

Equitable Development Toolkit

Equitable Food Hubs

May 2014

What Is It?

Over the past several years, interest in local foods has skyrocketed, bringing innovative food retail strategies such as food hubs into the mainstream spotlight. Food hubs, in particular, have the potential to create a more equitable food system that values fair wages and employment opportunities, healthy food access, local economic growth, small business development, and sustainable agriculture. Food hubs, particularly those designed with equity in mind, provide an abundance of opportunities for growers and producers, aggregators and distributors, and the consumer.

Food hubs offer an exciting bridge between food producers and their consumers, providing a mutually beneficial relationship at both ends of the food system. This link is critical, connecting small and mid-sized farmers to markets they have historically been unable to access, while increasing the amount of fresh, local, and high-quality foods reaching nearby urban, suburban, and rural communities.

Small and mid-sized farmers often lack access to distribution and processing infrastructure, making it expensive and challenging to connect to consumers through wholesalers, retailers, and institutional markets that typically rely on this larger, coordinated distribution and processing infrastructure. These smaller farmers often lack capital or access to capital markets to invest in infrastructure such as processing, packaging, refrigeration equipment, and trucks that are necessary to consistently deliver

While the definition of a food hub is still evolving, the NGFN Food Hub Collaboration defines a regional food hub as “a business or organization that actively manages the aggregation, distribution, and marketing of source-identified food products primarily from local and regional producers to strengthen their ability to satisfy wholesale, retail, and institutional demand.”

produce to institutional buyers. As a result, the smaller farmers, producers, and many consumers miss out on the opportunities to create and support a strong regional food system. These missed opportunities impact both farmers, retailers, and low-income consumers. (See [here](#) for more information about inequitable access to healthy food.)

The challenge for many small and mid-sized farmers lies in institutional buyers' requirements for large quantities of food, often with minimum purchasing requirements for items they need. These requirements allow institutional buyers to save time,

Common Market Food Hub in Philadelphia, Pennsylvania, has proven that a mission-driven food hub can be an economically promising enterprise, making it an even greater asset to local communities and regional farmers. Common Market's mission is focused on improving access to high-quality food, particularly in low-income communities, and on providing a viable alternative to mainstream food distribution networks for local farmers. Common Market has created 16 full- and part-time jobs for local residents, 11 of which are held by people of color. Common Market's commitment to equity has been key to its growth: in the past five years, Common Market has sold more than \$5 million in local, fresh food, 25 percent of which has been sold to institutions specifically serving low-income communities and communities of color.

money, and energy on food transactions all while ensuring consistent delivery of produce to support menus planned well in advance. A school district in the Florida Panhandle, for example, might require a minimum transaction of 1,000 heads of lettuce. Though there are several farmers in the region growing lettuce, many lack the capacity to consistently produce 1,000 heads at a time for this sale. As a result, the school district bypasses these smaller, local farmers to purchase from larger growers who can provide the high volume of lettuce, even though much of that lettuce spends days in trucks traveling from far distances.

Similarly, hubs like [Co-op Partners Warehouse](#) in St. Paul, Minnesota, provide transportation to growers, coordinating pick-up and delivery between farmers and buyers.

With more support for these small and mid-sized growers, local foods can more easily reach nearby communities, especially low-income residents who struggle to access high-quality fresh foods. By connecting multiple producers to multiple markets, food hubs are linking the supply and demand of the local food chain and benefiting consumers who have been neglected by the mainstream food system. Food hubs bring with them fresher, locally sourced food, generate local economic benefits through job creation and small business opportunities, and improve dietary behavior and health.

In addition to being sites for food aggregation and distribution, food hubs can also be vital neighborhood anchors, providing spaces for other community activities and services, including workforce development, health services, educational activities, meeting and kitchen spaces, and more..

- The [Local Food Hub](#) in Charlottesville, Virginia, is one such hub, which supports small local farmers while operating a community-based learning center that provides classes, workshops, community events, and volunteer opportunities.
- [Central New York Regional Market](#) holds cooking demonstrations, concerts, and other events, so its public market days attract up to 26,000 people.

Purposeful decisions, around where to locate, whose products to carry, and who to hire, can have direct and meaningful equity impacts on regional food systems that directly benefit local underserved communities. Furthermore, food hubs can engage buyers and consumers as active stakeholders in the regional food chain, by expanding access to fresh locally sourced foods, while creating and sustaining good jobs for farmers and community members.

A food hub can be an innovative and values-based food retail strategy with positive economic, social, and environmental impacts for the urban, suburban, and rural communities they serve. Efforts to strengthen local

Food hubs like the [New North Florida Cooperative](#), which works with farmers across the Florida Panhandle, offer a lifeline for smaller farms and provide access to institutional buyers. The hub coordinates logistics to source from multiple small African American growers, for example, each with 100 heads of lettuce, and combines their produce into one order to sell to the school district. With the help of the hub, these growers can meet the needs of the institutional buyers, while bringing healthy, fresh, high-quality, local greens to students across the region. As a result, New North Florida Cooperative provides local fruits and vegetables to 30 school districts, serving 200,000 students as well as 60 independent grocery stores.

food chains have been quickly gaining speed; while food hubs have been in existence for over two decades, 60 percent have started within the last five years, according to the USDA. Food hubs with a focus on serving underserved communities are beginning to gain momentum across the country and federal legislation like the [Healthy Food Financing Initiative](#) is supporting food hubs that focus on underserved communities. As this retail strategy expands, it is critical that operators are conscious of and committed to the equitable impacts that a food hub can have on the local food system and, in turn, the local community.

WHY USE IT?



Food hubs are an effective strategy for smaller farmers to combat barriers in accessing larger markets in the regional food distribution system. Additionally, food hubs can positively impact the local economy, community health, and the environment, while strengthening urban–rural relationships.

Food hubs allow producers with specific social, environmental, or community values to meet the growing demand for locally and sustainably produced food. More and more people express the desire to purchase their food locally. The number of food hubs across the nation is quickly rising to meet this growing interest and demand. A 2013 [National Food Hub Survey](#) by Michigan State University found 222 food hubs in operation. Of the 125 that responded, a third had opened in the last two years, and nearly two-thirds had been open for less than five years. According to a recent [report](#) by the Wallace Center, 30 percent of consumers surveyed expressed willingness to change where they purchase food in order to purchase locally or regionally sourced food.

Economic Benefits

Regional food hubs are a powerful force in local economic development, with average annual sales of \$3.7 million, according to the [2013 National Food Hub Survey](#). These sites can create and increase market access for an average of 80 local and regional growers and assist producers who don't have the capital to access storage, processing, or distribution facilities.

Food hubs are expanding market access and economic benefits to a historically marginalized group of growers including small and mid-sized farmers, farmers of color, and immigrant farmers.

- The [Agriculture and Land-Based Training Association \(ALBA\)](#) in Watsonville, California, is a nonprofit that provides farmworkers and limited-resource aspiring farmers with the skills, access to equipment, operating capital, and land leases needed to create their own small farm businesses. In 2002, ALBA established [ALBA Organics](#), a licensed produce distributor that supports the sales, marketing, and training needs of beginning farmers and sells locally grown and organic farm-fresh produce at competitive prices. The ALBA Organics food hub offers customers the opportunity to support small-scale, limited-resource, and beginning farmers, many of whom are former farmworkers.
- The [New North Florida Cooperative Association, Inc. \(NNFC\)](#) is a producer-driven food hub that aggregates, processes, and distributes fresh, chopped vegetables from primarily African American, small-scale growers. NNFC has a streamlined approach: it sells a limited line of produce to school

districts and grocery stores within a day's travel of their Marianna, Florida, processing facility. This strategy enables NNFC to negotiate prices that sustain black farmers' livelihoods and meet school districts' needs. The co-op serves more than 200,000 students in 30 school districts.

- The [Intervale Center](#) and [Intervale Food Hub](#) support beginning farmers through a [farm incubation program](#), which provides new farm businesses with subsidized rental rates, business planning support, and mentorship. To support small independent farmers in Vermont, the Intervale Center also leases land, equipment, greenhouses, irrigation, and storage facilities.

With aggregation and value-added services, food hubs can connect small farmers to larger markets, and support a broader product selection at a single point of purchase, appealing to a wide array of purchasers, wholesalers, and buyers.

Food hubs support and retain jobs for farmers and growers through increased sales, while having an immediate impact on the creation of local jobs in processing, marketing, distribution, packaging, handling, and more. Though most of the food hubs surveyed in 2013 had five or fewer employees, some hubs employ as many as 155 workers, with an average of 11 full-time employees.

The survey found positive benefits for the food hub producers, citing increased financial literacy and business acumen, increased hiring, and adopting of more sustainable practices. For instance, [Appalachian Sustainable Development \(ASD\)](#) runs Appalachian Harvest, which sources fresh produce and free-range eggs from around 50 certified-organic family farmers in northeast Tennessee and southwest Virginia. Appalachian Harvest aggregates and lightly processes products before distributing them to over 30 food brokers and supermarkets, representing more than 900 individual supermarkets in the South. In addition to aggregation, processing, and distribution, ASD provides classroom and on-farm training to both producers and buyers of local foods.

Among respondents to a 2013 food hub survey, 66 percent said they worked with mostly small and mid-sized farmers, many noted high levels of partnership with farms that were operated by women or people of color, and 26 percent of food hub producers were beginning farmers in operation less than 10 years.

Health Benefits

Connecting regional food growers with larger markets expands the availability of fresh, local, and healthy foods in urban centers, including low-income areas with inadequate access to healthy foods.

- In New York City, the [Corbin Hill Food Project](#) gives residents of Harlem and the South Bronx direct access to high-quality, fresh produce grown by local farmers from New York state. Corbin Hill partners with farms and community organizations to distribute boxes of freshly harvested produce, known as Farm Shares, once a week. By offering flexible membership terms, affordable prices, SNAP money matching, and items that reflect the community's diverse cultural and culinary traditions, Corbin Hill Farm Shares meet the needs of the community's low-income residents.

A large body of [research](#) has documented limited access to healthy foods among low-income communities and communities of color, as well as links between increased access to healthy foods and improved health outcomes, especially regarding diet-related diseases. With this growing understanding, a number of cities and regions have invested in expanding healthy food access, and are seeing [decreases in childhood obesity](#), a key predictor of adult obesity. Furthermore, reducing the storage, transportation, and processing of fresh

foods can also preserve nutritional value otherwise lessened in these processes. For more information on the links between food access and health, see [here](#).

Health concerns are a priority for many food hubs. Ninety-six percent of those responding to the [2013 National Food Hub Survey](#) said their mission was strongly or somewhat related to improving human health, citing the need for healthy food, offering nutrition and education classes, and in some cases explaining their commitment to working in underserved areas.

Environmental Benefits

By strengthening demand for locally produced and source-identified products, food hubs can build capacity among food producers to employ sustainable growing practices that protect the land, water, and air. Additionally, investing in regional food systems reduces the energy required for and the emissions released through traditional distribution processes, as food grown locally travels fewer miles from farm to table. The environmental benefits of reduced transportation have financial implications as well—money saved can be used to fund other innovative projects and services.

HOW TO USE IT

What constitutes a food hub is incredibly varied, and a wide spread of activities and services can fall under this category of food retail. As such, there is no set formula for how to start a food hub. Despite this lack of a formula, there are a number of important steps that should be taken in order to create an equitable food hub.

- **Choose a space strategically.** The location of a food hub matters for growers, buyers, and for the communities it serves. Selecting a site for growing, processing, or distributing in a low-income neighborhood, or a community of color, will maximize the benefit for these residents. Making food more geographically accessible can improve dietary behavior and diet-related disease for many residents living in underserved communities where accessing healthy food has been a challenge. A well-designed and maintained facility becomes a tangible physical asset to a neighborhood often plagued with vacant or dilapidated buildings. In addition to improved food access, siting your hub in a low-income community will facilitate local hiring, workforce development and, if done well, a commitment from the community to support the hub.
 - For example, the St. Louis Food Hub decided to place its headquarters in the midst of a public housing development in the city's historic Lafayette Square district. Using federal [Healthy Food Financing Initiative \(HFFI\)](#) funding, the St. Louis Food Hub created a full-service grocery store next to its food hub to improve healthy food access in a neighborhood that previously lacked access. Opened in January 2014, the St. Louis Food Hub hopes to hire over 100 people from the neighborhood, build the city's tax base, and provide the 53,000 residents living nearby with increased access to healthy foods.

Before building a food hub from the ground up, look for any former retail market sites or infrastructure that may support processing and aggregation. Many of these already have distribution infrastructure in place, including warehouse space, variable temperature storage units, and processing equipment, which will save a great deal of time and money in getting the food hub started. Because food banks already have storage and distribution infrastructure in place, they can be useful site partners. [Foodlink](#), a regional food bank in Rochester, New York, uses its assets and resources to serve as a regional food hub. The existing storage space, freezers, coolers, loading docks, pallet jacks, forklifts, commercial kitchens, and refrigerated trucks already in existence at the food bank enable Foodlink to purchase and redistribute nearly two million pounds of local produce each year to help underserved individuals and institutions access fresh, healthy, and affordable foods.

If no such space is available, make sure you choose a site that has ample space for necessary storage and processing activities. If your site is in an area zoned for mixed use, there will be greater access to shoppers and workers, while bolstering nearby business growth.

- **Connect to the small and mid-sized farmers and producers.** Find out which farmers and growers in the region have had trouble accessing broader urban markets, especially low-income farmers and farmers of color, because these growers may be looking for new aggregation, marketing, and distribution opportunities to scale their production. Take the time to connect with small and mid-sized producers, visit their farms, check the quality of their operation, and spend time building

relationships. Think of ways to meet farmers' needs. The [Tuscarora Organic Growers \(TOG\) Cooperative](#), located in Hustontown, Pennsylvania, offers production coordination so that more than 1,200 active produce items are fairly divided among its more than 50 independent co-op growers. This production coordination helps TOG growers cooperate rather than compete to provide customers with the desired diversity and quantity of products. Food hubs can support farms at many stages of development. The [Intervale Food Hub](#) in Burlington, Vermont, operates a farm program that supports new producers and existing, small, independent farmers by providing access to training, land, capital, and markets. When speaking with producers, be sure to highlight that food hubs are an economically viable business model that can be both market and mission driven.

- **Find your spot in the market.** Engage and remain engaged with residents of local communities, restaurants, and institutional buyers to find out which produce items and value-added products are most desirable. Are there specific cultural foods you should carry that will set you apart from other markets? Engaging the community will not only help you create a culturally relevant product line that best meets the needs of your customers, but will also create a base of buyers who view themselves as partners in the food hub. Often the most profitable food hubs are ones that reach a diverse customer base through a broad range of buyers, including small grocery stores, restaurants, and K-12 food services. For example, the [Corbin Hill Food Project](#) holds a series of winter "soup sessions" to understand what products customers are interested in for the year ahead. Customers can provide feedback on what crops and varieties they want, and the food hub coordinators communicate these preferences back to the small-scale growers in upstate New York. Community engagement ensures that the food hub's products have a dedicated market.
- **Serve your community.** While occupying a link in the food distribution channel, food hubs can provide a number of broader community services, including education opportunities, community programming, and food security improvements for those most in need. In addition to sourcing to institutional buyers, including school districts, prisons, and hospitals, food hubs can sell to local food retail outlets, such as farmers' markets and grocery stores. The [Santa Monica Farmers Markets](#) provide fresh foods both to the local school district and directly to consumers at their four publicly operated farmers' markets.

Over half of 2013 National Food Hub Survey respondents cited their value of supporting local farmers, and 20 percent referenced strengthening the local economy as part of their mission statement.

Food hubs can be great conveners for multi-farm community supported agriculture (CSA) programs to bring produce directly to consumers, allowing farmers to specialize in fewer products rather than meeting the extensive growing requirements for single-farm CSAs. Approximately 30 percent of food hubs responding to the [2013 survey](#) operated CSAs, which accounted for almost half of those hubs' sales. If you do offer a direct-to-consumer option like a CSA, ensure that SNAP and WIC are accepted to maximize the support to low-income communities. [Intervale Food Hub](#) runs a year-round multi-farm CSA that accepts SNAP benefits and uses 1 percent of all food hub sales to subsidize shares for low-income individuals and families. For any new hires to staff the food hub, look to your local community first, to strengthen connections and local investment.

- [Farm Fresh Rhode Island](#) is growing a local food system by distributing local produce, meat, and dairy to wholesale customers, retail farmers' markets, and culinary and nutrition education programs. Its Market Mobile Program, started in 2009, supplies products from 50 local farms and producers to more than 150 customers, including a multi-farm CSA, restaurants, grocers, caterers, schools, and hospitals in Rhode Island and Massachusetts. Market Mobile has created 46 local jobs, and had an annual economic impact of more than \$1.75 million. Using funding from the federal Healthy Food Financing Initiative, the Market Mobile is now expanding its services and leveraging other distributors to grow local food consumption. Because Farm Fresh Rhode Island partners with a range of institutional, retail, and wholesale buyers, it can maintain profitability and financial growth while meeting the needs of the diverse communities it serves. In fact, with distribution infrastructure in place thanks to the Market Mobile, Farm Fresh Rhode Island was able to start a farm-to-food pantry program in 2011 to better meet the needs of their local community.
- The [Central New York Regional Market](#) has served its community since the 1930s. The food hub includes a wholesale market for businesses and a farmers' market for the public. Because the market hosts cooking demonstrations, offers EBT services for SNAP recipients, and redeems Farmers' Market Nutrition Program vouchers for WIC recipients, the food hub has strong community support and annual sales of \$15.6 million in retail and \$600 million in wholesale.
- **Figure out the off-season.** The average food hub is open 301 days per year, yet in many parts of the country, year-round local produce is not a realistic business model. Without year-round sales, most food hubs will struggle to survive financially. Make a plan for the off-season by exploring season extension and food preservation techniques, partnering with greenhouses, and diversifying the product line to carry additional products such as meat and dairy. Though fresh produce and herbs are found at over 90 percent of hubs, meat and poultry are only found at 65 percent, followed by eggs, which are sold at 60 percent. Value-added products can be found at more than half of all regional food hubs. These products can help reduce food waste, as value-added techniques can be applied to process excess and undesirable produce, such as quality produce that might otherwise be rejected by buyers due to unconventional shapes. You can also consider securing partnerships with non-local producers of similar quality to keep buyers committed to the food hub during these months.
- **Know the facts.** Food hubs are not as commonplace as supermarkets or corner stores. Be prepared to explain in plain terms what a food hub is, and what it offers to customers and buyers that is unique from other food retail venues. **Lift up an equitable food hub model that brings health and economic benefits to disadvantaged farmers and underserved communities, all while maintaining profitability and financial growth.** Familiarize yourself with the health and economic impacts that a food hub could bring to a community. Explore tools like The Reinvestment Fund's [PolicyMap](#) to learn about your community's ability to support healthy food retail. See [here](#) for profiles of innovative, equitable food hubs.

KEY PLAYERS

Food hubs are, by nature, projects based on strategic partnerships. To make these partnerships successful, a number of key stakeholders should be engaged. At best, partners should demonstrate a desire to create a more equitable food system, or have an interest in learning more about how to grow food hubs in a more equitable manner. In addition to partners directly involved on the supply and demand sides, the impacts of food hubs will reach an even broader set of communities and individuals—representing another key group of stakeholders and allies to cultivate and engage.

- **Food hub operators:** A food hub needs an organization or set of individuals committed to operating the food hub facility and all activities, to serving as a connector to the production and distribution sides, and to maintaining operations of the facility itself. Food hub operators should be skilled business people who are committed to meeting institutional and retail demand through regionally appropriate solutions. According to the 2013 [National Food Hub Survey](#), hub managers had an average of 1 to 5 years of experience, with an emphasis on strategic planning, production, and food marketing. If possible, selecting food hub operators and managers from the local community will maximize the equity impact of the project and build loyalty and commitment from within the community.
- **Local residents and consumers:** Food hubs provide local residents with increased access to fresh, healthy, regionally produced food, offering a quality food source while decreasing the food miles and emissions produced to bring food to their tables. Food hubs create jobs for local communities through a variety of activities, including operations, packaging and handling, and marketing and branding, and they often provide job-training opportunities. A well-designed and maintained facility can serve as an economic driver for a community by providing a safer environment and creating opportunities for other small businesses from within the community to develop and grow.
- **Local and regional farmers:** A committed set of local and regional farmers to supply produce and other items is absolutely essential to the food hub. Participation in the food hub allows these small and mid-sized growers, farmers of color, and immigrant farmers to access new markets that might otherwise be inaccessible to them. Participation will also support and retain farm and production-side jobs, and strengthen these producers' ties to their local rural economies as well as their urban neighbors. The [2013 study](#) also found that working with food hubs was a way to increase financial literacy and business acumen, further strengthening the viability of these farms.
- **Value-added food entrepreneurs:** Food hubs create an opportunity for value-added food entrepreneurs to enter new markets and begin providing new and regionally sourced food products to a community. The food hub site, if designed well, can provide space for value-adding activities,

Existing food hubs provide an average of 11 full-time jobs, and feasibility studies have shown potential job creation and retention impacts of food hubs to be as high as 400 jobs in the wider local [economy](#).

storage, and distribution, linking these entrepreneurs with larger buyers than they might not otherwise reach. Hubs can provide new opportunities for local businesses in the community and support local entrepreneurship. [Farm Fresh Rhode Island](#) works with food processors to provide resources, training, and connections to certified kitchens and farmers' markets. [Dorchester Bay Economic Development Corporation](#), which is developing a food hub with a commercial kitchen and food processing facility in Boston, partners with [CropCircle Kitchen](#) to serve as a culinary business incubator, providing business development services, technical support, and food-safe rental space to Boston-based food businesses. Partnering with value-added food entrepreneurs enables CropCircle Kitchen to create jobs, build the local economy, and improve access to healthy food in the immediate low-income neighborhood. The off-season is an especially critical time for value-added food entrepreneurs who might specialize in season extension and food preservation activities. Though produce and herbs are the primary types of food hub products, over half of [2013 survey](#) respondents offered some sort of value-added or processed items.

- **Buyers (wholesalers, restaurants, industrial buyers, distributors):** Buyers are a crucial link in the hub's food chain, moderating the demand side of the operation. Buying through the food hub allows wholesalers, restaurants, institutional buyers, and other distributors to connect with reliable, locally produced food items, both fresh and value-added. Food hubs can help buyers meet a growing demand for locally sourced products and play a critical role in expanding fresh and healthy offerings to the local communities and institutions that they serve. A commitment to fresh and local foods can help distinguish restaurants, grocery retailers, and institutional buyers, and build goodwill from community members who share similar values. Partnering with institutional buyers in low-income communities and communities of color helps ensure that the food hub is equitably increasing healthy food access.
- **Financiers (government, lending institutions, and economic development organizations):** Financing for food hubs can come from a variety of traditional and non-traditional funding streams, often times involving governments, lending institutions, and economic development organizations in the creation of new food hubs. In the 2013 survey, almost half of existing hubs described themselves as highly or somewhat dependent on grant funding, with newer and non-profit hubs more likely to rely on these funding streams. For more information on food hub funding streams, see the [financing page](#).
- **Health professionals and environmental advocates:** Increased access to fresh and local foods is good news for health professionals, healthy food retail advocates, and environmental advocates alike: strong distribution channels from regional farms to local tables make it easier for urban communities to get healthy foods from closer distances while supporting local growers and encouraging sustainable practices.

SUCCESS FACTORS

Though a food hub functions mainly as an aggregator, marketer, and distributor of food products, success is not limited to the food that moves through this system. Food hubs can also have a positive external impact on local communities including growers and consumers and on organizational structure, quality, and management.

- **Plan ahead.** Know what role you want your food hub to play in the community and the region. Have a comprehensive mission, strategic plan, and clear goals for creating an equitable food hub with the impact you hope to have on the local food system, across the food chain, and to local communities.
- **Be an involved and engaged community asset.** It is important to work with local communities to ensure that there is interest in food hub products, and that the product line is culturally appropriate for the communities it serves. Sponsor community education and events, and work to ensure that your services reach those most in need of access to fresh foods. Engaging local communities to raise demand for fresh and healthy locally produced food will be a critical component of a food hub's success. Without this demonstrated demand, buyers have no incentive to transition to the food hub's products and services.
- **Don't forget to network.** Strong relationships with growers and buyers are crucial components of a food hub's success. However, these are not the only networks that matter: build a network with other food hub operators across the state or country to share best practices and lessons learned. The National Good Food Network's [Food Hub Center](#) is a good place to start learning more about food hubs in your region and across the country.
- **Control for quality.** Selling quality products from knowledgeable farmers is a key component to a successful food hub. Consumers value and deserve quality, so producers must be able to properly handle, store, and pack their products. Have clear guidelines for procurement and expectations for quality in each process and activity that your hub undertakes.
- **Sell yourself.** Marketing is crucial, and benefits the producers while speaking to the growing public interest in local and sustainably produced foods. Tell the stories of your food producers to put a face to the growers, create a brand identity for your food hub and for local products, and consider internal or third-party certifications as a way to ensure quality and food safety. Some [2013 survey](#) respondents even designed times for farmers to be present at their hub to talk to customers about their practices and products. Partnering with farmers of color and low-income farmers may be a selling point with customers who are interested in building more equitable food systems, so tell customers how your food hub is invested in advancing regional equity.
- **Be persistent.** It may take multiple visits and a real showing of commitment to convince small farmers to participate in what may be an unfamiliar structure. Listen to producers to understand their goals, and work with producers to build a food hub that meets their needs in an equitable way. Reach out specifically to low-income producers, farmers of color, and immigrant farmers, whose needs may

be different from other producers and whose work is crucial to building a diverse, equitable food system.

- **Find the right organizational structure.** In some cases, a rigid organizational structure is necessary to coordinate all stakeholders, while in other cases, flexibility is necessary to build partnerships and complement skill sets. Determine what is right for your food hub, and be clear about this structure to all participants and partners, and maintain communication across the supply chain. Remember that food hubs can be nonprofits, for-profits, cooperatively owned, LLCs, and even sole proprietorships. Of those responding to the [2013 food hub survey](#), 34 percent were structured as nonprofits, 47 were for-profit entities, and several hubs were cooperatively or publicly owned.
- **Secure the soft infrastructure.** Once physical infrastructure is in place, make sure to also plan for technological infrastructure to handle billing and payments, as well as management staff who know how to do this. For your hub to be an asset to your community, all of these behind-the-scenes food hub tasks will have to operate smoothly.

CHALLENGES

While food hubs can have a wide range of positive and equitable impacts, starting and operating a food hub will come with a range of obstacles. Most of these challenges will fall into three main categories: logistical challenges, management challenges, and financing challenges.

- **Logistics:** It may be hard to find the appropriate physical infrastructure to operate a hub, which requires a building with cold storage and space for processing, distribution, and marketing, and for some hubs, access to trucks. In cases when buildings with necessary infrastructure are not available, it can be costly to build a new space to meet the needs of a food hub. Once the food hub is up and running, it will require careful logistical coordination to oversee the aggregation and distribution of products.
- **Management:** Starting a food hub can be a large undertaking and will not happen overnight: it requires skill, knowledge, and patience. Food hub operators might require technical assistance, and help with managing growth, navigating different levels of the supply chain, matching supply and demand, and general logistics. Additionally, there might be legal and local regulatory issues that must be understood and skillfully navigated, including local land use permits and approvals and health department inspections. Obtaining the requisite permits can be expensive and time consuming. This will require your hub operators and management to possess a range of expertise beyond traditional food retail management. Of those who responded to the 2013 [National Food Hub Survey](#), hub managers had an average of one to five years of experience, with an emphasis on strategic planning, production, food marketing, and sales.
- **Financing:** Finding capital to start and operate a food hub might be challenging, but funding sources and opportunities are increasing as healthy food financing efforts gain popularity across the country, government funding continues, and non-traditional funding sources emerge. For more information on funding for your food hub, see the [financing page](#).

FINANCING

Overview

In the last several years, interest in healthy food access has grown, and public and private funding opportunities for food hubs have surged. While there are many traditional government funding streams, a number of these opportunities are non-conventional, such as healthy food financing initiatives, tax incentives, micro-lenders, private investors, economic development entities, and nonprofit community-based organizations.

Government funding provides a great range of funding opportunities targeting various levels of food hub operations. [Healthy food financing](#) efforts at the federal, state, and local levels have emerged in recent years, engaging community development financial institutions (CDFIs) and community economic development organizations in innovative lending and grantmaking strategies. For more information about which states and cities have healthy food financing efforts in place and in progress, see [here](#).

Of those hubs responding to the 2013 [National Food Hub Survey](#), approximately one-quarter used federal government funding, one-quarter received state government funding, and 11 percent had funding from their local government.

Additionally, the field of socially driven investments in food projects is growing behind organizations like [RSF Social Finance](#), which is offering investments, loans, and grants to nonprofit and for-profit social enterprises working in food and agriculture. Organizations like [Kiva](#) are also partnering with various CDFIs to support food sector innovations.

A number of these funding opportunities are detailed below.

Healthy Food Financing Streams

Through the federal [Healthy Food Financing Initiative](#) (HFFI), a number of CDFIs across the country have funds for healthy food retail projects such as food hubs. Locate HFFI CDFI grantees [here](#) or use the Opportunity Finance Network's [CDFI database](#) to locate a CDFI in your community. HFFI funds may also be available through U.S. Department of Health and Human Services Community Economic Development (CED) program that funds community development corporations working to improve access to healthy food. See [here](#) for the list of HFFI CED grantees.

Beyond the federal legislation, there are a number of funded city and state-specific healthy food financing efforts, with several more underway. A full list of current and in-progress efforts is available [here](#). Of note, the [California FreshWorks Fund](#) and [Colorado Fresh Food Financing Fund](#) both have dollars going out the door to support healthy food retail projects such as food hubs.

Even with these policies in place, there are many more policy opportunities to support the development and operations of food hubs across the country. Some cities and states have begun to offer tax credits and economic development grants, a policy strategy that should be replicated nationwide.

- The [NYC Food Manufacturers Growth Fund](#) makes affordable financing available to small, NYC-based food manufacturers, who can use growth loans to purchase equipment, buy inventory, or hire workers.
- The New York City municipal government also provides financial and zoning incentives to increase healthy food access in underserved communities through the [Food Retail Expansion to Support Health \(NYC FRESH\)](#) program. Through NYC FRESH, food enterprises with a grocery retail component can receive real estate tax reductions, sales tax exemption, and mortgage recording tax deferral.

Policymakers should consider adapting land use policies and zoning restrictions to better accommodate food hubs, or designating “[Food Innovation Districts](#)” to encourage development of new food enterprises like food hubs. Cleveland has an [Urban Agriculture Innovation Zone](#) to promote small business growth, job creation, and healthy food access, but no U.S. cities have food innovation districts, which would co-locate food-oriented businesses in a geographic area supported by local governments through planning and economic development initiatives.

Cities can implement procurement policies for city-run institutions and properties that support local and regional food sourcing, strengthening the viability of local food sources like food hubs. In 2012, the City of Los Angeles and L.A. Unified School District (LAUSD) signed the [Good Food Purchasing Pledge](#), which encourages greater production of local, sustainable, fair, humane, and healthy food. Targeting the purchasing power of large institutions provides new opportunities for small and mid-sized farmers and food businesses in the region.

U.S. Department of Agriculture Funding Streams

(Information below is adapted from the USDA. For a full list of “Know Your Farmer, Know Your Food” related USDA grants, loans, and support, click [here](#).)

The USDA is the largest source of government funding for food hubs, with opportunities available through a variety of USDA offices and sub-agencies.

Agricultural Marketing Service

- [Farmers Market Promotion Program \(FMPP\)](#) is a grant program for direct-to-consumer market channels for agriculture products (and is not limited to farmers' markets). Grants cannot exceed \$100,000, and eligible applicants include agricultural cooperatives, producer networks, producer associations, nonprofit corporations, regional farmers' market authorities, and more.
- [Federal-State Marketing Improvement Program \(FSMIP\)](#) provides matching funds to states to research and innovate new marketing opportunities for food and agricultural products.
- [Specialty Crop Block Grants](#) support specialty crop stakeholders, enhancing the competitiveness of specialty items (fruits, vegetables, tree nuts, dried fruits, horticulture, nursery crops, floriculture), including locally grown and consumed specialty crops. The award amount varies by state, but food hubs are eligible grant recipients.

Farm Service Agency

- [Farm Loan Programs](#) provide direct and guaranteed loans to farmers and ranchers (including individuals, cooperatives, joint operations, corporations, and partnerships) who are unable to obtain financing from commercial lending sources.
- [Farm Storage Facility Loan Program](#) can finance the construction of on-site storage, cooling, and minimal processing facilities for eligible commodities, which includes vegetables, fruits, and nuts as of the 2014 farm bill.

National Institute of Food and Agriculture

- [Agriculture and Food and Research Initiative \(AFRI\): Improved Sustainable Food Systems](#) provides grants to conduct research, education, and extension on local and regional food systems that will increase sustainable food security in U.S. communities and expand viability within local economies (*for academic institutions only*).
- [Agriculture and Food and Research Initiative \(AFRI\): Agricultural Economics and Rural Communities](#) provides grants to conduct research, education, and extension projects that address the long-term viability of small and medium-sized farms, entrepreneurship and small business development, markets and trade, and rural communities.
- [Beginning Farmer and Rancher Development Program \(BFRDP\)](#) awards grants to organizations that train, educate, and provide outreach and technical assistance to new and beginning farmers on production, marketing and business management, legal strategies, and other topics critical to running a successful operation.
- [Community Food Projects Competitive Grant Program \(CFPCGP\)](#) provides one-time grants to nonprofit entities working to increase food security of low-income communities. Grants range from \$10,000 to \$300,000 and support projects developing linkages between two or more sectors of the food system; projects funded include those supporting the development of entrepreneurial projects and encouraging long-term planning for communities.
- [Organic Agriculture Research and Extension Initiative \(OREI\)](#) supports the ability of producers and processors who have already adopted organic standards to grow and market high-quality organic agriculture products.
- [Small Business Innovation Research \(SBIR\)](#) grants help small businesses conduct high-quality research related to important scientific problems and opportunities in agriculture. Research is intended to increase the commercialization of innovations and foster participation by women-owned and socially and economically disadvantaged small businesses in technological innovation.
- [Sustainable Agriculture Research and Education \(SARE\)](#) is a grant program for innovations in sustainable agriculture that improve profitability, stewardship, and quality of life, with an emphasis on research and education. It is a decentralized grant program managed out of four regional offices (Western, North Central, Southern, and Northeast), and specific rules and eligibility [vary by region](#).

Natural Resources Conservation Service

- [Conservation Stewardship Program \(CSP\)](#) is a cost-share program for owners/operators of agricultural lands to help producers carry out activities that conserve or improve the quality of natural resources

on their land. The sale of “locally grown and marketed farm products” is considered a conservation enhancement under this program.

- [Environmental Quality Incentives Program](#) (EQIP) provides financial and technical assistance to help plan and implement conservation practices that address natural resource concerns.

Risk Management Agency

- [Risk Management Education and Outreach](#) provides cooperative agreements between \$10,000 and \$300,000 to educational institutions and community-based organizations to provide farmers and ranchers (specifically minority, limited resource, and traditionally underserved farmers and ranchers) with information on new ways to manage risk. This includes strategies related to production, marketing, legal, human, and financial issues.

Rural Development Agency

- [Business and Industry Guaranteed Loan Program](#) provides loans up to \$10 million for rural businesses and cooperative ventures where a loan will keep a business from closing, prevent the loss of employment, or provide expanded job opportunities.
- [Community Facilities Program](#) provides loans and grants for the construction, acquisition, or renovation of community facilities or for the purchase of equipment for community projects.
- [Rural Business Enterprise Grants](#) range from \$10,000 to \$500,000 to support the development of physical infrastructure and facilities, including food processing, marketing, and distribution business ventures for locally grown agricultural products. It can support everything from planning to plant upgrades, equipment purchases, and technical assistance. Rural public entities, Indian tribes, and rural nonprofits are eligible to apply.
- [Rural Business Opportunity Grants](#) provide up to \$250,000 to support training and technical assistance for business development and to assist with regional economic development planning, with an emphasis on development through regional food systems. Funds may also support market development and feasibility studies, business training, and establishing business incubators.
- [Rural Cooperative Development Grants](#) provide up to \$225,000 to support rural economic development through the creation or improvement of cooperative development centers. Funds can support activities including new and beginning farmer training, marketing and feasibility studies, business development, and outreach.
- [Value-Added Producer Grants](#) help farmers and ranchers receive a higher portion of the retail dollar through value-added processing and marketing. Funds are available for projects that focus on local and regional supply networks or that support beginning farmers and ranchers, socially disadvantaged farmers and ranchers, and small or medium-sized farms and ranches.

CASE STUDY



Profile: Common Market

Philadelphia, PA

HIGHLIGHTS & IMPACTS

- 16 full and part-time jobs created for local residents in just five years, 11 of which are held by people of color.
- \$5 million in sales of farm-fresh food since 2008, 25 percent of which has gone to institutions serving low-income communities and communities of color.
- 68 percent of staff and 75 percent of board members are people of color.
- 150+ urban institutions, many of which serve low-income communities and communities of color, including schools, hospitals, senior centers, grocery stores, and community groups receive fresh, affordable, local food.

As food access remains an issue facing communities across the nation, regional food hubs are emerging as a promising strategy to increase access to healthy foods while boosting local and regional economies. Since 2008, Common Market has been doing just that, connecting over 150 institutions around greater Philadelphia and southern New Jersey to farmers in rural Pennsylvania, New Jersey, and Delaware.

While Philadelphia lies near a vibrant agricultural region, the connection between rural growers and urban consumers has weakened over time, leaving many of the city's low-income, food insecure communities

disconnected from this abundance of high-quality fresh foods. Many areas in the city are plagued by poor health outcomes and economic hardships, as 41 percent of children in Philadelphia are overweight or obese, and 25 percent of the population lives in poverty. Though recent years have seen encouraging reductions in Philadelphia childhood obesity rates, there remains a great deal of work to be done. Black and Latino households are more likely to report traveling outside of their neighborhood to access a supermarket, yet without supermarkets nearby, families often rely on corner stores where the options are mostly unhealthy, processed, and high in fat and sugar.

The Common Market food hub is addressing these exact issues, providing a centralized site for aggregating, distributing, and marketing produce and other food products for growers across the region. By combining food from over 70 farms at one site, Common Market is expanding access to urban markets for small family farmers and providing affordable, high-quality food to schools, senior centers, hospitals, churches, and community groups across Philadelphia and southern New Jersey. This diverse customer base reaches some of the most vulnerable communities, including a large food retailer serving low-income Philadelphia consumers, as well as cafeteria services for over 30 public and charter schools in New Jersey.

In addition to providing healthy and safe food, Common Market also offers employment opportunities to local residents, hiring 16 full- and part-time workers to staff the food hub, and prioritizing local hires for contractors and vendors. By hiring from the local low-income community, Common Market is bolstering the area's workforce, and reinforcing their commitment to the communities they serve.

Philadelphia-area institutions and residents are not the only groups positively impacted by the food hub; the operation provides a great deal of support to regional farmers and food producers as well. For food sold through Common Market, farmers receive a higher percentage on the dollar compared to the profit made when working through traditional distribution channels. Working with institutions to increase procurement of locally grown food, Common Market is connecting regional farmers to some of the urban and suburban consumers that have historically struggled to access healthy food. By providing distribution and marketing support, they are building the capacity and increasing the viability of local family farms.

Common Market has proven that a food hub can be an economically promising enterprise, making it an even greater asset to local communities and regional farmers. Their mission is focused on improving access to high-quality food, particularly in low-income communities, and providing a viable alternative to mainstream food distribution networks for local farmers. The organization has recorded tremendous growth since 2008. From 2010 to 2012, sales more than doubled, increasing from \$574k to over \$1.3 million. Combined with the previous three years, Common Market has sold more than \$5 million in local, fresh food, 25 percent of which has been sold to institutions specifically serving low-income communities and communities of color.

The story of Common Market shows that regional food hubs can succeed both as economic drivers and value-based businesses. The organization is committed to serving diverse communities, with 68 percent of staff and

75 percent of the board representing people of color, highlighting their commitment to diversity internally, as well as to increased access to fresh food for all.

Common Market is increasing levels of transparency and accountability throughout the food supply chain, building food safety skills among farmers, hiring from the local community, and paying farmers fair prices for their products.

RESOURCES

Organizations/Websites/Programs

[Agriculture and Land-Based Training Association](#)

[California FreshWorks Fund](#)

[Colorado Fresh Food Financing Fund \(CO4F\)](#)

[Co-op Partners Warehouse](#)

[Corbin Hill Food Project](#)

[Cropcircle Kitchen: Boston's Culinary Incubator](#)

[Farm Fresh Rhode Island](#)

[Foodlink](#)

[The Food Trust](#)

[Good Food Purchasing Program](#), Los Angeles Food Policy Council

[Healthy Food Access Portal](#)

[Healthy Food Financing Initiative](#)

[Intervale Food Hub](#)

[Local Food Hub](#)

[National Good Food Network](#)

[New North Florida Cooperative Association, Inc \(NNFC\)](#)

[NYC Food Manufacturers Growth Fund](#)

[Santa Monica Farmers Markets](#)

[Tuscarora Organic Growers Cooperative](#)

[United States Department of Agriculture, Food Hubs](#)

[United States Department of Agriculture, Grants, Loans and Support](#)

Resources

2012

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2013

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2014

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