



CDFA FOOD SYSTEMS FINANCE WEBINAR SERIES

**THE BROADCAST WILL
BEGIN AT 2PM EASTERN**

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advance using the chat box

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recordings online at cdfa.net

Financing Food Systems with
Revolving Loan Funds



Financing Food Systems with Revolving Loan Funds



Fawn Zimmerman

Director, Research & Technical Assistance,
Council of Development Finance Agencies
Columbus, OH

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CDFA FOOD SYSTEMS FINANCE **WEBINAR SERIES**



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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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CDFA FOOD SYSTEMS FINANCE **WEBINAR SERIES**

The CDFA-NASDA Foundation Socially Disadvantaged Farmers & Ranchers Access to Capital Program



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CDFA and the NASDA Foundation have partnered to create the **CDFA-NASDA Foundation Socially Disadvantaged Farmers & Ranchers Access to Capital Program** in response to the USDA Office of Partnerships and Public Engagement 2501 Grant Program.

The program will assist socially disadvantaged farmers and ranchers in building successful operations by accessing sustainable business capital. The program will do so by developing a culturally significant educational curriculum that teaches agricultural finance in relatable and meaningful terms. CDFA will build on the organization's 40-year leadership of the development finance industry, along with the experience of our strategic partners at the NASDA Foundation, to provide specialized assistance to rural communities and a transferable toolkit to communities nationwide. Through this combination of expertise and collaboration, this Program will help rural communities understand the myriad of financing programs available to invest in socially disadvantaged farmers and ranchers and develop long-term access to capital programs and strategies.

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NASDA
FOUNDATION

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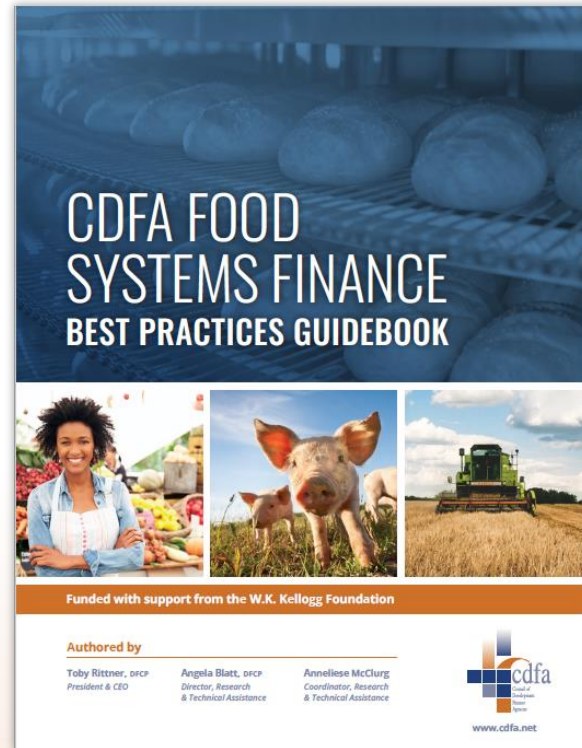
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Financing Food Systems with Revolving Loan Funds

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Cheryal Hills

Executive Director, Region Five Development Commission (R5DC) & North Central Economic Development Association (NCEDA)

Michael Reilly

Executive Director, Foodshed Capital

Brendan Buttimer

Sr. Director – Equitable Food Systems, Reinvestment Fund

Financing Food Systems with Revolving Loan Funds



Cheryal Lee Hills

Executive Director, R5DC & NCEDA
Staples, MN



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CDFA FOOD SYSTEMS FINANCE **WEBINAR SERIES**

our focus

NCEDA Loan Programs are focused on providing funding to underserved populations, while increasing economic prosperity in the region with lending for small-business owners. Well water and septic loan programs address non-compliant systems, to promote environmental stewardship and improve quality of life.

lending program history

CARES Act Revolving Loan Fund
9 Loans | \$1,630,000

Legacy Revolving Loan Fund
288 Loans | \$10,176,947

MN DEED Small Business Emergency Loans
45 Loans | \$1,249,700

Household Well Water Systems
42 Loans | \$243,057

Individual Sewage Treatment System Loans
368 Loans | \$1,984,795

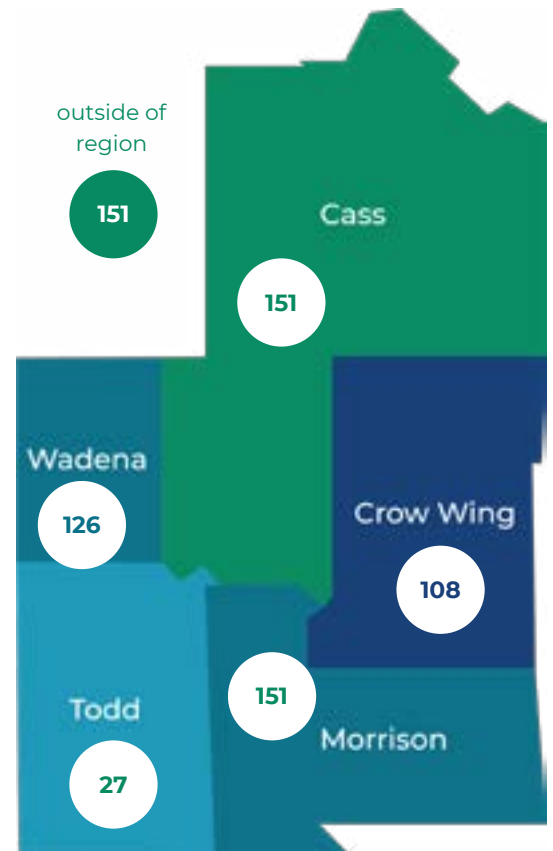
regional impact since 1986



788
Loans

\$113.9M+

loans by county



Melissa Krueger, Owner of Simply Rustic Floral Design in Crosslake, with Harley.

Financing Food Systems with Revolving Loan Funds



Michael Reilly

Executive Director, Foodshed Capital
Richmond, VA

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CDFA FOOD SYSTEMS FINANCE **WEBINAR SERIES**



FOODSHED CAPITAL



Who We Are

Our mission is to build more equitable, more regenerative local food systems through:

▶ **Affordable Farm Loans**

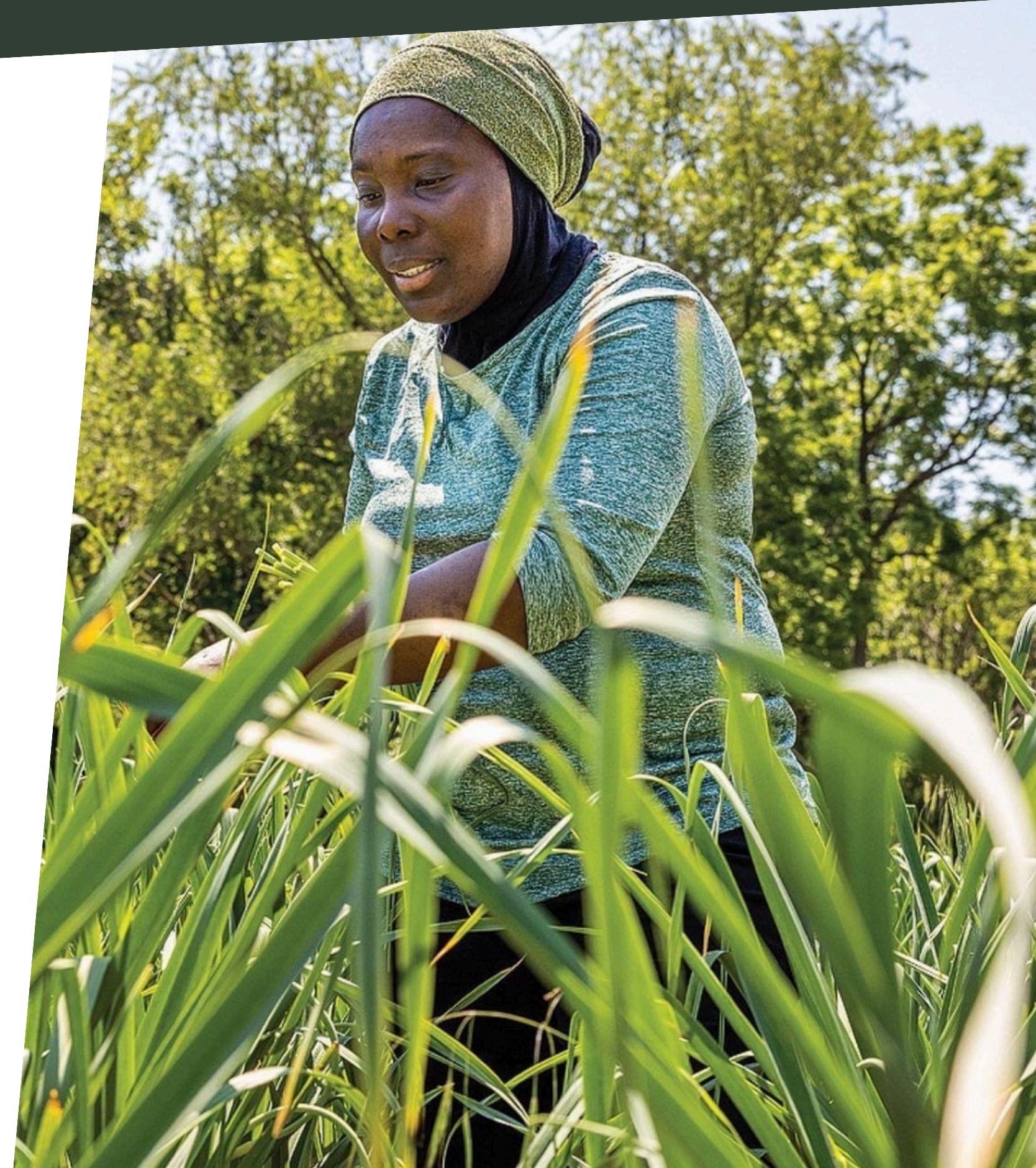
- Low- and no-interest loans
- Bridge funding

▶ **Zero-Cost Business Support**

- 1:1 support focused on your operation
- Bookkeeping, marketing, strategy, etc.

▶ **Prioritizing equitable access**

- Women, BIPOC, immigrant, LGBTQ+ owned operations
- 0% interest loans for BIPOC farmers



Our Values

Equity

Everyone should have access to capital, especially POC, women, immigrants, LGBTQ+, and new business owners.

Patience

Mother Nature is on her own timeline. Flexibility and responsiveness is vital when things don't go as planned.

Risk Tolerance

Producing food in changing climate is risky. It is only fair that lenders shoulder some of that risk.

Agility

Applying for a loan should be straightforward, transparent, and expedient.

Stewardship

Food production should protect ecosystems, increase biodiversity, and prioritize the wellbeing of all.

Partnership

Borrowers deserve a lender who is motivated by their long-term viability rather than profits.

How We Work

- ▶ We're not trying to replicate traditional lending models
- ▶ Partnership is critical
- ▶ Borrowers help pay it forward

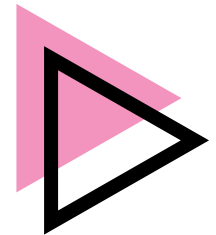


Real People, Real Experience

- ▶ Direct agricultural production: livestock and veggies
- ▶ Urban agriculture + community gardening
- ▶ Business ownership
- ▶ Social entrepreneurship
- ▶ Financial management
- ▶ Non-profit management
- ▶ Research
- ▶ Events + marketing + communications

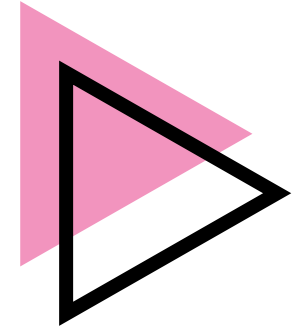


Our Lifetime Impact



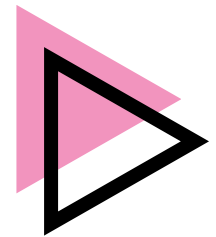
120+

Total Loans Made from Georgia to Vermont



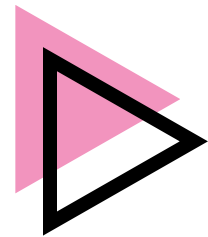
\$3 million

Total Capital Deployed



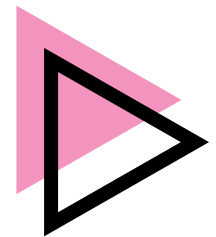
75%

of Funding to Deployed at 0% to BIPOC-Led Operations in 2022 + 2023



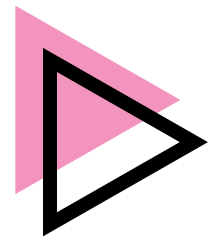
990

Hours of 1:1 Business Support Provided



12,089

Regenerative Acres Supported



487

Food + Farm Jobs Supported



Customized Business Support

- ▶ Reducing overwhelm / building up financial literacy
- ▶ Accounting software / setting up a chart of accounts
- ▶ Supporting with bank reconciliations
- ▶ Developing a marketing plan
- ▶ Creating revenue projections and cash flow statements
- ▶ Setting 1/3/5 year goals and benchmarks
- ▶ Developing financial reports to determine loan readiness
- ▶ Developing all documents to successfully apply for a loan



Affordable Farm Loans

- ▶ Distinct loan products to match your situation
- ▶ Simple quarterly application process
- ▶ Terms customized to your needs
- ▶ Grace periods when possible
- ▶ Lowest interest rates possible, including 0% for BIPOC farmers
- ▶ No credit checks, no fees
- ▶ No collateral required, except for land and major equipment purchases



General Eligibility Criteria

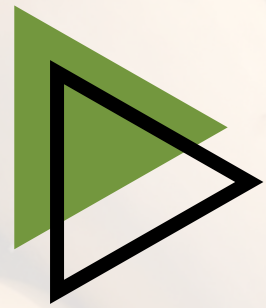
- ▶ Primary focus on food
- ▶ Clear dedication to regenerative agriculture
- ▶ Meaningfully contributing to your regional foodshed
- ▶ Proof of existing business or nonprofit registration
- ▶ Income & sales tax compliance
- ▶ Financial need
- ▶ Alignment with our mission and values



Use of Funds

- ▶ **Equipment & Infrastructure**
Including but not limited to processing, refrigeration, storage, livestock shelters, buildings, fencing, tractors, irrigation, hoop houses/high tunnels, tractors, roller crimpers, etc.
- ▶ **Working Capital**
Purchasing seeds, livestock, inventory; covering costs related to marketing or bookkeeping; paying for vehicle or farm insurance expenses; etc.
- ▶ **Transition & Enhancement**
Enhancing or improving farm operations, deepening commitment to regenerative agriculture or conservation practices, or transitioning away from conventional practices.
- ▶ **Employees & Farmhands**
Hiring additional staff to expand operations and increase efficiency.
- ▶ **Grant-Funded Equipment & Infrastructure**
Such as high tunnels, wells, livestock exclusion fencing, or other season extension or climate-smart infrastructure, or to provide working capital ahead of easement reimbursement.
- ▶ **Land Security**
We are not a mortgage lender but do periodically participate in collaborative financing arrangements in support of down payments or land purchase.





Seed Loans

For farmers launching a new farm business (proof of registration required).

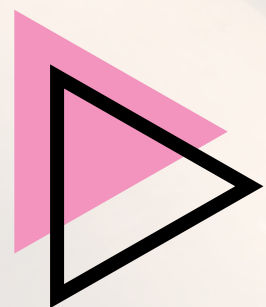
- ▶ \$15,000 max loan amount
- ▶ Rates: 0 - 4 %
- ▶ 3-4 year terms, optional grace period



Micro & Sprout Loans

For farmers with an existing business interested in taking it to the next level.

- ▶ \$25,000 max for Microloans
- ▶ \$50,000 max for Sprout Loans
- ▶ Rates: 0 - 4 %
- ▶ 3-5 year terms, optional grace period



Bridge Loans

Funding up-front capital needs to complement grant funding from cost-share or reimbursable grants like NRCS EQIP, or similar.

- ▶ \$5,000 - \$50,000 loan amount range
- ▶ Rates: 0 - 4 %
- ▶ Repayment tied to reimbursement schedule. Typically payable in full upon project completion.

Loan Highlight

HEALING HOPE URBAN GARDENS

- ▶ Petersburg, Virginia
- ▶ \$6,500 loan at 0% interest
- ▶ Diversified vegetable start-up
- ▶ BIPOC, female- and veteran-owned operation



Healing Hope owner Natasha Crawford is launching her business on just a quarter acre of farmland that Foodshed Capital helped secure through an earlier loan in Summer 2022. The Petersburg Oasis CommUNITY Farm is a BIPOC farmer incubator where Healing Hope has launched and is scaling up her diversified vegetable business. Her 0% interest loan funds helped her purchase a variety of start-up supplies.

Loan Highlight

DODO FARMS

- ▶ Silver Spring, Maryland
- ▶ \$100,000 loan at 0% interest (second loan)
- ▶ Certified Naturally Grown vegetables
- ▶ Installing new regenerative infrastructure on recently purchased farmland

Dodo Farms is owned by Tope and Niyi Fajingbesi. Their 20+ years of farming experience have led them to become a mainstay at DC-area farmers markets. We supported them in 2023 with a 0% interest loan to purchase an on-farm vehicle. We then connected them with a values-aligned mortgage lender to support their land purchase, and provided a second 0% interested loan to help kickstart their transition to the new land. Loan funds were used for fencing, a new well, and irrigation to help them maintain and expand regenerative practices.



Loan Highlight

NEW ROOTS COMMUNITY FARM

- ▶ Fayetteville, WV
- ▶ \$50,000 loan at 3.5% interest
- ▶ Non-profit community diversified veggie operation
- ▶ Cash-flowing operations while awaiting grant reimbursement



Founded in 2018, New Roots is a nonprofit farm operating on land owned by the Agrarian Trust. They use exclusively regenerative practices and OMRI-certified inputs, collect soil data and monitor organic matter, and are developing automated irrigation systems based on soil moisture. New Roots has received and managed approximately \$950,000 in federal, state, and foundation grants since their founding. Foodshed Capital supported them with a low-interest loan to cashflow operations while they awaited grant reimbursement and revenue from seasonal veggie sales.

Get In Touch

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CAPITAL

www.foodcap.org

Financing Food Systems with Revolving Loan Funds



Brett Buttimer

Sr. Director – Equitable Food Systems, Reinvestment Fund
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REINVESTMENT
FUND

Reinvestment Fund

Healthy Food Financing for
Equitable Food Systems





Brendan Buttimer

Senior Director, Equitable Food Systems

Brendan.Buttimer@reinvestment.com

Reinvestment Fund

- Reinvestment Fund is a national mission-driven financial institution that creates opportunity for underserved people and places through partnerships. We marshal the capital, analytics, and expertise necessary to build strong, healthy, and more equitable communities.
- Since 1985, Reinvestment Fund has made **\$2.7 billion** in cumulative investments and loans.
- We are supported by over **830 investors** that include individuals, foundations, religious institutions, financial institutions, civic organizations and government.



Lending & Investing

Reinvestment Fund finances a variety of projects and activities including:

- Arts and Culture
- Clean Energy
- Commercial Development
- Education
- Equitable Food Systems
- Health & Wellness
- Housing

Reinvestment Fund's investments in these asset classes build healthy communities in under-invested places.



Capacity Building & Capital Access Programs

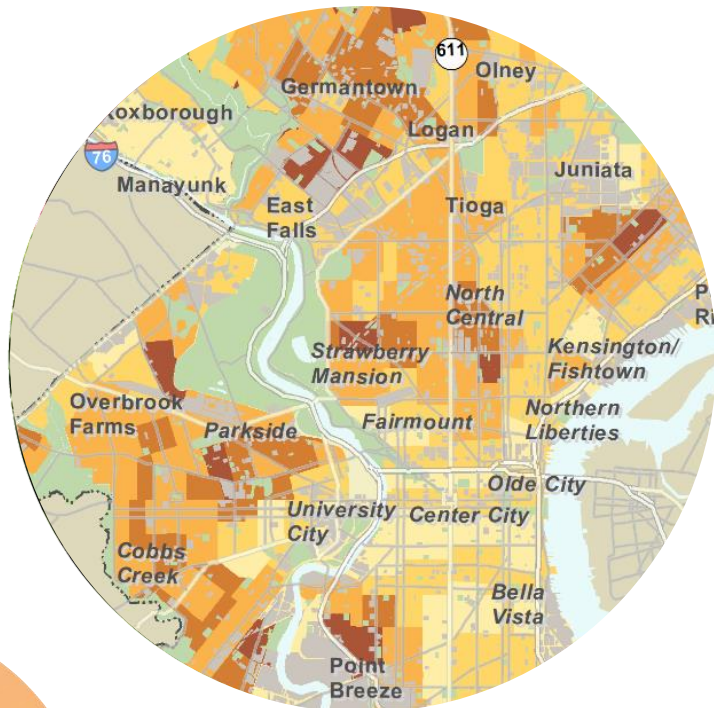
Combining grants and assistance, we focus on topics and programs including:

- Early Childhood Education
- Emergency Response (PA Coronavirus Small Business Assistance Program)
- Food Systems
 - PFJI (Philadelphia Food Justice Initiative)
 - HFFI (Healthy Food Financing Initiative)
- Social Determinants of Health
 - Invest Health Initiative
 - BHEC (Building Healthy Equitable Communities)



Policy Solutions

A division of Reinvestment Fund that combines rigorous data analysis with a distinctive ability to help clients think spatially.



Real Estate Market Analysis

- Market Value Analysis (MVA)
- Childcare analysis
- Limited food access
- Commercial corridors analysis
- Eviction analysis and prevention strategies

Program & Social Impact Assessment

- Estimating Supermarket Access, School Lunch Analysis, Grantmaker Advisory

Pennsylvania Fresh Food Financing Initiative

A public/private partnership to increase access to fresh foods in underserved communities across Pennsylvania

- Launched in 2004
- offered loans and grants
- Seeded with \$30 million from the state (over three years)



IMPACT

88
grocery &
retail projects
financed

5,000+
jobs
created or
retained

1.7MM
sq ft.
developed or
refreshed

Equitable Food Systems at RF

Lending and Investments

Grants and TA

Research

In the past 5 years:

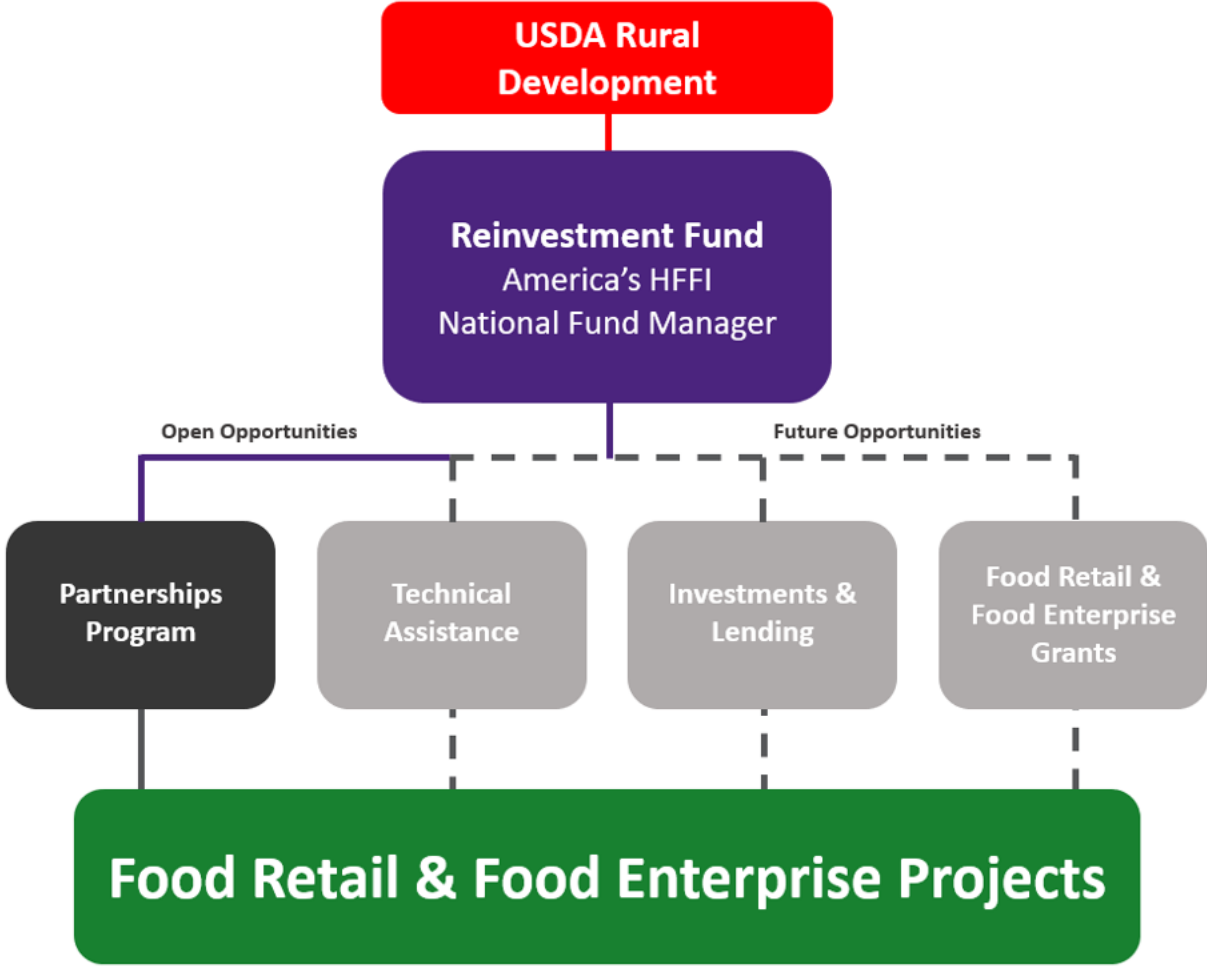
- **over \$73 million in financing**
- 44% Owned or Controlled by People of Color
- 39% Owned or Controlled by Women

Resources:

- InvestingInFood.com



USDA: America's Healthy Food Financing Initiative



Feeding Tampa Bay

- A new 215,000 sq ft Hunger Relief Center
- Serving ten counties in West Central Florida, including areas that are considered severely distressed
- Annual food distribution is currently over 95 million meals.
- A majority of clients (56%) are BIPOC including,
- \$15 million in source loans from Reinvestment Fund (RF) along with \$10 million co-lent by Florida Community Loan Fund (FCLF)
- As part of a \$63.5 million NMTC transaction



The Guild Collective

- Community-focused, employee owned developer
- Serving two LI/LA neighborhoods in SW Atlanta
- First major development repurposes a long-vacant commercial building
- When complete, will house a corner grocer, commercial kitchens, and 18 units of affordable housing
- Leveraged equity investments, grants, and subordinate debt
- \$4M+ loan that included HFFI and other low-cost, flexible funds



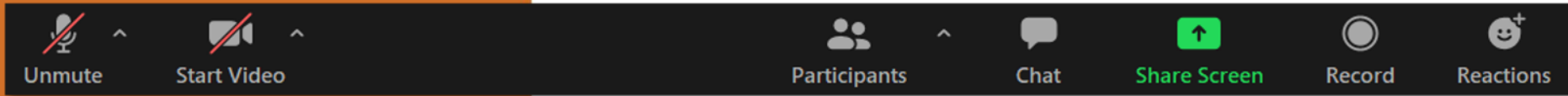


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Audience Questions



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CDFA 2024 Food Systems Finance Webinar Series



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Empowering Agriculture with PACE Financing

Tuesday, June 25, 2024 / 2:00 PM - 3:30 PM Eastern

Driving Food Systems Investment with Tax Credits

Tuesday, September 24, 2024 / 2:00 PM - 3:30 PM Eastern

Reframe, Build, Plan to Advance Food Systems Finance

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

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SSBCI Learning Series

May 7, 2024 / 2:00 PM – 4:00 PM Eastern

Intro Revolving Loan Fund WebCourse

May 13-14, 2024 / 12:00 PM – 5:00 PM Eastern

Advanced Revolving Loan Fund WebCourse

May 15-16, 2024 / 12:00 PM – 5:00 PM Eastern

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Contact Us



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