

Green for Greens

Finding Public Funding for Healthy Food Retail



nplan

NATIONAL POLICY & LEGAL ANALYSIS NETWORK
TO PREVENT CHILDHOOD OBESITY



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Table of Contents

5	Cultivating Relationships
	Learn About the Target Economic Development Agency
5	<i>Agency Goals</i>
5	<i>How Agencies Work</i>
8	Building a Persuasive Case
8	<i>Economic Benefits</i>
9	<i>Societal Benefits</i>
10	Finding New Allies
10	<i>Local Government</i>
11	<i>Local Organizations</i>
12	<i>State Agencies</i>
13	Funding for Healthy Food Retail Projects
13	Local Funding and Assistance
13	<i>In-Kind Incentives</i>
14	<i>Financing and Grants</i>
14	<i>Tax Assistance</i>
15	State Funding and Assistance
15	<i>Financing and Grants</i>
15	<i>Tax Assistance</i>
16	<i>Other Incentives</i>
17	How to Apply for Federal Grants
18	Federal Funding and Assistance
19	<i>Programs Administered by Private Entities</i>
25	<i>Programs Administered by Local or State Government</i>
28	<i>Programs Administered by Federal Agencies</i>
33	Conclusion

Public financing tools can help eliminate food deserts.

For millions of Americans, accessing healthy food is no easy matter. In low-income communities, liquor stores and gas stations proliferate, while farmers' markets are hard to find. Nationally, 11.5 million low-income people live in low-income areas where the nearest supermarket is more than one mile away.¹

Although areas with limited access to affordable and nutritious food (known as food deserts) have great demand for healthy food, traditional financial institutions – like regional or national banks – often are reluctant to invest in food retail development projects in these areas. At the same time, development costs are often higher in underserved urban and rural communities.

Bringing healthy food to food deserts requires tenacity, ingenuity, and a significant investment of capital. Financing healthy food retail development often means combining private dollars with grants and loans from government agencies. These public resources can reduce risks associated with private capital investment in low-income communities.

The good news is that a substantial amount of public financing is available for projects that make healthy food more available to low-income people. Federal, state, and local governments offer a range of funding programs that support economic development in these communities.

Public financing tools for economic development are often scattered across public agencies, and most were not specifically created to attract and support healthy food retailers. Advocates for healthy food retail therefore must sort through a wide range of tools from local, state, and federal sources designed to help local communities meet their economic development goals. This guide serves as a starting point for that process.

Some of the public financing tools discussed in this guide are available directly to community-based organizations, while others are awarded only to local government agencies. Advocates can influence the use of local dollars by partnering with the local agencies responsible for funding. The role of advocates is often to educate agency officials on the economic, health, and social benefits of healthy food retail in the community. This guide

helps make the case for healthy food retail as an economic development strategy.

This guide is divided into two sections. The first provides a general overview of economic development and ideas for how to approach economic development agencies with healthy food retail proposals. The second provides a comprehensive overview of local, state, and federal economic development programs that have been or could be used for healthy food retail projects. Note that these programs may not always be available, due to changes in government budgets and priorities. All of these programs were operational as of June 2011, but it's always a good idea to check with relevant agencies to ensure that the funding still exists.

For a more detailed primer on how the tools of economic development and redevelopment can be used to support healthy food retail, download PHLP's *Economic Development and Redevelopment: A Toolkit for Building Healthy, Vibrant Communities*, at www.phlpnet.org/healthy-planning/products/econ_dev_redev_toolkit.

Cultivating Relationships

Before applying for economic development funding, advocates first must cultivate relationships with economic development officials and other allies. This requires an understanding of how economic development works and a solid pitch for the benefits of healthy food retail. It also helps to have allies from other local and state agencies who can contribute resources and support. This section will provide the information needed to cultivate these relationships.

Learn about the Target Economic Development Agency

Economic development resources are available from a number of local, state, and federal government agencies. The federal government and many state governments have agencies dedicated to economic development. Other federal and state agencies, such as health and agriculture departments, also have economic development resources available. Similarly, at the local level, many counties and cities have economic development agencies that work to attract businesses to the area. Mayors' offices, planning and community development departments, redevelopment agencies, and even local health departments may also distribute resources.

In this section, we will discuss the way people responsible for economic development funding generally think about their work. For simplicity, we will refer to economic development agencies, even though much of this information applies to any program that administers economic development funds.

Agency Goals

Many cities and, by extension, economic development agencies, overlook healthy food retail as an economic development opportunity, choosing instead to focus on big employers, businesses that contribute heavily to the tax base, and large redevelopment projects. City policymakers assume that the proverbial "market" will take care of food retail; in other words, they trust that the current food system is working for everyone.² But many low-income communities and communities of



color know that the market does not always provide the healthy food retail that residents need and want.

Economic development agencies' ultimate goal is to support and enhance the quality of life of the residents they serve. It is up to healthy food retail advocates to point out market failures in healthy food retail and remind these agencies that access to healthy food is a basic need for all residents. The connection between healthy food retail and the economy may not always be apparent to the leadership of these agencies. It takes creativity and persistence to secure public resources that will attract and support healthy food retailers.

How Agencies Work

The first step toward obtaining economic development funding for healthy food retail is to learn how the target agency works — by looking at the agency's website, talking to other advocates or business people in the community who have worked with the agency, and interacting with agency staff. PHLP also has general resources on economic development, available at www.phlpnet.org/healthy-planning/products/econ_dev_redev_toolkit.

Economic development agencies generally take one of three approaches to economic development (see Figure 1).

It's important to understand not only how a particular agency functions and the approach it takes, but also where it fits into the overall government structure. Who holds the power to make economic development decisions? Economic development agency staffers may be sympathetic to food retail projects, but they may not have the authority to take on new projects or deliver significant resources without direct orders from agency leadership. Economic development agency directors often report to the chief executive (e.g., mayor or governor) or legislative body (e.g., county council, state legislature). To garner support it is critical to simultaneously target the leadership of the economic development agency and the people (oftentimes elected officials) to whom those leaders report.

When approaching economic development agencies, advocates should frame their case for healthy food retail in terms of the agency's goals and priorities. Tailoring arguments for the specific agency may mean emphasizing some benefits of healthy food retail over others that may seem more important. For example, if the local agency's top priority is attracting jobs to the community, then advocates will want to emphasize the job creation benefits of a new grocery store.

Having learned how the local economic development agency or target program operates, advocates can craft a pitch for healthy food retail. The following section offers a general framework and several examples of the benefits of healthy food retail that might resonate with different audiences.

Economic Development Strategies



Firm-Based

- Business Attraction
- Business Assistance
- Business Development



Place-Based

- Redevelopment
- Commercial Revitalization



People-Based

- Employment Development
 - *Job Creation*
 - *Job Training*
 - *Job Placement*
- Microenterprise

Figure 1. Economic development agencies usually take one of three approaches.



Approach 1: Firm-based

Individual businesses receive assistance for operations and job creation in targeted areas, including:

- *Business attraction:* Encourages businesses to locate within a certain neighborhood
Examples: Reducing business taxes or fees (i.e., tax abatement), improving infrastructure (for example, installing a stoplight or crosswalks near a new business)
- *Business assistance:* Supports existing businesses and helps them grow
Examples: Providing financial or in-kind assistance with marketing or accounting
- *Business development:* Eases the entry of small, start-up businesses into a community
Examples: Providing assistance to local entrepreneurs in writing business plans or obtaining start-up financing

Oklahoma's Agricultural Linked Deposit Loan Program takes a firm-based approach to economic development. It provides low-interest loans to healthy corner store owners for refrigeration equipment and other infrastructure that makes it easier for them to offer healthy foods.

Approach 2: Place-based

Areas experiencing population and job losses receive targeted investments that make the neighborhood more attractive to new residents and businesses, including:

- *Redevelopment:* Provides initial financing for new development to revitalize distressed neighborhoods and often sets aside a portion of property tax revenue for further investment in the area
- *Commercial revitalization:* Improves struggling commercial districts or corridors by planning the right business mix, marketing the neighborhood's assets, and conducting renovations such as façade improvements

New York City's FRESH program offers financial and regulatory incentives to healthy food retailers operating in specific underserved neighborhoods.

Approach 3: People-based

Residents receive services to help them find and sustain meaningful employment, including:

- *Microenterprise:* Offers loans to entrepreneurs who have difficulty obtaining business loans from traditional financing institutions
- *Employment development:* Invests in businesses that create new jobs and offers job-training programs to residents

The U.S. Department of Agriculture's (USDA) Farmers' Market Promotion Program takes a people-based approach; it offers grants to help farmers to sell their products directly to consumers.



Building a Persuasive Case

Advocates will need to persuade an economic development agency that their healthy food retail project falls within its funding priorities. How the project fits into the local economic context will be a major consideration, and the following questions can guide some initial research.

What are the community's economic needs? Different communities, and even different neighborhoods within a community, will have any or all of the following economic needs: job creation, environmental remediation of potential development sites, workforce retraining, capital investment, rehabilitation of existing commercial districts, and infrastructure improvements.

What land-use and development plans already exist? Review planning documents (e.g., general or comprehensive plan, redevelopment plans) to understand what investment priorities already exist. Identify development projects that are currently in progress. Think about how the proposed project would complement these existing plans.

What are the economic development agency's priorities? The first section of this guide discussed how to identify the local economic development agency's approach. How does the proposed project align with that approach? Review the agency's recent investments and look for common characteristics. Think about how to frame the project as similar to the types of projects the agency funds.

What other funding streams can be used to support the project? Identify potential funding sources outside of the economic development agency, including programs administered by the state or federal government. Often, a diversified financing plan can be attractive to agencies because it reduces the funding burden on any single agency, demonstrates the viability of the project, and brings outside money into the community.

Naming the Benefits

A pitch to the economic development agency should focus on the project's benefits for the community and be tailored to the agency's particular interests. What follows are some commonly cited benefits of healthy food retail projects that may be of interest to an economic development agency.

Economic Benefits

Creating jobs and opportunities for career advancement. New food retail facilities will bring jobs to the community.³ A full-scale grocery store, for example, can generally create between 100 and 200 permanent jobs⁴ and many temporary jobs, such as construction work.

Fostering entrepreneurship. Some healthy food retail projects can provide residents with the support they need to start their own businesses. Entrepreneurship provides a path out of poverty, increases self-sufficiency, creates jobs, and promotes economic development.⁵ Locally owned healthy food retailers benefit the community not only by providing greater access to healthy food, but also by keeping revenue right in the community.

Increasing property values. Healthy food retail increases property values by contributing to a neighborhood's overall vitality and attractiveness.⁶ Proximity to food retail is often used as selling point in real estate listings. While increasing property values is considered a positive economic indicator by economic development agencies and many elected officials, it is important to be aware that higher property values can lead to gentrification. Healthy food retail advocates should work with affordable housing advocates to ensure that sufficient affordable housing stock can be maintained in neighborhoods slated for healthy food retail development. In areas with high homeownership rates among lower-income households and people of color, increased property values will benefit existing residents.



Increasing tax revenue. If healthy food stores sell a substantial amount of taxable items, like household goods, they may boost sales tax revenue. Counties and states that levy a sales tax on food will also see a bump in revenue.⁷ Communities that levy a local income tax may see an increase in tax revenue due to new jobs the project creates. Property tax revenue may go up as a result of permanent healthy food retail (as opposed to farmers' markets and mobile vending), particularly in the long term, once any property tax breaks used to incentivize healthy food retail expire. Healthy food retail projects have the potential to revitalize underserved neighborhoods, which can increase property values throughout the area and ultimately lead to greater property tax revenue. As noted above, healthy food retail advocates should work with affordable housing advocates to address the potential for gentrification.

Supporting economic development and commercial corridor revitalization. Grocery stores and farmers' markets can encourage the revitalization of a commercial district or neighborhood. Grocery stores are typically magnets for complementary stores and services such as pharmacies, banks, and restaurants.⁸ In rural areas, small grocery stores, particularly locally owned ones, can help to restore main streets and town squares, which often are hurt by "leakage" to big box stores frequently located on the outskirts of town.⁹ Farmers' markets, while temporary and often seasonal, can serve similar purposes in both rural and urban neighborhoods. They attract people who often stick around the commercial district to run other errands, shop, and have a meal.¹⁰

Societal Benefits

Improving health and increasing productivity.

People who live in neighborhoods with full-service grocery stores typically have better health, and consume more fresh fruits and vegetables, than people who live in food deserts.^{11,12} A healthy population means less health care spending for employers and health care providers, as well as improved productivity at work.¹³ Many large employers consider the health of a community's population when deciding where to place new worksites.

Reducing crime. Most grocery store owners strive to maintain a clean, safe, and well-lit environment to attract and build a customer base. Increasing visitors to an area can reduce crime by making the neighborhood more vibrant. In many cases, grocery store projects help eliminate or reduce litter, graffiti, blighted buildings, and other environmental conditions that contribute to negative neighborhood perceptions and crime.¹⁴

Supporting sustainable communities. A well-designed healthy food retail project can contribute to the overall livability of a community. For example, a grocery store development planned for a brownfield site would improve the environment through remediation.¹⁵ Stores can be located in historic buildings, preserving the architectural history of the community; or they can be sited in abandoned buildings, reducing blight and preserving open space.¹⁶ Healthy food retailers in or near residential areas provide walkable and bikeable destinations, which reduces pollution and provides opportunities for regular physical activity.

While these economic and societal benefits will apply to most communities, it is important to identify benefits unique to the community where the project will be located. Conduct focus groups or surveys of residents in areas that need more healthy food retail to learn what benefits the community foresees. The community's voice is powerful in making the case for funding healthy food retail and expediting development once the project has been approved.

Finding New Allies

Local relationships are key to a successful healthy food retail project. City agencies, nonprofit organizations, and neighborhood residents all have a critical role to play in attracting healthy food retail to underserved communities. Government agencies can offer population and land-use data, while community-based organizations can provide insight into residents' needs and help reach out to them.

When thinking about allies, it's important to look for government and community leaders who can make things happen. Look for leaders within government agencies who have successfully shepherded other projects to benefit the community. Think about community leaders who have been outspoken and have a positive reputation among the city council, planning commission, and other key decision-makers.

In this section, we outline potential agencies and organizations other than the economic development agency to tap for resources or support for healthy food retail projects. Not all of these agencies and organizations will be present in all communities, and some places may have important entities or organizations not on this list.

Local Government

In small or rural communities, these agencies may reside within county, rather than town, government.

The **mayor** or **county executive** always has an interest in economic development projects. As the public face of the community, he or she can help bring agencies and organizations to the table. If the mayor or county executive has staff, he or she may direct them to coordinate other agencies and to make sure the local government's part of the process moves smoothly. In many places, local agencies, like health or economic development, report to the mayor or county executive, who in turn can make healthy food retail a priority for those agencies. Overall, the mayor or county executive can be a crucial ally for building political will for the project.

Redevelopment agencies create plans to revitalize neighborhoods using certain financing tools, incentives, and land acquisition powers that are available only in designated redevelopment areas. These agencies are commonly associated with urban areas, although redevelopment activities can occur in rural places. Since the goal of redevelopment agencies is to turn blighted areas into more desirable places to live and work, healthy food retail should be a component of any redevelopment plan. Advocates report that these agencies often initially need help understanding the link between healthy food retail and neighborhood revitalization. The economic and societal benefits discussed earlier can be useful tools for making the case for a project. (For more about redevelopment tools, see PHLP's fact sheet *Healthier Communities through Redevelopment: Rebuilding Neighborhoods for Better Nutrition and Active Living* at www.nplan.org/nplan/HealthierCommunitiesThroughRedevelopment.)

Planning departments are responsible for the community or county's general or comprehensive plan, zoning, municipal land use decisions, and environmental studies. Planning departments work with developers to ensure that development proposals comply with land use and design regulations. They may convene the community to conduct neighborhood visioning and planning. The planning department also investigates and proposes changes to the zoning code. Planning departments make decisions about where healthy food retail projects are permitted to locate, set design standards, and determine transportation requirements. Some planning departments have even worked with health departments to regulate healthy food retail operations through the zoning code, requiring farmers' markets to accept food stamps or grocery stores to stock healthy food. For more information about planning departments' work, see PHLP's *Partners for Public Health: Working with Local, State, and Federal Agencies to Create Healthier Communities*, at www.phlpnet.org/healthy-planning/products/partners-public-health.

Community development departments, which may be combined with economic development or planning departments, are involved in a range of activities. Overall, these departments aim to build civic capacity and

transform neighborhoods. They often manage federal funds granted to cities and counties, such as Community Development Block Grants, which are intended to create economic opportunities in low-income communities. Like economic development departments, community development departments often prefer chain grocery stores that might be part of a broader project. These departments perceive chain stores to be more financially stable than independent retailers.¹⁷

Public health departments, which are found at the city and county levels, are not traditionally seen as players in economic development—but increasingly, they’re working with economic development and planning agencies to attract healthy food retail and regulate unhealthy food outlets. Public health agencies can conduct food environment assessments to document the lack of healthy food retail, provide other health and population data, and contribute staff time to a healthy food retail project.

Local Organizations

Nongovernmental organizations provide an important link to residents and businesses. They can help identify local needs, as well as offer staff time and funding to healthy food retail projects. They also may manage economic development programs on behalf of state or federal agencies. These organizations can often be found at the state level, if not in the county or region.

Small business assistance organizations, also known as small business development centers or business development corporations, provide direct financial and technical assistance to small businesses. These agencies often administer programs supported by the federal Small Business Administration, as well as state or local economic development programs.* These organizations will be most interested in small-scale food retail projects.

Economic development corporations (EDCs) are quasi-independent entities established by local governments to manage their various business incentive programs and coordinate business attraction efforts. Some of these

* The website of the Association of Small Business Development Centers allows visitors to search for the closest center by ZIP code and state; see www.asbdc-us.org.



corporations serve a single jurisdiction, while others receive funding from several towns or counties. EDCs are most likely to work on attraction strategies for large grocery stores, but may offer some assistance with smaller, independent stores as well.

Community development corporations (CDCs) are nonprofits established to coordinate the economic revitalization of low-income communities. CDCs generally focus on a specific geographic area, which might be as small as a single urban neighborhood or as large as several rural counties. CDCs operate a range of programs, including those that provide small business assistance, offer job training and placement, and improve neighborhood safety. CDCs may be best positioned to work on neighborhood grocery stores or farmers’ markets.

Business organizations, such as local chambers of commerce, merchants’ associations, or business councils, advocate for public policies that encourage economic growth and may even operate economic development or business attraction programs. A neighborhood or main street merchants’ association could be an ally for a farmers’ market project as a way of increasing foot traffic in a commercial corridor. A grocers’ association could help identify barriers to new healthy food retail entering an underserved area.

Community Development Finance Institutions (CDFIs) provide businesses with access to capital. For example, the Local Initiatives Support Corporation (LISC), which has offices in several states, has helped finance grocery store development. CDFIs are increasingly interested in the health impact of their investments.¹⁸

For-profit **community and economic development consultants** can be useful in preparing economic and demographic data needed to support a grocery store development proposal. Though these firms may be expensive, they may be willing to provide either pro bono or reduced rates for small projects in underserved areas. Furthermore, advocates should consider hiring a firm that regularly works with their city government to add credibility to a proposal.

State Agencies

State economic development programs generally focus on broad economic objectives, rather than regional or local initiatives. Nevertheless, state agencies oversee several programs that may provide support for healthy food retail projects.

A **state economic development agency** may be called an economic development authority, a business development department, a department of commerce, or a governor's office of economic development. Generally these agencies administer statewide business development programs, including entrepreneurship support, financing programs, and business attraction. State economic development agencies are starting to get more involved in healthy food retail due to the success of the Pennsylvania Fresh Food Financing Initiative (FFFI). The Pennsylvania Department of Community and Economic Development oversees the FFFI, which offers loans and grants to support the creation of new fresh food retail projects and the expansion of existing fresh food retailers in underserved areas.¹⁹

State departments of agriculture work with farmers and other food producers to support the state's agricultural economy.²⁰ Most departments of agriculture have not traditionally administered programs focused on the retail sector beyond efforts to increase farmers' ability to sell their

products directly to consumers. However, these departments are increasingly promoting local foods by supporting farmers' market projects and "buy local" marketing campaigns. Agriculture departments may offer financial or technical assistance to new farmers' markets and to grocers looking to stock local and regional products. For example, state departments of agriculture administer federal Specialty Crop Block Grants, which must be used to promote fruits, vegetables, and nuts, among other plants designated as "specialty crops" by federal law.²¹ Several states, including Colorado, Washington, and Kansas, have used Specialty Crop Block Grants to support farmers' markets.²²

Many **state departments of health** administer programs that promote nutrition and reduce diet-related diseases like diabetes. These programs can help obtain support from state leaders for healthy food retail initiatives, provide chronic disease data to support arguments for healthier food, evaluate the state food retail environment, and contribute staff time to healthy food retail efforts. Some state health departments may already have healthy food retail initiatives under way. For example, the Vermont health department operates a Healthy Retailer program that helps retailers promote healthier purchases.²³

State universities are an excellent resource for research and data. Professors and students may also be interested in evaluating the community impact of a healthy food retail project. Universities may house programs that lead or support food retail initiatives. For example, the Kansas State University Center for Engagement and Community Development works to preserve grocery stores in rural communities.²⁴

Romano's Grocery, Philadelphia

With technical assistance from the Food Trust's Healthy Corner Store Initiative and a grant from the Fresh Food Financing Initiative (FFFI), Romano's paired an energy retrofit with a transition from processed and packaged goods to fresh and healthier foods. This family-owned corner store now uses more natural light and offers fresh fruits and vegetables in energy-efficient coolers. Even with more coolers than before, the store's energy costs are lower. Sales have increased since the transformation, and the cost of the renovation will be recovered through energy savings within a few years.

Funding for Healthy Food Retail Projects

Once advocates have researched economic development agencies and prepared the pitch, it's time to identify potential funding sources. This section offers general and specific ideas. For local and state sources, we provide general ideas because programs vary widely. For federal sources, we provide a specific list of potential targets. As always, further research is necessary to confirm that these programs exist and that the project would be eligible for funding.

Local Funding and Assistance

Local governments offer a variety of incentive and financing programs to support priority development projects. These programs range from redevelopment financing to services that reduce the time and costs involved in developing a site. Cities and counties also administer economic development programs on behalf of state and federal agencies, such as a state economic development agency or the USDA Rural Development office. Local or state economic development agencies can help advocates identify what is available in their areas.

Most of the programs detailed in this section are not designed with healthy food retailers' needs in mind, and they are often provided by a variety of local agencies in a patchwork fashion. Nonetheless, creative city officials and community partners can bundle services and incentives into an effective package to assist prospective retailers.

In-Kind Incentives

Predevelopment Assistance

Development projects face many hurdles before construction and set-up can begin. For example, developers or retailers must select an appropriate site for their project, obtain construction permits, and engage the surrounding community to alleviate concerns about traffic and other nuisances. This process—

known as predevelopment—is long, unpredictable, and costly. Local governments often provide services to potential developers and retailers, particularly those planning projects that will provide a large benefit to the community, to reduce the time and cost at every step, from securing the site to starting construction.

Zoning and Permitting Incentives

Local governments may offer zoning and permitting incentives to priority projects. These incentives generally cost the government very little, while saving the developer a lot of time and money. Three common incentives are:

- *Zoning requirement waivers*
Many places have, for example, minimum parking requirements for new developments. These requirements can be waived for healthy food retail projects, often reducing the amount of property a developer must obtain.
- *Expedited permitting*
New projects must go through a permit review process to ensure compliance with local laws and standards, and to allow opportunities for public comment. The planning department supports healthy food retail projects by expediting the process or designating a staff person to shepherd the project through review.
- *Density bonuses*
Local governments establish density limits for development, meaning that developers of commercial, multi-unit residential, or mixed-use projects face limits in the number of units they can build into a particular footprint. A planning agency can allow priority projects to exceed the density limit and develop more units within a given space, if the project includes healthy food retail.

Discounted Land

Economic development or redevelopment agencies assemble developable parcels and make this land available for healthy food retail development at a discounted sale or lease price.



Financing and Grants

Economic Development Loans

Local economic development departments may offer a variety of loans with low interest rates and generous payback provisions. New businesses frequently need loans for working capital, equipment purchase, real estate acquisition, property development and rehabilitation, property feasibility studies, and façade improvements.

Revolving loan funds (RLFs) are one common type of economic development loan. RLFs are designed to fund businesses that cannot get traditional bank loans, either because their owners are seen as credit risks or because the business has not yet established credit on its own. Because they are subsidized or administered by government agencies, many RLFs offer lower interest rates than conventional loans. The interest rate for a particular applicant will vary according to the business' financial condition and its ability to maintain sufficient profits. As these loans are repaid, money is put back into the fund and made available for additional loans.

CDFI Loans

Community Development Financial Institutions (CDFIs) are nongovernmental lenders that provide loans and technical assistance to small business owners. They can be more flexible than traditional banks with the terms and amounts of loans. Often, CDFIs offer "microloans," which provide a small amount of capital to small businesses that are just starting up. These institutions exist to improve the quality of life in economically distressed areas by fostering entrepreneurship in the community.

Tax Increment Financing

A local redevelopment agency can underwrite a project by borrowing money (in the form of bonds) against future tax income that is likely to be generated as the redevelopment area improves. The bond money can be used to offer loans and grants to businesses that locate in the redevelopment area or to pay for infrastructure improvements, such as transit development. For more about tax increment financing (TIF) and redevelopment agencies, see PHLP's fact sheet *How to Use Redevelopment to Create Healthier Communities* at www.phlpnet.org/healthy-planning/products/redevelopment-create-healthier-communities.

Façade and Tenant Improvement Loans and Grants

These programs are designed to assist with façade improvements, such as awnings, lighting, paint, windows, and signage. They can also help with the expense of tenant improvements, such as interior construction, lighting, paint, wall and floor coverings, and plumbing and electrical systems. Retailers eligible for these loans are typically located in designated revitalization areas. These are often good resources for improvements to small grocery stores or corner stores.

Tax Assistance*

Tax Incentives

These might include incentives such as short-term property tax exemptions or reductions; a sales tax exemption on materials used to construct, renovate, or equip facilities; or a mortgage recording tax waiver.

Business Improvement District Funding

Property owners or merchants in a given business district can vote to impose a small tax on businesses within that district. The local government collects the tax, but merchants manage the proceeds, spending it on façade improvements, cleanup, safety, marketing, and other activities intended to improve business conditions in the district. Many business improvement districts sponsor farmers' markets as a part of an overall neighborhood economic development strategy.

* As always, advocates should consult with a tax professional to determine eligibility for tax assistance. Such consultants may know of additional tax incentives and can help determine eligibility.

State Funding and Assistance

As with local resources, most state programs and incentives detailed in this section were not designed with healthy food retail in mind. Advocates will need to determine how their project fits within the goals of these programs and how to pull together, coordinate, and leverage these resources alongside local and federal resources.

Financing and Grants

Economic Development Loans

Most states offer loans to developers and local governments to support projects that meet statewide economic development goals. As with local economic development loans, these loans have below-market interest rates and favorable payback terms.

Public Employee Pension Fund Financing

State employee pension funds are managed by quasi-independent entities. Community economic development projects can be eligible investments, if the level of risk and return on investment are aligned with the fund manager's overall strategy. These investments can be in the form of loans with market or below-market rates or equity investments.* Public employee pension funds have been used to support grocery store development projects. For example, the California Public Employees' Retirement System (CalPERS) invested pension fund dollars in a real estate project that brought a supermarket to downtown Los Angeles.²⁵

Bond Financing

States can issue tax-exempt bonds to finance large-scale projects. A bond is issued as long-term debt, and the proceeds from the sale of this debt are channeled into projects the state deems necessary. There are several types of tax-exempt bonds, including general fund bonds, which are issued to support ongoing programs or government activities and are repaid from the state's general tax receipts, and revenue bonds, which

are used to finance specific projects with repayment proceeds generated by the project itself. Bond funds are often spent on community infrastructure, such as improvements to buildings and other revitalization projects. These can include food retail.

Tax Assistance

Economic development tax credits

As at the local level, most states offer a variety of tax credits to businesses to promote economic growth. Often, these credits incentivize development in underserved areas and promote certain economic activities like job creation and capital investment. For example, Wisconsin offers an economic development income tax credit to businesses for job creation, investment in property or equipment, employee training, or locating a corporate headquarters in the state. Additional criteria prioritizes tax credit recipients, such as whether the project will be in a rural area.²⁶ Advocates should check with their state economic development agency to determine what tax credits might be available for their healthy food retail project.

Louisiana Healthy Food Retail Financing

In 2008 Louisiana's Food Policy Advisory Committee, which includes state senators, agency representatives, and nongovernmental entities, proposed creating a Healthy Food Retail Financing Program to bring fresh food retailers into Louisiana's underserved communities. As a result, senators introduced legislation called the Healthy Food Retail Act, which was signed into law in 2009. The law creates a financing program to bring fresh fruits and vegetables to more neighborhoods; the Department of Agriculture and Forestry oversees the program and is authorized to contract with nongovernmental entities for program administration and financing.²⁷

New Orleans also launched a Fresh Food Retailer Initiative in early 2011. The financing program will offer loans (some of which are forgivable) for the development or renovation of food retailers in a low-income area of New Orleans. The program is financed through a combination of public and private money, including money from a disaster Community Development Block Grant.²⁸

* An equity investment is a type of financing in which the investor purchases shares in the development with the expectation that the value of those shares will increase once the development is completed and becomes profitable.

Enterprise Zone tax incentives

Many states also offer tax incentives, such as sales tax exemptions on building materials for site renovation and job creation tax credits, to businesses that locate or operate in designated “Enterprise Zones.”²⁹ Checking with state economic development agencies (or searching online for a particular state and the term “Enterprise Zone”) can help determine if the state offers such incentives.

Other Incentives**Energy Efficiency Incentives**

A variety of federal, state, and local agencies offer incentives, and utilities provide rebates, for commercial property owners who wish to upgrade the energy efficiency of their facilities. Incentives target a range of projects, including the installation of high-efficiency lighting, solar-film window tinting, energy management systems, and programmable thermostats that result in peak demand reduction. These funds could potentially offset the cost of energy efficient refrigerator cases, heating systems, and lighting for a healthy food retailer. Obtaining these funds may also demonstrate a commitment to community sustainability and help leverage funds from other sources.

The Database of State Incentives for Renewables & Efficiency (DSIRE) is a comprehensive source of information on local, state, utility, and federal incentives and policies that promote energy efficiency. To see what incentives are applicable in a specific state, search by “energy efficiency” and “commercial sector” at www.dsireusa.org.



How to Apply for Federal Grants

Applying for a federal grant can be daunting. But with some effort, creativity, and attention to detail, advocates can produce a grant application that has a good chance of success. These general tips on applying for federal grants can also be useful in applying for other types of federal funding, like loans and contracts.

1. Identify the grant program.

The most reliable source for federal grant announcements is Grants.gov. The site is searchable by keyword, funding activity (e.g., community development, food and nutrition), or granting agency (e.g., Department of Housing and Urban Development, Small Business Administration). Try different types of searches to avoid missing potential programs. Users can also sign up for e-mail notifications based on search criteria.

2. Ensure eligibility and check the deadline.

Grant announcements will have a synopsis providing an overview of the program. Check the eligibility section to make sure the prospective applicant and its partners are eligible. Review the grant description section to ensure that the project will meet the grant selection criteria. Make note of the application deadline and assess whether the organization and partners can complete the application before the deadline. Federal grant application deadlines are firm; the application will not be considered if it is submitted late, even by a few minutes.

3. Review the full grant announcement thoroughly.

Grant announcements include detailed information about eligible applicants, eligible grant activities, how to apply, and application review criteria. Look for the following details:

- Is it necessary to submit a letter of intent (indicating the intention to apply for the grant) before submitting a full application?
- Does the grant require additional funding from another source (cost-sharing or matching)?
- Are there activities for which the grant money cannot be used?
- What materials need to be submitted with the application and proposal?
- Are there specific formatting requirements for the documents?
- Who is the contact person for any questions?

4. Develop the proposal.

If they are not already, potential partners should be involved in the proposal development process now. Be realistic about what can be accomplished with the potential funding. Many organizations underestimate the amount of time and money a project will take, which hinders their ability to achieve their grant objectives. Follow any instructions in the grant announcement about the types of information to provide and format for the proposal. If it's unclear how to answer questions posed in the announcement, do not hesitate to contact the point person at the grant agency.

5. Review the proposal and the announcement one last time.

Once the proposal has been written and edited, review the announcement one more time and make sure that all of the instructions have been followed. Hard work and good ideas shouldn't go to waste because of missing a minor detail in the announcement.

6. Submit the proposal on time!

Depending on the review process, the agency may simply notify applicants when they have made funding decisions, or they may come back with questions or requests for modifications before making a final decision.

Federal Funding and Assistance

In this section, we identify several long-term federal funding sources. Because these programs depend on funding authorizations from Congress, they may not be available in future years. Meanwhile, new funding sources may arise before this guide is updated. Agency websites and Grants.gov are the most current sources of information about federal funding.

We have organized these programs in two ways. First, the programs are divided into three categories based on which entity administers the funds: private entities, local or state governments, and the federal government. Programs in the latter category may also be open to government agencies, but not exclusively so. These categories will help identify whom to contact to learn about and apply for funding.

The second level of organization is by types of projects that could be funded. We identified four main categories of healthy food projects: farmers' markets (FM),

corner stores (CS), grocery stores (GS), and infrastructure(I) (i.e., processing and distribution). Each program is tagged with one or more of these categories. These tags are based on what we know about the eligibility criteria and goals of these programs and do not guarantee funding. Carefully examine program guidelines before attempting to pursue any of these funding sources.

Funding from federal agencies can be more competitive than local and state funding, which is a good reason to devote some time to carefully preparing federal funding applications (see *How to Apply for Federal Grants*, p.17). Some grants listed below require matching funds. Loans might require that a project have some existing financial stability. Other programs may require that a project has achieved a degree of maturity before committing resources. No matter the requirements, community support and strong partnerships demonstrate to potential funders that a project is poised for success.

Case Study: Grocery Store Development in Louisville, Kentucky

Local governments often play a key role in assembling and coordinating economic development funds for healthy food retail. Louisville, Ky., has leveraged public and private funding to revitalize the Park DuValle neighborhood.

Park DuValle, southwest of downtown Louisville, was once a neglected community of blighted properties dominated by public housing units. It is now being transformed into a mixed-income neighborhood. In the 1990s, through a federal initiative to revitalize public housing, the neighborhood received \$200 million in public and private investments to rebuild a 125-acre area. The goal of the plan was to build a series of traditional neighborhoods with rental and home ownership opportunities for a wide range of income groups.³⁰

The redevelopment of Park DuValle has spanned a decade, and the neighborhood has undergone dramatic changes, including the removal of public housing projects, the development of mixed-income housing options and a town center, improved access to mass transit, and the addition of an 85-acre waterfront park. Despite all this the neighborhood still didn't have a full-service grocery store.

In 2009, using Community Development Block Grant Recovery funds, Louisville provided an economic development incentive for the construction of a 20,000 square-foot grocery store in Park DuValle. The city acquired, remediated, and made infrastructure improvements to a seven-acre, city-owned site, which is now ready for the construction of a new grocery store.³¹

The loan, for more than \$3 million to the developer for the construction of a building, is forgivable, meaning that the developer will not have to repay the city if it completes construction of the store by 2012 and a full-service grocery occupies the space. It will have a 75-year lease on the land at \$1 per year, but if the property sits unoccupied by a grocer for more than five years, the building will revert to the city. With site preparations costing \$732,667, construction costing \$2,988,867, and infrastructure costing \$904,667, the total investment from the developer is \$4.6 million.³²

Healthy Food Projects Legend:

- CS corner stores
- FM farmers' markets
- GS grocery stores
- I infrastructure

Description	Eligibility	Administered By...	Example
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Programs Administered by Private Entities

7(a) Loan Guaranty Program

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<p>Through the 7(a) Loan Guaranty Program, the Small Business Administration guarantees small business loans offered through commercial lending institutions. The program is designed to help start-up and existing small businesses obtain financing when they might not be eligible for business loans through normal lending channels. 7(a) loans have a maximum loan amount of \$2 million.</p> <p>Two additional programs support access to 7(a) loan guarantees in underserved areas. The Small Loan Advantage Program encourages existing SBA lenders to make smaller loans by streamlining the application process for loans of up to \$250,000. The Community Advantage 7(a) Pilot Program is designed to increase the number of financial institutions able to offer SBA loans. The program will enable mission-driven financial institutions with 60% of their loan portfolio in underserved areas to offer 7(a) loan guarantees for loans up to \$250,000.</p>	<p>Small businesses (as defined by the Small Business Administration)</p>	<p>Commercial lending institutions on behalf of the Small Business Administration</p>	<p><i>Lakewood, N.J.: Super Stop Supermarket</i></p> <p>Shlomo Green started Super Stop Supermarket in 2005 to sell Kosher food to the Orthodox Jewish community in Lakewood. He leased his store until he was able to secure a 7a loan to purchase the property outright. This purchase saves him more than \$30,000 per year in overhead costs, money that he has reinvested in the business by hiring two additional employees.³³</p>
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504 Loan Program


www.sba.gov/content/cdc504-loan-program

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<p>The 504 Program provides small businesses requiring “brick and mortar” financing with long-term, fixed-rate financing to acquire major fixed assets such as land or buildings. The financing can also be used for investment in machinery or renovation of existing property. Certified Development Companies (CDCs) are local economic development organizations that issue the loans.</p>	<p>Small businesses (as defined by the Small Business Administration)</p>	<p>CDCs on behalf of the Small Business Administration</p>	<p><i>Portland, Ore.: Teeny Foods</i></p> <p>Rick and Debbie Teeny own Teeny Foods, a pita bread company. They financed the purchase and expansion of their facilities with a 504 loan. This allowed them to expand their product lines and become a national supplier of pita and other breads.³⁴</p>
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Description	Eligibility	Administered By...	Example
<p>Business and Industry (B&I) Guaranteed Loans www.rurdev.usda.gov/rbs/busp/b&I_gar.htm</p> <p>CS GS I</p>			
<p>The purpose of the B&I loan program is to improve rural economies by guaranteeing loans for business development and improvement. Eligible activities include business acquisitions to save or create jobs, modernization, and purchase of equipment or land. The program has a 5 percent set-aside for projects that facilitate the growth of local and regional food markets.</p>	<ul style="list-style-type: none"> • For-profit or nonprofit entities • Local, state, or tribal agencies • Individuals 	<p>Commercial lenders on behalf of the Department of Agriculture</p>	<p><i>O’Neill, NE: Garden Fresh Vegetables</i></p> <p>Garden Fresh Vegetables is a locally owned and operated hydroponic tomato greenhouse. It was started in 2007 by a group of investors who recognized the marketing potential of fresh tomatoes and cucumbers. GFV received a \$4 million B&I guaranteed loan from UMB Bank of Omaha to purchase a 10-acre greenhouse that would allow them to meet current market demands as well as branch into available markets, expand the labor force, and strengthen their sustainability. The expansion created 35 jobs for the community.³⁵</p>
<p>Community Development Financial Institutions (CDFI) Fund/Healthy Food Finance Initiative (HFFI) www.cdfifund.gov/what_we_do/programs_id.asp?programID=7</p> <p>CS GS I</p>			
<p>The CDFI Fund is intended to expand the capacity of financial institutions to provide credit, capital, and financial services to underserved populations and communities across the United States. It provides financial assistance (loans, grants, investments) to certified CDFIs. CDFIs must match the federal financial assistance dollar-for-dollar with nonfederal money. The end goal of the financial assistance is to increase the capacity of these institutions to make investments in low-income neighborhoods. Starting in fiscal year 2011, the CDFI Fund will provide grants for the Healthy Food Financing Initiative (HFFI), the federal government’s financing program for healthy food retail. The goal of HFFI is to eliminate food deserts by investing in healthy food retail.</p>	<p>Certified CDFIs must be nongovernmental financing institutions that specialize in providing financial services to traditionally underserved markets. These institutions must be certified by the Department of Treasury.</p>	<p>CDFIs on behalf of Department of Treasury</p>	<p><i>Washington, D.C.: Super Giant</i></p> <p>The CDFI Fund provided investment dollars to attract a Super Giant grocery store to the Anacostia neighborhood of Washington, DC. This is the only full-service grocery store in the neighborhood and one of the chain’s most successful.³⁶ This project was funded before the HFFI began in 2011.</p>

Description	Eligibility	Administered By...	Example
Community Economic Development (CED) Program www.acf.hhs.gov/programs/ocs/ced/index.html 			
<p>The purpose of the CED program is to support projects that address economic self-sufficiency for low-income individuals and distressed communities. Grants cover project costs for business start-up, business expansion, operating costs, and loans or investments. The grants are intended to be catalysts for private investment in low-income communities. Types of projects funded include business incubators, shopping centers (including grocery stores), manufacturing businesses, and agriculture initiatives.</p>	<p>Grantees:</p> <ul style="list-style-type: none"> • Community Development Corporations (CDCs) 	<p>CDCs, on behalf of Department of Health and Human Services, Office of Community Service</p>	<p><i>Chicago: Maypole and Pulaski Community Economic Development Project</i></p> <p>Bethel New Life received a grant to develop a 15,000-square-foot “green” commercial building and a small grocery store with an urban farm. The goal of the project is to create 35 new jobs in a low-income neighborhood of Chicago. The project has had some setbacks due to the economic downturn of the late 2000s, but it is expected to be completed in 2011.³⁷</p>
Economic Development Administration Revolving Loan Fund (RLF) www.eda.gov/AboutEDA/RLF.xml 			
<p>The EDA awards competitive grants to eligible entities to start revolving loan funds for small businesses and entrepreneurs. EDA RLF grantees issue loans to business owners with at- or below-market interest rates. The program generally funds hundreds of RLFs in a given year.</p>	<p>Lenders:</p> <ul style="list-style-type: none"> • Local, state, Tribal agencies • Nonprofits • Economic development organizations • Universities <p>Loan recipients:</p> <ul style="list-style-type: none"> • Small businesses • Entrepreneurs 	<p>Local agencies or organizations on behalf of the Department of Commerce, Economic Development Administration</p>	<p><i>No healthy food examples available.</i></p>

Description	Eligibility	Administered By...	Example
<p>Healthy Urban Food Enterprise Development Center (HUFED) www.wallacecenter.org/our-work/current-initiatives/healthy-urban-food-enterprise-development-center </p>			
<p>HUFED supports bringing healthy, affordable food to communities across the country. It provides small and large grants and technical assistance for food business development with a focus on getting more healthy food—including locally produced food—into communities with limited access.</p> <p>Small grants can be used for infrastructure costs (such as equipment for processing, refrigeration, and cooling), minor capital improvements, feasibility studies for specific business strategies, and focused work to overcome barriers to communities having healthy food options. These grants are geared toward retail businesses and food service operations that want to carry fresh foods.</p> <p>Large grants are more suited to local and regional projects intended to aggregate and distribute healthy foods.</p>	<p>Nonprofit organizations and for-profit businesses in underserved rural and urban areas</p>	<p>Wallace Center at Winrock International, on behalf of the Department of Agriculture</p>	<p><i>Manchester, Mich.: Grass Lake Sanctuary</i></p> <p>Grass Lake Sanctuary promotes local food by offering cooking classes and distributing food from its 145-acre farm. The organization was awarded a HUFED grant to evaluate the viability of creating a rural food hub to aggregate, wash, pack, and distribute fresh locally grown fruits and vegetable from small- and mid-sized farmers to underserved populations in Detroit and Toledo, Ohio.³⁸</p>
<p>Indian Loan Guarantee, Insurance, and Interest Subsidy Program www.bia.gov/WhoWeAre/AS-IA/IEED/DCI/index.htm </p>			
<p>The Indian Loan Guarantee, Insurance, and Interest Subsidy program is designed to increase access to financing options for tribes and individuals or businesses serving Native American reservations. The program guarantees loans offered through commercial lending institutions and community development financial institutions (CDFIs) that would not otherwise guarantee the loan application. The program will guarantee up to 90% of the loan.</p>	<p>Federally-recognized tribes</p> <p>Tribe members</p> <p>Business with minimum 51% ownership by American Indians or Alaska natives</p>	<p>Commercial lending institutions or CDFIs on behalf of U. S. Department of the Interior, Bureau of Indian Affairs</p>	<p><i>No healthy food examples available.</i></p>

Description	Eligibility	Administered By...	Example
<p>Intermediary Relending Program (IRP) www.rurdev.usda.gov/rbs/busp/irp.htm</p> <p>CS GS I</p>			
<p>IRP provides funds to organizations to establish revolving loan funds (repaid loans are recirculated into new loans for other projects) aimed at reducing poverty and expanding economic activity and employment in disadvantaged rural communities. The intermediary organizations are responsible for lending money to finance business creation, upgrades, or expansion; acquire and develop land; conduct feasibility studies; and carry out other related economic development activity.</p>	<p>Intermediary lenders:</p> <ul style="list-style-type: none"> • Nonprofit organizations • Public agencies • Indian groups • Cooperatives • Loan recipients: • Individuals • Corporations • Nonprofit organizations <p>Public agencies These must have at least 51 percent rural membership and be aimed at increasing income for producer members or purchasing power for consumer members in order to apply for intermediary lender status.</p> <p>Loans may be made to the following entities, provided they are located in a rural area (an area with a population of 25,000 or less):</p> <p>Individual citizens or legal residents</p> <p>Entities that are able to incur debt, give security, and repay the loan</p> <p>Corporations, partnerships, LLCs, individuals, nonprofit corporations, or public bodies</p>	<p>Intermediary lenders on behalf of the Department of Agriculture</p>	<p><i>Oregon: BC Hop Farms</i></p> <p>BC Hop Farms received a loan from a local revolving loan fund established with IRP funds. BC Hop Farms provides processing facilities for local farmers who grow hops and contract with breweries for sale of their processed hops. The loan was used for building construction and new equipment to expand existing facilities, providing the capacity to process a larger volume of hops.³⁹</p>

Description	Eligibility	Administered By...	Example
<p>Microloan Program www.sba.gov/recovery/microloans/index.html  </p>			
<p>The microloan program offers small loans to small businesses for operating expenses, purchasing equipment, and purchasing inventory or supplies. The short-term loans are offered through nonprofit intermediary lenders. The lender must provide technical assistance to the business owner as a condition of the loan.</p>	<p>Small businesses</p>	<p>Community-based lenders, on behalf of the Small Business Administration List of intermediary lenders: www.sba.gov/idc/groups/public/documents/sba_homepage/serv_microloan_intermediary.pdf</p>	<p><i>No healthy food examples available.</i></p>
<p>Rural Economic Development (RED) Loan and Grant Program www.rurdev.usda.gov/rbs/busp/redlg.htm   </p>			
<p>RED provides funding to rural projects through local utility companies. Under the RED loan program, the USDA provides no-interest loans to local utilities for relending to local businesses for projects that will create and retain jobs in rural areas. Under the program, the USDA provides grants to local utility organizations that use the funding to establish revolving loan funds. Loans from the revolving loan fund must be used to create or retain rural jobs. When the revolving loan fund is terminated, the grant is repaid to the agency.</p>	<p>Intermediary lender: Local rural utility companies RED loan recipients: For-profit businesses that provide economic development or job creation in rural areas RED revolving loan recipients: Nonprofit organizations providing community infrastructure or facilities</p>	<p>Rural utility companies, on behalf of the Department of Agriculture</p>	<p><i>Iowa: Electric Utility</i> A \$450,000 zero-interest loan was made to an electric utility in Iowa to pass through to a startup pork processing facility in Keokuk County, Iowa. The facility will cook and smoke pork products and package them for targeted ethnic markets.⁴⁰</p>

Description	Eligibility	Administered By...	Example
<p>Rural Microentrepreneur Assistance Program (RMAP) www.rurdev.usda.gov/BCP_RMAP.html</p> <p>CS I</p>			
<p>RMAP provides grants and loans to microdevelopment organizations (MDOs) that provide training and technical assistance to rural small business owners or facilitate access to capital and services for rural microenterprises. Microloans provided by MDOs can be used for working capital, furnishings and equipment, debt refinancing, or real estate purchases.</p>	<p>MDOs, including:</p> <ul style="list-style-type: none"> • Nonprofit organizations • Public universities • Tribal governments that are not served by a nonprofit development organization <p>Loan or technical assistance recipients:</p> <ul style="list-style-type: none"> • Individuals or • microenterprises with fewer than 10 employees in rural areas 	<p>MDOs, on behalf of the Department of Agriculture</p>	<p><i>No healthy food examples available.</i></p>

Programs Administered by Local or State Government


Brownfields Economic Development Initiative (BEDI)






www.hud.gov/offices/cpd/economicdevelopment/programs/bedi/index.cfm





CS FM GS I

<p>BEDI grants fund the redevelopment of underutilized industrial and commercial sites and provide economic opportunity for low- and moderate-income people. It is aimed at sites where environmental clean-up activities are a real or potential barrier to redevelopment. The grants must be used in conjunction with Section 108 loans.</p>	<p>Cities with populations above 50,000 or counties with populations above 200,000</p> <p>States administer funds for areas with smaller populations.</p>	<p>Local and state governments on behalf of the Department of Housing and Urban Development</p>	<p><i>Cleveland, Ohio: Flats East Bank Neighborhood Project</i></p> <p>Cuyahoga County received a BEDI grant of \$2 million and a Section 108 loan for \$2 million to complete a phase of the Flats East Bank Neighborhood Project. The development site is a former industrial site with chemical contamination that must be cleaned up before construction can begin. A major feature of the project is a 27,300-square-foot grocery store that is expected to create 52 new full-time jobs and 100 temporary construction jobs. The grocery store will be the only full-service grocery store in downtown Cleveland.⁴¹</p>
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Description	Eligibility	Administered By...	Example
<p>Community Development Block Grant Program (CDBG) www.hud.gov/offices/cpd/communitydevelopment/programs</p> <p>CS GS I</p>			
<p>CDBG is one of the most common sources of funding for local economic development projects. The purpose of the CDBG program is to improve the housing, environmental, and economic conditions of primarily low- and moderate-income people. Agencies that receive the grants are responsible for developing programs and setting funding priorities. For example, funds may be used to assist private businesses in creating jobs and expanding operations.</p> <p>In urban areas, these funds are available through local economic development departments. State economic development agencies manage rural funds.</p>	<p>Cities with populations above 50,000 or counties with populations above 200,000.</p> <p>States administer funds for areas with smaller populations.</p>	<p>Local and state governments on behalf the Department of Housing and Urban Development</p>	<p><i>Navajo Nation: Bashas' Supermarket</i></p> <p>In the 1970s the residents of Navajo Nation in the southwest United States formed a community development corporation, called Dineh Cooperatives, to improve the economy on the reservation. Dineh's first project was to develop a shopping center with a grocery store as the anchor tenant, using a mixture of economic development funds, including CDBG money. Residents previously had to drive 100 miles to get to a grocery store off the reservation. The cooperative ultimately attracted an Arizona-based chain called Bashas' Supermarkets to open a store in the shopping center. Since 1981, the supermarket has worked with the community to offer native foods and incorporate native culture into the store's design.⁴²</p>
<p>Federal-State Marketing Improvement Program (FSMIP) www.ams.usda.gov/tmd/fsmip.htm</p> <p>CS FM GS</p>			
<p>The goals of the FSMIP are to identify new domestic and international market opportunities for U.S. agricultural and food products, and to improve the marketing system through research on barriers to marketing, and development of improved processing, marketing, and distribution practices. Projects must have a source for matching funding.</p>	<p>State agencies that oversee agriculture or agricultural marketing may apply for FSMIP grants. Organizations with relevant food retail projects can partner with eligible agencies to apply for funding.</p>	<p>State agriculture agencies on behalf of Department of Agriculture</p>	<p><i>Oklahoma: Farmers' Markets</i></p> <p>FSMIP supplied a matching grant of \$47,000 to Oklahoma State University for a consumer study to identify differences between people who shop at farmers' markets and cooperatives and people who do not. The goal is to identify marketing strategies to attract more consumers to direct-to-market venues.⁴³</p>

Description	Eligibility	Administered By...	Example
<p>Section 108 Loan Program www.hud.gov/offices/cpd/communitydevelopment/programs/108 Program </p>			
<p>Local governments can make low-interest, federally guaranteed loans to economic development projects through this program, which is also administered through HUD. Section 108 is the loan guarantee provision of the Community Development Block Grant program; loans can finance housing and public facilities rehabilitation, economic development projects, and acquisition and rehabilitation of public property. Through this program, local governments can offer federally guaranteed loans that can finance large-scale physical and economic redevelopment projects. These loans are often used to attract additional private investment in projects.</p>	<p>Cities with populations over 50,000 or counties with populations over 200,000 States administer funds for areas with smaller populations.</p>	<p>Local and state governments on behalf of the Department of Housing and Urban Development</p>	<p><i>Rockford, Ill.: IGA Supermarket</i> Rockford obtained a \$900,000 Section 108 loan to develop a supermarket in a low-income neighborhood. The market is an anchor of a larger redevelopment project in the neighborhood. A local development corporation will own the market and lease it to an IGA franchisee.⁴⁴</p>
<p>Specialty Crop Block Grant (SCBG) Program www.ams.usda.gov </p>			
<p>The SCBG funds a wide range of projects that promote fruits and vegetables (specialty crops) grown in the United States. The money can be used for farmers' market incentive programs, to develop specialty crop distribution infrastructure, production research, and to support many other initiatives that make specialty crops more competitive in the marketplace. States must provide the USDA with a plan for how the block grants will be spent. States are encouraged, but not required, to solicit public input on how to use the funds and to run competitive grant programs to distribute at least some of the grant funds.</p>	<p>All states receive block grants. States determine whether to subgrant the funding and the criteria for eligible projects.</p>	<p>State departments of agriculture on behalf of the Department of Agriculture</p>	<p><i>Columbia, S. C.: Specialty Crop Food Business Incubator</i> SCBG funds were awarded to the South Carolina Department of Agriculture and Clemson University to conduct a feasibility study of a food business incubator at the state farmers' market in Columbia.⁴⁵</p>

Description	Eligibility	Administered By...	Example
Programs Administered by Federal Agencies			
Beginning Farmer and Rancher Development Program (BFRDP)			
www.csrees.usda.gov/fo/beginningfarmerandrancher.cfm			
			
<p>The BFRDP aims to improve food security by providing training and technical assistance to beginning farmers and ranchers. Grants fund training focused on these key areas: farm and ranch management strategies; business development; marketing; land acquisition; and sustainability practices. Projects must have a 25 percent match for funding. The program sets aside 25 percent of funding for socially disadvantaged farmers and ranchers.</p>	<p>Public-private partnerships</p> <p>Collaborative networks of state, tribal, and local agencies</p> <p>The program prioritizes partnerships led by community-based organizations.</p>	<p>U. S. Department of Agriculture, National Institute of Food and Agriculture</p>	<p><i>South Texas: Direct Marketing Initiative for Beginning Farmers and Ranchers in South Texas</i></p> <p>The University of Texas received a grant for \$665,000 to support 450 Hispanic farmers and ranchers to improve the marketing and sale of produce and livestock. The grant will support training and technical assistance on direct marketing, through partnerships with community organizations and a micro-lending organization.⁴⁶</p>
Community Facility (CF) Loan and Grant Program			
www.rurdev.usda.gov/HCF_CF.htm			
			
<p>The CF program offers loans and grants for the development or improvement of “essential” community facilities in rural areas. Such facilities include government buildings, child or eldercare facilities, and public transportation infrastructure. Farmers’ markets have been funded through this program.⁴⁷</p>	<p>Local, state, and tribal agencies</p> <p>Nonprofit corporations</p>	<p>Department of Agriculture</p>	<p><i>Salem, Mo.: Farmers’ Market Building</i></p> <p>The Salem Area Community Betterment Association received more than \$20,000 in grant funding to construct a farmers’ market building in town. The building will house the community’s popular farmers’ market, which has operated since 2002.⁴⁸</p>
Community Food Projects Competitive Grant Program (CFP)			
www.csrees.usda.gov/fo/communityfoodprojects.cfm			
   			
<p>CFP offers grants and technical assistance to community organizations to support entrepreneurial projects, develop innovative links between the for-profit and nonprofit food sectors, and encourage long-term planning activities and interagency approaches. The emphasis is on projects that need a one-time infusion of federal money. Grantees must have a matching funding source.</p>	<p>Nonprofit entities</p>	<p>Department of Agriculture</p>	<p><i>Greeneville, Tenn.: Rural Resources, Inc.</i></p> <p>A \$300,000 CFP grant funded business and leadership training for low-income teens and their families to help them start food-based microenterprises. The funds also supported a mobile food market in the community.⁴⁹</p>




Description	Eligibility	Administered By...	Example
<p>Empowerment Zone Tax Incentives www.hud.gov/offices/cpd/economicdevelopment/programs/rc/   </p>			
<p>The Department of Housing and Urban Development has designated 30 Empowerment Zones in urban areas that have experienced significant economic decline. Special federal tax incentives, such as tax credits for hiring Empowerment Zone residents, are available to businesses in the zones.</p>	<p>Businesses located in Empowerment Zones Empowerment Zone locator: www.hud.gov/crlocator</p>	<p>Department of Housing and Urban Development</p>	<p><i>Harlem, N.Y.: Pathmark Supermarket Complex</i> Empowerment Zone support helped to create the East 125th Street Pathmark Project, a full-service supermarket completed in 1999. The project site is a city-owned parcel in Manhattan that created 275 permanent jobs, 75 percent of which were filled by community members. This store was the first major development project in East Harlem in 20 years and the first large food retailer in the neighborhood.⁵⁰</p>
<p>Farmers' Market Promotion Program (FMPP) www.ams.usda.gov/fmpp </p>			
<p>FMPP offers grants to help improve and expand domestic farmers' markets, roadside stands, community-supported agriculture programs, and other direct producer-to-consumer market opportunities.</p>	<p>Entities eligible to apply include Agricultural cooperatives Producer networks Producer associations Local governments Nonprofit corporations Public benefit corporations Economic development corporations Regional farmers' market authorities Tribal government</p>	<p>Department of Agriculture</p>	<p><i>Cleveland, Miss.: Cleveland Farmers' Market</i> FMPP funded equipment upgrades and promotions that have helped expand a market garden and farmers' market operation in this underserved Mississippi community. The farmers' market also provides nutrition education to local youth.⁵¹</p>

Description	Eligibility	Administered By...	Example
<p>Hunger-Free Communities Initiative www.fns.usda.gov/outreach/grants/hfc_grants.htm </p>			
<p>Hunger-Free Communities grants provide funding to assess and reduce community food insecurity. Eligible funded activities include expanding emergency food provision services (e.g., food banks); improving food access through community gardens and farmers’ markets; increasing enrollment in federal nutrition programs; and conducting nutrition education.</p>	<p>Public agencies Non-profit organizations Grantees must partner with at least one organization in target community and the local food policy council.</p>	<p>U. S. Department of Agriculture, Food and Nutrition Service</p>	<p><i>El Paso, TX: Centro del Obrero Fronterizo</i> Centro del Obrero Fronterizo received \$100,000 to expand access to fresh fruits and vegetables in South Central El Paso. The grant will fund partnerships with farmers to bring more fresh produce to the community-run market, and improve neighborhood access to fresh produce through the creation of mobile markets.⁵²</p>
<p>Local Technical Assistance www.eda.gov/AboutEDA/Programs.xml </p>			
<p>This program provides grants to economically distressed communities that will help policymakers make more informed economic development decisions. Potential funded activities include economic development conferences and seminars and feasibility studies.</p>	<p>Local, state, tribal agencies Nonprofits Economic development organizations Universities</p>	<p>Department of Commerce, Economic Development Administration</p>	<p><i>No healthy food examples available.</i></p>
<p>New Markets Tax Credits (NMTC) www.cdfifund.gov/what_we_do/programs_id.asp?programID=5 </p>			
<p>Through the NMTC program—one of the largest federal economic development programs—privately managed investment institutions known as community development entities (CDEs) make loans and capital investments in businesses in underserved areas. CDEs apply to the program to issue tax credits in exchange for private investments. Each CDE gets a total annual allocation of tax credits that it can provide to investors. CDEs must use at least 85 percent of the proceeds to make qualified low-income community investments.</p>	<p>CDEs are for-profit entities with a primary mission of investing in low-income communities. Businesses and nonprofits in targeted low-income communities are eligible for loans and investments from CDEs.</p>	<p>Department of Treasury</p>	<p><i>Milwaukee: Lena’s Food Market</i> NMTCs were used in 2005 to expand Lena’s Food Market to an additional location by redeveloping a 33,000-square-foot building in Milwaukee with an additional 50,000 square feet of warehouse space. The retail chain emphasizes Wisconsin-grown and produced foods, expanding its economic impact beyond Milwaukee.⁵³</p>

Description	Eligibility	Administered By...	Example
Public Works and Economic Development Program www.eda.gov/AboutEDA/Programs.xml 			
<p>This program funds state and local governments to revitalize and expand physical infrastructure to help draw new business and private investment. The infrastructure should support innovation, create new and better jobs, and strengthen local economies.</p>	<p>Local, state, tribal agencies Public universities Nonprofits in collaboration with a public agency</p>	<p>Department of Commerce, Economic Development Administration</p>	<p><i>No healthy food examples available.</i></p>
Rural Business Enterprise Grant Program (RBEG) www.rurdev.usda.gov/rbs/busp/rbeg.htm 			
<p>RBEG funds a wide range of rural projects that support small and emerging businesses, including training and technical assistance to business owners, establishment of relending programs, and creation of adult distance-learning networks.</p>	<p>Nonprofit corporations Local, state, tribal agencies</p>	<p>Department of Agriculture</p>	<p><i>Village of Cody, Neb.: Student-Run Grocery Store</i></p> <p>Cody was awarded a \$75,000 RBEG grant to create a student business incubator used to support youth entrepreneurship. The grocery store is the primary business of the incubator and will provide at least 15 jobs as other businesses are formed. The overall goal of the project is to keep young people in the community by creating job opportunities.⁵⁴ The training and technical assistance will help ensure successful business ventures and give students the tools necessary to become successful entrepreneurs.</p>
Rural Business Opportunity Grants (RBOG) www.rurdev.usda.gov/BCP_RBOG.html 			
<p>RBOGs fund training and technical assistance for business and economic development planning in rural communities. Funding can be used for feasibility studies, business planning training, establishment of a rural business incubator, and other economic development projects.</p>	<p>Public entities Nonprofit corporations Native American tribes Cooperatives</p>	<p>Department of Agriculture</p>	<p><i>Kansas State University (KSU): Rural Grocery Sustainability Project</i></p> <p>In 2007, the KSU Center for Engagement and Community Development and several partners received an RBOG to survey rural Kansas grocers and their customers to identify the strengths and weaknesses of small town grocery stores. The survey results are helping rural grocery stores develop economic and business models that support long-term sustainability.⁵⁵</p>

Description	Eligibility	Administered By...	Example
<p>Rural Community Development Initiative www.rurdev.usda.gov/rhs/rcdi/</p>			
<p>Rural Community Development grants support capacity-building and technical assistance for community organizations working on housing and community economic development projects. Grants are provided to intermediary organizations that provide technical assistance to non-profits, communities, or community development organizations. Technical assistance can cover topics such as strategic planning, funding strategies, pre-development requirements for housing and community facilities projects. Projects must have matching funds.</p>	<p>Local and State governments and government agencies Tribal Governments Non-profit Organizations</p>	<p>U. S. Department of Agriculture, Food and Nutrition Service</p>	<p><i>Iowa: Golden Hills Resource Conservation and Development Area</i> Golden Hills Resource Conservation and Development Area received a \$83,400 grant to hire a local food coordinator and build the capacity of a partner organization to build a local food system in southwest Iowa.⁵⁶</p>
<p>Rural Cooperative Development Grant Program (RCDG) www.rurdev.usda.gov/rbs/coops/rcdg/rcdg.htm</p> <p> </p>			
<p>RCDGs are awarded to improve the economic condition of rural areas by helping to establish and support producer cooperatives.</p>	<p>Nonprofit corporations, including universities</p>	<p>Department of Agriculture</p>	<p><i>Lexington, Ky.: Lexington Farmers' Market</i> An RCDG was awarded to the Kentucky Center for Agriculture and Rural Development to help the Lexington Farmers' Market update its cooperative structure. The farmers' market is incorporated as a growers' cooperative and needed assistance in updating its bylaws and membership structure.⁵⁷</p>

Description	Eligibility	Administered By...	Example
Rural Development Value-Added Agriculture Producer Grants (VAPG) www.rurdev.usda.gov/rbs/coops/vadg.htm 			
<p>VAPGs may fund one of two activities: (1) developing feasibility studies or business plans (including marketing plans) to establish a viable value-added marketing opportunity for an agricultural product; or (2) acquiring working capital to operate a value-added business venture or an alliance that will allow agricultural producers to better compete in markets.</p>	<p>Independent producers Farmer and rancher cooperatives Agricultural producer groups Majority-controlled producer-based business ventures</p> <p>Applicants must have a nonfederal matching funding source.</p>	<p>Department of Agriculture</p>	<p><i>Milwaukee: The Rainbow Farmer's Cooperative</i></p> <p>The cooperative received \$150,000 to develop a business marketing plan for a value-added venture that would provide socially disadvantaged farmers with alternative access to urban and rural markets around the Midwest.⁵⁸</p>
Rural Energy for America Program Grants and Loans (REAP) www.rurdev.usda.gov/Energy.html 			
<p>REAP provides several grant and loan programs for agricultural producers and rural small businesses to purchase renewable energy systems and to make energy efficiency improvements. Projects that reduce energy usage, such as those that replace inefficient lighting or equipment, are eligible.</p>	<p>Each program has different requirements, but in general, agricultural producers and small businesses in rural areas are eligible for funding.</p>	<p>Department of Agriculture</p>	<p><i>North Platte, Neb.: Gary's Super Foods, Inc.</i></p> <p>Gary Suhr, owner of Gary's Super Foods, obtained a loan backed by a REAP loan guarantee and grant to retrofit his grocery store with energy-efficient equipment. Now, a heat reclamation system recycles heat produced by the refrigeration equipment to heat the store. The store also now has energy-efficient lighting.⁵⁹</p>
Rural Innovation Fund www.hud.gov/offices/cpd/economicdevelopment/programs/rhed 			
<p>RHED grants fund economic development and innovative housing strategies in rural areas. Capacity building and economic development funds are available. These funds can be used by businesses for activities such as hiring and training staff, developing accounting systems, land acquisition, and planning for development projects.</p>	<p>Rural nonprofit groups Community development corporations Tribal agencies State housing finance agencies State community or economic development agencies</p>	<p>Department of Housing and Urban Development</p>	<p><i>Pendleton, Ore.: Mission Market</i></p> <p>In 2001, the Confederated Tribes of the Umatilla Indian Reservation received a RHED grant of \$400,000 to cover half of the costs of developing a grocery store. The store features groceries, prepared foods, a post office, and a community gathering space.⁶⁰</p>

Description	Eligibility	Administered By...	Example
Small, Socially-Disadvantaged Producer Grant Program www.rurdev.usda.gov/rbs/coops/ssdpg/ssdpg.htm			
			
<p>Small, Socially-Disadvantaged Producer Grants fund agricultural cooperatives to provide technical assistance to small agricultural producers. Cooperatives can provide technical assistance on the following key areas: market research, feasibility studies, business and marketing plan development. Projects must serve rural areas.</p>	<p>Cooperatives Associations of Cooperatives</p>	<p>U. S. Department of Agriculture</p>	<p><i>Mississippi: Mississippi Association of Cooperatives</i></p> <p>Mississippi Association of Cooperatives received \$175,000 to support small producers in developing a marketing plan for fresh vegetables.⁶¹</p>
Sustainable Communities Regional Planning Grants http://portal.hud.gov/hudportal/HUD?src=/program_offices/sustainable_housing_communities/sustainable_communities_regional_planning_grants			
			
<p>The Sustainable Communities Regional Planning Grants provide funding for regional planning activities that improve regional economies, increase opportunities for disadvantaged populations, reduce energy use, and improve public health. Eligible activities range from land use planning to business feasibility studies.⁶²</p>	<p>Public-private partnerships that span multiple local jurisdictions in rural and urban areas</p> <p>Some money may be set aside exclusively for rural regions.</p>	<p>Department of Housing and Urban Development</p>	<p><i>Capital Region, Wis.</i></p> <p>In 2010, the Capital Region Partnership for Sustainable Communities received a three-year, \$2 million grant to undertake a variety of sustainability planning efforts. Among other projects, the grant will fund a feasibility study and business plan for a fresh vegetable packing house and a business plan for a year-round food market.⁶³</p>
USDA Small Business Innovation Research (SBIR) Program www.csrees.usda.gov/funding/sbir/sbir_synopsis.html			
			
<p>SBIR funds research into the use of technology to solve scientific and agricultural problems. The goals of this program is to stimulate technology development, support the small business sector, increase commercialization of ideas generated through USDA research, and support women-owned and socially disadvantaged businesses. The program has three tracks of potential interest to healthy food retailers: rural development, food and nutrition, and market and trade. Grants cannot be used to start a business.</p>	<p>Small businesses</p>	<p>Department of Agriculture</p>	<p><i>Colorado: The Tea Spot</i></p> <p>The Tea Spot received a \$60,000 grant to manufacture to-go cups for coffee and tea using renewable and sustainable plant-based materials in a compostable product, while maintaining economically viable product margins and market pricing. The grant will also be used to develop a marketing plan for the product.⁶⁴</p>

Conclusion



Economic development funding specifically designated for healthy food retail projects may be rare, but numerous local, state, and federal economic development programs can be used to support healthy food retail projects. To access these funds, advocates must build relationships with local and state economic development officials and tailor funding pitches to meet agency goals. Advocates who have successfully pitched healthy food retail projects to economic development agencies report that persistence is important. Agency staff may not initially see a connection between their funding opportunities or expertise and healthy food retail proposals, so advocates who are able to demonstrate the economic and social benefits of their projects to the community or state are more likely to be successful at persuading staff to consider this approach. Working hard to make these connections will pay off when, as a result of public and private investment, a retailer opens his doors to the public, and community members leave the store with bags full of fruits and vegetables.



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