800,000 Kansans don’t have access to healthy food within a reasonable distance of their home.
Kansans everywhere should have access to healthy, affordable food. Healthy Kansas communities include a built environment that supports healthy choices. However, more than 800,000 Kansans don’t have access to healthy food within a reasonable distance of their home. According to the U.S. Department of Agriculture, more than 30% of Kansas counties are in underserved, low-resource areas.*

The Kansas Healthy Food Initiative, or KHFI, is a public-private partnership that aims to improve the health and economic development of Kansas communities by increasing access to affordable, healthy food. KHFI offers loans, grants, and technical assistance to community stakeholders, business owners and others who seek to improve access to healthy food in their communities.

KHFI was started by the Kansas Health Foundation as a collaboration among Kansas State Research and Extension’s Rural Grocery Initiative, or RGI; NetWork Kansas; and IFF, a community development financial institution. The Food Trust provides strategic guidance.

KHFI supports projects that increase access to healthy food at the retail level in low-resource and underserved communities in Kansas. Eligible projects may include development or renovation of a grocery store, creation of food hubs to improve distribution to grocers, and technology or energy-efficiency upgrades.

*https://kansashealth.org/2017/08/25/khf-dedicates-4-million-healthy-food-access/

Kansas Healthy Food Initiative Partners

The Kansas Health Foundation has provided seed funding to support partner organizations and financing. KHFI falls under the foundation’s “Healthy Behaviors” impact area, which focuses on healthy eating, physical activity and tobacco use prevention.

Since 2007, the Rural Grocery Initiative has contributed to improved food access in underserved areas. The RGI serves as the Food Access Organization and works directly with applicants to review eligibility. In addition, the RGI connects applicants to available technical resources.

NetWork Kansas provides KHFI with strategic financial expertise. Since 2006, NetWork Kansas has focused on strengthening economic development by encouraging entrepreneurship and community development networks.

IFF, a nonprofit CDFI, manages loans and grants for food access projects across the Midwest, with an office in Kansas City, and provides financing to eligible applicants. IFF supports communities by offering leadership, capital and real estate solutions.

The Food Trust is a national organization that promotes healthy food retail in underserved communities. The Food Trust leads evaluation of KHFI and shares guidance on best practices for Healthy Food Financing Initiatives (HFFIs), like KHFI, across the country.
KHFI PROCESS

KHFI staff will review each application to determine whether the proposed project meets program eligibility criteria. If eligible, the applicant will be encouraged to apply for financing.

Receiving financing from KHFI is a **two-step process:**

1. **Eligibility Review:** Applicants must complete an online intake application to determine eligibility, located at kansashealthyfood.org under the “Program Details” tab. This application is used to determine if the proposed project connects with KHFI programmatic goals and objectives, including serving low-resource and underserved communities in Kansas. An eligibility determination will be shared within two weeks of receipt. Detailed eligibility criteria can be found starting on page 4.

2. **Financing:** Once a project is determined to be eligible, NetWork Kansas will connect the applicant to a resource partner who will assist in completing the KHFI financial application. Once the KHFI financial application is received, funding decisions will be made by the KHFI Investment Committee. Examples of approved projects can be found at kansashealthyfood.org under the “Funded Projects” tab.
THE PROCESS
Submit your intake form at kansashealthyfood.org.

STEP 1: ELIGIBILITY REVIEW [2 weeks]
To find out if your project is a good candidate for the Kansas Healthy Food Initiative, visit kansashealthyfood.org and click on the Program Details tab. KHFI staff will contact you to discuss the eligibility of your project. An eligibility determination will be shared with you within two weeks.

Eligible projects are:
- Committed to healthy foods
- Carried out in low-resource areas
- Carried out in underserved areas
- Led by experienced operators
- Integrated with community needs

Eligibility does not guarantee funding.

If eligible,
STEP 2: FINANCING [at least 90 days]
Compile and submit your KHFI financial application:
- NetWork Kansas will connect the applicant to a local resource partner, such as a regional Certified Development Company (CDC).
- The resource partner will provide the applicant with the KHFI financial application and submit it to KHFI on behalf of the applicant.

Financial Review:
- After underwriting, the financial package offer will be developed.
- The amount of time required to disperse funds depends on completeness of application, submission of all funding documents, and readiness of the project.
- Funding decisions are made by the KHFI Investment Committee.
STEP 1: ELIGIBILITY REVIEW

To determine your project’s eligibility, KHFI reviews several eligibility criteria, detailed below.

A. Commitment to healthy foods

Objective: Applicants must demonstrate that their project aims to meet at least one of the following goals:

- Open or renovate a supermarket or other grocery retail outlet selling affordable healthy foods, such as whole fruits and vegetables, whole grains, fat free or low-fat dairy, lean meats and poultry (fresh, refrigerated, frozen or canned).
- Develop an alternative food system project that improves access to healthy foods at affordable prices, such as a farmers market or food hub.*
- Improve an existing market’s ability to stock and sell a variety of affordable fresh fruits and vegetables.
- Integrate local healthy food suppliers into retail outlets.

Types of entities: An eligible project may be a for-profit business enterprise (including a corporation, limited-liability company, sole proprietor, cooperative or partnership), not-for-profit corporation, agricultural cooperative corporation, public benefit corporation, municipal corporation, regional market facility, or a public food cooperative without a membership fee.

Example applicant types: The applicant may be, but is not limited to, one of the following:

- Grocery store developers and/or owners (national chain, regional chain, singular retail outlet, small neighborhood store)
- Food distributors
- Local food producers
- Innovative food access entrepreneurs
- Non-profit organizations
- City or county governmental bodies
- Alternative food projects, such as farmers market or food hub*

Tenant applicants: Real estate projects that have multi-tenant uses beyond a supermarket tenant, such as:

- A development project split into separate footprints, allowing the KHFI grant or loan to focus only on the supermarket tenant portion.
- Retail development intending to lease space to fresh food retailers.
- A viable development site and proposed supermarket with potential for additional non-food tenants. These non-food tenants must represent no more than 50% of the building area square footage.

*Food hubs are defined as a facilitator of aggregation, processing, storage and distribution of locally grown foods. They are often the connection between small farmers and consumers, gathering local food and getting it to retailers, wholesalers and institutions.
B. Low-resource area
KHFI eligible projects serve low-resource areas. Multiple indicators, listed below, are used to determine low-resource areas. Additional indicators may also be used. At least one of the following indicators must meet the low-resource criterion:

- When compared to area median income, local median family income is less than or equal to the level values of very low (30%), low (50%) or moderate (80% moderate).

- Free and reduced lunch area designated by the USDA (typically greater than 50% of students who are eligible for free and reduced lunch).

- Classified by the U.S. Department of Agriculture (USDA) as a low-income, low-access area.

- Eligible for the New Market Tax Credit.

- Eligible for Community Reinvestment Act.

- Percentage of children or families living below the poverty level may also be used to identify low-resource areas.

C. Underserved
In order for the project to be eligible, the area must not already be served by healthy food retail outlets. The proposed project location is evaluated at a 1-mile radius for urban areas and a 10-mile radius for rural areas.

Additional indicators that may be used to further characterize the underserved area include:

- Natural geographical boundaries
- Typical commuting patterns
- Households without access to a vehicle
- Children with low access to a grocery store
- People 65+ with low access to a grocery store
D. Operator experience
The applicants (or members of their management team) must demonstrate knowledge and experience of managing a grocery store or fresh food retail outlet. At least three years of experience in comparable management is recommended. A comprehensive analysis of business plans and management knowledge will take place during the KHFI eligibility determination process.

E. Community fit
Through interviews with community stakeholders, the proposed project will be assessed for characteristics such as scope, community impact, accessibility to low-resource communities, integration with other local initiatives, and local support.

Additional considerations
The following additional criteria may increase consideration and lead to prioritization of projects:

• A project resulting in a substantial revenue increase for the state, host municipality or region.
• A project abiding by land-use principles, energy efficiency, historic preservation or local/ sustainable sourcing.
• An identified capital gap requiring the use of flexible funding to move forward, create impact or be competitive with similar projects in the region.
• A project working in conjunction with other programs or initiatives promoting community development.
• A determination that the project will positively impact economic conditions in an economically distressed census tract in Kansas.

Ineligible projects

• Projects that fail to demonstrate a commitment to providing healthy foods such as whole fruits and vegetables, whole grains, fat free or low-fat dairy, lean meats and poultry (fresh, refrigerated, frozen, or canned).
• Projects such as food pantries, food banks or feeding programs lacking a sustainable retail model.
• Multi-tenant projects leasing space to businesses involved in entertainment of a sexual nature, gambling, illegal activity or pyramid sales.
STEP 2: FUNDING PROCESS

Applicants who meet the eligibility requirements detailed in Step 1 will be connected to a NetWork Kansas resource partner that will assist the applicant in completing the KHFI financial application. **Eligibility does not guarantee funding.**

Loans, grants and loan/grant mixes may be used for real estate acquisition, predevelopment, construction, rehabilitation, equipment and infrastructure. Preference is given to projects that identify financial resource partners such as community foundations, local banks or federal loan/grant programs.

KHFI is designed to be primarily a lending program. However, there are opportunities for loan/grant mixes or grant-only requests.
- Loan/grant funding packages are comprised of 15% grant funding with grant caps dependent on total request.
- Grant-only funding requests may be awarded for smaller requests, with a maximum of $15,000, or as a part of a larger funding package where the grant request will not exceed 2% of the total project with a maximum request of $50,000.

**Financing parameters**
- Loan amounts up to $2.5 million
- Terms: 1 to 15 years
- Interest rates at 5 to 6.5% interest
- Flexible loan structure
- Can be secured with first or second mortgage, or lien on equipment or leasehold
- No appraisal necessary
- No prepayment penalty
- Flexible project types and use of funds

**KHFI confidentiality statement**
As part of the eligibility determination, references will be contacted to determine community support for this project. Upon notification of funding, information regarding the community, project, amount of funding, funding type, and uses will be made publicly available. Sensitive business information provided on the KHFI application will not be shared outside of the partner organizations without express written consent of the applicant.

Upon approval of the proposal for funding, the applicant agrees to supply information on an annual basis to one or more KHFI Partner Organizations.* Data collected may include, but is not limited to, profit/loss, revenue and jobs. This information may be used to create case study reports that will be made publicly available.

*KHFI Partner Organizations include The Kansas Health Foundation, Kansas State University, NetWork Kansas, IFF and The Food Trust.