

Healthy and Equitable Food Systems Capital Initiative

Mission

Self-Help's overarching mission is to create and protect ownership and economic opportunity for all. While our work benefits communities of all kinds, our focus is on those often underserved by conventional lenders, including people of color, women, rural residents and low-wealth families and communities. Our food systems work flows from our mission by addressing health and economic disparities across the country, guided by principles of sustainability and social justice.

Initiative Goals

Self-Help aims to increase capital access for food enterprises, ranging from farmers, to food processors, distributors and hubs, and to grocers serving low-income communities. We aim to leverage our healthy food system lending experience and organizational connections to create partnerships that can increase capital delivery to the innovative borrowers most in need, helping food entrepreneurs find economic security for their own families while greatly expanding the delivery of healthy food and its impact.

Approach

With support from the W.K. Kellogg Foundation, Self-Help plans to organize regional convenings, facilitate knowledge sharing and analyze policy options that funnel additional funds to support local, sustainably and equitably grown healthy foods. The project will build on the growing network of foundations, financial institutions, nonprofits, government agencies, and healthy foods and sustainable agriculture organizations working to get more capital into the hands of entrepreneurs, especially entrepreneurs of color, seeking to improve community social and health outcomes. By developing a partnership network, we aim to unite the voices of these relatively unconnected groups and support a more equitable food system and policy changes that garner more and better capital resources for healthy food systems.

Our strategy is to complement our own financing learnings with a national web of lenders and organizations that will improve capital access for underserved food entrepreneurs. For CDFIs, we seek to expand HFFI's success by delivering capital to the broader value chain-- aggregators, processors, distributors, schools, and other key anchor institutions.

In partnership with Duke's World Food Policy Center and with a two-year grant of \$500,000 and a \$3 million loan from The Kresge Foundation, we are directly addressing capital access for food entrepreneurs. We are using these funds to deepen our ability to offer technical assistance (TA) to community-based enterprises and, leveraging Self-Help's existing capital, to deliver \$15 million of loans to food entrepreneurs with a clear focus on loans to food entrepreneurs of color.

Background

This initiative builds on over 30 years of Self-Help's community lending, TA and real estate development experience and years of successful investing of over \$35 million to 36 healthy food borrowers and real estate projects.

Our food systems lending has awoken us to the vast food system inequities and the profound negative effects on the low-income and minority communities we serve. Within the project, we will focus our policy attention to the maintenance of existing components of the Farm Bill that support an equitable, sustainable, economically diverse and healthier food system, while working to develop innovative strategies that will increase support for those priorities.

We hope to add value in sustainable food policy discussions by helping further amplify the voice of CDFIs (Community Development Financial Institutions) nationally and leveraging our connections to help longstanding food systems policy organizations such as National Sustainable Agriculture Coalition (NSAC) reach mutual policy goals. Most notably, while assessing available food value chain capital sources we became aware of the Farm Credit System (FCS), a 101 year old Government Sponsored Enterprise (or GSE, like Fannie Mae), and a nationwide network of borrower-owned lending institutions that provide farm, rural, and other agricultural-related loans. As an experienced mortgage lender, Self-Help often partners with housing GSEs, like the Federal Home Loan Banks (FHLBs), Fannie Mae and Freddie Mac. We believe there is great opportunity for CDFIs and others to build relationships with Farm Credit lenders and leverage the impact of our resources.

Expected Activities

- Coordinating regional roundtables to promote healthy foods capital access. Participants will include CDFIs, farm credit associations, community banks, foundations, community partners, food system businesses and producers, and researchers. The objective is to spur creative, multi-sector funding solutions by driving new partnerships that can develop innovative financial products.
- Collaborating with CDFIs and food systems policy organizations (such as NSAC, Rural Advancement Foundation International (RAFI), Union of Concerned Scientists and others) to share learnings and identify policy solutions that address mutual goals and provide appropriate capital to support a more equitable and healthier food system.
- Expanding our partner network by building upon weekly emails to include relevant news, policy, and research that support the overall goals of the initiative.
- Compiling healthy food capital access resources in an easily accessible and updatable, online format linking both lenders and entrepreneurs with previously unfamiliar sources and providing tools for both capital providers and users.
- Creating underwriting guidelines for mid-tier borrowers, particularly borrowers of color, who often have unique business models and financial risks compared to better-understood farm and retail borrowers.
- Evaluating and expanding metrics for measuring the impact of healthy food systems lending, including an investment lens that considers worker wages, wealth built in a community, environmental sustainability, and accessibility.
- Anticipating an agriculture lending economic downturn that may leave many borrowers vulnerable, we will conduct and review research and share information on farm lending policies and possible protections. For example, we will consider if some consumer lending protections might be applicable to farms and small agricultural businesses.
- Comparing the economics of large horizontally consolidated and vertically integrated operations v. regional niche processors. Review possible incentives to encourage food processing alternatives and sustainable farming practices.
- Identifying entrepreneurs in the healthy foods value chain to invest \$15 million in capital and provide comprehensive technical assistance to grow food systems ventures into sustainable businesses or organizations.

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