



Food Systems Finance Webinar Series: Cultivating Equitable Lending Models in Agriculture Finance

**Thank
you**

for joining the
conversation today.
Send us your questions
and comments!

Welcome

The webinar will begin at 11:00 AM Eastern



Food Systems Finance Webinar Series: Cultivating Equitable Lending Models in Agriculture Finance

Moderator



Allison Rowland

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

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Updated: 2020

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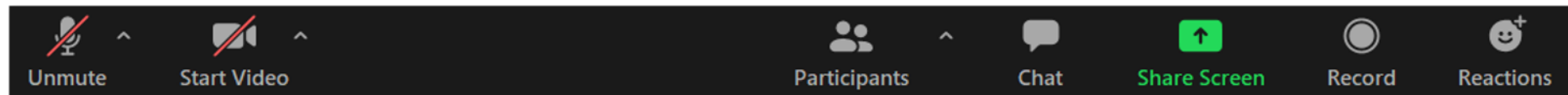
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Join the Conversation

Submit your questions by using the chat function!



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Defining the Food System Asset Class

For the past several years, 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.

**Thank
you**

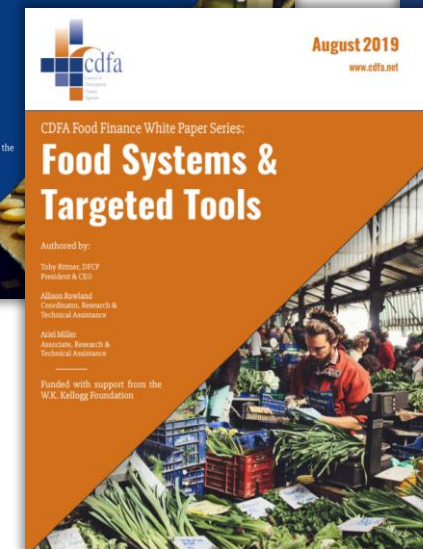
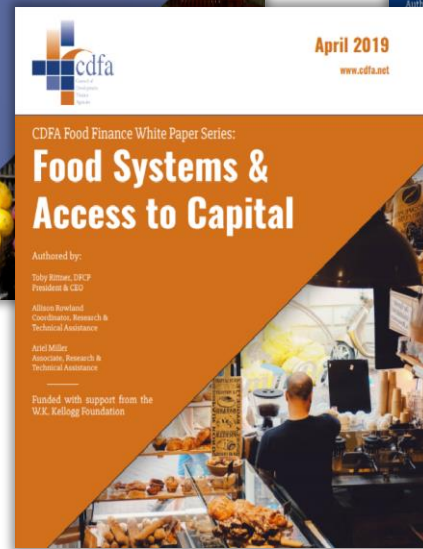
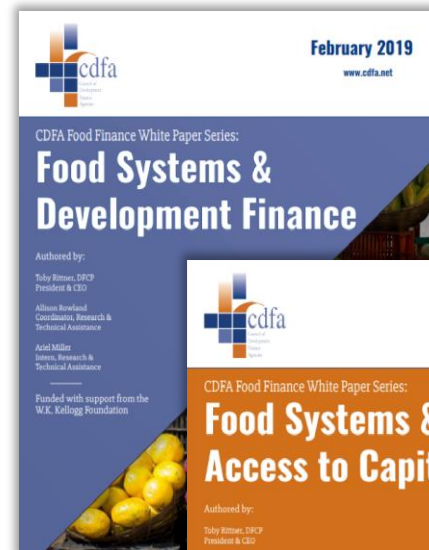
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CDFA Food Finance White Paper Series



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Food Systems Finance Webinar Series: Cultivating Equitable Lending Models in Agriculture Finance

Panelists



Aaron Blyth

Agricultural Program Manager
Latino Economic Development Center



Brett Melone

Chief Business Strategies Officer
California FarmLink



Rodrigo Cala

Agricultural Trainer
Latino Economic Development Center



Michael Reilly

Executive Director
Foodshed Capital

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Panelist



Brett Melone

Chief Business Strategies Officer
California FarmLink
Santa Cruz, CA

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Investing in the Prosperity of
Farmers & Ranchers
and
Cultivating Equitable Lending
Models in Agricultural Finance

Council of Development Finance Agencies
March 22, 2022

Our Mission

California FarmLink's mission is to invest in the prosperity of farmers and ranchers through lending, education, and access to land.

- FarmLink's work is rooted in growing equity and prosperity among farmers of color, next-generation and women farmers.





Magaña Farms | Monterey County



Flying V Farm | El Dorado County

Our Vision
We envision a healthy food system where farmers and ranchers have equitable opportunities to build wealth and conserve natural resources.



Silva Organic Farms | Santa Cruz County



España Family Produce | San Benito County

What We Do



Loan Program



FarmLink provides loans to California farmers, including:

- **Annual Operating Loans:** General production costs
- **Land Loans:** Establishing secure land tenure
- **Equipment & Infrastructure:** Tractors, coolers, etc.
- **Conservation Loans:** Catalyzing regenerative practices with low-interest loans.

Land Access and Farm Business Education Programs

- Business education and technical assistance
- Land access support



La Granjita Orgánica | Monterey County



Cosmic Roots Ranch | Nevada County



Bucio Organic Farm | Monterey County

Community Needs



Small-scale and low-resource farmers are challenged by these barriers to land and capital:

- Limited business or credit history
- Discrimination in lending or leasing
- Lack of traditional collateral
- Little incentive for lenders to make small loans
- Beginning farmers not connected to landowners
- Land prices; down payments
- Often only marginal lands available for lease

“Apart from the money and the satisfaction it [farming] gives me, it opens your mind. You’re aware of another person you didn’t know was in you.” – Rigoberto Bucio

CA FarmLink Milestones



- **1999** - Established as a non-profit organization
- **2006** - Raised initial \$1 million in loan capital
- **2007** - Partnered with another CDFI to make loans
- **2010** - State Lender's License
- **2011** - Farm Service Agency guarantee authority
- **2013** - Certified Community Development Financial Institution (CDFI)
- **2015** - Launched land loan program
- **2018** - SBA lending authority
- **2021** - Fisheries lending

Total Lending To-Date & Projected



FarmLink has deployed \$33 million in the last 8 years, and aims to lend an additional \$52 million through 2024.

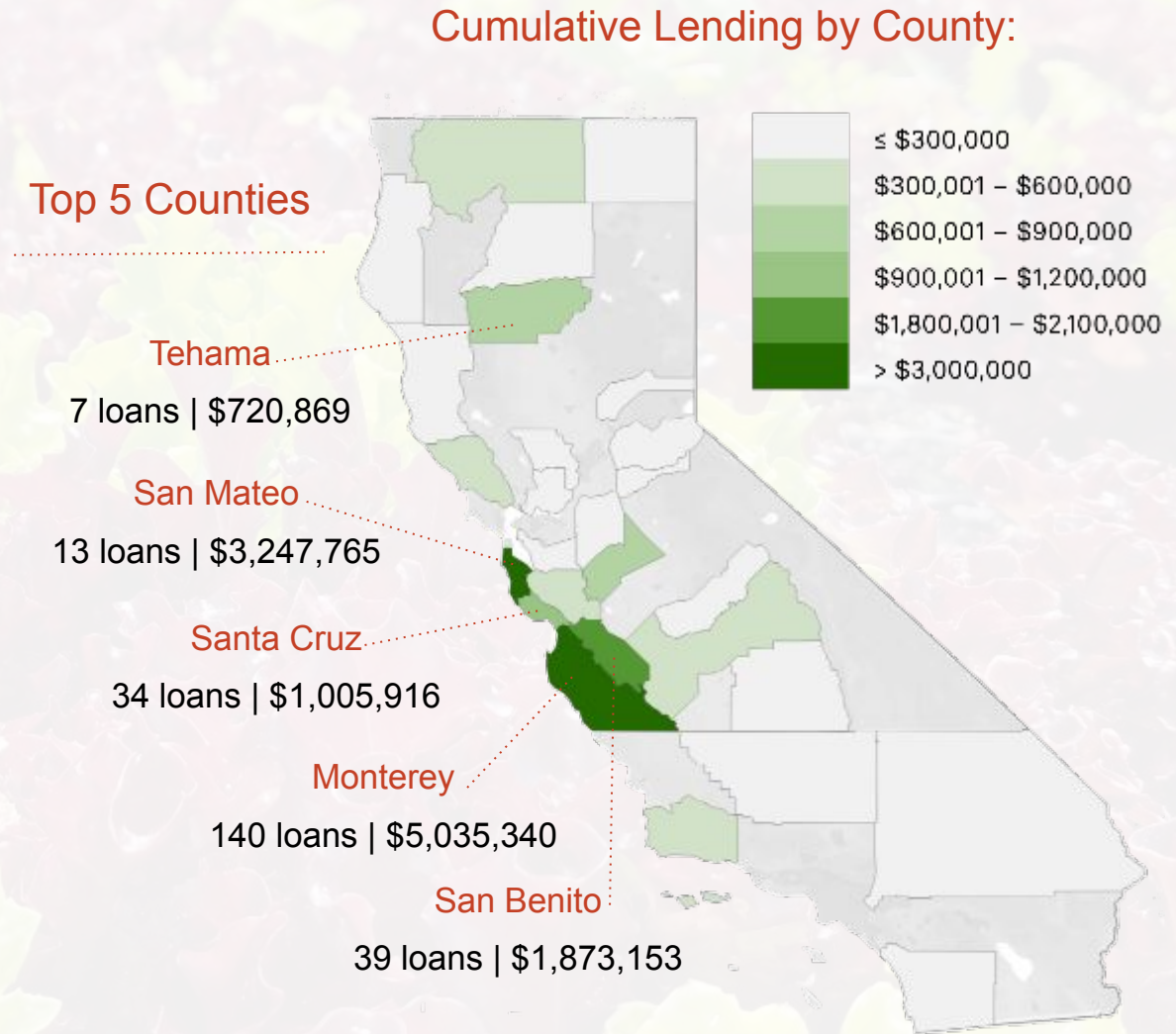
We've had a cumulative charge-off rate of less than 1%, better than many banks.



Lending Impact



FarmLink has made loans to farmers and ranchers in 30 of 58 California counties. Focus on serving small-scale farmers who practice sustainable and organic agriculture.



Borrowers Served

We are committed to serving immigrants and farmers of color.



Borrower Profile:

- 63% of loans to-date were to farmers of color, mostly Latina/o farmers (who represent 12% of CA farmers)
- Over 90% of borrowers are low-income

ITIN Loans – outstanding portfolio as of 6/30/21:

- 15% of all loans (32 out of 247 total loans)
- 7.2% of portfolio volume (\$847,468 of \$11.8 million)

Lending



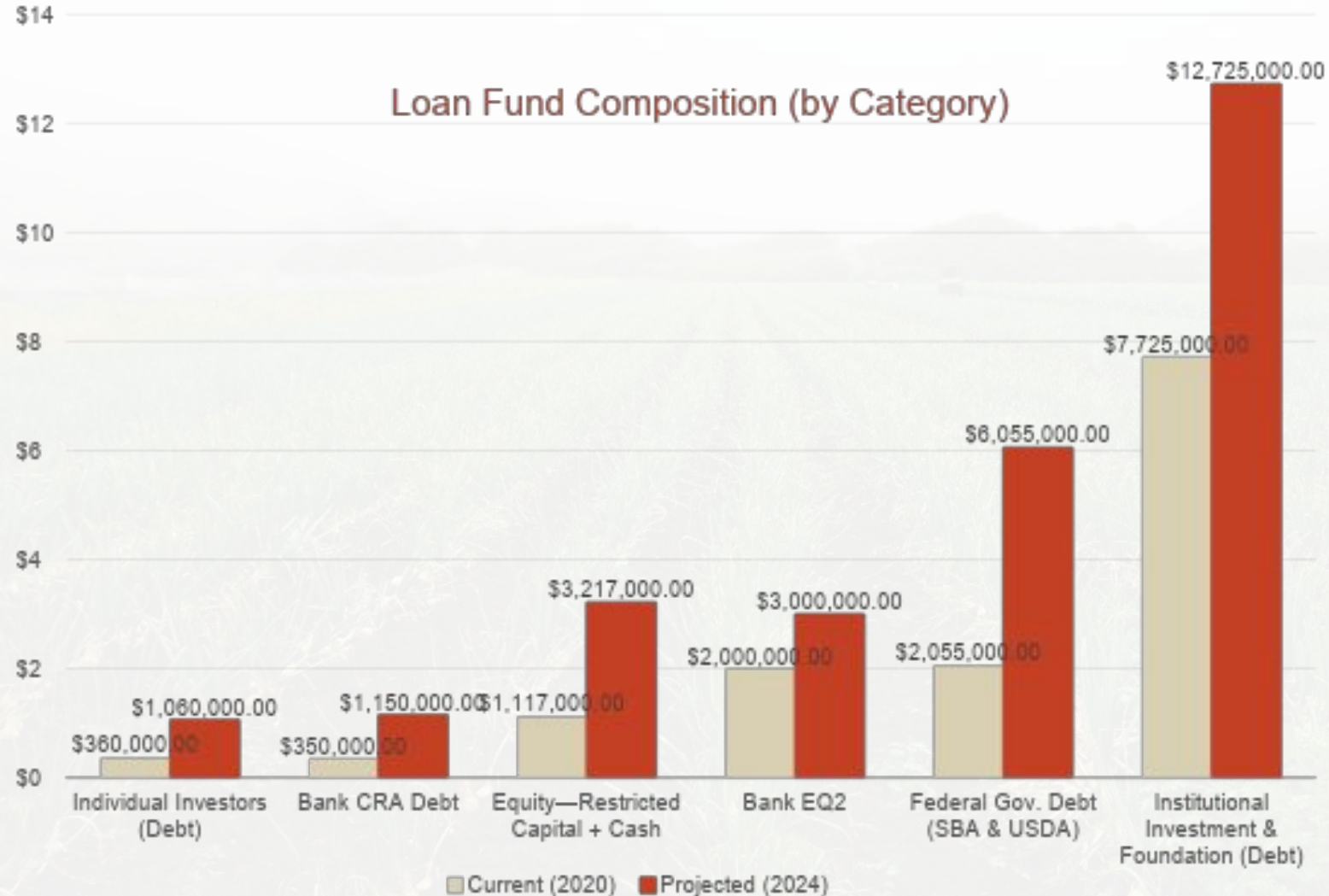
Key Programs and Partners

- USDA Farm Service Agency
- USDA Rural Development
 - RMAP
 - IRP
- State Guarantee Program
- SBA Microloan and Community Advantage
- CDFI Fund
- Farmer Mac
- Wholesalers and Retailers
- Distributors - Coke Farms
- Incubators and Farm Education Programs

There are distinct federal programs and laws for farm credit, loans are underwritten using different criteria. Lenders need specialized knowledge of farm businesses.



Loan Fund Composition



FarmLink raises loan capital with impact investments and PRIs from foundations, banks, family offices, individuals and government programs.



Magaña Farms | Monterey County



Flying V Farm | El Dorado County

Land Access and Farm Business Education Programs



Silva Organic Farms | Santa Cruz County



España Family Produce | San Benito County

Equity and Conservation on Working Lands



The ECWL Program supports equal access to opportunities for high quality land tenure and conservation programs, and promotes strategies for keeping land in agricultural production.



- Land Portal - often how people find out about us
- Lease and purchase TA
- The Regenerator, A Year in Farm Succession Planning
- Partnerships with Land Trusts to increase land tenure opportunities for LILW and BIPOC farmers
- Conservation Economics - tools to understand payback period for adopting new conservation practices
- Partnerships with RCDs to provide TA in collaboration with our Conservation Incentive Loan Program

Resilience

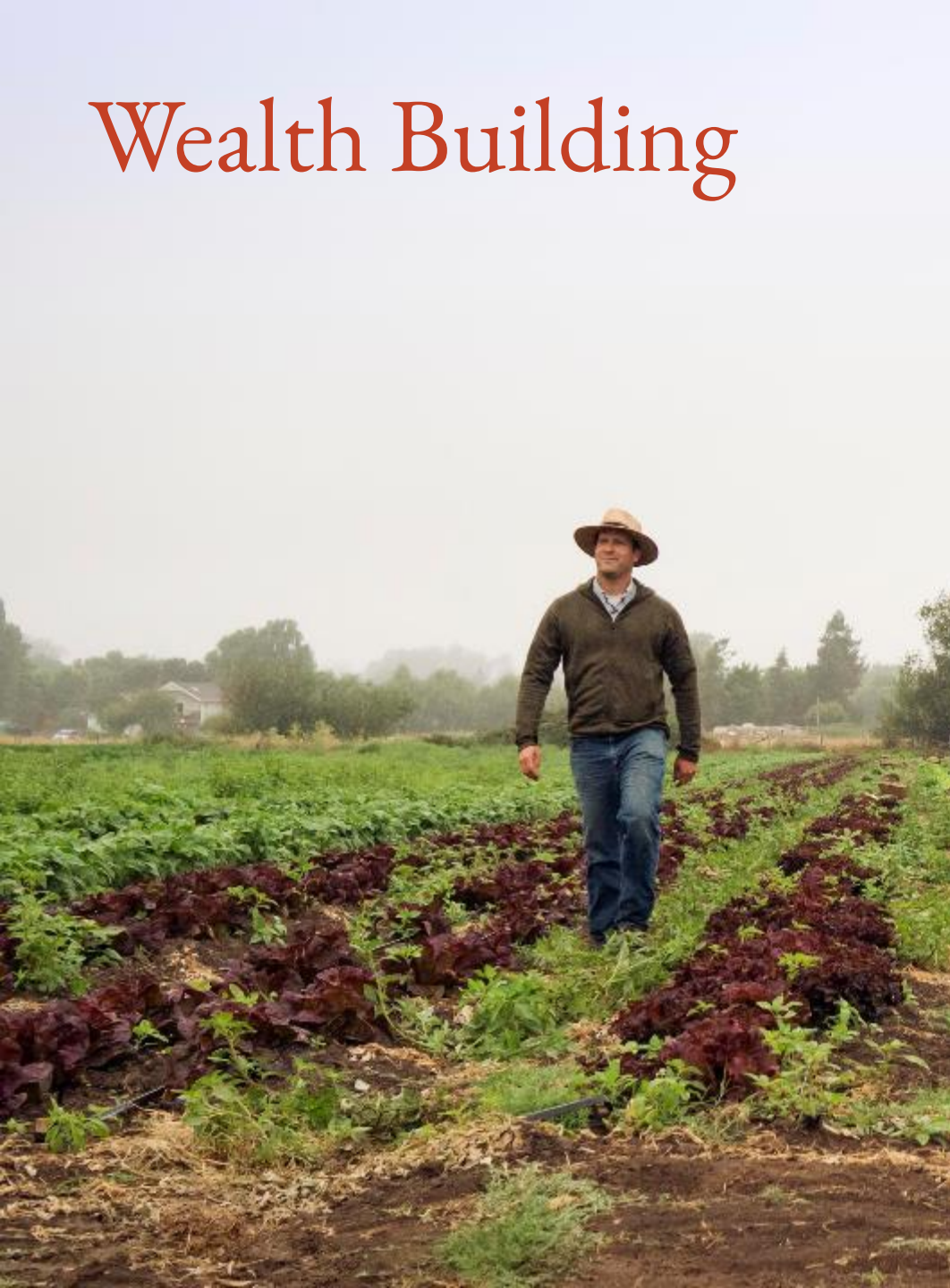


The Resilience Program provides English-language farm business education.



- Referrals from Lending for people who do not meet “loan readiness” requirements and people who we lend to but who also need to improve their business practices.
- The Resilerator - a comprehensive farm business program
- Post-Resilerator
 - ongoing educational opportunities
 - videos, special presentations
 - working on a substantial new partnership to bring additional legal resources to this program

Wealth Building



The Wealth Building Program provides Spanish-language farm business education.



- Referrals from Lending
- El Resilerador
 - Same technical information as the Resilerator
 - David Mancera teaches in Spanish with different areas of emphasis to fit the farming models more prevalent in the Latino community
- Post-Resilerador
 - ongoing educational opportunities
 - videos, special presentations
 - substantial new partnership in the works to translate new legal resources
- Working to develop new methodologies and standards for translating legal materials.



Goodie Farm | Riverside County



Monkeyflower Ranch | Monterey County

resilerator

(noun) 1. An intense but supportive environment for a group of farmers to examine the inner legal and financial workings of their farm for the purpose of vanquishing weaknesses. 2. A farmer with the resolve to make the resilerator journey.

resilerated (adj.) 1. The exhilaration of naming threats and obstacles while wielding the tools of resilience.



Robles Transplants | Monterey County



California Farmlink | 16



Magaña Farms | Monterey County

El Resilerador

1. Un ambiente de apoyo donde un grupo de agricultores puede examinar el funcionamiento legal y financiero interno de su negocio agrícola con el propósito de entender y mejorar las debilidades de su negocio. 2. Un agricultor con la voluntad de asumir el trayecto del resilerador.



CALIFORNIA
FARMLINK



Flying V Farm | El Dorado County



Silva Organic Farms | Santa Cruz County



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Resilience!



Resilience Self-Assessment / Evaluación del Bienestar del Negocio



- Originally developed by CA FarmLink with FSA funding.
- Tested over the last five years around the nation.
- Designed to provide a baseline for a three-year follow-up assessment to demonstrate improvements in business practices.
- National database - still in the design phase, it is a large and complex project but has high level support from USDA and Farm Credit.



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Impacts, Outreach and Growth



Silva Organic Farms | Santa Cruz County



España Family Produce | San Benito County

Impact Measures

Some impact measures are established and others are in development.

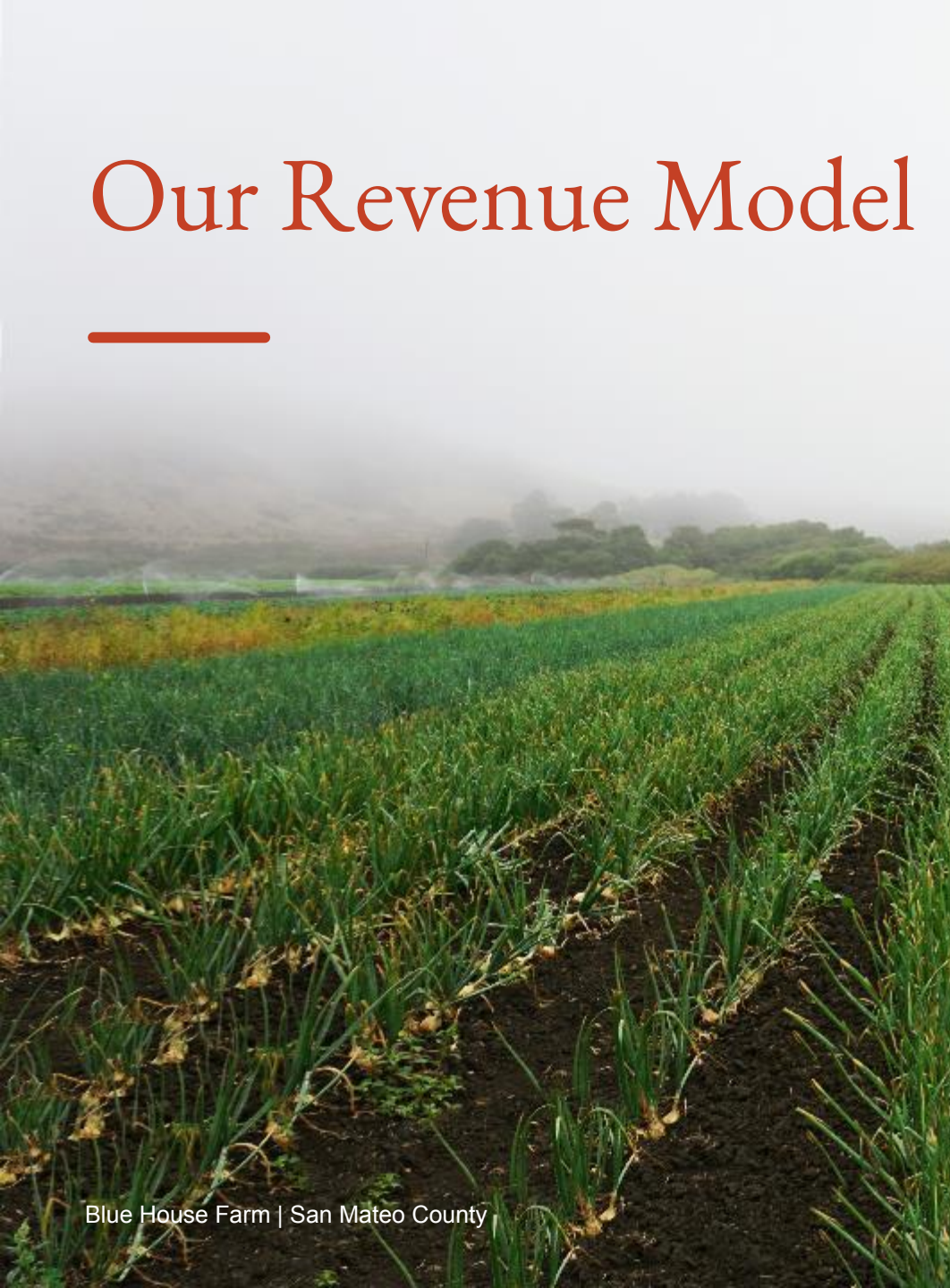


- Number of jobs created and retained
- Increase in farm sales and profitability
- Increase in farm household net worth
- Increase in business knowledge and applied skills
- Increase in farmers adopting regenerative practices
- Increase in LILW and BIPOC farmer land tenure opportunities on easement-protected and public lands
- Increase LILW and BIPOC farmer participation in FarmLink governance
- Increase in FarmLink's financial self-sufficiency ratio

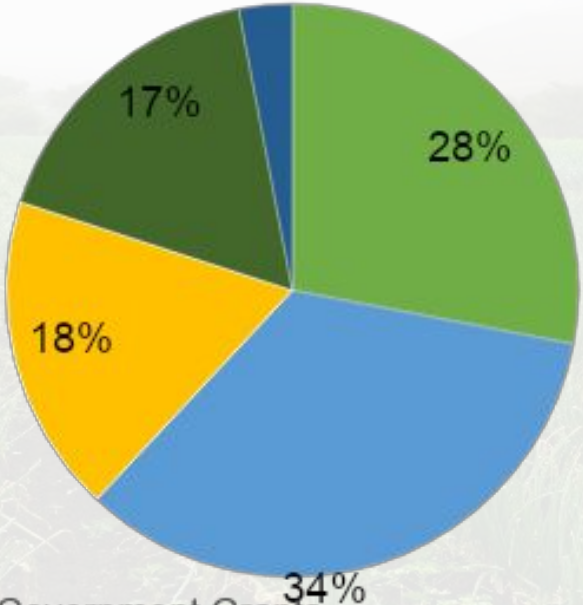
Our Revenue Model



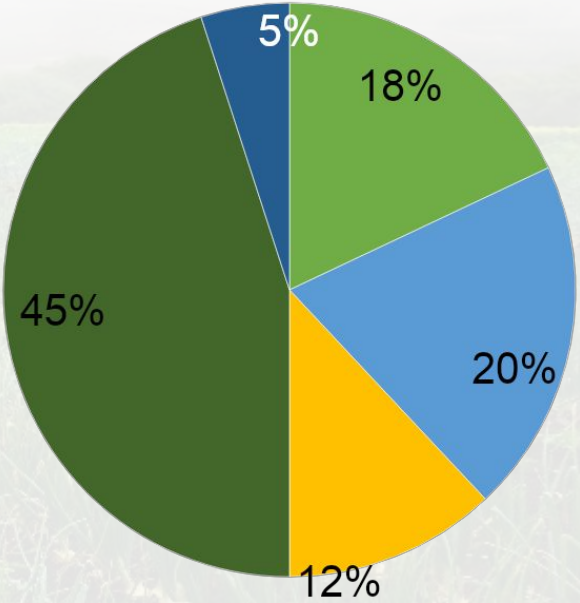
Farmlink aims to decrease its reliance on grants and contracts, and grow earned income.



Current (2019)



Projected (2023)



- Government Grants
- Government Contracts
- Foundation and Bank Grants
- Interest and Fees - Loan Fund
- Individual Donors

Outreach and Growth



We are slowly growing capacity and program offerings to serve additional areas.



- Added fisheries
- Adding a farmworker housing program, and considering a value-added producers program
- Long time relationships with Southeast Asian farmers and community leaders, but not a program focus
 - 54 PPP loans to Southeast Asian farmers but we do not currently have dedicated internal cultural capacity to bring our educational programs to this community.

Outreach and Growth

We are slowly growing capacity and program offerings to serve additional areas.



- Beginning to develop cultural competencies to work with Native American tribes (through board member Keir Johnson, WEWAI!)
- Under discussion: Not-for-profits that farm
 - Continued interest in this model from BIPOC community
 - We have the expertise, but it is not yet a priority area of growth for us
- Down Payment Assistance for farmland purchase
- Farmworker Housing



Goodie Farm | Riverside County



Robles Transplants | Monterey County

Thank you!

Brett Melone
Chief Business Strategies Officer
brett@cafarmlink.org



Monkeyflower Ranch | Monterey County



Acevedo Farm | Santa Cruz County



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Panelists



Michael Reilly

Executive Director
Foodshed Capital
Charlottesville, VA

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Food Systems Finance Webinar Series



March 22, 2022



Founded in 2018, Foodshed Capital's mission is to provide financial stewardship to small, diversified farms and businesses promoting an equitable and regenerative local food economy.

-
- Patient capital loan fund
 - Technical assistance and financial training to support profitability





”We must learn to invest as if food, farms and fertility mattered. We must connect investors to the places where they live, creating healthy relationships and new sources of capital for small food enterprises.” – Slow Money principles



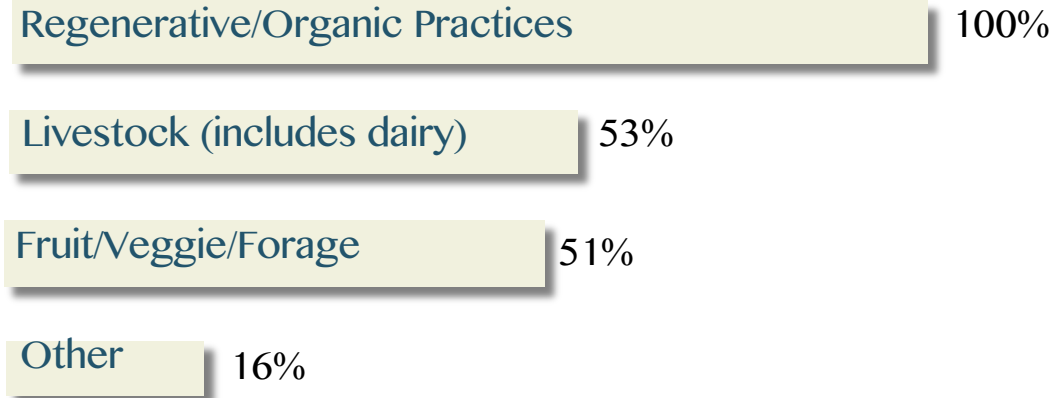
History

- May 2018: Slow Money CVA
- Jan. 2019: First Loan
- Feb. 2019: Foodshed Capital formed
- May 2020: Certified CDFI
- Sept. 2020: First Loan outside VA
- July 2021: 50th Loan
- March 2022: +\$1,000,000 in loans



Farm Production Methods

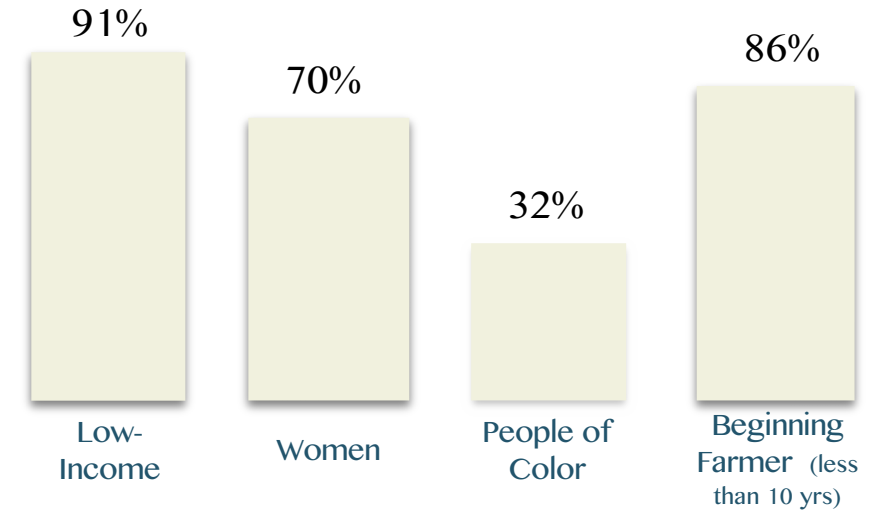
** Shown as a percent of loans made to farms only*



** Note: Some farms produce both livestock and crops*

Marginalized Populations

** Shown as a percent of loans made to farms & non-farms*



68 Loans
\$1,087,000

Types of Non-Farm Loans

- Food Hubs
- Bakeries
- Farm Markets
- Processors
- Non-profits



Geography

We work throughout the Mid-Atlantic with the goal of continuing to strategically expand our reach.

- Virginia
- Maryland
- DC
- West Virginia
- North Carolina
- Pennsylvania
- New York

Lending Criteria

- Small/mid-scale, diversified farms
- Firm commitment to regenerative/eco-friendly practices
- Non-farm food businesses that support local farms
- Priority to BIPOC/minority-owned or under-resourced borrowers
- Commitment to making a larger impact on the foodshed
- New/beginning farms with past experience
- Alignment with FoodCap's mission and values
- Eagerness to engage in technical assistance



Values That Nurture Our Work



Equity and Fairness

Everyone who wants to farm should have equal opportunity to capital, including people of color, women, immigrants, and beginning farmers.

Patience

Agriculture is at the mercy of Mother Nature. Often times things don't go the way as planned. We strive to be flexible and understanding.

Risk Tolerance

The mainstream financial industry doesn't like risk. Farming is risky. We share that risk with our farm and food enterprise partners.

Environmental Stewardship

Food production should promote more life than it takes away through regenerative organic practices. Farming should protect and heal the land and the environment.

Nimbleness

We appreciate that farmers are not always on their own timeline. Nurture Capital requires that we respond quickly to the needs of our borrowers.

Relationship Development

We value one-on-one, face-to-face interaction with our partner farms and businesses and believe it is essential to the lending process.

Technical Assistance

- Beyond production advice
- Big picture business strategy, marketing, scaling, etc.
- Encouraging farmers to think and act like a business, which they are!
- Pre-loan, one-on-one holistic assessment - part of our approval process
- Ensure debt readiness
- Partnership Pledge, and post-loan communication and relationship building



Application Process/Terms



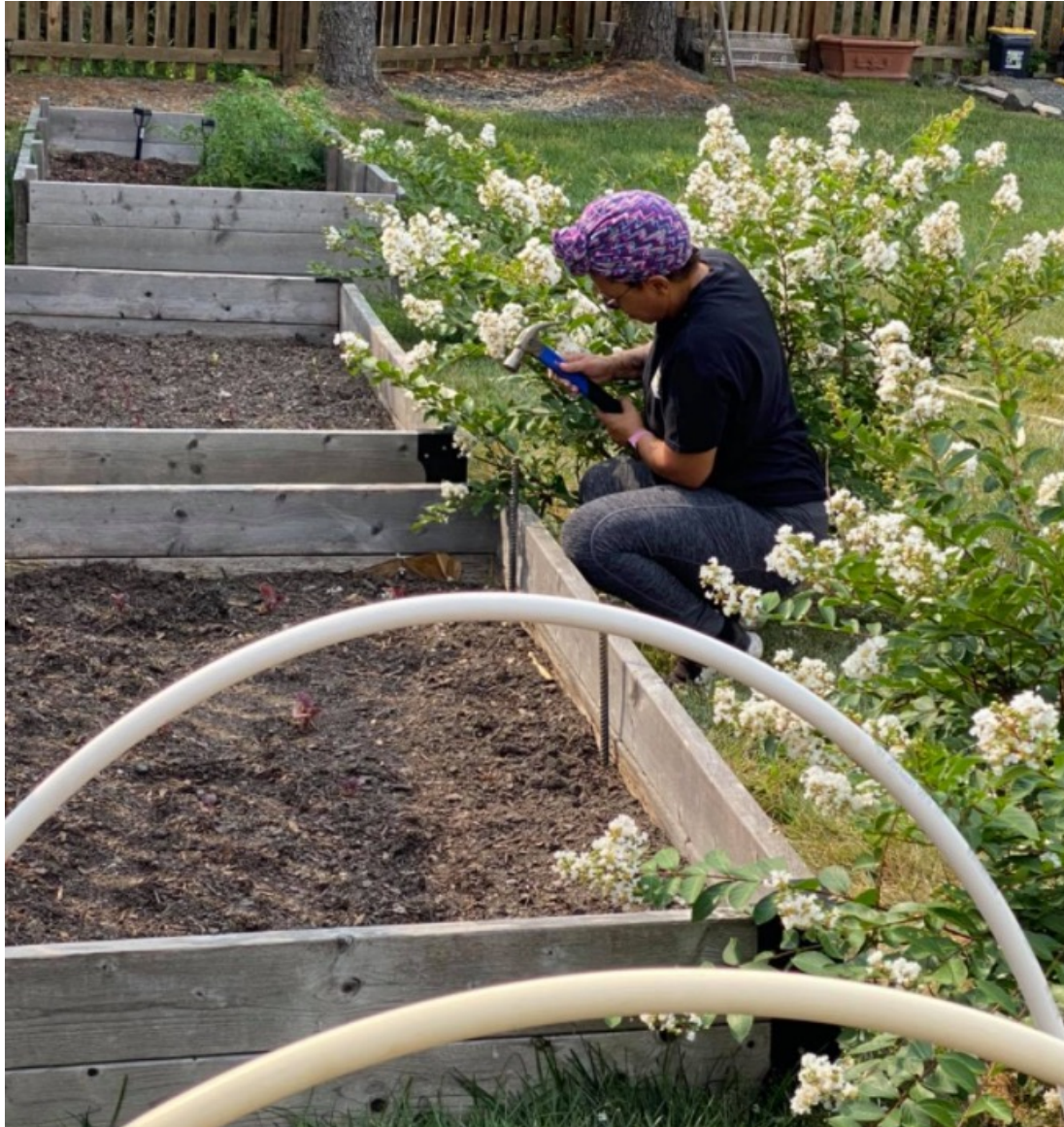
- Narrative Application at foodcap.org
- No credit scores, no burdensome documents
- Financial records: Profit/loss statement, tax returns
- Farm visit/relationship building
- Loan purpose: equipment, infrastructure, working capital, land, bridge for awarded grants
- Loan amounts: Averages approx. \$25,000. Largest: \$125k, smallest: \$400
- Rates: 0%-4%
- Terms: Flexible. Up to 7 years for larger loans. Grace periods offered. Repayment flexibility our hallmark
- No collateral, non-extractive collateral

Systemic Change





Black Farmer Equity Fund Reparative Capital



Loans to Black Food Business

- 16 loans to Black-owned farms, food business
- \$381,000 in capital, not including Vera Farm
- More than a third of all capital deployed
- \$60,000+ expended in technical assistance, training, small grants, supplies, and other forms of support for Black farmers
- Largest loan to date: \$125,000

SIMPLICITY!



Vera Brown Farm Acquisition



Rural Beacon Initiative



CROATAN
INSTITUTE



BRAIDING SWEETGRASS



From the viewpoint of a private property economy, the “gift” is deemed to be “free” because we obtain it free of charge, at no cost. But in the gift economy, gifts are not free. The essence of the gift is that it creates a set of relationships. The currency of a gift economy is, at its root, reciprocity. In Western thinking, private land is understood to be a “bundle of rights,” whereas in a gift economy property has a “bundle of responsibilities” attached.

- Robin Wall Kimmerer



Michael@foodcap.org

www.foodcap.org

<https://www.linkedin.com/company/foodshedcapital/>

https://www.instagram.com/foodshed_capital/

<https://www.facebook.com/FoodshedCapital>



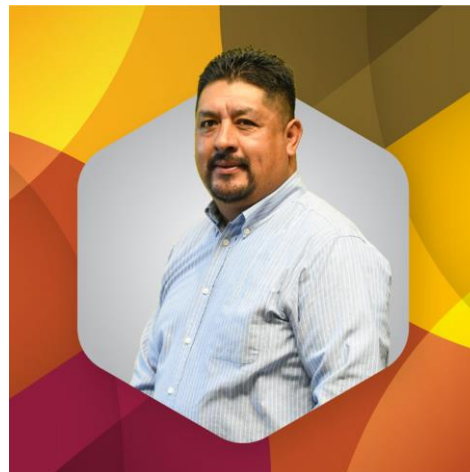
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Latino Economic Development Center
Saint Paul, MN



Rodrigo Cala

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Latino Economic Development Center

Centro para el Desarrollo Económico Latino



Aaron Blyth – Director of Ag Program



Rodrigo Cala – Ag Program Lead Trainer

Our Mission is:

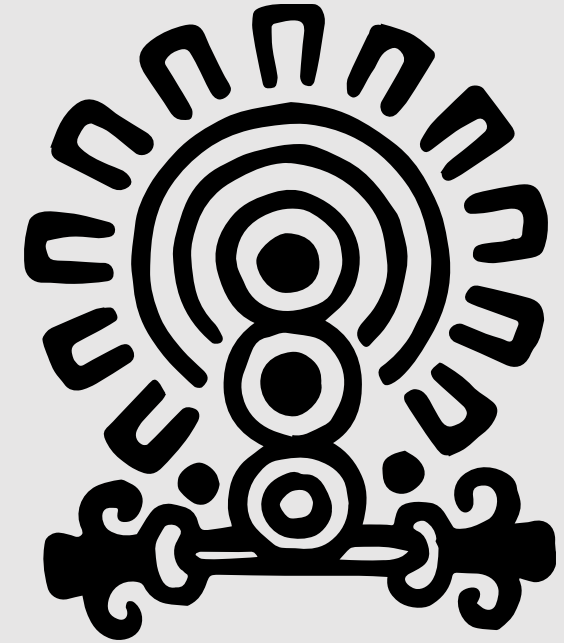


To transform our community through the creation of economic opportunities for Latinos

- ❖ L E D C has over 25 years of supporting Latino businesses throughout Minnesota.
- ❖ L E D C has been a C D F I since 2013
- ❖ We have lent out \$7 million in loans through 790 individual loans
- ❖ Currently our loan fund has \$2.1 million in funds
- ❖ Funds come from mix of bank loans, foundations, and governmental programs
- ❖ A large percentage of our clients are ITIN holders. All of our ITIN holders receive loans through funds we receive from bank loans that 2% interest for us.

Ag Loan Program:

- ❖ Since 2014 we have done 39 loans for a total of \$696,400 to farmers
- ❖ Loans from \$3,000 to \$50,000, 1 Farm loan for \$150,000
- ❖ 27 farms total: 16 Latino farms, 8 Hmong farms, 2 Black farms, 1 Woman-owned Urban farm
- ❖ 1 loan to a Latino-owned Farmers' Cooperative
- ❖ 1 loan to a tortilleria that is buying local corn to make its tortillas
- ❖ ½ of all loan recipients are ITIN holders.
- ❖ Source of funds are Rural Finance Authority of Minnesota's Microfarm loan program and banks for ITIN holders.



Agricultural Program Work:

- ❖ Farm start-up & expansion
- ❖ Farm business development
- ❖ Farm lending program
- ❖ Technical Assistance in Vegetables, Sheep/Goat, Poultry, calve production
- ❖ Coop Development – Shared Ground, incubator coops, land coop.



Average Farm:



- ❖ Latino or BIPOC owned
- ❖ 0-10 years experience farming in U.S.
- ❖ 75% own land, 25% renting
- ❖ Range from 5 to 50 acres
- ❖ Diverse - more than one enterprise
- ❖ All have fulltime off-farm job
- ❖ Building infrastructure slowly
- ❖ No paid employees/Family members work on farm

Agua Gorda – The Beginning

- ❖ 8 Members joined Cooperative
- ❖ Co-op incorporated in April 2012
- ❖ Each member invested \$250
- ❖ Started in community garden
- ❖ Rented 5 acres from city
- ❖ Sold to Shared Ground Farmers Coop
- ❖ Focused on vegetables



Agua Gorda Cooperative Today

- ❖ Owns 55 acres worth \$200,000
\$50,000 farm equipment
- ❖ Sales average \$60K/year
- ❖ Organically Certified since 2016
- ❖ Starting a calf operation in 2022
- ❖ Has received 4 loans for total of
\$175,000
- ❖ In process with Compeer to buy
LEDC land loan and \$50,000 more
for Operating Loan



Challenges and Future of Ag Lending:

- ❖ ITIN holders are a large portion of our client base and we need to find larger sources of finance for this group.
- ❖ Many farmers need 20 hours or more of TA to reach loan application stage.
- ❖ Building enterprise models that our clients can plug into
- ❖ Work to leverage our loans for larger loans from banks and government entities



(612) 724-5332



East Side Enterprise Center
804 Margaret Street
Saint Paul, MN 55106



www.ledcmn.org





Questions?

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Upcoming Events



Food Systems Finance Webinar Series



REGISTER TODAY >>

Mar 22 | May 10 | Jun 7 | Oct 11

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Where's the Beef? Financing Meat Processing Infrastructure

Tuesday, May 10 @ 2:00 PM Eastern

Driving Investment in Regional Food Supply Chains

Tuesday, June 14 @ 2:00 PM Eastern

Don't Throw Away Opportunity! Creative Financing for Addressing Food-Related Waste

Tuesday, October 11 @ 2:00 PM Eastern



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Upcoming Events

Intro Revolving Loan Fund WebCourse

March 28 - 29 Daily: 12:00 - 5:00 PM Eastern

Advanced Revolving Loan Fund WebCourse

March 30 - 31 Daily: 12:00 - 5:00 PM Eastern

CDFA Federal Financing Webinar Series: Affordable Housing Financing Resources from HUD

Tuesday, April 12 @ 2:00 PM Eastern

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Allison Rowland

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