



## **Massachusetts Food Trust Program Eligibility Criteria**

### **Program Overview**

The Massachusetts Food Trust Program (MFTP) provides loans, grants, and business assistance in order to increase access to healthy, affordable food options, with a preference for fresh locally sourced Massachusetts grown, caught or harvested healthy food and to improve economic opportunities for underserved communities in urban, rural and suburban localities. These communities are designated as USDA food deserts and/or areas of high poverty, high unemployment, or low incomes, as defined by the CDFI Fund as “Investment Areas.”

Modeled after similar successful programs across the country, the MFTP was established in legislation in 2014. After a multi-year advocacy campaign spearheaded by the Massachusetts Public Health Association, the Baker-Polito Administration included \$1 million of seed funding for the program in the Fiscal Year 2018 capital budget.

The MFTP is overseen and evaluated by the Massachusetts Department of Agricultural Resources (MDAR), and implemented by the Local Enterprise Assistance Fund (LEAF) and Franklin County CDC, with support from The Food Trust.

### **Eligible Applicants**

To be eligible for loans, grants, or business assistance from the MFTP, a project must expand food access in underserved neighborhoods and fit local community needs. Applicants may be for-profit, nonprofit, or cooperative entities. Financing may be used for the development, renovation, or expansion of an eligible business.

Types of eligible businesses include:

- Grocery stores
- Corner stores
- Food co-ops that are open to the public without requiring membership
- Farmers markets and mobile markets
- Food hubs, community kitchens, food truck commissaries, indoor and outdoor greenhouses and other infrastructure for gathering, preparing and distributing healthy food for retail in areas that are low-and-moderate income (LMI) and underserved.

To qualify as eligible, projects must:

- Operate and provide service in Massachusetts
- Provide or support the availability of high-quality, affordable, and nutritious food in an area where there is limited access to such food
- Serve a majority of customers from areas designated as USDA food deserts and/or areas of high poverty, high unemployment, or low-and-moderate incomes, as defined by the CDFI Fund as “Investment Areas.”
- Demonstrate strong engagement and support from local residents and a commitment to providing a positive economic and social impact to the local community\*
- Accept federal and state benefits (e.g. SNAP & WIC) to the maximum extent possible

- Include an experienced manager on the team, ideally with a minimum of three years managing a similar healthy food project
- Work with other state and local programs to the maximum extent practicable
- Be financially sustainable

\* Funded projects will be required to submit an impact statement to the program each year to describe the positive economic and social impact that the project is providing to the community through job training and employment practices, ownership by women and people of color, information on veteran status of ownership and full-time employees and other factors. Failure to show positive economic and social impact may be cause for discontinuing financial assistance to the recipient.

Preference will be given to projects that build wealth within communities most affected by lack of healthy food access, enhance racial, gender, and economic equity, and support the environment and local Massachusetts food system. Businesses are encouraged to consider and demonstrate the following criteria in their applications:

- Promote supplier diversity and where possible, increases business opportunities for Minority Business Enterprises, Women Business Enterprises, Service-Disabled Veteran Business Enterprises, Veteran Business Enterprises, Lesbian, Gay, Bisexual, and Transgender Business Enterprises; and Disability-Owned Business Enterprises
- Hire employees from the surrounding neighborhoods
- Pay living wages (Please refer to the [MIT Living Wage Calculator](#) for your region)
- Source food from Massachusetts farmers
- Accessibility to the business by customers through means of public transportation
- Alignment with already existing plans and goals of the local government and community residents
- A demonstrated history of including local communities and customers into its operations and business development

Consideration will be given to applicants that may not have previously received funding from other state programs, such as MDAR's Food Ventures Program, in order to increase access to funding.

Funding decisions will also be reflective of desire for diversity of types of projects and project locations in urban, suburban, and rural areas across the Commonwealth.

Ineligible uses of grant funds include:

- Audits or design work for projects without clear linkage to a future loan
- General operations and maintenance expenses
- Reimbursement for project costs already incurred for completed projects

## **How to Apply**

Applications will be evaluated on a rolling basis while funds remain available. To apply for financing from the MFTP, first complete and submit the short pre-application. Program partners will review the pre-application, schedule a phone call with the applicant, and conduct additional research to determine whether the project meets the program's eligibility criteria and aligns with program goals. Applicants will then be notified about if they are invited to apply for financing, the next phase of the application process.

## Financing Products

The MFTP provides flexible, customized financing for costs associated with opening or expanding eligible food access businesses. The amount and type of financing offered depends on the availability of funds within the program at the time of application, the need of the borrower, and the size and expected impact of the project. Financing packages may include loans, grants, and other funding tools on a case-by-case basis in order to appropriately meet the needs of each project. Each application deemed eligible will be underwritten and assessed for reasonableness of projections, capacity to adequately service debt payments, and collateral. The CDFI Administrators are responsible for the credit analysis and final underwriting decisions of the MFTP.

### Loan Criteria:

- Loan amount from MFTP from \$15,000 to \$300,000 (administrators may have access to additional funds to supplement MFTP)
- Collateral availability, which may include business and/or personal assets and/or guarantees
- Three years of operating history is preferred. Start-up financing may be considered when the owner or management team has strong industry experience
- Profitable or can demonstrate a path to profitability within 18 months
- Strong, experienced management team
- Able to provide projections for at least three years including income statements, balance sheets and cash flows

### Grant Criteria:

- Grant amounts from \$5,000 to \$25,000. In the case of large projects (i.e. a new grocery store), larger grants may be considered on a case-by-case basis
- Three years of operating history is preferred—start-up financing may be considered when the owner or management team has strong industry experience
- Profitable or can demonstrate a path to profitability within 18 months
- Strong, experienced management team

## More about Program Partners

Local Enterprise Assistance Fund (LEAF) is the lead Community Development Financial Institution (CDFI) administrator for the MFTP and has been serving the retail grocery sector for several decades, including the financing of over 20 community-owned grocery stores in the past five years through the federal Healthy Food Financing Initiative (HFFI). LEAF has also been a business assistance and capital provider for small business owners in Eastern Massachusetts as part of its recent local initiative.

Franklin County CDC is a capital and business assistance provider for small businesses, serving Western Massachusetts for almost 40 years. In addition to supporting local farmers and growers through their own funds and their related Pioneer Valley Grows Fund, they also operate a full service commercial kitchen and food-processing center to support local food entrepreneurs.

Massachusetts Department of Agricultural Resources (MDAR) is the state agency overseeing and evaluating the MFTP. They will be a key partner in ensuring that the Commonwealth's goals are being met in improving food access and supporting local farmers and local food.

The Food Trust is a national nonprofit dedicated to ensuring that everyone has access to affordable, nutritious food and information to make healthy decisions. Headquartered in Philadelphia, The Food Trust provides leadership and technical assistance for partners across the country. As the Food Access Organization (FAO) for the MFTP, they will help to ensure that applicants meet program eligibility requirements.