

Opportunities for Food-based Economic Development in Eastern Washtenaw County

Overview

This document briefly summarizes the landscape of opportunity for food-based economic development in Eastern Washtenaw County and provides several models of successful, innovative food businesses in the Great Lakes region.

The demand for high quality, fresh food is not being met in Eastern Washtenaw County. Many consumers have limited access to full-service grocery stores or fresh food markets due to distance, transportation, and cost. At the same time, the appetite for fresh, healthy, and local food is growing throughout the county, state and country among consumers at all income levels. New state and federal policy and financing initiatives encourage food-based economic development. This context offers opportunities for entrepreneurs and residents looking for work. New food businesses can help fill the gaps in the market, meet residents' food needs, leverage federal and state funding, and attract and serve patrons in and beyond Washtenaw County.

Good food is:

Healthy – It provides nourishment and enables people to thrive

Green – It was produced in a manner that is environmentally sustainable

Fair – No one along the production line was exploited for its creation

Affordable – All people have access to it

Michigan Good Food Charter
www.michiganfood.org

Agriculture and the Michigan Economy

Elected officials across the state recognize the central role that Michigan's rich and diverse agriculture plays in a diversified Michigan economy. The [Michigan Good Food Charter](#), released in 2010, sets an the agenda for state and local policy and incentive programs to grow our food economy that is healthy, green, fair and affordable for all Michiganders.

The Eastern Washtenaw County Food Landscape

Eastern Washtenaw County is the portion of the county east of US-23. This region includes Augusta Township, Salem Township, Superior Charter Township, Ypsilanti Charter Township and Ypsilanti.

Eastern Washtenaw County is home to about 91,000 residents. The population is concentrated in the City of Ypsilanti and Ypsilanti Charter Township. The median family income ranges from \$58,000 in Ypsilanti Charter Township to almost \$78,000 in Salem Township¹.

Eastern County's residents spent about \$346 million on food in 2010². Most of each dollar spent on food flows out of the region to farmers, processing facilities, distribution companies, and corporate headquarters. There is a great opportunity to capture more of residents' food dollars, create jobs and businesses, and build the tax base right here in Eastern County.

Daily and year-round access to fresh food is limited for those without a vehicle and with low incomes. Low access to good food negatively impacts residents' health and well-being, increasing the importance of creating healthy food opportunities in the area. There are few full-service grocery stores east of US-23 in Washtenaw County. Most residents require a vehicle to access a grocery store. While there are many fresh food sources including two farmers markets, the Ypsilanti Food Coop, and many ethnic food stores, there are far more liquor stores, gas stations, and dollar stores primarily stocked with alcohol and processed snack foods.

Several large institutions in eastern county are major employers and food purchasers. Institutions like Washtenaw Community College, Eastern Michigan University, St. Joseph Mercy Health System are looking for affordable ways to source more locally-produced and healthy foods. The new [Farm at St. Joe's](#) is one example of St. Joe's commitment to bringing more fresh, healthy food into their facilities while supporting local farmers.

¹ American Community Survey 2005-2009. The median family income in the City of Ypsilanti is \$60,500.

² In 2010, the USDA estimated per capita food expenditures at \$4,016. "Food and CPI Expenditures. Table 13" Accessed at: http://www.ers.usda.gov/Briefing/CPIFoodAndExpenditures/Data/Expenditures_tables/table13.htm

Opportunities

1. Grow businesses and jobs. Consistent with the national trends, there is growing entrepreneurial interest in food-based businesses in Eastern Washtenaw County. Many small entrepreneurs who have tested their product at local farmers' markets are ready to expand if appropriate facilities existed.

2. Capture our food dollars. Food dollars spent at major grocery retailers like Kroger, Whole Foods and Wal-Mart leak out of the local economy. By investing in local businesses to fill market gaps, more dollars will be circulated among area businesses and residents.

3. Align with state and federal policy priorities. The state and federal government support food and agriculture-based economic development and healthy food promotion.

- Governor Snyder regularly speaks about the importance of food and agriculture to Michigan's economic growth. In particular, he advocates for more processing and fresh, healthy food production³. Snyder appointed a representative of the agriculture sector to the Michigan Economic Development Corporation (MEDC) Board of Directors.
- The Michigan Cottage Food Law (2010) allows individuals to manufacture and sell certain types of foods prepared in home kitchens. The law provides an opportunity for home canners, bakers, and confectioners to sell their goods at farmers markets and farm stands.
- Healthy food and nutrition is one of the main pillars of the federal *Let's Move!* Initiative along with promoting physical activity. Local governments are encouraged to sign on as *Let's Move!* cities and to pledge to make healthy food more available and affordable.

4. Take advantage of federal and state financing now available for fresh food retail.

Combined with local investment and business development support, these programs can help new food production, processing, distribution, and retail businesses get their start.

- The federal Healthy Food Financing Initiative (HFFI) was developed based on the success of the Pennsylvania Food Financing Initiative, which helped bring grocery stores to underserved Philadelphia neighborhoods. The HFFI grants start up funding to new and expanded grocery retail ventures that increase access to healthy foods.
- At the state level, PA 231 (2008) allows food retail establishments to qualify for property tax incentives if they open or expand in underserved areas.

The [Food System Economic Partnership](#) works to "catalyze change that results in vibrant and sustainable food economies" in southeast Michigan. Through their Farm-to-School program, FSEP has worked extensively with the Ypsilanti School district to support healthy kids and viable farms by bringing local produce into school cafeterias and farmers into classrooms.

[Harvest Kitchen](#) recently relocated to Ypsilanti and expanded their business with the help of a USDA grant. Harvest Kitchen prepares fresh, healthy meals made from ingredients sourced from local farms. Meals are sold through a subscription program, at farmers markets, and through their storefront in Ypsilanti's Depot Town.

5. Attract attention and investment. Successful markets and other vibrant businesses attract additional investment and bring positive attention to an area. For instance, innovative urban agriculture ventures have made the front page of national newspapers recently. By attracting good press and customers, food-based business development will bring other entrepreneurs to Eastern County.

6. Create healthier citizens. By increasing access to healthy food and economic opportunity for local residents, the return on investment in food-based economic development can be multiplied through improved health and well-being of residents and workers⁴.

³ R. Pluta (2011) "Snyder says agriculture key to small business growth." Accessed at: <http://michiganradio.org/post/snyder-says-agriculture-key-small-business-growth>

⁴ R. Flournoy (2011) "Healthy Food, Healthy Communities." PolicyLink. Accessed at: <http://www.policylink.org>

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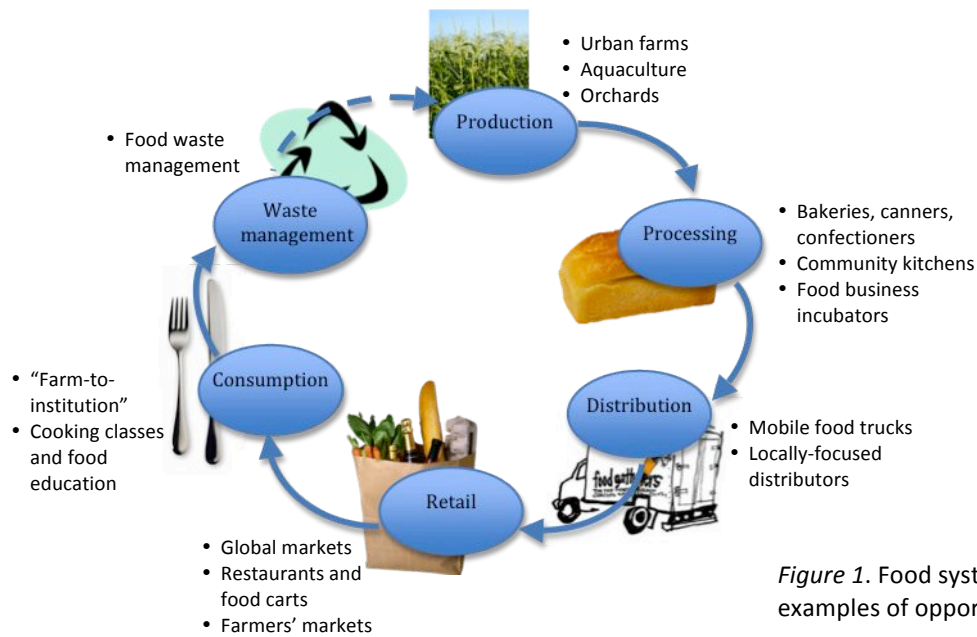


Figure 1. Food system schematic with examples of opportunities for new businesses

Challenges

1. Supporting organizations: Many successful, innovative new food-based businesses get their start with the support of a local community development corporation (CDC) or economic development organization. These entities help convene the expertise and financing needed to start new businesses. Eastern Washtenaw County needs an organization to step into this role and to serve as a host for federal programs like the Healthy Food Financing Initiative.

2. Local policy: Local zoning and other policy can be used to support food entrepreneurs, but it can also serve as a barrier. For instance, zoning codes may limit what can be grown in yards or on vacant properties and may constrain where new businesses can be located. Cities should examine their codes and engage the public in a dialogue about what changes should be made to support new food enterprise and the production, processing, and distribution of good food.

Envision the future...

A vibrant and thriving market in Ypsilanti's historic downtown is filled with small, local food businesses. Residents shop for fruits, vegetables, freshly butchered meat and Great Lakes seafood. Local employees on their lunch break choose from a diverse array of fresh lunch specials. Visitors taste craft cheeses, artisanal breads, and small-batch ice cream. Retail shops and restaurants in Ypsilanti's downtown offer more consumer choices. Passengers using the Ypsilanti Freighthouse Station purchase produce and prepared foods or stop into the Saturday Farmers' Market while in town for local festivals. Small trucks deliver produce and fresh dairy products to neighborhoods like West Willow and MacArthur Place. While a jam-maker tests a new recipe for Michigan peach preserves in the incubator kitchen, business development specialists help new food and agriculture entrepreneurs plan ventures that will take root and grow in the community. Urban farmers tend previously vacant lots as year-round gardens, selling their fresh produce throughout the region.

Food-based business is poised to be part of the diversified economic base of Eastern Washtenaw County. Food businesses are a valuable complement to other economic sectors that seek to attract an educated, "creative class" to the area. Throughout the Great Lakes region, innovative food entrepreneurs are seizing the opportunity to bring high quality food products to a population increasingly hungry for more. The next section of this report describes four models of food-based businesses that might be well-suited for Eastern County.

Mobile grocery retail and distribution

Mobile grocery trucks bring fresh food to neighborhoods with low access to full-service grocery stores. Grocery trucks travel several regular routes weekly stopping at street corners, senior centers, multi-family housing units, or individual homes. These trucks can also serve as distributors bringing fresh produce and other grocery items to convenience stores or liquor stores, which are often the only retail venues accessible to residents on a daily basis. Mobile grocery trucks may also carry prepared food items, like ready-to-eat meals for seniors. The [Fresh Moves](#) mobile produce market, which serves Chicago's Austin and Lawndale neighborhoods, offers cooking classes in its remodeled city bus. Urban, suburban and rural areas can benefit from mobile food retail.

Mobile grocery trucks are particularly effective in neighborhoods with low access to personal mobility (car ownership) and underserved by reliable public transit. When they sell directly and distribute to other retailers, mobile food trucks help address the local and regional food system distribution gap. Many food system analysts have noted that one of the greatest limitations to growing stronger local and regional food economies is a lack of locally-focused distribution systems.

Potential economic impact

The number of jobs created by mobile food ventures depends on the scale of the operation. A single truck servicing a few neighborhoods per day employs one or two people. A multiple truck operation can serve a larger area and employ several people. As a local business, mobile food retail allows more food dollars to be captured and reinvested in the local economy. This multiplier effect is increased when the truck purchases from local farmers.

Resources required

Mobile food trucks have lower start-up costs, lower operating costs, and lower risk than brick-and-mortar retail locations. As a result, trucks can offer higher quality, fresher produce at prices lower than other retail locations. Start-up costs include truck purchase and licensing fees. On-going costs include the driver, produce, gas, insurance, and truck payments (if applicable).

Peaches and Greens - Detroit, Michigan | www.centraldetroitchristian.org

Peaches and Greens is an innovative fresh food retail business run by Central Detroit Christian CDC. The operation includes a produce truck and a small produce market in the Central Woodward area. The truck runs five days a week, bringing fresh fruits and vegetables to several central Detroit neighborhoods, two senior centers and six liquor stores. The truck occasionally sells fresh produce at large public events. The small neighborhood produce market serves as a hub for the truck and as a retail venue open to the public.

The Peaches and Greens truck employs one full-time driver. It can bring in up to \$400 per day in gross sales, while it requires only \$275 per day to break even. Central Detroit Christian CDC envisions expanding the program to six trucks and creating many new jobs including five drivers, a stocker, and a distribution manager while supporting 10 area farmers by providing a dedicated market for their produce.



Food business incubator

Food business incubator programs provide resources to help new food processing businesses build skills, develop products, and test markets. Incubators lower the costs of entry into the market by providing shared kitchen equipment and storage facilities. Effective incubators pair these physical resources with business planning and marketing training. Some incubator facilities also serve as retail venues for products made on site.

Along with the growing demand for local produce and meat, consumers are increasingly interested in locally-made value added products like salsas, pickles, pastas, cheese, ice cream and even prepared meals. Leaders of the community-based food system movement in Eastern Washtenaw County note that many local residents are interested in entering this market, but they need a facility and some business development support to get them started.

The [Starting Block](#) in Hart, Michigan, was the first kitchen incubator to open in the state. The [Can-Do Kitchen](#) in Kalamazoo is a project of Fair Food Matters. Both are non-profit, economic development organizations that aim to support new entrepreneurs and local businesses.

Potential economic impact

By supporting the development of multiple new businesses, effective kitchen incubators facilitate the creation of new jobs and new economic opportunity. When food producers buy ingredients from area farmers and sell products through local outlets, the impact is multiplied.

Resources required

Commercial kitchens require clean, safe, climate-controlled space and significant initial investment in equipment. Most programs start with a few key pieces of equipment such as bottlers, ovens and flash freezers and add more capacity as they grow. Business development professionals help entrepreneurs assess the demand for their products, develop business plans, and effectively market their goods. Some new food businesses may not require a commercial kitchen, but would still benefit from business planning services incubators provide. Federal funds, including Economic Development Administration and USDA Rural Development grants have been used to help start incubator programs.

ACEnet – Athens, Ohio | www.acenetworks.org

ACEnet's mission is to build the capacity of Appalachian communities to network, work together, and innovate to create a dynamic, sustainable regional economy with opportunities for all.

The Appalachian Center for Economic Networks (ACEnet) is home to one of the nation's leading kitchen incubator programs, the Food Manufacturing and Commercial Kitchen Facility. Over 150 businesses use the shared-use kitchen, cold-storage, and distribution facility each year. Kitchen facility users have access to ACEnet's extensive business incubation resources.

ACEnet is based in the micropolitan area of Athens, OH, population 65,000. Products developed and produced in the kitchen facility are distributed throughout southeastern Ohio and beyond; some products are distributed nationally.

Units produced: 250,000 Annual sales: \$700,000



30milemeal.wordpress.com/2010/10/11/ace-net-in-the-news/

Entrepreneurial urban agriculture

The increase in demand for locally-grown, fresh food has created new market opportunities for small farm entrepreneurs. Urban farmers throughout the Great Lakes region integrate innovative farming methods with traditional knowledge to grow high-volume, high-value food crops on small plots of land. By selling their produce at farmers markets, through community-supported agriculture (CSA) “farm boxes,” and to restaurants, a growing cadre of farmers is *making a living* on an acre or less. Urban agriculture is moving from side hobby to micro-enterprise and beyond.

Potential economic impact

In addition to providing jobs and fresh food for the local market, urban farms can transform neighborhoods by turning vacant lots into green and productive spaces and places where the community gathers. Through their land bank programs, cities like Flint, Michigan and Cleveland, Ohio, have helped urban farmers adopt vacant lots for growing food. These programs relieve the city and land bank of the costly burden of vacant land management.

Resources required

Entrepreneurial urban agriculture is labor-intensive but not capital-intensive. While the cost of land is a major barrier for new larger-scale farmers, cities with a wealth of vacant land can provide a low-cost venue for small-scale farming. In addition to land, farmers need access to water, farm inputs and training in food production. Hoop houses and cold facilities help farmers “extend” the Michigan growing season to provide food in the colder months.

Growing Hope, based in Ypsilanti, has become a leader in teaching food production skills to backyard gardeners and future entrepreneurs. They have found that families can augment their income and stretch their food dollar with a few small raised beds in the yard. Growing Hope’s ¼-acre urban farm grows over a ton of food annually using hoop houses to grow year-round. A 16-square-foot plot produced \$350 of heirloom tomatoes in one season.

Many cities have ordinances and zoning regulations that limit the extent of food production and sale allowed in residential areas. Through effective public processes, many cities have changed local policies to support and encourage new urban agriculture entrepreneurship.

Urban Growth Farm – Cleveland, Ohio | www.urbangrowthfarms.com

Urban Growth Farm is a half-acre farm on Cleveland’s west side. Two “beginning farmers” employ SPIN farming⁵, permaculture and bio-intensive farming methods. Urban Growth produce is sold at Cleveland farmers markets and through a CSA farm box in partnership with another small urban farm called Erie’s Edge. After only one full growing season, the Urban Growth farmers are looking for additional land in the city to expand their operation.

The City of Cleveland supports urban food entrepreneurs through programs and policies like urban garden zoning districts and an ordinance that allows farmers to sell their produce in residential areas. Several Cleveland nonprofits and economic development agencies provide training, networking opportunities, and business development support for urban farmers. Urban Growth is one of an estimated 50 entrepreneurial farms now in the city of Cleveland⁶.



⁵ SPIN farming is a strategy of micro-farming that advocates claim can generate up to \$50,000 of produce on a half-acre. (<http://www.urbangrowthfarms.com/page/2/>)

⁶ Carr, K. (2010) “Urban farmers, advocates cite challenges in cultivating business.” Crain’s Cleveland Business 6 September 2010. Available via: <http://www.urbangrowthfarms.com/page/2/>

Grocery retail – beyond the supermarket

Large supermarkets are only one of many ways to bring the full range of healthy, fresh food to a community year-round. Smaller and less dense communities, like those in Eastern Washtenaw County, can be well-suited to alternative grocery retail models that build on local assets and tailor themselves to local needs and smaller markets⁷. Creative and business-savvy small grocery retailers are increasingly making their way back into a range of communities around the country.

Types of alternative grocery retail include:

- *Small grocers.* Independent entrepreneurs and large grocery retailers have created successful small markets. Local D'Lish in Minneapolis is one example^{8,9}. In our region, ethnic specialty grocers provide fresh food to an important niche market.
- *Expanded convenience stores.* Some communities find the best option is to encourage existing retailers to expand to include high quality, fresh produce, dairy products, and meat.
- *Mixed marketplaces with multiple, independent vendors.* These markets provide venues for multiple entrepreneurs to sell food and other products, and provide a low-cost space for new businesses. Examples include: North Market in Columbus, Ohio; Kerrytown Market and Shops in Ann Arbor; Reading Terminal Market in Philadelphia.

Potential economic impact

New and expanded grocery retail has been found to increase real estate values and stimulate economic development in the surrounding area while creating jobs and improving access to a broader mix of affordable food. Markets can create 5 to 200 jobs depending on the size.

Resources required

Like other economic development endeavors, many grocery retail projects are financed through a suite of grants, loans, tax incentives, and investment. State and federal programs are available to support the development of food retail outlets in underserved areas (PA 231 in Michigan and the Healthy Food Financing Initiative through the U.S. Department of Health and Human Services).

Midtown Global Market – Minneapolis, Minneapolis | www.midtownglobalmarket.org

The Midtown Global Market is a diverse and vibrant marketplace made up of dozens of small, locally-owned and immigrant-owned businesses. Permanent stalls sell fresh produce, meat and fish, specialty groceries, baked goods, coffee, plants, and gifts. Two-dozen shops serve lunch and dinner. The food selections reflect the diversity of the neighborhood: Mexican tacos, tortas, and tamales and cuisine from the Pacific Islands, East Africa, the Middle East, and Scandinavia. The nearby hospital is a source of a steady stream of daytime diners.

The Market development team includes the Neighborhood Development Center (NDC), the Latino Economic Development Center and the African Development Center. Together, they bring decades of experience supporting new entrepreneurs through training, business services and micro-lending. Development of the project was community-based from the beginning and the development team made a commitment to hiring employees from within the zip code.¹⁰



www.salsaalasalsa.com/alasalsa/history.html

⁷ PolicyLink (2011) Healthy Food Retailing Toolkit. Accessed at: <http://www.policylink.info/EDTK/HealthyFoodRetailing>

⁸ Langdon, P. (2003) "Grocery stores adapt to urban trends." New Urban Network. Accessed at: <http://newurbannetwork.com/article/grocery-stores-adapt-urban-trends>

⁹ Newberg, S. (2011) "The Rush to Build Walkable Urban Grocery Stores" Urban Land Institute blog. Accessed at: <http://urbanland.uli.org/Articles/2011/Mar/NewbergGrocery>

¹⁰ Midtown Community Works Web site: http://www.midtowncommunityworks.org/exchange/projsummary_globalmarket.php

Selected Resources

[Michigan Good Food Charter](#)

“Michigan Good Food is an initiative to develop a policy agenda that supports Good Food in Michigan - food that is healthy, green, fair and affordable.” The website includes a Charter of policy actions and five issue reports that include many examples of successful economic development throughout the food system.

[Developing a Sustainable Food System.](#)

National League of Cities Practice Brief, 2011. This brief makes the case for local government involvement in building a sustainable food system. It offers a definition of “sustainable food system” and provides several case studies of innovation in local-level food policy addressing urban agriculture, healthy food access and waste reduction.

[Healthy Corner Stores Issue Brief](#)

The Food Trust, 2011.

This short issue brief summarizes the findings of several reports on healthy corner stores initiatives and cites examples from the Food Trust’s work in Philadelphia.

[Healthy Food For All: Healthy Corner Store Strategies from Across the United States.](#)

Institute for Agriculture and Trade Policy, 2009. This report includes profiles of healthy corner store initiatives across the U.S. and synthesizes 9 lessons-learned from these diverse initiatives.

[Neighborhood Groceries: New Access to Healthy Food in Low-Income Communities.](#)

California Food Policy Advocates, 2003.

[Availability and Accessibility of Healthy Food in Ypsilanti, Michigan.](#)

Bacolor, Guzman and Waller, Washtenaw County Public Health, 2007.

Washtenaw County Nutritional Environment Assessment (NEAT).

Washtenaw County Public Health, 2011.

[The Economic Impacts of Supermarkets on Their Surrounding Communities.](#)

The Reinvestment Fund, Reinvestment Brief. This study of the Philadelphia area found that new supermarkets can lead to increased real estate values, stimulate other economic activity, and improve access to food at lower prices. The report includes an overview of the Pennsylvania Fresh Food Financing Initiative.

[A National Fresh Food Financing Initiative: An Innovative Approach to Improve Health and Spark Economic Development.](#)

PolicyLink, The Food Trust, The Reinvestment Fund.

A brief summary of the success of the Pennsylvania Fresh Food Financing Initiative and the potential economic benefits of the national program.

[Healthy Food Retailing Toolkit.](#)

PolicyLink, 2011.

This accessible online toolkit synthesizes best practices and economic impacts from studies of food retail development in underserved communities across the country. Includes resources on assessing the market, site identification and development, and financing for new stores, as well as recommendations for improving existing stores and farmers markets.

[U.S. Department of Agriculture Food Environment Atlas.](#)

Launched in 2010, the Atlas “assembles statistics on food environment indicators” such as: food prices, proximity to food outlets, use of food assistance programs, and farmers market sites. Most data is available at the county level.

[Let’s Move! Initiative](#)

Local governments are encouraged to sign-on to the national campaign to “raise a healthier generation of kids.” The “Cities and Towns Move” webpage includes a link to a [toolkit](#). Making healthy food affordable and accessible is one pillar of action for local governments.