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MID SOUTH HEALTHY FOOD INITIATIVE FAQs

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PROGRAM OVERVIEW

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What is the Mid South Healthy Food Initiative?

The Mid South Healthy Food Initiative (MSHFI) is a public-private partnership that provides affordable financing to food retailers to expand access to fresh food in underserved communities in Louisiana, Mississippi, Arkansas and the greater Memphis area. By providing financing for working capital, equipment, real estate and other costs, the program will enable vendors to open, renovate or expand retail outlets that sell fruits and vegetables. MSHFI will also create quality employment opportunities and promote community revitalization. The program is administered by Hope Enterprise Corporation in partnership with The Food Trust (TFT).



The Food Trust

FREQUENTLY ASKED QUESTIONS

Project Eligibility

What stores are eligible?

Eligible projects must expand fresh food offerings in lower income and underserved neighborhoods and fit local community needs. Eligible applicants include grocery chains, individual grocery stores, neighborhood stores, co-ops and other food projects such as farmers markets and food hubs. All applicants are strongly encouraged to accept SNAP and WIC benefits. The applicant (or members of their management team) must also demonstrate capacity and experience managing a grocery store or fresh food retail outlet that is similar to the proposed project. For more information, please see the MSHFI Program Summary at hope-ec.org/mshfi.

Can an existing grocery store or other outlet apply?

Yes, an existing grocery retail outlet may apply if it plans to substantially improve the store's ability to stock and sell a variety of non-prepared foods or food products intended for home preparation, consumption and utilization.

Is there a minimum store size?

There is no minimum store size, as long as the store makes a commitment to provide fresh fruits and vegetables and meets other program guidelines.

Uses of Funds

What can Mid South Healthy Food Initiative (MSHFI) funds be used for?

MSHFI funds are intended for initial, start-up costs that may otherwise be barriers to development. Awards must be used for one of the following designated activities: site assembly and improvement (such as land acquisition, demolition, etc.); construction and rehabilitation (such as expanding the interior of the retail space, etc.); equipment (such as furnishings, etc. to increase the inventory and sale of fresh fruits and vegetables); staff training (in areas such as safe food handling techniques, sanitation, etc.); security (such as security staff, security training, etc.); and inventory and working capital (such as first-time inventory or other working capital).

The funds may not be used for the following activities: refinancing existing debt; repayment of any tax arrearages, government fines or penalties; political or religious activities; buying out any stockholder or equity holder in a business; buying out or reimbursing any family member; or purchasing instruments or investments for the sole purpose of a return on investment.

What are the terms and rates on the loans?

Interest rates for the MSHFI Program will be determined by HOPE during the underwriting and approval process based on risk. Generally, interest rates will range from the Wall Street Journal (WSJ) Prime Rate to the WSJ Prime Rate plus 3%. The length of the loan term will depend on the financing needs of the borrower (projected cash flow and activities/items being financed). All financing must be approved by HOPE's Credit Committee.

Application Process

How does the application process work?

Applying for financing from the MSHFI is a two-step process:

(1) Eligibility Determination: First, the applicant completes the Eligibility Application to determine whether the proposed project is consistent with the goals and objectives of the program. Applicants should complete the Eligibility Application and submit it to mshfi@hope-ec.org. Incomplete applications will delay assessment.

(2) Financing Approval: If eligible, applicants will be asked to complete a loan application and provide required supporting documentation.

How do I prepare supporting documentation?

When writing your narrative, please include any information you believe would demonstrate that your project is consistent with the MSHFI program's goals. (The goals are provided in the Program Summary.)

When submitting photographs or layout designs, please show views of the following: the produce area, the exterior of the store/site, the surrounding neighborhood, etc. Photographs and/or layout plan should include shelf space allocation. If applying for a new project, you can also submit interior photos of another food retail store that your business already owns. Please include the date of the photo and description of the view, and if submitted as an electronic attachment, in the image file name (e.g. "32mainstreet_producearea_03152011.jpg").

Where can I get an application?

Go to www.hope-ec.org/mshfi or contact HOPE at 504-585-2856 or mshfi@hope-ec.org.

Why is the Program Necessary?

What are the impacts of a lack of access to healthy foods?

Where you live affects your health. People living in neighborhoods with relatively few grocery or produce outlets have a significantly higher prevalence of obesity and diabetes. Studies demonstrate that adding fresh food retail options to communities lacking affordable, healthy food increases consumption of fruits and vegetables and improves health outcomes. Studies also demonstrate that in addition to providing access to healthy foods, supermarkets and large grocery stores are important neighborhood economic engines, bringing jobs and revitalization. (For example, one Philadelphia study showed increased home values as a result of supermarket development.)

Why aren't stores already locating in these communities?

While it has been demonstrated that there is demand for high quality, nutritious and affordable foods in underserved communities, significant barriers to entry exist in these communities, including lack of access to sufficient capital, costly site assembly, higher development costs, and more expensive workforce development needs. The lack of supermarkets and grocery stores in many low-income urban and rural communities represents a market failure that can be addressed through affordable financing to help offset the higher costs of locating in these places. There is evidence that when retailers have assistance with these initial start-up costs, they will locate in underserved communities and are able to run successful businesses.

What is the consensus among leading public health experts about this issue?

Leading public health experts, such as the Institute of Medicine, American Heart Association and the Centers for Disease Control and Prevention, indicate that increasing access to healthy food in underserved areas is a necessary component of a comprehensive effort to improve public health and prevent obesity and related diseases.

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ADDITIONAL QUESTIONS?

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www.hope-ec.org/mshfi
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