



Rural Grocery Summit

Funding Opportunities For Rural Grocery Stores

June 5, 2012



THE REINVESTMENT FUND
Capital at the point of impact.

Today's Presentation

- Introduction to The Reinvestment Fund
- Overview of Community Development Financial Institutions (CDFIs)
- Financing for Grocery Stores
- Finding CDFIs in Your Community

The Reinvestment Fund

A Community Development Financial Institution

\$1 billion in cumulative investments throughout the mid-Atlantic

Currently manages **\$700 million** in capital, with nearly **800** investors

Four Business Lines



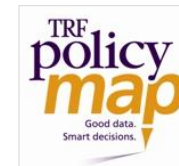
Lending and Investing



Policy Solutions



Real Estate Development



PolicyMap

as of 5.30.12



Working to Improve Access to Healthier Foods

Food Retail Financing

Public Policy & Advocacy

Building Industry Capacity

Research Studies

TRF Investments in Healthy Food Retailers

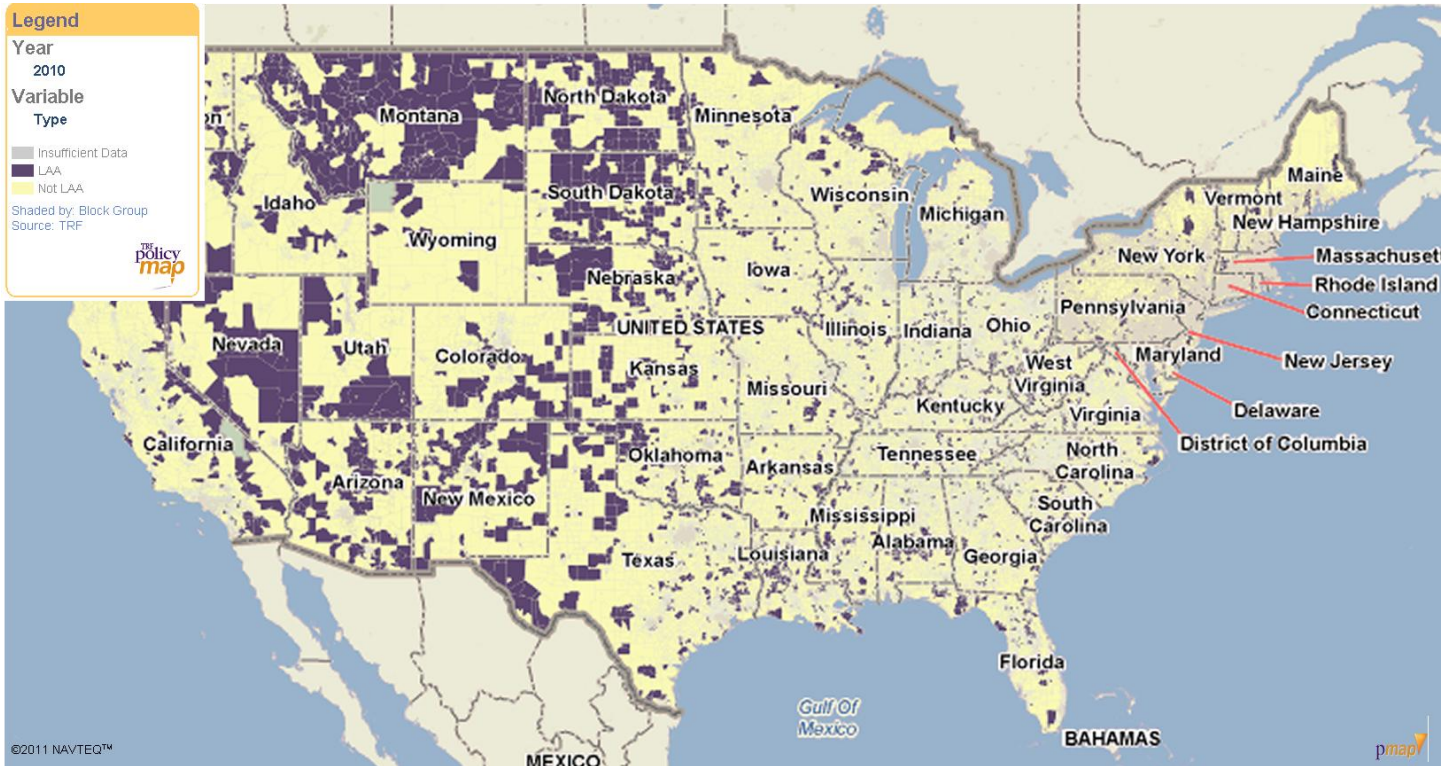
Since 2004:

- Total Grants \$12.1 million
- Total Loans \$104.4 million
- Total Projects 103
- Est. Jobs 5819
- Est. Project Costs \$260 million

as of 5.31.12



Areas with Limited Supermarket Access



<http://www.trfund.com/TRF-LSA-widget.html>

Community Development Financial Institutions



What are CDFIs?

Community Development Financial Institutions (CDFIs):

- Non-profit financial institutions
- Primary mission of community development
- Financial products and services for economically distressed areas
- Market niche underserved by traditional financial institutions

How do CDFIs work?

CDFIs differ from conventional financial institutions:

- Take greater risks. First in. Last out.
- Look beyond the project. What are the community impacts?
- Form strong relationships and work in partnerships within communities.
- Develop innovative loans, investments and financial services suited for underserved communities.
- Incubate businesses. Provide technical services.

What do CDFIs look like?

Many different Types of CDFIs:

- Community development banks
- Community development loan funds
- Community development credit institutions
- Microenterprise funds
- Community development corporation-based lenders and investors
- Community development venture funds

TRF is a community development loan fund.

What services do CDFIs provide?

- Loans (housing, small businesses, health care & day care centers, charter schools facilities, art and cultural centers)
- Venture capital equity
- Policy and research studies
- Development services

Some CDFIs specialize in a particular type of lending (e.g., small business finance); others provide more than one type of service like The Reinvestment Fund.

What are sources of CDFIs capital?

CDFIs get their capital from private and public sources.

- Corporations
- Individuals
- Religious institutions
- Private foundations
- Conventional financial institutions
- Federal, state & local governments

Healthy Food Financing Initiative

- CDFI Fund Financial Assistance Program
- New Market Tax Credit Program
- State & Local Public/Private Partnerships

What is the CDFI Fund?

- Established to expand the capacity of CDFIs and CDEs to provide credit, capital, and financial services to underserved populations and economically distressed communities in the United States.
- Administers several programs that support CDFIs:
 - Financial Assistance Program
 - New Tax Credit Program
 - Healthy Food Financing Initiative
 - Technical Assistance Programs
- For more information on CDFI Fund programs:
- [http://www.cdfifund.gov/what we do/programs.asp](http://www.cdfifund.gov/what_we_do/programs.asp)

New Market Tax Credit Program

- Stimulates investment in low income communities by giving corporations & individuals a 39 percent federal tax credit
- Investments must be made in a qualified business or economic development project.
- The business must be located in an eligible census tract.
- A priority is given for businesses and projects in low-income rural areas

State & Local Public/Private Partnerships

- New Jersey Food Access Initiative
- Pennsylvania Fresh Food Financing Initiative
- New Orleans Fresh Food Retail Incentive Fund
- New York Healthy Foods, Healthy Communities Fund
- IFF Missouri Fresh Food Fund
- California FreshWorks Fund

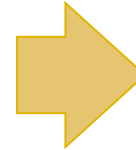
Financing for Grocery Stores



A Mission Fit for CDFIs

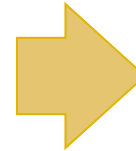
Developing Quality Food Markets in Underserved Communities

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- Increases access to healthier foods, the consumption of which is associated with reduction in obesity & diet-related diseases
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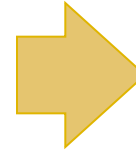
Health

-
- Creates jobs with career paths
 - Lowers the cost of food
-



Income

-
- Revitalizes neighborhoods
 - Leverages private capital
 - Increases local taxes
-



Economic Stimulus

Support for A Diversity of Projects

CDFIs Can Finance a Diversity of Healthy Retail Enterprises

- New supermarkets
- Existing small & mid-size grocery stores
- Alternative retail formats (coops, farmers markets)
- Other healthy food businesses

Examples of Financial Products CDFIs Can Offer

- Grants
- Loans
- New Market Tax Credits
- Loan Guarantees

Examples of Activities CDFIs Can Finance

- Predevelopment activities
- Environmental remediation
- Land acquisition
- Leasehold improvements & equipment purchases
- Working capital
- Construction & permanent financing
- Energy efficiency and conservation measures
- Workforce development & job training

Typical Project Eligibility Requirements

- Expands or preserves availability of healthy, fresh, high quality foods, particularly fresh fruits and vegetables.
- Promotes community revitalization & job creation
- Meets other important community goals (e.g., buys locally, promotes healthy eating, incorporates health clinics, credit unions into the project, hires locally)
- Located in a “Food Desert” – places inadequately served by quality grocers that provide an array of foods, including produce

What are Food Deserts?

The CDFI Fund requires:

- A census tract determined to be determined a food desert by the USDA Food Desert Locator; or
- A geographic area that meets the CDFI Fund's criteria for economically-distressed community; and
- Identified as an area having low access to a supermarket or grocery store through a methodology that has been adopted for use by another governmental or philanthropic healthy food initiative

Tools for Identifying Food Deserts

USDA Food Desert Locator

<http://www.ers.usda.gov/FoodAtlas/about.htm>

TRF PolicyMap Limited Supermarket Access (LSA) Analysis

<http://www.trfund.com/TRF-LAA-widget.html>

Sprinkle Family Markets – Apollo & Vandergrift

- Amount: \$248,000 grant \$1.2 million loan
- Purpose: Acquisition of two stores and equipment refresh for both stores
- Project size: 10,000 & 8,500 sq. ft.
- Jobs created/retained: 50



Central Farmers Market – Lancaster

- Amount: \$100,000 grant
- Purpose: Equipment Purchase of energy efficient boiler
- Sq. footage: 20,000 sq. ft.
- Jobs created/retained: 59



Greensgrow Urban Food Hub – Philadelphia

- \$18,700 revolving working capital grant to support LIFE CSA
- Grows 2000 lbs of produce & operates a Farm Stand
- Buys from 80 small and medium size farmers in PA and NJ
- Operates mobile farmers market in Camden NJ
- Supports 500 member CSA.
- Employs 6 full-time employees and 23 seasonal workers



Finding CDFIs in Your Community



Finding CDFIs in Your Community

- CDFI Fund: More than 900 organizations are certified as CDFIs. Varying sizes and interests.
 - More than half are non-profit loan funds;
- All CDFI Fund Awardees:
 - <http://www.cdfifund.gov/awardees/db/index.asp>

Finding CDFIs in Your Community

Opportunity Finance Network

➤ http://www.opportunityfinance.net/industry/industry_locator.asp

Financing Healthy Food Options Capacity Building Initiative (ends September 2012)

- More than 200 CDFIs and their partners participated in 2-day training workshops or technical webinars
- For more information contact person: Pamela Porter, pporter@opportunityfinance.net

FY 2011 HFFI – Financial Assistance Program Awards

1. ACE (GA) <http://www.ace loans.org/site/>
2. ASI Federal Credit Union (LA) <https://asifcu.org/default.aspx>
3. Coastal Enterprises Inc. (ME & New England States):
<http://www.ceimaine.org/>
4. Cooperative Fund of New England (MA): <http://cooperativefund.org/>
5. IFF (IA, IL, MO, WI, KS): <http://www.iff.org/>
6. Local Enterprise Assistance Fund (MA): <http://www.leaffund.org/>

FY 2011 HFFI – Financial Assistance Awards

7. Low Income Investment Fund (NY): <http://www.liifund.org/>
8. Low Country Housing Trust (SC): <http://www.lowcountryhousingtrust.org/>
9. NCB Capital Impact CA FreshWorks Fund (CA):
<http://www.ncbcapitalimpact.org/>
10. Opportunity Finance Network (National):
<http://www.opportunityfinance.net/>
11. The Reinvestment Fund (DC, DE, MD, NJ, MD,): <http://www.trfund.com/>
12. Western Massachusetts Enterprise Fund (MA): <http://www.wmef.org/>

Coastal Enterprises

- Focusing on small, independent grocers in Maine
- Working with food hubs and supply chain business across the New England states that support the regional economy
- Established Flexible Capital Fund
- Provides deferred or interest only loans to equity investment
- Fund can be used for capital expenses, equipment expansion costs, succession planning, working capital & other costs
- For more information, Dan Wallace,
dwallace@ceimaine.org; www.ceimaine.org

IFF

- Serves five Midwestern states and the full Kansas City region.
- Provides predevelopment, acquisition, construction and leasehold improvements financing from \$250,000 to \$1 million
- Loans have favorable features like 20 year amortization for real estate loans
- Targeting full-service grocery store, food cooperative (with public membership), or developer working in partnership with a grocery store as tenant
- Projects must be located in a high need community

IFF will host an informational session for grocers the afternoon of July 30th in Kansas City. Contact Kirby Burkholder, Executive Director, Missouri, at kburkholder@iff.org or visit iff.org/food

Contact Information

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Sign-up For HFFI Updates:

www.policylink.org