Kansans everywhere should have access to healthy, affordable food. 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 percent of Kansas counties are in underserved, low-resource areas.*

The Kansas Healthy Food Initiative, or KHFI, is a public-private partnership which aims to improve the health and economic development of Kansas communities by increasing access to affordable, healthy food. KHFI offers loans and grants, technical assistance and information to those seeking access to healthy foods.

The KHFI was started by the Kansas Health Foundation as a collaboration among Kansas State University’s Center for Engagement and Community Development, or CECD; IFF, a community development financial institution also known as CDFI; and NetWork Kansas, with strategic guidance provided by The Food Trust.

Eligible projects promote a healthy, sustainable food system and may include development or renovation of a grocery store, improving distribution to grocers, and technology or energy-efficient improvements.

*Kansas Healthy Food Initiative Partners

The Kansas Health Foundation provided $4.2 million to KHFI to strengthen access to healthy foods. Approved project applicants can utilize KHFI program funds alongside other funding options to improve food access in underserved areas.

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

The Food Trust is a national organization that promotes healthy food retail in underserved communities. Kansas State University and The Food Trust work together to evaluate the best practices for these areas to encourage healthy change through increased access to healthy foods.

NetWork Kansas provides the 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 process

Submit your intake form at kansashealthyfood.org/

Eligibility Review [2 weeks]

To find out if your project is a good candidate, 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. Eligibility is based on:

- Commitment to healthy foods
- Low-resource area
- Underserved
- Operator experience
- Community fit

Eligibility does not guarantee funding.

If eligible, Funding Process [at least 90 days]

Compiling and submitting your KHFI financial application:

- NetWork Kansas will connect applicant to a local resource partner, such as a regional Certified Development Company (CDC).
- The NetWork Kansas partner will provide the applicant with the KHFI financial application and submit it to KHFI on behalf of the applicant.

Application Review

- After underwriting, the financial package offer will be developed.
- The total amount of time to funding is dependent on completeness of application and required funding document and funding readiness of project.
- Funding decisions are made by the KHFI Investment Committee.
STEP 1: ELIGIBILITY REVIEW

A. Commitment to healthy foods

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

- Plan to 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 project such as an affordable, healthy neighborhood food store, 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, OR
- Propose an alternative food system project that improves access to healthy foods at affordable prices.

Tenant applicants: Real estate projects which 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 percent of the building area square footage.

Types of entities: An eligible applicant 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 projects
- Alternative food projects, such as farmers market or food hub*

*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
Multiple indicators are used to determine low-resource areas. The following indicators are used to characterize a low-resource area. Additional indicators may be used. At least one of the selected 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 percent), low (50 percent) or moderate (80 percent).
- Classified by the U.S. Department of Agriculture (USDA) as a low-income, low-access area.
- Free and reduced lunch area designated by the USDA (greater than 50 percent of students in school district are eligible for free and reduced lunch).
- Eligible for the New Market Tax Credit.
- Eligible for Community Reinvestment Act.
- Classified as a Rural Food Access Investment Area.

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
- Socio-political factors
- 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
- Children or families living below the poverty level also may be additional indicators informing a low-resource area classification.

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 Consideration
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.

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.
- 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.
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 you in completing the KHFI financial application. Eligibility does not guarantee funding.

Loans, grants, and loan/grant mixes are available to projects that increase the retail availability of healthy food to low-resources communities in Kansas that are underserved by healthy food retail. KHFI program funding 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.

- The KHFI is designed to be primarily a lending program. However, there are opportunities for loan/grant mixes or grant-only requests.
- Loan/grant funding mixes have 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 amount will not exceed 2% of the total project with a maximum request of $50,000.

Financing Parameters
- Loan amounts up to $2.5 million
- Loan/grant-mix packages
- Terms: 1 to 15 years
- Interest rates at 5 to 6.5 percent 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.