, and a hospital. Through its CSA program it is able to accept SNAP benefits, and it has partnered with the Northeast Organic Farming Association of Vermont to offer subsidized shares to low-income residents. The Intervale Center also operates a Farm Program that leases land, equipment, greenhouses, irrigation, and storage facilities to small independent farmers. In 2010, gross sales for the Intervale Food Hub were \$300,000. See Intervale Food Hub.<sup>181</sup>

#### La Montanita Co-op



This community-owned consumer cooperative with four retail stores is located in in New Mexico. In 2007, La Montanita launched the Regional Foodshed Initiative to expand purchasing of sustainably grown regional products from small and mid-size producers. Through this initiative, La Montanita’s cooperative distribution center (CDC) provides business development, distribution, and marketing services for producers located within a regional foodshed that encompasses the Rio Grande River Valley Rift—about a 300-mile radius from Albuquerque. The CDC is operated and funded largely from co-op revenues. It stocks and sells more than 1,500 products purchased from nearly 900 growers and producers within the regional foodshed. See La Montanita Co-op.<sup>182</sup>

#### Local Food Hub



Established in 2009 by two women in Charlottesville, VA, this nonprofit distributes local fruit, vegetables, frozen meat, and value-added food products from family farms in Central Virginia to more than 120 businesses and institutions, including schools, colleges, restaurants, hospitals, senior centers, retailers, distributors, and processors. After its first 28 months of operation, Local Food Hub has purchased more than \$850,000 worth of product from 70 small farms within 100 miles of Charlottesville. Growers are offered technical, business, and production planning support; marketing and promotion services; liability and traceability coverage; and networking resources. In addition to operating a 3,500-square-foot warehouse, the nonprofit also runs a 60-acre organic educational farm that offers farmer apprenticeships, internships, farmer training in organic and sustainable growing methods, volunteer programs, and events. The hub further serves the community by donating to area food banks, soup kitchens and homeless shelters. See Local Food Hub.<sup>183</sup>

#### Oklahoma Food Cooperative



This Oklahoma City, OK, online buying club has been in operation since 2003. The co-op is owned by both producers and consumers. More than

180 [www.greenbeandelivery.com](http://www.greenbeandelivery.com)

181 [www.intervalefoodhub.com/home](http://www.intervalefoodhub.com/home)

182 [www.lamontanita.coop](http://www.lamontanita.coop)

183 [www.localfoodhub.org](http://www.localfoodhub.org)

200 producer members sell more than 4,000 Oklahoma-made products to 3,800 co-op members using an online ordering portal. Products are shipped through 48 member-operated distribution routes that reach cities, towns, and hamlets across Oklahoma each month. Members always know which farmer produced their food and have the opportunity to meet farmers on delivery day. Farmers bring their products to a central drop-off location where they are assembled into member orders and then routed by a crew of volunteers, who are compensated for their time with work credits redeemable for goods sold through the cooperative. See Oklahoma Food Cooperative.<sup>184</sup>

### Red Tomato



A nonprofit based in Canton, MA, Red Tomato was founded in 1996. It arranges for the aggregation, transportation, and sale of a wide variety of produce supplied by nearly 40 farmers to grocery stores and distributors, primarily in the Northeast. Relying on farmers and contract trucking firms to provide aggregation and transportation services, Red Tomato never physically handles the product sold under its name. Its signature Eco Apple™ line of apples is grown using advanced integrated pest management methods subject to third party verification, and it accounts for more than half of Red Tomato's sales volume. During the growing season, each tote of Eco Apples contains fruit grown by one farm, which is named and described on every package. See Red Tomato.<sup>185</sup>

### Santa Monica Farmers Markets



This hub is a group of four publicly operated farmers markets which opened in Santa Monica, CA, between 1981 and 1995. The four markets combined feature 185 producers selling items directly to consumers, including fresh produce, meat, eggs, poultry, fish, dairy, baked goods, prepared food, and other value-added products. An estimated 900,000 shoppers visit the markets every year. In addition, the markets provide fresh produce to the local Santa Monica Malibu Unified school district for a year-round "farmers' market salad bar." Fresh produce is ordered in advance from farmer vendors, and produce is packed and ready to be picked up by the schools before the markets open. The markets further engage with the community by offering education and outreach programs and distributing coupons to children during school tours. See Santa Monica Farmers Markets.<sup>186</sup>

### Tuscarora Organic Growers Cooperative (TOG)



TOG is a producer-owned co-op that started in 1988 in Hustontown, PA, to aggregate, market, and distribute products to the Baltimore and Washington DC metro areas. Forty

member farms provide fresh produce to restaurants, retail outlets, farmers markets, and CSAs. The co-op offers coordinated production planning for its members and provides them with reliable markets. By doing so, members cooperate instead of compete against one another to provide buyers a sufficient and diverse supply of products. TOG sold more than 115,000 cases of produce during the 2010-2011 season. See TOC.<sup>187</sup>

### Walsma and Lyons



Founded in 1949 by John Walsma and incorporated as Walsma and Lyons in 1979, this privately held fresh-produce distribution company is based near Grand Rapids. Walsma and Lyons aggregates products for foodservice distributors like Sysco and other major retailers in the Great Lakes region. The company has long-established relationships with more than 15 small and mid-size growers in Michigan and Northern Indiana, buying a variety of fresh produce during the region's short growing season, and supplementing from growers in Texas, Florida, Arizona, Georgia, and California the rest of the year. Walsma and Lyons connects growers with food safety information and ensures they meet buyers' GAP requirements, repacks to make orders smaller and more manageable for foodservice customers, preserves the regional identity of products so growers can potentially earn a higher premium, provides liability insurance, coordinates logistics, and ships to end customers. The company remains in close communication with growers to resolve problems that arise day-to-day in the fresh produce industry. Annual sales are roughly \$20 million. See Walsma and Lyons.<sup>188</sup>

184 [www.oklahomafood.coop/welcome.php](http://www.oklahomafood.coop/welcome.php)

185 [www.redtomato.org](http://www.redtomato.org)

186 [www.smgov.net/portals/farmersmarket](http://www.smgov.net/portals/farmersmarket)

187 [www.tog.coop](http://www.tog.coop)

188 [www.walsmalions.com](http://www.walsmalions.com)

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Organics



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Sue Futrell/  
Red Tomato



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Jessica Lyons/  
Walsma and Lyons



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Page 19  
Appalachian  
Sustainable  
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