Local and Regional Food Systems

Why local and regional food?

- Economic development and jobs
- Education and health in schools
- Increased access to healthy food
- Beginning farmer opportunities
- Wealth stays in the region
A consumer-driven market:

- Consumer demand drives new farm products; new markets
- Businesses capture higher margins when they produce with consumers in mind
- Unique business models and needs
- Beginning farmer opportunities
- Wealth stays in the region
How is USDA involved?

- **NRCS**: EQIP conservation practices for livestock producers
- **FSA**: Farm loans, microloans and Farm Storage Facility Loans
- **RD**: Local food infrastructure, regional food hubs
- **AMS and FNS**: Marketing programs, food access efforts
- **NIFA**: Training and research along the supply chain
- **ARS, ERS and NASS**: Research and data; policy analysis
How is USDA involved?

We:

- Support infrastructure
- Improve access to local foods
- Increase the local food supply
Support Infrastructure

Aggregating ➔ Processing ➔ Distributing ➔ Marketing
Rural Cooperative Development Grants help establish cooperative centers such as those at OSU South Centers, and Kent State University.

From food hubs to brewpubs, cooperatives are growing in Ohio, and are a useful tool in the local foods movement.
Improve Access to Local Foods

Mobile markets and Farm-to-School

USDA’s Farm to School Program
www.fns.usda.gov/farmtoschool/farm-school

USDA’s Farmers Market and Local Food Promotion Program
www.ams.usda.gov/fmpp
Increase the Local Food Supply

**Example:**

- The Lake-to-River Food Co-op includes aggregation with online ordering, a planned retail outlet and kitchen processing capacity.
- Operated as a multi-stakeholder cooperative.
- The Food Hub is owned by Common Wealth, Inc. an Ohio 501c-3 nonprofit corporation located near Youngstown State University.
Food Hubs, Produce Auctions and Kitchen Incubators located in:

- Athens, Nelsonville, Chesterhill, Somerset and Zanesville
- Managed by Rural Action, the Appalachian Center for Economic Networks (ACEnet) and the Muskingum County Business Incubator
- Partially funded with USDA Rural Business Development Grants

Increase the Local Food Supply
Every family needs a farmer

The market share and value of local and regional food systems has grown in response to consumer, commercial and community demand. USDA has grants, loans and resources to help farmers, ranchers and food businesses find new opportunities in this expanding agricultural sector.
The KYF Compass Map

Includes data on:

• USDA-funded local food projects
• Farmers markets and other contextual data gathered by USDA agencies
• Projects and resources from other federal agencies
• Updated regularly

www.usda.gov/kyfcompass
Example of Compass Map featuring Ohio Data
Examples of Urban Agriculture:

- Small community gardens
- Aquaculture and indoor hydroponics
Farm loans, microloans and farm storage facility loans

Farm Service Agency State Offices:
http://www.fsa.usda.gov/FSA/stateOffices
Farm Storage Facility Loan

- Applies to fruit, vegetable, and nuts, frozen or dry storage facilities
- Low, fixed-interest financing to build or upgrade
- Approved by local FSA Committee
- $500,000 maximum per person
- 15 percent down
- 7-year, 10-year, and 12-year loans
- Equal amortized installments
- Loan disbursed after bin is built and inspected
Ohio Rural Development Funding

**National portfolio = nearly $216 billion**
*Equal to the fifth largest development bank in the world*

Ohio Fiscal Year 2016 program statistics:

**Total funding = $692.7 million**
- Nearly $72.3 million - Community Programs
- More than $59.4 million - Water & Environmental
- More than $49 million - Business & Cooperative
- Nearly $512 million - Single & Multi-Family Housing
Rural Business & Cooperative Service Programs

- Business and Industry Loan Guarantee
- Intermediary Relending Program
- Rural Economic Development Loans & Grants
- Rural Business Development Grants
- Value Added Producer Grants
- Cooperative Development
- Renewable Energy Programs
Business & Industry Guaranteed Loans

- Applicant may be sole proprietor, cooperative, corporation, or LLC
  - For-profit or not-for-profit
- Eligible businesses include manufacturing, wholesaling, retailing or service-oriented
- Must provide employment or improve economic or environmental climate.
Eligible Loan Purposes

- Real Estate
- Machinery & Equipment
- Term Working Capital
- Business Acquisitions
- Tourism & Recreation
- Hotels & Motels
- Refinancing
  (including existing lender debt)
Guarantee Limits

- Minimum loan = $400,000
- $750,000 to $5 million = 80% guarantee
- $5 - $10 million = 70% guarantee
- Average loan = $3 million
- One-time 3% fee on guaranteed portion of loan
- Annual renewal fee = .25%
The overall mission of USDA Co-op Programs is to promote the understanding and use of the cooperative form of business as a viable organizational option.

This is accomplished through

Cooperative research • information products statistics • technical assistance

These programs also provide funding to help new and existing co-ops:

Value Added Producer Grants • Rural Cooperative Development Grants • Socially-Disadvantaged Groups Grants • Delta Health Care Services Grants
Value-Added Producer Grants

• Help agricultural producers generate new products for their current crops; create and expand marketing opportunities and increase producer income.
• Maximum: $100K / planning $300K / working capital
• Cash or eligible in-kind matching funds equal to at least the grant amount requested
Intermediary Relending Program

- To alleviate poverty and increase economic activity and employment in rural communities.
- Estimated funding: Announced annually
- Maximum: No more than $1 million to a single entity.
- Intermediaries are encouraged to work in partnership with other private and public organizations to identify complimentary resources.
- Applications accepted year-round; nationally competitive
Other Business & Cooperative Grants

**Rural Business Development Grants**

- Competitive grant targeting technical assistance and training leading to the development or expansion of small and emerging private businesses in rural areas with fewer than 50 employees and less than $1 million in gross revenue.

**Rural Microentrepreneur Assistance Program**

- Provides loans and grants to Microenterprise Development Organizations who, in turn, make microloans to rural businesses. Funds can be used for working capital, debt refinancing, and to purchase equipment & supplies.
Community Programs

• Community Facility Direct Loans / Grants
• Community Facility Loan Guarantees
• Water & Waste Loans / Grants
• Water & Waste Guarantee Loans
• Solid Waste Management Grants
• Rural Community Development Initiative Grants
• Distance Learning Telecommunication/Telemedicine
• Broadband (High Speed) Internet Service
Direct Loans – Loan Guarantees – Grants

Designed to improve essential public services and facilities in communities across rural America. These amenities help increase the competitiveness of rural communities in attracting and retaining businesses that provide employment and services for rural residents.

Includes first responder equipment, libraries, daycare centers and more

Terms: up to 40 years at 3.5% interest

Areas with population of 20,000 or fewer
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USDA Rural Development is committed to the future of rural communities.
USDA is an equal opportunity employer, lender and provider.