

CDFA FOOD SYSTEMS FINANCE WEBINAR SERIES

THE BROADCAST WILL BEGIN AT 2PM EASTERN

Submit your questions in advance using the chat box

View previous webinar recordings online at cdfa.net

Driving Food Systems Investment with Tax Credits

Driving Food Systems Investment with Tax Credits



Angela Blatt

Director, Council of Development Finance Agencies Columbus, OH

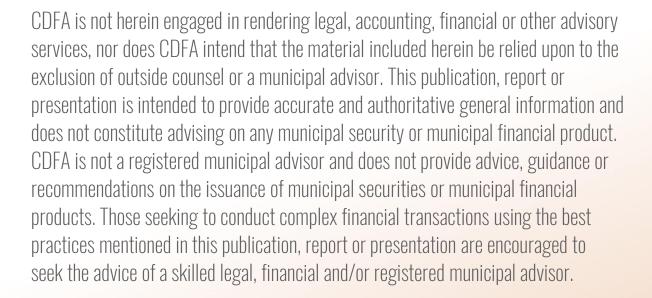


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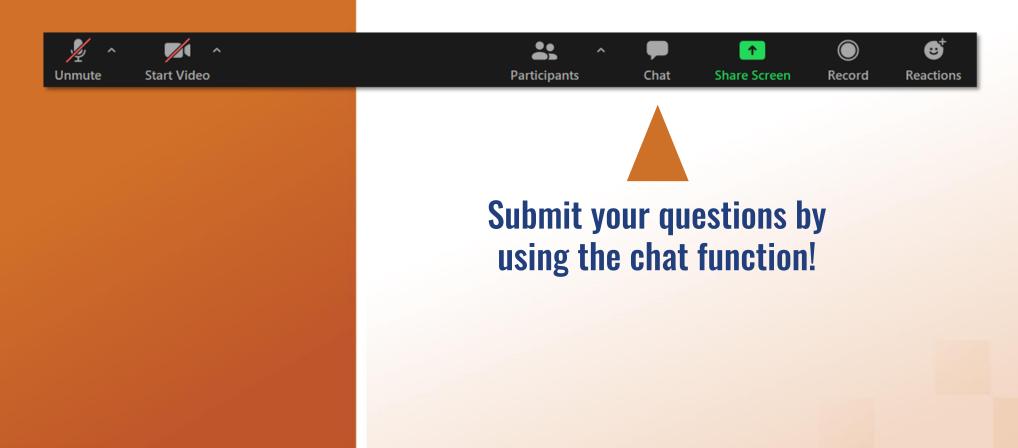
Questions concerning this publication, report, or presentation should be directed to **info@cdfa.net**.





Join the Conversation







Defining the Food System Asset Class



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With support from the W.K. Kellogg Foundation, CDFA has been researching how development finance agencies can become more engaged in developing localized food systems through traditional finance approaches. The premise of this project is to suggest and then prove that, if organized and defined properly, the food system can become a defined asset class worthy of traditional investment. Through this work, CDFA aims to advance opportunities and leverage capital to scale local food systems, increase access to better food, and create new living wage jobs in communities across the country.



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Driving Food Systems Investment with Tax Credits



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Dave Misky

Assistant Executive Director, City of Milwaukee

Olivia Rebanal

Chief Impact Officer, Ecotrust



Driving Food Systems Investment with Tax Credits



Olivia Rebanal

Chief Impact Officer, Ecotrust Portland, OR





1

About Ecotrust

What we do

Since 1991, Ecotrust has worked in partnership from California to Alaska to restore lands and waters, foster economic development, practice relationship-based capacity building, & inspire through stories.

30

years

\$14 M

annual operating budget

60

staf



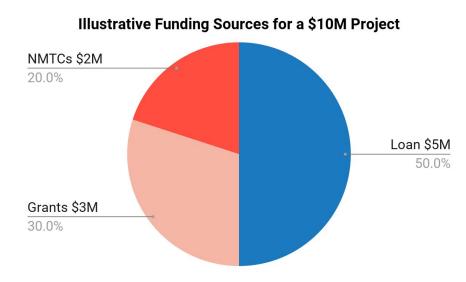


Building a more just and climate resilient food system 2

About the NMTC Program

What is the New Markets Tax Credit (NMTC) Program?

- Congress established the New Markets Tax Credit (NMTC) program in 2000 to help attract investment capital in Low-Income Communities (LICs)
 - The NMTC is a 39% investment tax credit claimed over seven years
 - Investors claim this tax credit by investing funds into a Community Development Entity intermediary (like Ecotrust CDE)
 - The CDE makes a forgivable loan to the project which, upon the completion of the compliance period, results in a 15-20% residual benefit



How do we determine NMTC eligibility?

- NMTCs must be deployed into Low-Income Communities
 - Poverty rate of more than 20%; median family income less than 80% of the surrounding area



What kinds of projects qualify for NMTC financing?

- Most types of capital projects are eligible for NMTC financing, including health care, education, manufacturing, infrastructure, energy, and more
- NMTC financing typically funds:
 - the acquisition, rehabilitation or construction of real estate
 - o the purchase of equipment, or
 - the expansion of operating business in low-income communities (working capital)
- The projects are generally **larger than \$5 million** in total costs
- Must be a qualifying business, which is generally all business activities with the following exceptions:
 - so-called "sin" businesses
 - most farming
 - some residential property rental businesses

How do projects receive NMTC funding?

- Understanding industry dynamics and drivers is essential to closing this type of financing
- Applicant CDEs are committed to investing in projects in severely distressed census tracts
 - Examples of areas of higher distress can include brownfield sites, medically underserved areas, and food deserts
- CDEs will select projects based on alignment with business strategy, depth of quantitative and qualitative community impacts, and readiness to close
- 20% of all allocation must go to rural census tracts and some CDEs commit to more to receive a "Rural CDE" designation
- Innovative Investments, as defined by the CDFI Fund, includes:
 - Investing in Federal Indian Reservations, Off-Reservation Trust Lands, Hawaiian Home Lands, and Alaska Native Village Statistical Areas
 - Providing QLICIs for non-Real Estate Activities, such as working capital, inventory, or equipment purchase

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About Ecotrust CDE

About Ecotrust CDE



in NMTC allocation awarded to Ecotrust CDE since 2004

*not including \$40MM recently announced

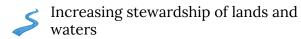
projects funded in nine states since 2004

rural investment in the past ten years

Ecotrust CDE Investment Strategy

What are our objectives?

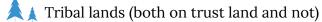
Improving climate resiliency



Building intergenerational wealth

Where do we invest?







Metro frontline communities

What types of projects do we fund?

- **Community infrastructure**, including health care, education, emergency response, or other community support facilities that improve quality of life
- **Utility infrastructure**, including water, wastewater, broadband internet, electricity, and other investments that reduce greenhouse gas emissions, sequester carbon, and restore ecosystems and cultures.
- Climate-smart operating businesses that adopt or pioneer climate-smart manufacturing processes and/or add value to natural resources that are managed using climate-smart techniques.

Who are we prioritizing when evaluating projects to fund?

The communities we serve face deep systemic challenges: persistent poverty and inequity despite massive economic growth; systemic racism, leading to radically different outcomes based on racial identity; and destruction and displacement due to climate change and other forms of environmental degradation. Ecotrust CDE's investment strategy was developed with this context held at the forefront.

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Ecotrust CDE Investment: Hawaii Farming LLC

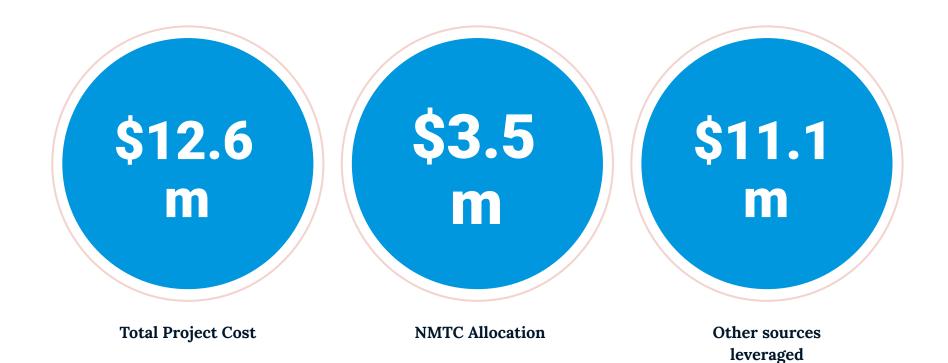
Ua Mau ke Ea o ka 'Āina i ka Pono

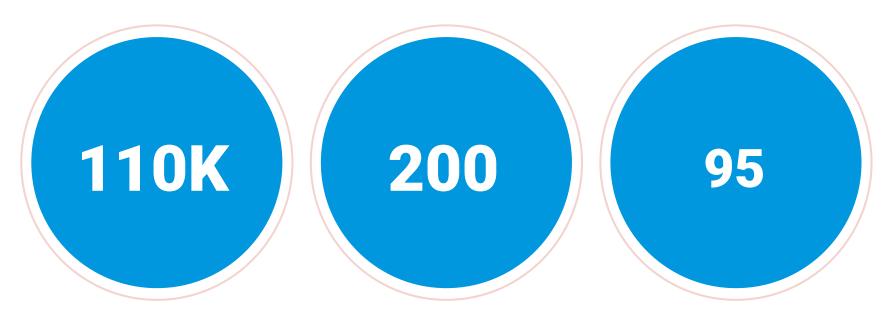
- King Kamehameha III

The life of the land is perpetuated in righteousness









Square Feet of newly constructed production

MW solar power capacity

Total Permanent Quality Jobs created

5

Ecotrust CDE Investment: The Redd on Salmon







Our Community Includes 168 Companies:

146

Value added companies with products including packaged good, prepared foods, & beverages

5

Produce farms

8

Ranches

5

Fisheries

32

black, indigenous and people of color owned businesses

1

Dairies

50

Woman-owned businesses



"Together we are building economic and ecological resilience in a region where hunting, gathering, and fishing are a way of life"

MIAKAH NIX, Ecotrust Community Resource Strategist



Thank you for joining us

Olivia M. Rebanal orebanal@ecotrust.org Ecotrust.org | @ecotrust

Ecotrust

Driving Food Systems Investment with Tax Credits



Dave Misky

Assistant Executive Director, City of Milwaukee Milwaukee, WI





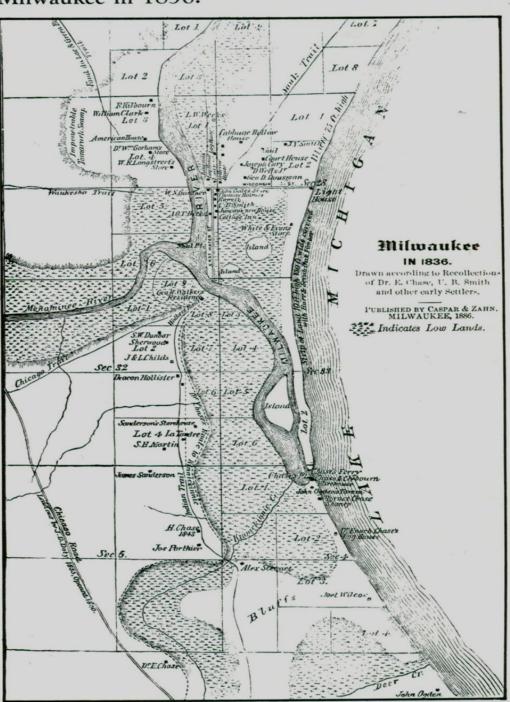
DRIVING FOOD SYSTEMS INVESTMENTS WITH TAX CREDITS

CITY OF MILWAUKEE, WISCONSIN

David Misky, Assistant Executive Director Redevelopment Authority of the City of Milwaukee



Milwaukee in 1836.



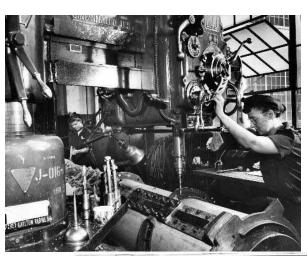
WHERE THREE RIVERS CAME TOGETHER AND FLOWED INTO LAKE MICHIGAN





Looking west from Water Street, photograph c. 1950.

HISTORY OF MILWAUKEE









A FIRST-RATE LOCATION FOR GLOBAL COMPANIES

- 8 Fortune 500 headquarters (5th highest per capita in U.S.)
- 7 Fortune 501-1,000 headquarters, plus U.S. headquarters for GE Healthcare
- 4 Forbes 500 companies (largest closely-held businesses)

































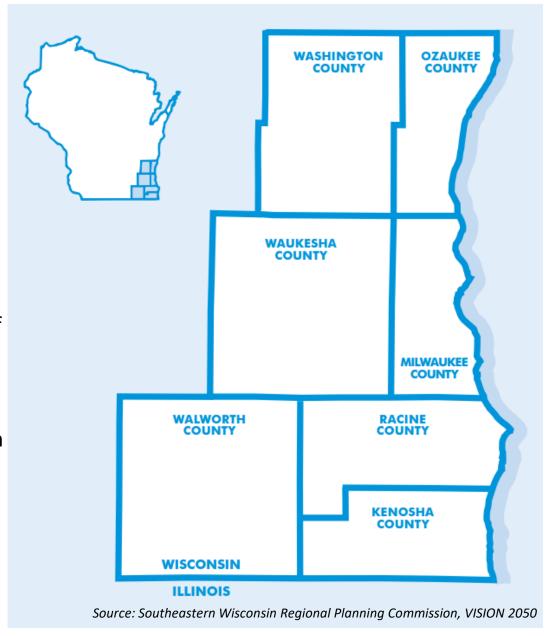




The 7-County Greater Milwaukee Region

The region makes up only 5% of the total state land area, but accounts for:

- 36% of the state's population
- 34% of the state's jobs
- 37% of the state's wealth





Regional Framework Strategy 1:



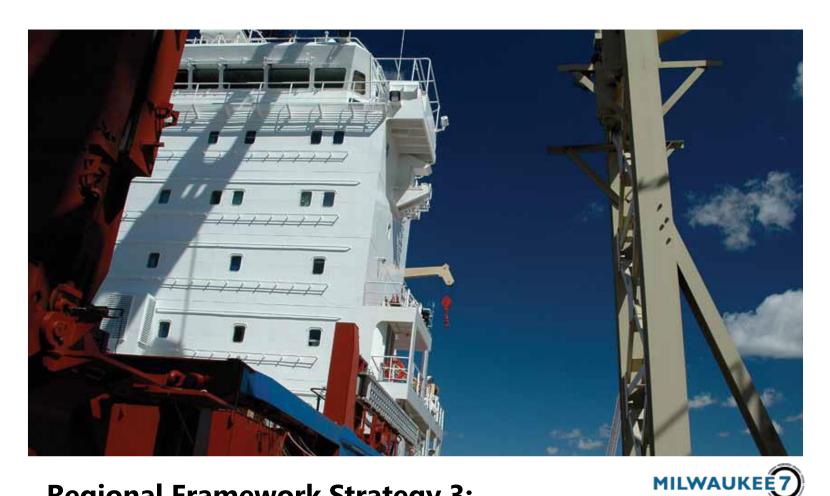
Become a leading innovator, producer and exporter of products and services related to ENERGY, POWER & CONTROLS



Regional Framework Strategy 2:

Become a global hub for innovation and start-up activity in WATER TECHNOLOGY





Regional Framework Strategy 3:

Enhance the EXPORT CAPACITY AND CAPABILITY of the region's firms, focusing on small- and medium-sized enterprises



Regional Framework Strategy 4:

Leverage the region's geographic, supply chain and human capital advantages to grow the FOOD & BEVERAGE CLUSTER

Other Regional Framework Strategies:

Align WORKFORCE DEVELOPMENT with growth opportunities in targeted, high-potential industry clusters

Foster a dynamic, richly networked INNOVATION and ENTREPRENEURSHIP ECOSYSTEM

Catalyze ECONOMIC PLACE-MAKING in the region's core cities and strategic locations throughout the region

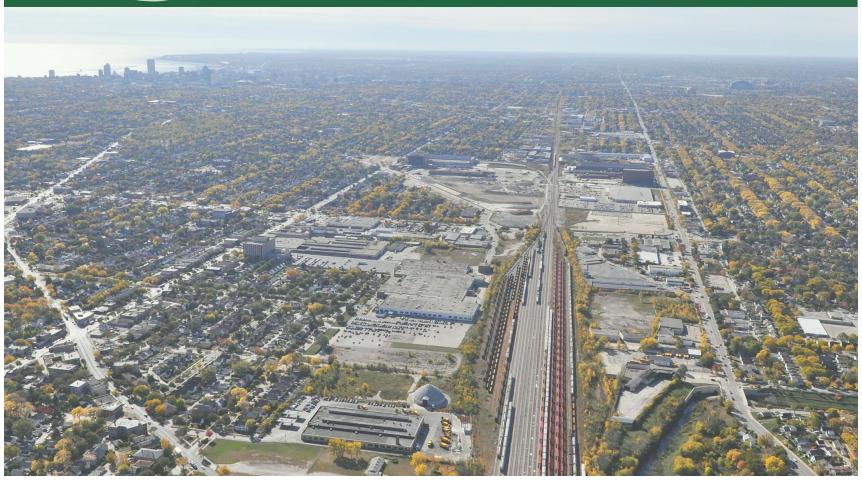
Modernize REGIONAL INFRASTRUCTURE to enhance efficiency, cost-effectiveness and connectivity

Enhance INTER-JURISDICTIONAL COOPERATION and COLLABORATION for economic growth



GROWING PROSPERITY

An Action Agenda for Economic Development in the City of Milwaukee





FRESH COAST. FRESH IDEAS.

A Vision for Community Sustainability
www.ReFreshMKE.com





- The City of Milwaukee has worked to increase access to fresh and healthy foods by incorporating grocery stores into its urban planning and providing financing where feasible. The City supported a new *Pete's Fruit Market* in Bronzeville, a new *Save A Lot* on Fond du Lac Avenue, and *Cermak Fresh Market* in Walker's Point.
- The City completed a <u>Fresh Food Access Report</u> that outlines strategies for increasing access to healthy food in Milwaukee communities.
- In 2015, the HOME GR/OWN program and partners planted 230 fruit trees inside 20 new park and orchard sites, offering free access to healthy fruits.
- IN 2017, City and partners developed the 2017 Fondy Park to support and expand the retail access, programming and attractiveness of the primary farmers market in the 53206 zip code.

- City Hall offers a Community Supported Agriculture option as part of its Wellness program.
- <u>Cream City Farms</u> is a 1.5 acre commercial farm built from a former brownfield site.
 Through funding from the US Environmental Protection agency, the Redevelopment Authority of the City of Milwaukee, ECO, Reflo, and other partners converted this site into a commercial farm with a 40,000 gallon stormwater cistern for irrigation.
- Local non-profits including Walnut Way Conservation Corporation, Victory Garden Initiative, Groundwork Milwaukee, Alice's Garden, and We Got This Milwaukee all support community gardens and urban agriculture and investments in Milwaukee's youth. The City of Milwaukee has supported some of these organizations in various ways, including funding solar installations and providing construction contracts through the HOME GR/OWN program.
- ECO and the Milwaukee Health Department formalized a partnership with the Milwaukee Food Council to collaborate on food access challenges.
- Milwaukee's Vincent High School offers robust programming in urban agriculture and the UWM School of Freshwater Sciences offers programming in aquaculture research.



- Independent public corporate body created by state statute in 1958
- Governed by 7-member board
 - Appointed by Mayor; Approved by Council
- Mission
 - "...eliminate blighting conditions that inhibit neighborhood reinvestment, to foster and promote business expansion and job creation, and to facilitate new business and housing development

- Tools for Economic Development
 - Acquisition and disposition of property (66.1333(5)(a)3)
 - Preparation and implementation of redevelopment plans
 - Issuance of Bonds
 - Approval of Tax Incremental Financing Districts
 - Creative roles in redevelopment projects – NMTC, Opportunity Zones

- Any debt or obligation of the authority is not the debt or obligation of the city, county, state or any other governmental authority other than the redevelopment authority itself.
- Since 1985, the Redevelopment Authority has issued bonds in excess of \$1 billion to leverage and support private investments.

 The bonds are primarily conduit bonds that have been issued for veterans housing, non-profits (e.g. Goodwill, YWCA), offices (e.g. Schlitz, Pabst), parking decks (e.g. Manpower, Cathedral Square, Milwaukee Bucks), education buildings (e.g. MPS, MSOE), and manufacturers (e.g. Usingers, Palermos)

- University of Wisconsin Milwaukee
 Kenilworth Building
- Milwaukee Public Schools

DeLong Company





WHY USE TAX INCREMENTAL FINANCING DISTRICTS?

- Encourage Development
- Eliminate Blight
- Address Environmental Issues
- Adaptive Reuse
- Finance Infrastructure

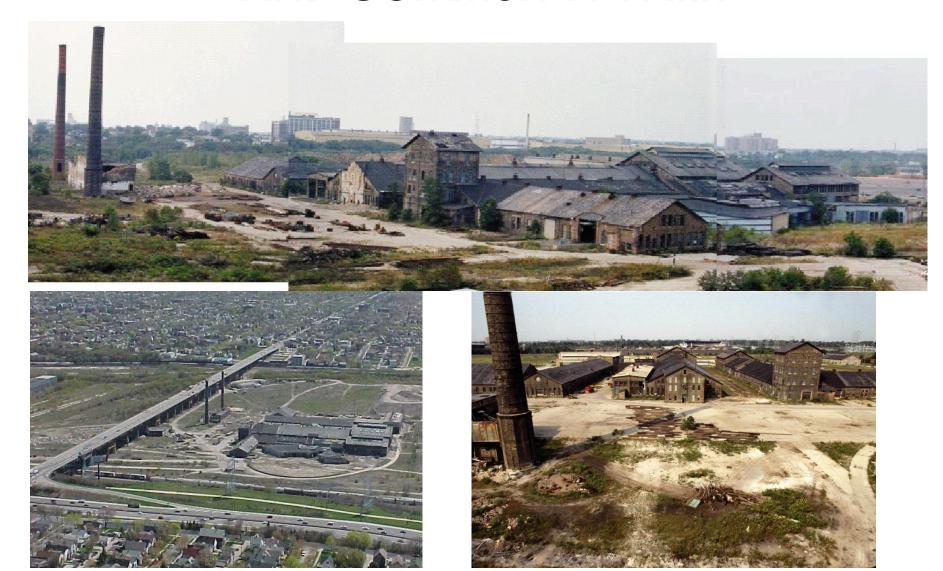
CITY OF MILWAUKEE TIF DISTRICT FACTS

- In 2023, Milwaukee had 65 active districts with \$3.4 billion of total incremental property value in all the districts
- This represents 7.85% of the City's 2023 total equalized value of \$43 billion.
- Milwaukee's average payback is 18 years with a statutory limit of 27 years

CITY OF MILWAUKEE TIF DISTRICT FACTS

 No Districts were dissolved in 2023; however, the City has seen a total of \$1.4 billion of incremental value added to our tax base since the first TID was closed. This benefits the five taxing jurisdictions.

MANUFACTURING TIF EXAMPLES: MENOMONEE VALLEY INDUSTRIAL CENTER AND COMMUNITY PARK



October 2004



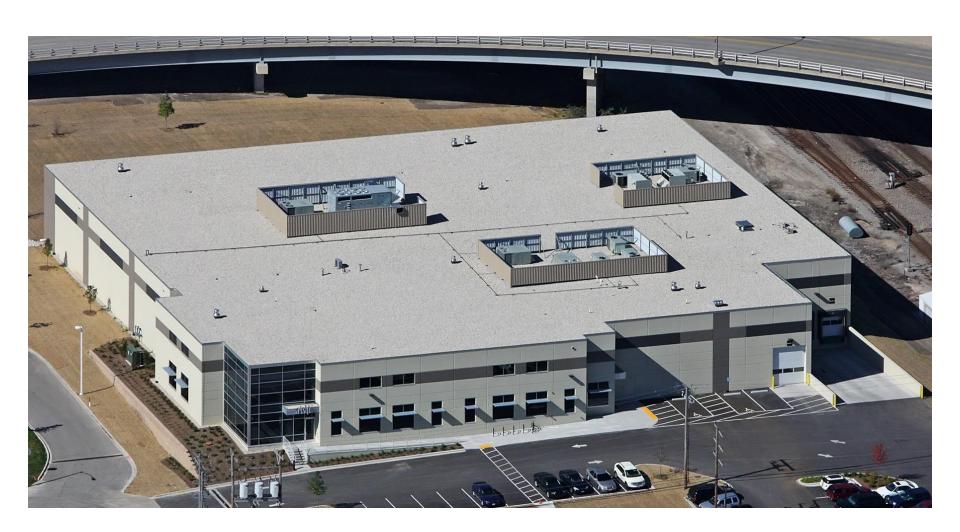
MENOMONEE VALLEY INDUSTRIAL CENTER AND COMMUNITY PARK - 2016



PALERMO'S PIZZA



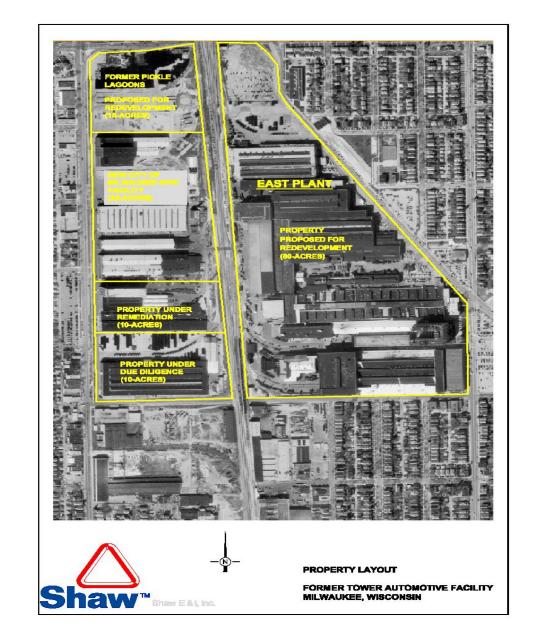
RISHI TEA



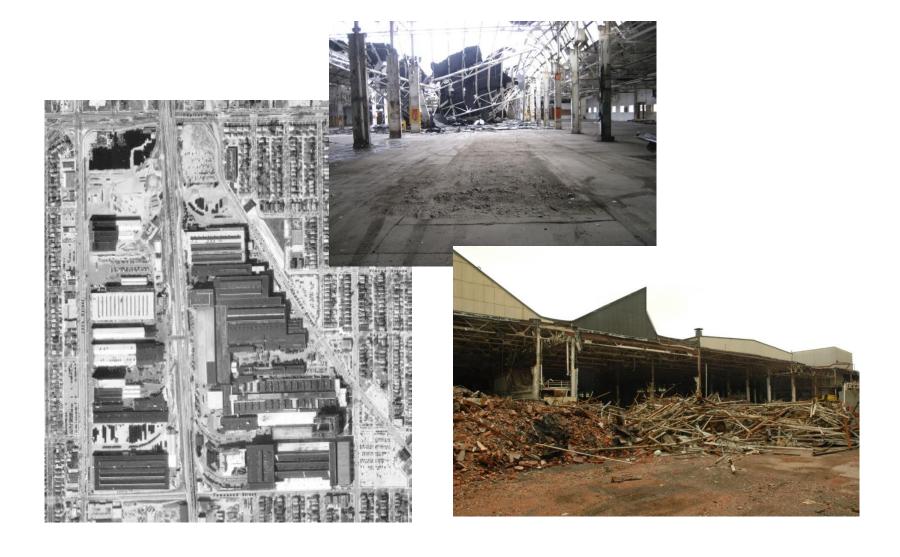
MENOMONEE VALLEY INDUSTRIAL CENTER AND COMMUNITY PARK

- •TIF, Grants, Loans, and Tax Credits/Incentives...
 - •\$28.6 million
 - \$16.2 million TIF District with three amendments
 - Grants Nineteen grants
 - Loans Two loans
 - Tax Credits and Incentives

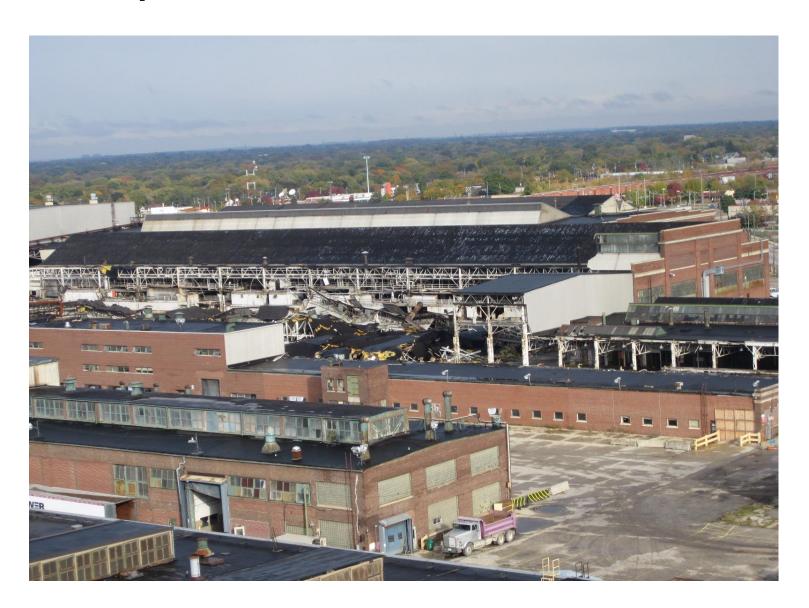
CENTURY CITY IN MILWAUKEE



A.O. Smith/Tower Automotive - 2009



AO SMITH/TOWER AUTOMOTIVE - 2009



CENTURY CITY GOOD CITY BREWING - 2018



CENTURY CITY IN MILWAUKEE

Grants, Loans, and Tax Credits/Incentives...

- \$40.2 million
 - •\$15.6M TIF District
 - •\$10.2M Federal and State Grants
 - •\$10.0M City Capital Funds
 - \$4.4M New Market Tax Credits
 - MEDC WI was allocatee (\$18.6M)

VILLARD LIBRARY



Fresh Food Access Fund (FFAF): Program Overview

Milwaukee Fresh Food Access Report



City.Milwaukee.gov/ffaf

FFAF ELIGIBLE PROJECTS

- Attract grocery stores and mobile market stops to underserved neighborhoods
- Develop other retail outlets in underserved neighborhoods as sources of fresh foods
- Increase the stock of fresh foods in corner stores
- Increase the amount of locally grown food that is available to Milwaukee consumers
- Meet the fresh food needs of populations with special dietary requirements
- Improve transportation to grocery stores and farmer's markets for individuals who live in underserved areas

FFAF GRANT TERMS

- Minimum- \$5,000: Project budget must be at least \$10,000 to qualify
- Max-\$25,000: Project budget must be at least \$50,000 to qualify.
- Up to 50% of the project budget may be covered by the FFAF grant (1:1 matching grant)
- Grantees are required to enter into a written grant agreement with the City of Milwaukee
- The agreement will specify that the grant will be provided as a single reimbursement for paid expenses or direct payment to equipment vendors
- Reimbursement is only provided as a single disbursement once the project has been completed or when the equipment purchase is intended to occur
- If City and State licenses are required to operate the proposed project, no payment will be made until the grantee presents evidence that these licenses have been issued

FFAF GRANT SELECTION CRITERIA

Proposals will be evaluated by a committee. Evaluation will rate the following factors (100 points total):

- The applicant's plans for measuring impact (10 points)
- The degree of the project's expected impact with regards to improving access to fresh food options (10 points)
- The level of need experienced by the community or neighborhood that is expected to benefit from the project (10 points)
- The experience of the applicant in addressing issues relating to food insecurity and food access (15 points)
- The nature and design of the project, and the likelihood that the project will successfully implement one or more strategies specifically identified in the Fresh Food Access Fund (25 points)
- Financial feasibility of the project the ability to leverage additional funds and the level of financial need. (30 points applicants are encouraged to include documentation of any funds that are made available for or pledged to the project)



Buildout of fresh food retail space Sherman Park Grocery – 4315 W. Fond Du Lac Avenue



Gardening supplies installation

Gerald L. Ignace Indian Health Center – 930 W Historic

Mitchell Street



Commercial refrigeration purchase
Interchange Food Pantry – 1105 N. Waverly Place

FFAF: Uses of Funds



Hydroponic system installation

Dominican Center for Women – 2470 W. Locust Street



Buildout of fresh food retail space
Farm 2 Fork – 3000 N. 22nd Street



Garden box purchase/construction

Great Lakes Community Conservation Corps – 731 W.

Washington Street

FFAF: Uses of Funds

FFAF 2023 FUNDING ROUND

- **Dominican Center for Women** (\$25,000): This grant funding will be used to develop a micro-farm (small-scale, high-yield, sustainably-minded farming) to grow Amani's AgTech Program to improve food security and economic development in Milwaukee's Amani neighborhood.
- Fondy Food Center (\$25,000): This grant funding will be used to purchase and install refrigerated storage containers at Fondy's office at 2102 W. Fond du Lac Avenue.
- Friedens Food Pantries (\$20,000): This grant funding will be used to purchase and install coolers to expand cold storage, as well as for exterior/interior signage for food centers and necessary food delivery vehicle repairs.
- Gerald L. Ignace Indian Health Center (\$8,761): This grant funding will be used to purchase and install a storage shed to store harvested produce or to dry harvested herbs and medicines.
- Housing Authority of the City of Milwaukee (\$1,518): This grant funding will be used to construct garden beds.
- HoneyBee Sage Wellness & Apothecary (\$4,221): This grant funding will be used to install an indoor hydroponic garden.
- We Got This Community Garden (\$15,500): This grant funding will be used to construct two high tunnel hoop house systems, as well as 1,000 square feet of raised beds.

FFAF 2024 FUNDING ROUND

- 4th Dimension Sobriety | \$5,000 | Upgrading the three raised garden beds currently on their property so that they are useable for growing fresh food
- **Ebenezer Stone Ministry** | \$25,000 | Purchase of new refrigeration equipment to maintain the ability to store meat and dairy
- Food For Health | \$20,000 | Acquisition and installation of Smart Snack healthy vending machines to be installed at various locations in the City of Milwaukee
- Friedens Food Pantry | \$20,000 | Purchase of new refrigeration equipment to maintain the ability to store meat and dairy
- Hundred Acre LLC | \$20,000 | Purchase of a delivery van, which would allow for greater efficiency and faster deliveries of fresh food to vendors
- Riverworks Development Corporation | \$5,000 | Purchase and installation of signage along the Beerline Trail and other equipment related to the Riverwest Farmer's Market
- The Gathering of SE Wisconsin | \$5,000 | Purchase of a new freezer to enhance food preservation



Healthy food community kitchen



Construction or equipment related to community gardens

FFAF ELIGIBLE USES



FF&E, store & prep equipment for healthy food business



Startup inventory for a healthy food business



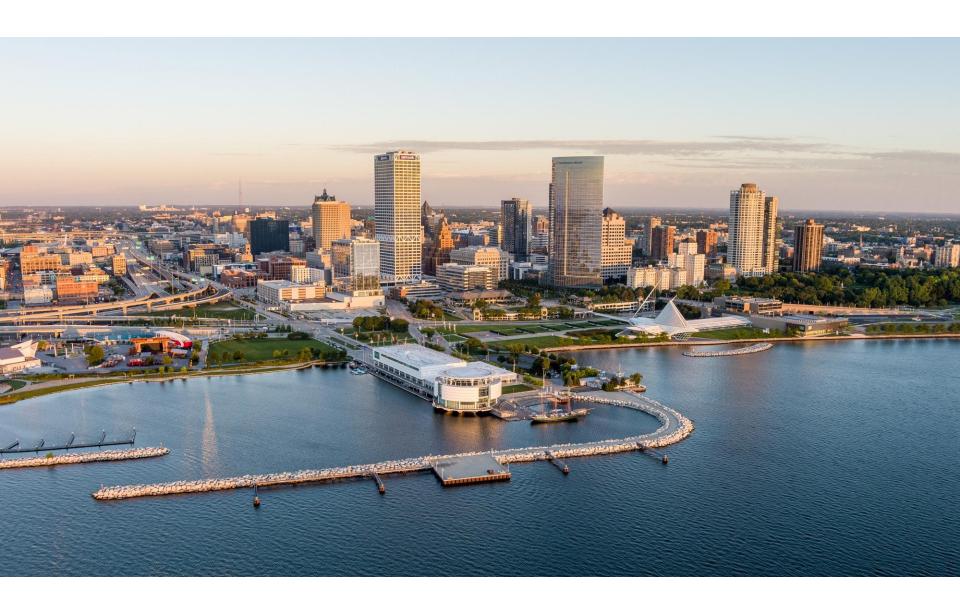
Purchase of vehicles

FFAF ELIGIBLE USES



Innovative fresh food farming strategies

CDFA Presentation





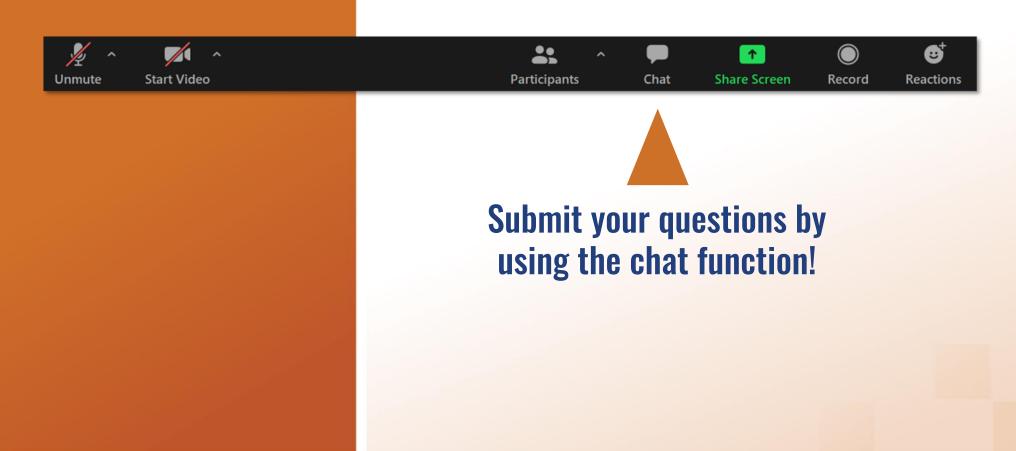
DRIVING FOOD SYSTEMS INVESTMENTS WITH TAX CREDITS

CITY OF MILWAUKEE, WISCONSIN

David Misky, Assistant Executive Director Redevelopment Authority of the City of Milwaukee

Audience Questions









Food Systems Finance





WEBINAR SERIES





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We offer 20+ courses in development finance designed for all skill levels.

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Reframe, Build, Plan to Advance Food Systems Finance

Tuesday, November 26, 2024 / 2:00 PM - 3:30 PM Eastern



Upcoming Events at CDFA



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Intro Tax Credit Finance WebCourse

September 25-26, 2024
Daily: 12:00 PM - 5:00 PM Eastern

CDFA Equitable Lending Learning Series: Building Borrower Finance-Readiness

Tuesday, October 1, 2024 / 1:00 PM - 3:00 PM Eastern

CDFA Tribal Finance Webinar Series: Layering the Capital Stack in Indian Country

Tuesday, October 15, 2024 / 2:00 PM – 3:30 PM Eastern













NATIONAL DEVELOPMENT FINANCE SUMMIT

Contact Us



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