



Community Development Financial Institutions (CDFI) Fund

Growing the Appalachian Food Economy





Presentation Agenda

- 🍏 Why a Healthy Financing Food Initiative?
- 🍏 What are the key components of our Initiative?
- 🍏 How has it been working?
- 🍏 Where do we go from here?



Why a Healthy Food Financing Initiative?

CDFI Fund's mission is to expand the capacity of financial institutions to provide credit, capital, and financial services to underserved populations and communities in the United States.





Why a Healthy Food Financing Initiative?

- Lack of access to affordable and healthy food options in low-income communities
- CDFIs/CDEs are the vehicles for administering innovative state and city-level HFFIs
- Awardees/Allocates were developing creative and innovative products that deserved showcasing and scaling up.
- Inter-governmental collaborative efforts with HHS and USDA presented an opportunity for the CDFI Fund and CDFIs/CDEs to play a role.



Why a Healthy Food Financing Initiative?

Inter-governmental collaborative efforts include key initiatives from our partners.

- HHS provided funding through their Community Economic Development Program for grocery stores, farmers markets and other nutritious fresh options with the dual goal of also creating jobs.
- USDA developed and supports the Food Environment Atlas, the federal tool for identifying food deserts, in addition to a wide range of funding programs.



What are the key components of the Initiative?

In FY 2011, we began a comprehensive approach to helping CDFIs/CDEs stay on the cutting edge.

Our initiative included:

- ✓ Capital (FA awards - \$25 million)
- ✓ New Markets Tax Credits (NMTC allocations - \$250 million)
- ✓ Training
- ✓ One-on-one Technical Assistance
- ✓ Mapping tools
- ✓ Resource bank (new training curriculum)
- ✓ Peer networking
- ✓ Convening with Foundations



How is the capital component structured?

In the FY 2011 CDFI Program, FA awardees received up to \$3 million for lending capital, loan loss reserves, capital reserves, and operations, specifically for HFFI activities.

- We received 25 applications, requesting \$49.6 million in funds.
- We made 12 awards for a total of \$25 million:
 - ✓ 10 large established CDFIs; 2 Small and Emerging CDFIs
 - ✓ 6 awardees primarily serve urban markets; 4, minor and 2 rural
 - ✓ 11 loan funds and 1 credit union
- Awardees provide full continuum of healthy food lending products
 - ✓ Food production - distribution, and equipment
 - ✓ Retail outlets - grocery stores, supermarkets, corner stores, food co-ops, food pantries, and other innovative models



How is the NTMC component structured?

- Fifty of the 70 FY 2011 Allocatees (or 71 percent) indicate they intend to devote some portion of their NMTC allocation to HFFI activities.
- After taking into account CDE administrative expenses, these groups anticipate investing almost \$461 million in HFFI activities.



What are the key training components?

We have contracted with Opportunity Finance Network to conduct training sessions:

- Six training sessions have been conducted , featuring CDFI/HFFI leaders, grocery operators and experts
- Sessions are targeted to direct sellers/retailers; intermediaries/mid-tiers; and farmers/producers
- Over 125 staff members in CDFIs and related organizations have been trained



What are the key aspects of the other components?

- Ten CDFIs are receiving individualized technical assistance; more are expressing interest.
- Two mapping tools on low access communities/food deserts (USDA/PolicyMap) are featured on our website.
- Our resource bank has ten linked documents including original curriculum and a public/private funding resource guide.
- We began facilitating the HFFI National Peer Exchange in February.
- A national demand study will be released soon.
- A convening of foundations is being planned for 2012.



What have the CDFIs/CDEs been accomplishing?





What has been done in rural communities?

Coastal Enterprises, Inc. (CEI) is located in Wiscasset ME and provides loans to rural communities in the state.

- It used the HFFI- FA award to capitalize a Rural Healthy Food Financing Initiative (RHFFI).
- Funds are primarily used for food retail outlets with priority given to retail operations that source from local producers and food supply chain businesses. Food banks and farm-to-institution groups (schools, jails, hospitals, etc.) are also eligible.
- RHFFI serves New England's underserved communities.

Early Success Story: Maine's Own Organic Company (MOO Milk)

What is MOO Milk?

- MOO Milk located in Augusta, ME
- Nine farmers created the company to support and sell local, organic milk the state
- Received support from state government, Farm Credit Bureau, and private entities
- Provides milk to food pantries in the southern part of the state

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OWN
ORGANIC
MILK



What are the national intermediaries doing?

NCB Capital is located in Arlington VA and lends to low-income communities throughout the nation.

- It used our award to help capitalize the FreshWorks Fund.
- ✓ FreshWorks Fund is a \$200 million loan fund designed to bring additional food retail and distribution services to underserved communities in California.



*Early Success Story: Northgate
Gonzalez Markets in San Diego*



Why was Northgate Gonzalez Markets in San Diego funded?

- ✓ It is a 41,000 square foot supermarket built using, in part, New Market Tax Credits and CDFI Program funds
- ✓ The supermarket is family-owned and located in the City Heights neighborhood – a community targeted to improve the health of its residents
- ✓ Residents rely on fast food restaurants & convenience stores
- ✓ Twelve percent of the children are obese; 11% are overweight





City Heights Community Farm – San Diego





What can be accomplished through public-private partnerships?

The Low Income Investment Fund (LIIF) is located in NY and administers the Healthy Food & Healthy Communities Fund (HFHC)

- ✓ HFHC is an innovative public-private partnership that provides financing for capital projects to food markets located in underserved communities across the state.
- ✓ It is comprised of a \$10 million grant from the state and an initial \$20 million investment from Goldman Sachs.
- ✓ Program administration is supported by Empire State Development Corporation, the New York State Health Foundation, Goldman Sachs' Urban Investment Group, and an anonymous family foundation.

What has this public/private partnership accomplished?

- ✓ As of January 27th, LIIF had received over 90 applications for HFHC financing, requesting more than \$100 million.
- ✓ So far, LIIF has approved financing for 8 food market projects representing:
 - Almost \$6 million in loans/grants
 - 103,500 square feet of food retail space created, enhanced or preserved
 - About 36,000 people served
 - 254 permanent full time jobs created or preserved





What will a CDE be doing with its HFFI Allocation?

- CDEs will be financing the development and retention of projects that increase access to healthy foods (retail outlets such as grocery stores) in underserved urban and rural communities. Financing may support real estate development and operating businesses. A wide variety of business size and vendor types could benefit.
- For example: A FY 2011 Allocatee plans to invest in the development of a new supermarket in an underserved neighborhood. There will be a collaborative partnership with a local culinary arts school to teach about healthy eating and cooking skills.



Where do we go from here?

We will continue building on our successes.

- Evaluate impact – Inter-governmental collaboration
- Award \$22 million for the HFFI-FA in FY 2012
- Conduct more workshops
- Convene foundations
- Grow peer exchange



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Questions and Answers



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