

# Funding Rural Grocery Store Improvements & Transitions

*Grocery projects often piece together funding from numerous sources. This list provides a snapshot of funding opportunities at national, state, and local levels. While not exhaustive, it offers a starting place for researching the funding opportunities that may be available to you.*

## Rural Economic Development Loan & Grant Program

This USDA Rural Development program provides funding to local utilities. The utilities, in turn, pass it on to local projects. Business and community borrowers work with their local utility to develop a project proposal and submit an application to USDA. Ultimate funding recipients repay the utility, and the utility repays USDA.

**Type of funding:** 0% interest loans

**Uses:** Business expansion, startup costs, buying assets, etc.

**Website:** [www.rd.usda.gov/programs-services/rural-economic-development-loan-grant-program](http://www.rd.usda.gov/programs-services/rural-economic-development-loan-grant-program)

## Community Facilities Direct Loan & Grant Program

This USDA Rural Development program funds essential community facilities in rural areas. This does not include private, commercial, or business undertakings. However, non-profit or municipally-owned grocery stores may be able to use this program.

**Type of funding:** Low interest direct loans, grants, or a combination of the two

**Uses:** Purchase, construction, and/or improvements to essential community facilities; purchase of equipment; payment of related project expenses

**Website:** [www.rd.usda.gov/programs-services/community-facilities-direct-loan-grant-program](http://www.rd.usda.gov/programs-services/community-facilities-direct-loan-grant-program)

## Business & Industry Loan Guarantees

This USDA Rural Development program provides loan guarantees to lenders (e.g. federal and state-chartered banks, farm credit banks, credit unions) so that they can make loans to rural businesses.

**Type of funding:** Guaranteed loans

**Uses:** Business conversion, building rehabilitation, purchase and development of land and buildings, etc.

**Website:** [www.rd.usda.gov/programs-services/business-industry-loan-guarantees](http://www.rd.usda.gov/programs-services/business-industry-loan-guarantees)

## Rural Energy for America Program

This USDA Rural Development program provides guaranteed loans and grants to agricultural producers and rural small businesses for renewable energy systems or to make energy efficiency improvements. In Kansas, the Kansas Energy Program can provide free energy audits and help businesses submit applications.

**Type of funding:** Guaranteed loans and grants

**Uses:** Renewable and energy efficiency improvements

**Website:** [www.rd.usda.gov/programs-services/rural-energy-america-program-renewable-energy-systems-energy-efficiency](http://www.rd.usda.gov/programs-services/rural-energy-america-program-renewable-energy-systems-energy-efficiency)

## Community Development Block Grant Program

The Small Cities Community Development Block Grant (CDBG) is a federal program that funds community improvement projects. Funds are distributed to cities and counties by the Kansas Department of Commerce. Healthy food retail projects may qualify for funding if they meet with the requirements of the CDBG program.

**Type of funding:** Grants and loans

**Uses:** Economic development activities such as building construction and rehabilitation, etc.

**Website:** [www.kansascommerce.gov/program/community-programs/cdbg](http://www.kansascommerce.gov/program/community-programs/cdbg)

## America's Healthy Food Financing Initiative

This national program supports healthy food retail in areas with inequitable food access. The program ultimately aims to provide additional capacity building and financing resources to build a more equitable food system that supports the health and economic vibrancy of all Americans.

**Type of funding:** Grants

**Uses:** Various aspects of retail or enterprise development, renovation, and expansion

**Website:** [www.investinginfood.com](http://www.investinginfood.com)

## Small Business Administration

The Small Business Administration (SBA) is an independent federal agency that provides support to small businesses. Over the years, the SBA has developed many small business loan and assistance programs, special outreach efforts, and initiatives to aid and inform small businesses.

**Type of funding:** The SBA guarantees loans through a participating funder through several financing programs with varying terms and eligibility requirements. These programs include:

- 7(a) Loan
- SBA Express
- 504 Loans
- Microloans
- Community Advantage

**Uses:** Depending on the program, funds could be used for purchasing an existing business, working capital, startup costs, equipment, real estate, debt refinancing, etc.

**Website:** [www.sba.gov/ks](http://www.sba.gov/ks)

## NetWork Kansas

NetWork Kansas is a statewide network of non-profit business-building resources that helps entrepreneurs and small business owners start up and grow successful businesses.

**Type of funding:** NetWork Kansas offers several financing programs with varying terms and eligibility requirements. They require matching funds and support projects located in rural or urban-distressed areas. Programs include:

- Entrepreneurship (E-) Community Loan Funds
- StartUp Kansas
- Kansas Capital Multiplier Loan Fund
- Minority-Woman Business Multiplier Loan Fund
- Kansas Community Investment Fund

**Uses:** Depending on the program, funds could be used for things like equipment, inventory, working capital, etc.

**Website:** [www.networkkkansas.com](http://www.networkkkansas.com)

## Kansas Healthy Food Initiative

This program provides technical assistance and financing to support new or renovate existing healthy food retail outlets in underserved communities across Kansas. The program works to bridge informational and financing gaps faced by healthy food stakeholders and food retailers operating in low- to moderate-income areas.

**Type of funding:** Loans and grants

**Uses:** Building construction or renovation and one-time purchases (e.g. equipment, initial store inventory, etc.)

**Website:** [www.kansashealthyfood.org](http://www.kansashealthyfood.org)

## Municipal Financing

Cities have various tools at their disposal for supporting economic development projects, which may include redirecting future tax revenues, increasing taxes, abating taxes, or using state/federal tax incentives and credits.

**Type of funding:**

- Tax Increment Financing (TIF)
- Community Improvement Districts (CIDs)
- Transportation Development Districts (TDDs)
- Industrial Revenue Bonds (IRBs)
- Opportunity Zones
- New Market Tax Credits

**Uses:** Varies by municipality

**Website:** For a brief overview of these financing tools, listen to Korb Maxwell's presentation in Webinar 6 of *Keeping Groceries Alive* at [www.ruralgrocery.org](http://www.ruralgrocery.org).

## Small Business Development Center

While not a funding source, the SBDC provides invaluable resources and advising at no cost to small business owners. Be sure to connect with them when planning your grocery store project. To learn more, visit [www.kansassbdc.net](http://www.kansassbdc.net).

**To learn more, watch Webinar #6 in the "Keeping Groceries Alive" webinar series at [www.ruralgrocery.org](http://www.ruralgrocery.org).**